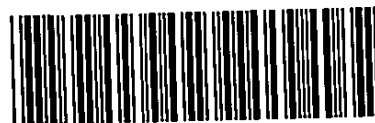


Company Registration No 2435141 (England and Wales)

**BANNER FINANCIAL SERVICES GROUP LIMITED**  
**DIRECTOR'S REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

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# BANNER FINANCIAL SERVICES GROUP LIMITED

## COMPANY INFORMATION

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<b>Director</b>	Mr R Proudman
<b>Secretary</b>	Mr R Proudman
<b>Company number</b>	2435141
<b>Registered office</b>	Globe House 24 Turret Lane Ipswich Suffolk IP4 1DL
<b>Auditors</b>	Ensors Cardinal House 46 St Nicholas Street Ipswich IP1 1TT
<b>Bankers</b>	Bank of Scotland 35 Princes Street Ipswich Suffolk IP1 1AE

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# BANNER FINANCIAL SERVICES GROUP LIMITED

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# **BANNER FINANCIAL SERVICES GROUP LIMITED**

## **DIRECTOR'S REPORT**

### ***FOR THE YEAR ENDED 31 DECEMBER 2010***

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The director presents his report and financial statements for the year ended 31 December 2010

#### **Principal activities and review of the business**

The principal activity during the year continued to be that of insurance broking to those who provide service abroad including the Christian missionary community, charities and non-governmental organisations. Ownership of the business moved from R3 Business Consultancy Limited to Harrison Beaumont Insurance Services Limited during the year, both organisations are part of the R3 Group of companies.

The principal risks affecting the company continue to arise from increased competition from other brokers also targeting this sector and changes in the ability of charitable organisations to fund overseas work. However the Directors can see considerable scope for growth in all areas based on the development of a wider product proposition including the expertise from other parts of the R3 Group to support a managed fund solution for larger charities giving them greater control over their insurance spend.

During the year margins have remained under pressure but we have managed to see a broadly stable business performance which coupled with the full benefits of the restructuring undertaken in 2009 has enabled the business to produce an increased contribution.

The year has seen us acquire business from new sources and saw a return of business that had moved away from us in the past. The ability to sell other products to our customers including private medical and kidnap and ransom has created a number of additional opportunities. The intermediary for these products has been Harrison Beaumont given its existing Lloyds coverholder status and therefore we took the decision to bring these two businesses even closer together.

#### **Financial instruments**

The financial risk management objective of the company is to ensure the business remains profitable and competitive within the insurance environment and contributes to the affinities within the wider R3 Group. The company is exposed to a number of financial risks including price, credit, liquidity and cash-flow risk. The company assesses and manages these risks by identifying a number of key performance indicators such as turnover, margin, cash-flow and net asset ratios on a regular basis and assessing their impact on the business.

#### **Results and dividends**

The results for the year are set out on page 5.

#### **Future developments**

On 31 December 2010, the company transferred its trade, assets and liabilities to Harrison Beaumont Insurance Services Limited, which going forward will trade as Banner. This will have minimal impact on customers but permit a more streamlined business to operate and remove some back office overheads.

We have negotiated new arrangements with Insurers going forward that will allow us to target overseas domiciled individuals working overseas. This is expected to generate additional revenue given the brand equity in Banner. We have applied for FSA passporting permissions and as soon as agreed will launch this service primarily online. We are also looking at replicating the model for other overseas markets and research has highlighted some key European and other territories where it could be attractive.

We are also interested in making acquisitions to boost the volume of activity.

# BANNER FINANCIAL SERVICES GROUP LIMITED

## DIRECTOR'S REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2010**

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### Directors

The following directors have held office since 1 January 2010

Mr R Proudman

Mr R Williams

Lord Alton

(Resigned 26 January 2011)

(Resigned 26 January 2011)

### Auditors

Ensors were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting

### Statement of director's responsibilities

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to

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

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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

### Statement of disclosure to auditors

So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the director has taken all the necessary steps that he ought to have taken as director in order to make himself aware of all relevant audit information and to establish that the company's auditors are aware of that information

On behalf of the board

  
Mr R Proudman

Director

30/3/11

# **BANNER FINANCIAL SERVICES GROUP LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF BANNER FINANCIAL SERVICES GROUP LIMITED**

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We have audited the financial statements of Banner Financial Services Group Limited for the year ended 31 December 2010 set out on pages 5 to 15. 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 section 495 and 496 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 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 director and auditors**

As explained more fully in the Director's Responsibilities Statement set out on pages 1 - 2, the director is 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 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.

