

Mason Owen Financial Services Limited

Report and Financial Statements

30 June 2007

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25/10/2008

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COMPANIES HOUSE

Mason Owen Financial Services Limited

Registered No 2217933

Directors

M B Owen

A Gibbons

Secretary

C E Shaw

Auditors

Ernst & Young LLP

20 Chapel Street

Liverpool

L3 9AG

Registered Office

Gladstone House

Union Court

Castle Street

Liverpool

L2 4UQ

Directors' report

The directors submit their report and the accounts for the year ended 30 June 2007

Results and dividends

The profit for the year after taxation was £191,765 (2006 £231,526)

The directors do not recommend payment of a dividend

Principal activity and review of the business

The principal activities of the company during the year remain those of insurance consultancy and insurance broking

The company continues to develop a growing reputation in the insurance intermediary sector, specialising in commercial property insurance and related products. The company also provides a valued complementary service to the clients of Mason Owen and Partners Limited

The business continues to be authorised and regulated by the Financial Services Authority (FSA), and due to the ongoing regulatory requirements placed upon the business both in terms of day-to-day operation and regular reporting to FSA, it remains the responsibility of Management to ensure that the business remains fully compliant yet is still able to trade effectively and profitably. The additional burdens of compliance in areas such as staff training and development, increases in fees payable to FSA and professional advice represent increased costs to the business that will continue to increase in subsequent years

The company has maintained membership of the British Insurance Brokers Association (BIBA), which provides valuable support to the business in terms of the ability to access new markets, to provide networking opportunities and in-depth technical information concerning matters such as regulation

In assessing the performance of the business, key performance indicators (KPIs) such as income, cost control and overall profitability are monitored closely to ensure the continued good performance of the business. Successful results in all of those KPIs demonstrate that the business continues to grow responsibly and profitably

It is anticipated that further increases in the level of staffing may be required to cater to further expansions of the business in the coming years as it is essential for the business to be resourced appropriately to take advantage of the opportunities that are available. The client risk continues to grow, thus adding to the stability of the business in future years

Principal risks and uncertainties

Exposure to credit risk

The risk of non-payment by any of our customers is assessed by the directors. The company aims to minimise this risk by management of credit limits and monthly review of debtor days

Directors and their interests

The directors who served the company during the year were as follows

M B Owen
A Gibbons

Directors' report

Disclosure of Information to the Auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Group's auditor, each director has taken all steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Re-appointment of auditors

Ernst & Young LLP will be re-appointed as the company's auditor in accordance with the elective resolution passed by the company under Section 386 of the Companies Act 1985.

By order of the board



C E Shaw
Secretary

Date 16/10/08

Statement of directors' responsibilities in respect of the financial statements

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). The financial statements are required by law to 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 estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that 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 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 Mason Owen Financial Services Limited

We have audited the company's financial statements for the year ended 30 June 2007 which comprise the primary financial statements such as the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

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 judgments 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.

Independent auditors' report

to the members of Mason Owen Financial Services Limited (continued)

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 30 June 2007 and of its profit for the year 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

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Liverpool

Date *23 October 2008*

Profit and loss account

For the year ended 30 June 2007

	<i>Notes</i>	<i>2007</i> £	<i>2006</i> £
Turnover	1	1,503,217	1,188,125
Administrative and practising expenses		1,316,032	900,549
Operating profit	2	187,185	287,576
Bank interest receivable		106,564	48,206
Profit on ordinary activities before taxation		293,749	335,782
Tax on profit on ordinary activities	4	101,984	104,256
Profit retained for the financial year		191,765	231,526

Statement of recognised gains and losses

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £191,765 for the year (2006 £231,526)

Mason Owen Financial Services Limited

Balance sheet

At 30 June 2007

	Notes	2007 £	2006 £
Fixed assets			
Tangible assets	5	57,337	45,402
Current assets			
Debtors	6	3,197,746	742,809
Cash at bank	7	4,391,742	2,371,923
		7,589,488	3,114,732
Creditors: amounts falling due within one year	8	6,530,701	2,236,636
Net current assets		1,058,787	878,096
Total assets less current liabilities		1,116,124	923,498
Provisions for liabilities and charges	4	3,783	2,922
		1,112,341	920,576
Capital and reserves			
Called up share capital	9	1,000	1,000
Profit and loss account	10	1,111,341	919,576
Equity shareholders' funds		1,112,341	920,576

The Financial Statements were approved and authorised for issue by the Board and were signed on its behalf on 16 October 2008



A Gibbons
Director

Notes to the accounts

At 30 June 2007

1. Accounting policies

Basis of preparation

The accounts are prepared under the historical cost convention

Turnover

Turnover, all of which occurs in the United Kingdom and relates to continuing activities, comprises commission relating to insurance premiums finalised with insurers and confirmed by the client within the accounting period, net of commission shared with third parties. Commission on returns, additional premiums and adjustments are brought into account when these occur

Depreciation

Depreciation is provided on all fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows

Fixtures and fittings	-	over 2 years
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Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Leasing and hire purchase contracts

The interest element of the obligations is charged to the profit and loss account over the periods of the contracts and represents a constant proportion of the balance of capital repayments outstanding. Rentals paid under operating leases are charged to income as incurred

Pension costs

Pension contributions in respect of two defined contribution schemes operated by the parent undertaking are charged in the accounting period in which they become payable

Notes to the accounts

At 30 June 2007

1. Accounting policies (continued)

Insurance broking assets and liabilities

The company acts as an agent in broking the insurable risks of its clients and, generally, is not liable as 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 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.

