

Financial Statements

Mason Owen Financial Services Limited

For the year ended 30 June 2014



Registered number: 2217933

Mason Owen Financial Services Limited

Company Information

Directors	M B Owen A Gibbons
Company secretary	C E Shaw
Registered number	2217933
Registered office	Gladstone House Union Court Castle Street Liverpool L2 4UQ
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Royal Liver Building Liverpool L3 1PS
Bankers	HSBC Bank Plc 99-101 Lord Street Liverpool L2 6PG
Solicitors	Hill Dickinson LLP No. 1 St Pauls Square Liverpool L3 9SJ

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Directors' Report

For the year ended 30 June 2014

The directors present their report and the financial statements for the year ended 30 June 2014.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £342,817 (2013 - £51,900).

The company declared a dividend on equity capital in the year of £300,000. All dividends were paid in the year.

Directors

The directors who served during the year were:

M B Owen
A Gibbons

Charitable contributions

Charitable donations in the year amounted to £1,782 (2013: £1,544).

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Mason Owen Financial Services Limited

Directors' Report

For the year ended 30 June 2014

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

A handwritten signature in black ink, appearing to be 'A Gibbons', with a stylized, cursive script.

A Gibbons
Director

Date: 23 March 2015

Strategic Report

For the year ended 30 June 2014

Business review

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

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

The business is authorised and regulated by the Financial Conduct Authority (FCA), and due to the ongoing regulatory requirements placed upon the business both in terms of day to day operation and regular reports to FCA, there remains a responsibility of Management to ensure that the business remains fully compliant, yet still able to trade effectively and profitably. The ongoing additional burdens of FCA Compliance in areas such as staff training and development, increases the cost in fees payable to the FCA and professional advice represent continued increased costs to the business that will continue to increase in subsequent years.

The calls upon the Financial Services Compensation Scheme as a result of the cross subsidy of the claims pool for continuing compensation payments following the compensation redress from the sale of PPI products has affected the industry as a whole. The company's fees payable to FCA have this year increased and it is suspected will continue to do so in future years, in view of the fact that the Company holds "Client Money" in a non statutory trust. The indirect costs of remaining compliant as a business also continue to increase.

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. The firm continues to be one of a minority of Insurance Brokers in the United Kingdom who have attained "Chartered Insurance Broker" status as a firm with the Chartered Insurance Institute.

The firm has recently formed a new company, Mason Owen (Specialist Risks) Limited, in order to develop and market certain lines of business in a different manner to the main Mason Owen Financial Services Limited business. The company provided a loan to Mason Owen (Specialist Risks) Limited in order to facilitate the acquisition of some assets from Probate & Wills Limited and retains a 75% shareholding and controlling interest in the firm, which is an appointed representative of Mason Owen Financial Services Limited.

In addition, Mason Owen Financial Services Limited acquired a small wholesale Professional Indemnity and Financial Lines book of business from Oxford Insurance Brokers Limited and also employed a London Market Divisional Director to continue to place that business. The aim of the company is to develop this line of business and in order to assist in this process, an application has been made to become a Lloyd's of London accredited Broker.

In assessing the performance of the business, key performance indicators (KPI's) such as income, cost control and overall profitability are monitored closely to ensure that the business continues to perform well. The economic conditions within the country have improved, leading to improved trading conditions and the business is in a strong position to develop and grow in future years.

The income generated from Legal Indemnity Insurance has continued to produce an excellent result which has exceeded the production figures from all prior years of reporting. Investment in this area will continue in future in order to continue the development of this increasingly valuable income stream.

Staffing levels across the business have increased and it is likely that more staff will be recruited in order to continue with the development plans of the firm.

In short, the company has produced another profitable year and is looking to grow in the future.

Strategic Report (continued)

For the year ended 30 June 2014

The main computer software license of the company was renewed with our suppliers, SSP, but costs of IT have increased due to the increase in staffing levels.

It is envisaged that the Insurance Market in general will continue to reflect a downward pressure on the income of insurance brokers in general, but the company remains confident about the prospects of developing the business in the future, in spite of current external economic pressures.

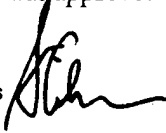
Principal risks and uncertainties

Exposure to credit risk

The risk of non payment by clients is assessed by the directors. The company aims to minimise the risk by management of credit limits and monthly review of debtor days.

This report was approved by the board on 23 March 2015 and signed on its behalf.

A Gibbons
Director



Independent Auditor's Report to the Members of Mason Owen Financial Services Limited

We have audited the financial statements of Mason Owen Financial Services Limited for the year ended 30 June 2014, which comprise the Profit and loss account, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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



Independent Auditor's Report to the Members of Mason Owen Financial Services Limited

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.