#### **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 company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the director, and the overall presentation of the financial statements.

#### **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 2010 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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# **BANNER FINANCIAL SERVICES GROUP LIMITED**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### **TO THE MEMBERS OF BANNER FINANCIAL SERVICES GROUP LIMITED**

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#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us,
- the financial statements are not in agreement with the accounting records and returns,
- 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

**Malcolm McGready (Senior Statutory Auditor)**  
for and on behalf of Ensors

31 March 2011

**Chartered Accountants**  
**Statutory Auditor**

Cardinal House  
46 St Nicholas Street  
Ipswich  
IP1 1TT

# BANNER FINANCIAL SERVICES GROUP LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2010

		2010	2009
	Notes	£	as restated £
Turnover	3	214,464	218,306
Cost of sales		(11,188)	(23,730)
<b>Gross profit</b>		<b>203,276</b>	<b>194,576</b>
Administrative expenses		(16,092)	(160,727)
<b>Operating profit</b>	<b>4</b>	<b>187,184</b>	<b>33,849</b>
Exceptional items	5	348,792	-
<b>Profit on ordinary activities before interest</b>		<b>535,976</b>	<b>33,849</b>
Interest payable and similar charges	6	-	(9,275)
<b>Profit on ordinary activities before taxation</b>		<b>535,976</b>	<b>24,574</b>
Tax on profit on ordinary activities	7	(13,621)	1,309
<b>Profit for the year</b>	<b>12</b>	<b>522,355</b>	<b>25,883</b>

The profit and loss account has been prepared on the basis that all operations are discontinued operations



# **BANNER FINANCIAL SERVICES GROUP LIMITED**

## **STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**FOR THE YEAR ENDED 31 DECEMBER 2010**

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		<b>2010</b>	<b>2009</b>
	<b>Notes</b>	<b>£</b>	<b>as restated £</b>
<b>Profit for the financial year</b>		522,355	25,883
<b>Prior year adjustment</b>	<b>2</b>	(11,525)	-
		<hr/>	<hr/>
<b>Total gains and losses recognised since last financial statements</b>		<u>510,830</u>	<u>25,883</u>

# BANNER FINANCIAL SERVICES GROUP LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2010

		2010		2009 as restated	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8		-		2,995
<b>Current assets</b>					
Debtors	9	-		56,552	
Cash at bank and in hand		-		134,152	
		-		190,704	
<b>Creditors, amounts falling due within one year</b>	10	-		(117,816)	
<b>Net current assets</b>			-		72,888
<b>Total assets less current liabilities</b>			-		75,883
<b>Provisions for liabilities</b>			-		(197)
			-		75,686
<b>Capital and reserves</b>					
Called up share capital	11		100		100
Profit and loss account	12		(100)		75,586
<b>Shareholders' funds</b>	13		-		75,686

Approved by the Board and authorised for issue on 30 March 2011



Mr R Proudman  
Director

Company Registration No 2435141

# BANNER FINANCIAL SERVICES GROUP LIMITED

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	£	2010 £	£	2009 £
Net cash inflow/(outflow) from operating activities	20		475,169		(6,434)
Returns on investments and servicing of finance					
Interest paid		-		(9,275)	
Net cash outflow for returns on investments and servicing of finance			-		(9,275)
Taxation			(13,818)		-
Capital expenditure					
Receipts from sales of tangible assets		2,538		1	
Net cash inflow for capital expenditure			2,538		1
Equity dividends paid			(598,041)		-
Net cash outflow before management of liquid resources and financing			(134,152)		(15,708)
Decrease in cash in the year	21, 22		(134,152)		(15,708)

# **BANNER FINANCIAL SERVICES GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2010**

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### **1 Accounting policies**

#### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention

As it is the intention of the directors to strike of the company, the accounts have been prepared on a break up basis, with all transactions only reflecting trade to 31 December 2010. The company has been dormant from 1 January 2011.

#### **1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

#### **1.3 Turnover**

Brokerage commission on the sale of general insurance is recognised at the date of inception of the policy. Under the company's current business terms, there are no contractual obligations to provide post placement services at a cost to the company, therefore no provision has been made for the deferral of revenue under post placement activities.