FRS 5 requires that debit and credit balances arising from insurance broking transactions are reported as separate assets or liabilities unless such balances are due to or from the same party and the offset would survive the insolvency of that party, in which case they are aggregated into a single net balance.

Related party transactions

The company has taken advantage of the exemption in paragraph 3(c) of FRS 8 from disclosing transactions with related parties that are part of the Mason Owen & Partners (Holdings) Limited group.

2. Operating profit

	2007	2006
	£	£
Auditors' remuneration	13,581	11,500
Operating lease rentals - land and buildings	51,032	28,300
- office equipment	27,704	40,901
Depreciation - owned assets	8,081	6,300
	<u> </u>	<u> </u>
Director's emoluments	2007	2006
	£	£
Emoluments	330,000	221,154
	<u> </u>	<u> </u>
Company contributions paid to money purchase pension scheme	16,250	15,000
	<u> </u>	<u> </u>

Emoluments and company contributions to money purchase pension schemes of the highest paid director were £ 205,000 (2006 £121,154) and £ 16,250 (2006 £15,000)

Notes to the accounts

At 30 June 2007

3. Staff costs

	2007 £	2006 £
Wages and salaries	743,647	516,977
Social security costs	88,360	33,360
Other pension costs	53,196	32,647
	<u>885,203</u>	<u>582,984</u>

The average monthly number of employees during the year was as follows

	2007 No	2006 No
Professional and administrative	15	12

4 Tax on profit on ordinary activities

	2007 £	2006 £
(a) Tax on profit on ordinary activities		
Current tax UK corporation tax	99,124	107,588
Adjustment for previous periods	1,999	(6,254)
	<u>101,123</u>	<u>101,334</u>
Current tax (note 4b)	101,123	101,334
Deferred taxation (note 4c)	861	2,922
	<u>101,984</u>	<u>104,256</u>

(b) Factors affecting the tax charge for the period

The tax assessed on the profit on ordinary activities for the period differs from the standard rate of corporation tax in the UK. The differences are explained below

	2007 £	2006 £
Profit on ordinary activities before tax	293,749	335,782
	<u>88,125</u>	<u>100,735</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)		
Effect of		
Disallowed expenses	12,079	7,313
Capital allowances in excess of depreciation	(1,080)	(459)
Adjustments in respect of previous periods	1,999	(6,255)
	<u>101,123</u>	<u>101,334</u>

Notes to the accounts

At 30 June 2007

4. Tax on profit on ordinary activities (continued)

(c) Deferred tax

The deferred tax liability provided in the balance sheet is made up as follows

	2007 £	2006 £
Accelerated capital allowances	3,783	2,922

5. Fixed assets

	<i>Fixtures & fittings</i> £
Cost	
At 1 July 2006	60,753
Additions	20,016
At 30 June 2007	80,769
Depreciation	
At 1 July 2006	15,351
Provided during the year	8,081
At 30 June 2007	23,432
Net book value at 30 June 2007	57,337
Net book value at 30 June 2006	45,402

6. Debtors

	2007 £	2006 £
Insurance broking debtors	3,197,595	742,658
Amount due from parent undertaking	151	151
	3,197,746	742,809

7. Cash at bank

	2007 £	2006 £
Insurance broking account	1,809,458	1,309,379
Other accounts	2,582,284	1,062,544
	4,391,742	2,371,923

Notes to the accounts

At 30 June 2007

8. Creditors: amounts falling due within one year

	2007	2006
	£	£
Insurance broking creditors	3,078,531	1,181,890
Amount due to parent undertaking	598,935	482,326
Corporation tax	38,933	49,384
Accruals	2,814,302	523,036
	<u>6,530,701</u>	<u>2,236,636</u>

9. Share capital

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	2007	2006	2007	2006
	No	No	£	£
Shares of £1 each	1,000	1,000	1,000	1,000

10. Reconciliation of movements on shareholders' funds and reserves

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total</i>
	£	£	£
At 1 July 2005	1,000	688,050	689,050
Profit for the financial year	-	231,526	231,526
At 30 June 2006	1,000	919,576	920,576
Profit for the financial year	-	191,765	191,765
At 30 June 2007	1,000	1,111,341	1,112,341

11. Other financial commitments

At 30 June 2007 the company had annual commitments under non-cancellable operating leases as set out below

	<i>Land & building</i>		<i>Other</i>	
	2007	2006	2007	2006
	£	£	£	£
Operating leases which expire				
Within one year	-	28,300	2,811	7,992
In two to five years	66,032	-	30,621	21,972
	<u>66,032</u>	<u>28,300</u>	<u>33,432</u>	<u>29,964</u>

Notes to the accounts

At 30 June 2007

12. Contingent liabilities

The company has given cross guarantees in connection with bank borrowings of its immediate parent undertaking and is a member of a VAT group with that company. In the opinion of the directors, no liabilities will arise under these arrangements.

13. Related party transactions

M B Owen, a director of the company, is a director of and shareholder in Ethel Austin Investments Limited and Ethel Austin Properties Holdings Limited. The company provided insurance broking and consultancy services on an arms length basis to these companies for which the earned commission was £376,767. At the balance sheet date a debtor of £635,741 is due which consisted of insurance premiums due and commissions payable. The company also leased premises from 1 November 2004 from Ethel Austin Investments Limited, a company in which M B Owen is a director and shareholder. The annual rental charge is £52,000 (2006 £52,000).

14. Ultimate parent undertaking

The ultimate parent undertaking is Mason Owen & Partners (Holdings) Limited.

Copies of the group accounts may be obtained from the ultimate parent undertaking at Gladstone House, Union Court, Liverpool L2 4UQ.