Grant Thornton UK LLP

Fiona Baldwin
Senior statutory auditor
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Liverpool

23 March 2015

Profit and Loss Account

For the year ended 30 June 2014

	Note	2014 £	2013 £
Turnover	1,2	1,862,309	1,403,119
Administrative expenses		<u>(1,443,535)</u>	<u>(1,334,733)</u>
Operating profit	3	418,774	68,386
Interest receivable and similar income	7	13,055	11,564
Interest payable and similar charges	8	<u>(1,355)</u>	-
Profit on ordinary activities before taxation		430,474	79,950
Tax on profit on ordinary activities	9	<u>(87,657)</u>	<u>(28,050)</u>
Profit for the financial year	15	<u>342,817</u>	<u>51,900</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

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

Balance Sheet

As at 30 June 2014

	Note	£	2014 £	£	2013 £
Fixed assets					
Tangible assets	10		7,069		5,637
Investments	11		75		-
			<u>7,144</u>		<u>5,637</u>
Current assets					
Debtors: amounts falling due after more than one year	12	90,000		-	
Debtors: amounts falling due within one year	12	595,693		403,476	
Cash at bank		2,156,783		2,879,622	
		<u>2,842,476</u>		<u>3,283,098</u>	
Creditors: amounts falling due within one year	13	<u>(1,948,154)</u>		<u>(2,430,086)</u>	
Net current assets			<u>894,322</u>		<u>853,012</u>
Net assets			<u><u>901,466</u></u>		<u><u>858,649</u></u>
Capital and reserves					
Called up share capital	14		1,000		1,000
Profit and loss account	15		<u>900,466</u>		<u>857,649</u>
Shareholders' funds	16		<u><u>901,466</u></u>		<u><u>858,649</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 March 2015.



A Gibbons
Director

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

Notes to the Financial Statements

For the year ended 30 June 2014

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The accounting policies of the company remain unchanged from the prior year and are set out below.

1.2 Going concern

The directors have reviewed and assessed the forecasts of the business for the forthcoming 12 months and based on these forecasts and the level of cash reserves available, believe that the company has sufficient facilities available to continue to trade profitably. Therefore the directors consider it to be appropriate for the financial statements to be prepared on the going concern basis.

1.3 Cash flow

The company has taken advantage of the exemption in Financial Reporting Standard No.1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.4 Turnover

Turnover comprises revenue recognised by the company in respect of commission relating to insurance premiums finalised with insurers and confirmed by the client within the accounting period, net of commission shared with third parties. Commissions on returns, additional premiums and adjustments are brought into account when these occur. Profit shares from insurance companies are recognised on a received basis.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures & fittings	-	over 5 years
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1.6 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.7 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

Notes to the Financial Statements

For the year ended 30 June 2014

1. Accounting Policies (continued)

1.8 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.9 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.

FRS5 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 offset would survive the insolvency of that party, in which case they are aggregated into a single net balance.

1.10 Current taxation

The current tax charge is based on the profit for the year and is measured at the amounts expected to be paid based on the tax rates and laws substantially enacted by the balance sheet date. Current and deferred tax is recognised in the profit and loss account for the period.

1.11 Consolidation

The company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

As the company is a wholly owned subsidiary, the company has taken advantage of the exemption contained in Financial Reporting Standard No.8 and has therefore not disclosed transactions or balances with wholly owned entities which form part of the group.

1.12 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Notes to the Financial Statements

For the year ended 30 June 2014

2. Turnover

The whole of the turnover is attributable to commission relating to insurance premiums finalised with insurers and confirmed by the client within the accounting period, net of commission shared with third parties.

All turnover arose within the United Kingdom.

3. Operating profit

The operating profit is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the company	1,775	-
Operating lease rentals:		
- plant and machinery	19,137	18,828
	<u>19,137</u>	<u>18,828</u>

4. Auditors' remuneration

	2014 £	2013 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	9,296	12,569
	<u>9,296</u>	<u>12,569</u>

5. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2014 £	2013 £
Wages and salaries	859,957	780,140
Social security costs	93,883	87,653
Other pension costs	102,986	116,135
	<u>1,056,826</u>	<u>983,928</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2014 No.	2013 No.
	20	19
	<u>20</u>	<u>19</u>

Notes to the Financial Statements

For the year ended 30 June 2014

6. Directors' remuneration

	2014 £	2013 £
Remuneration	<u>189,296</u>	<u>178,769</u>
Company pension contributions to defined contribution pension schemes	<u>20,275</u>	<u>19,688</u>

During the year retirement benefits were accruing to 1 director (2013 - 1) in respect of defined contribution pension schemes.