Turnover is attributable to one class of business. All turnover arose in the UK.

#### **1.4 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 less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	25% reducing balance basis
--------------------------------	----------------------------

#### **1.5 Leasing**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### **1.6 Pensions**

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The pension charge represents the amounts payable by the company to the fund in respect of the year.

#### **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 tax 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.

#### **1.8 Insurance broking assets and liabilities**

The company's insurance debtors and creditors are presented net as the company has in place formal arrangements to net settle with its insurance counterparties.

# BANNER FINANCIAL SERVICES GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2010

#### 2 Prior year adjustment

During the year, it was identified that an accounting error had taken place in respect of the insurance creditor as at 31 December 2009. This has resulted in the insurance creditor and reported loss being understated by £11,525. The error was limited to trade creditors at 31 December 2009 and had no effect on the balance sheet of the company either prior or subsequent to that date.

#### 3 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

4 Operating profit	2010 £	2009 £
Operating profit is stated after charging		
Depreciation of tangible assets	457	1,109
Loss on disposal of tangible assets	-	525
Operating lease rentals		
- Plant and machinery	-	642
- Other assets	-	17,580

Auditors' remuneration is paid by R3 Group Limited, as the management and administration center of the group.

#### 5 Exceptional items

During the year the R3 Group of companies has undergone a restructuring exercise in order to improve the operating efficiency of the group. As part of this exercise certain inter-company balances at 30 April 2010 have been eliminated by inter-company forgiveness or write-off. The impact of this exercise in Banner Financial Services Group Limited has been to decrease the net asset value of the company at 30th April 2010 by £133,272. Of this £60,231 has been recognised in the profit and loss account as a write off between a related party.

On 31 December 2010 the trade, assets and liabilities of Banner Financial Services Group Ltd were transferred to Harrison Beaumont Insurance Services Limited. Following the transfer the inter-company debt between the companies was forgiven. This resulted in a decrease in the net asset value of the company at 31 December 2010 by £409,023.

6 Interest payable	2010 £	2009 £
On amounts payable to group companies	-	9,275

# BANNER FINANCIAL SERVICES GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2010

7	Taxation	2010 £	2009 £
	<b>Domestic current year tax</b>		
	U K corporation tax	13,818	-
	Adjustment for prior years	(197)	(1,309)
		<u>13,621</u>	<u>(1,309)</u>
	<b>Current tax charge</b>	<u>13,621</u>	<u>(1,309)</u>
		<u>13,621</u>	<u>(1,309)</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	<u>535,976</u>	<u>24,574</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2009 - 21.00%)	<u>150,073</u>	<u>5,161</u>
	Effects of		
	Expenses not deductible	(97,478)	-
	Depreciation for year in advance of capital allowances	(279)	-
	Marginal relief adjustments	(1,932)	-
	Adjustments to previous periods	(197)	(1,309)
	Group relief	(36,566)	(5,161)
		<u>(136,452)</u>	<u>(6,470)</u>
	<b>Current tax charge</b>	<u>13,621</u>	<u>(1,309)</u>

# BANNER FINANCIAL SERVICES GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2010

### 8 Tangible fixed assets

	Fixtures, fittings and equipment £
<b>Cost</b>	
At 1 January 2010	49,336
Disposals	(49,336)
	<hr/>
At 31 December 2010	-
	<hr/>
<b>Depreciation</b>	
At 1 January 2010	46,341
On disposals	(46,798)
Charge for the year	457
	<hr/>
At 31 December 2010	-
	<hr/>
<b>Net book value</b>	
At 31 December 2010	-
	<hr/>
At 31 December 2009	2,995
	<hr/>

### 9 Debtors

	2010 £	2009 £
Amounts owed by subsidiary undertakings	-	55,271
Prepayments and accrued income	-	1,281
	<hr/>	<hr/>
	-	56,552
	<hr/>	<hr/>

### 10 Creditors' amounts falling due within one year

	2010 £	2009 £
Trade creditors	-	98,346
Other creditors	-	19,018
Accruals and deferred income	-	452
	<hr/>	<hr/>
	-	117,816
	<hr/>	<hr/>

# BANNER FINANCIAL SERVICES GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2010

<b>11</b>	<b>Share capital</b>	<b>2010</b>	<b>2009</b>
		<b>£</b>	<b>£</b>
	<b>Allotted, called up and fully paid</b>		
	100 Ordinary shares of £1 each	100	100
		<u>          </u>	<u>          </u>
<b>12</b>	<b>Statement of movements on profit and loss account</b>		<b>Profit and loss account</b>
			<b>£</b>
	Balance at 1 January 2010 as previously reported		87,111
	Prior year adjustment		(11,525)
			<u>          </u>
	Balance at 1 January 2010 as restated		75,586
	Profit for the year		522,355
	Capital distributions		(598,041)
			<u>          </u>
	Balance at 31 December 2010		(100)
			<u>          </u>
<b>13</b>	<b>Reconciliation of movements in shareholders' funds</b>	<b>2010</b>	<b>2009</b>
		<b>£</b>	<b>£</b>
	Profit for the financial year	522,355	25,883
	Capital distributions	(598,041)	-
		<u>          </u>	<u>          </u>
	Net (depletion in)/addition to shareholders' funds	(75,686)	25,883
	Opening shareholders' funds	75,686	49,803
		<u>          </u>	<u>          </u>
	Closing shareholders' funds	-	75,686
		<u>          </u>	<u>          </u>

During the year the company forgave amounts owed of £598,041 from the immediate parent undertaking  
As this amount is a transaction with the immediate parent undertaking it has been recorded in reserves

#### 14 Contingent liabilities

The company has a contingent liability in respect of a cross-guarantee given to the Group's bankers as security over borrowings of the R3 Group



# BANNER FINANCIAL SERVICES GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2010

### 15 Financial commitments

At 31 December 2010 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2011

	Other 2010 £	2009 £
Operating leases which expire Between two and five years	-	529

### 16 Directors' remuneration

	2010 £	2009 £
Remuneration for qualifying services	10,000	45,000

### 17 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was

	2010 Number	2009 Number
Operational	-	2
Administration	3	2
	3	4

#### Employment costs

	2010 £	2009 £
Wages and salaries	10,000	115,871
Social security costs	-	10,254
	10,000	126,125

### 18 Control

At the year end the company's immediate parent undertaking was Harrison Beaumont Insurance Services Limited. The company's ultimate parent undertaking is PAWRR Limited. The ultimate controlling parties are Mr R Proudman and Mr R Williams.

# BANNER FINANCIAL SERVICES GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2010

### 19 Related party transactions

During the year the company purchased insurance from Harrison Beaumont Insurance Services Limited, the company's parent undertaking and acting in its capacity as the group's insurance broker, totalling £1,785 (2009 £2,905). During the year the company sold fixed assets to Harrison Beaumont Insurance Services Limited for £2,538. This has resulted in no profit or loss on disposal within the financial statements. At the year end the company was owed £nil (2009 £30,041) by Harrison Beaumont Insurance Services Limited.

The was also owed £nil (2009 £25,231) from R3 Holdings Limited, a company under common control.

During the year an amount owed of £60,231 from R3 Holdings Limited was written off.

20 Reconciliation of operating profit to net cash inflow/(outflow) from operating activities	2010 £	2009 £
Operating profit	187,184	33,849
Depreciation of tangible assets	457	1,109
Loss on disposal of tangible assets	-	525
Decrease/(increase) in debtors	56,552	(45,770)
(Decrease)/Increase in creditors within one year	230,976	3,853
<b>Net cash inflow/(outflow) from operating activities</b>	<b>475,169</b>	<b>(6,434)</b>

21 Analysis of net (debt)/funds	1 January 2010 £	Cash flow £	Other non-cash changes £	31 December 2010 £
Net cash				
Cash at bank and in hand	134,152	(134,152)	-	-
<b>Net funds/(debt)</b>	<b>134,152</b>	<b>(134,152)</b>	<b>-</b>	<b>-</b>

22 Reconciliation of net cash flow to movement in net (debt)/funds	2010 £	2009 £
Decrease in cash in the year	(134,152)	(15,708)
<b>Movement in net (debt)/funds in the year</b>	<b>(134,152)</b>	<b>(15,708)</b>
Opening net funds	134,152	149,860
<b>Closing net (debt)/funds</b>	<b>-</b>	<b>134,152</b>