7. Interest receivable

	2014 £	2013 £
Interest receivable from group companies	4,000	-
Other interest receivable	9,055	11,564
	<u>13,055</u>	<u>11,564</u>

8. Interest payable

	2014 £	2013 £
Other interest payable	<u>1,355</u>	<u>-</u>

9. Taxation

	2014 £	2013 £
Analysis of tax charge in the year		
UK corporation tax charge on profit for the year	87,000	21,799
Adjustments in respect of prior periods	657	6,251
Tax on profit on ordinary activities	<u>87,657</u>	<u>28,050</u>

Notes to the Financial Statements

For the year ended 30 June 2014

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2013 - higher than) the standard rate of corporation tax in the UK of 22.5% (2013 - 20%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	430,474	79,950
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.5% (2013 - 20%)	96,857	15,990
Effects of:		
Expenses not deductible for tax purposes	4,303	5,845
Adjustments to tax charge in respect of prior periods	657	6,215
Group relief	(14,160)	-
Current tax charge for the year (see note above)	87,657	28,050

10. Tangible fixed assets

	Fixtures and fittings £
Cost	
At 1 July 2013	100,936
Additions	3,207
At 30 June 2014	104,143
Depreciation	
At 1 July 2013	95,299
Charge for the year	1,775
At 30 June 2014	97,074
Net book value	
At 30 June 2014	7,069
At 30 June 2013	5,637

Notes to the Financial Statements

For the year ended 30 June 2014

11. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 July 2013	-
Additions	75
	<hr/>
At 30 June 2014	75
	<hr/>
Net book value	
At 30 June 2014	75
	<hr/>
At 30 June 2013	-
	<hr/>

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
Mason Owen (Specialist Risks) Limited	Ordinary	75%

12. Debtors

	2014 £	2013 £
Due after more than one year		
Amounts owed by group undertakings	90,000	-
	<hr/>	<hr/>
Due within one year		
Insurance broking debtors	519,943	379,354
Amounts owed by group undertakings	70,927	23,959
Other debtors	4,823	163
	<hr/>	<hr/>
	595,693	403,476
	<hr/>	<hr/>

The loan is repayable by 30 June 2024. Interest is charged at 8%. The loan is unsecured.

Notes to the Financial Statements

For the year ended 30 June 2014

13. Creditors:

Amounts falling due within one year

	2014	2013
	£	£
Insurance broking creditors	994,047	1,316,912
Amounts owed to group undertakings	260,126	-
Corporation tax	87,000	1,160
Accruals and deferred income	606,981	1,112,014
	<u>1,948,154</u>	<u>2,430,086</u>

14. Share capital

	2014	2013
	£	£
Allotted, called up and fully paid		
1,000 Allotted, called up and fully paid shares of £1 each	<u>1,000</u>	<u>1,000</u>

15. Reserves

	Profit and loss account £
At 1 July 2013	857,649
Profit for the financial year	342,817
Dividends	(300,000)
	<u>900,466</u>
At 30 June 2014	

16. Reconciliation of movement in shareholders' funds

	2014	2013
	£	£
Opening shareholders' funds	858,649	1,006,749
Profit for the financial year	342,817	51,900
Dividends (Note 17)	(300,000)	(200,000)
	<u>901,466</u>	<u>858,649</u>
Closing shareholders' funds		

Notes to the Financial Statements

For the year ended 30 June 2014

17. Dividends

	2014 £	2013 £
Dividends paid in the year on equity capital	<u>300,000</u>	<u>200,000</u>

18. Contingent liabilities

The company has given unlimited multilateral and cross guarantees in respect of bank borrowings of all group undertakings and is a member of a VAT group. In the opinion of the directors, no contingent liabilities will arise under these arrangements.

19. Capital commitments

The company had no capital commitments at 30 June 2014 or 30 June 2013.

20. Related party transactions

During the year the company entered into transactions, in the ordinary course of business, with parent company Mason Owen & Partners Limited. Amounts recharged from Mason Owen & Partners Limited totalled £1,211,835 (2013: £1,061,936) and the amount outstanding at 30 June 2014 was £260,126 due to Mason Owen & Partners Limited. (2013: £231,882). These transactions include recharged amounts relating to personnel and services such as payroll.

The company also rendered insurance broking and consultancy services to Mason Owen & Partners Limited on an arms length basis for which the commission earned was £11,438 (2013: £12,126). Mason Owen & Partners Limited owns a 95% shareholding in Mason Owen Financial Services Limited. The remaining 5% is owned by Andrew Gibbons, a director of Mason Owen Financial Services Limited.

During the year the company entered into transactions in the ordinary course of business with subsidiary company Mason Owen (Specialist Risks) Limited. Amounts recharged from Mason Owen Financial Services Limited totalled £56,780 and the amount outstanding at 30 June 2014 was £56,780 due to Mason Owen Financial Services Limited. These transactions include amounts recharged relating to personnel and services such as payroll.

The company also made a loan in the year of £100,000 to Mason Owen (Specialist Risks) Limited. The loan is repayable by 30 June 2024. Interest is charged at 8% per annum. The loan is unsecured.

Mason Owen (Specialist Risks) Limited is an appointed representative of Mason Owen Financial Services Limited. During the year Mason Owen (Specialist Risks) Limited received agency commission and fees amounting to £32,991. At 30 June 2014 agency balances amounting to £18,022 were due by Mason Owen Financial Services Limited to Mason Owen (Specilaist Risks) Limited.

Notes to the Financial Statements

For the year ended 30 June 2014

21. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Mason Owen & Partners Limited.

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.

22. Cash at bank

	2014	2013
	£	£
Insurance broking accounts	557,198	1,669,291
Other accounts	1,599,585	1,210,331
	<u>2,156,783</u>	<u>2,879,622</u>