

WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2008

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WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED

COMPANY INFORMATION

Directors	G P Cook D A Dove M Cox P Westgate
Secretary	D A Dove
Company number	02511992
Registered office	128 Bevan Street East Lowestoft Suffolk NR32 2AQ
Auditors	PKF (UK) LLP East Coast House Galahad Road Beacon Park Gorleston Great Yarmouth NR31 7RU

WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED

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WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2008

The directors present their report and the financial statements for the year ended 31 October 2008.

Principal activities

The company's principal activity was the provision of insurance brokering services.

Business review

The directors measure the company's performance based on its overall profitability which includes maximising its commission levels and managing staff levels as this cost is the company's main overhead. The turnover for the year marginally reduced from £2,833,838 to £2,742,947 a fall of 3.2%. The staff levels for 2008 were 55 compared to 54 in 2007.

The directors consider the results for the year to be satisfactory and anticipate developing the company further in the coming year.

The principal risk which the company monitors and actively controls, which is a common risk to all companies in this industry, is compliance with the FSA regulations and managing professional standards.

The company does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. The nature of its financial instruments means that they are not subject to price risk or liquidity risk. The company only has a small level of transactions in foreign currency, resulting in minimal exposure to foreign exchange risk.

Results

The profit for the year, after taxation, amounted to £108,357 (2007 - £192,726).

Directors

The directors who served during the year were:

G P Cook
D A Dove
M Cox
P Westgate

Political and charitable contributions

During the year the company made charitable donations of £604.

Provision of information to auditors

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 auditors are unaware, and
- each director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

This report was approved by the board on 11 May 2009

and signed on its behalf.


D A Dove
Director

WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 OCTOBER 2008

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 the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required 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 judgments 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.

WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED

We have audited the financial statements of Waveney Insurance Brokers (Commercial) Limited for the year ended 31 October 2008 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. The 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 law and United Kingdom 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 have been 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 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.

WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WAVENEY INSURANCE BROKERS
(COMMERCIAL) LIMITED**

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 October 2008 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.

PKF (UK) LLP

PKF (UK) LLP

Registered auditors

Great Yarmouth, UK

Date: 11 May 2009

WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 OCTOBER 2008**

	Note	2008 £	2007 £
TURNOVER	1,2	2,742,947	2,833,838
Selling and distribution costs		(5,411)	(62,819)
Administrative expenses		(2,876,580)	(2,719,971)
Other operating income	3	262,548	219,103
		<hr/>	<hr/>
OPERATING PROFIT	4	123,504	270,151
Interest receivable		73,144	54,427
Interest payable	7	(35,949)	(34,541)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		160,699	290,037
Tax on profit on ordinary activities	8	(52,342)	(97,311)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		108,357	192,726
		<hr/>	<hr/>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2008 or 2007 other than those included in the profit and loss account.

The notes on pages 8 to 20 form part of these financial statements.

WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED

**BALANCE SHEET
AS AT 31 OCTOBER 2008**

	Note	£	2008 £	£	2007 £
FIXED ASSETS					
Intangible fixed assets	9		441,330		568,532
Tangible fixed assets	10		348,882		311,728
Fixed asset investments	11		3,299		3,299
			<u>793,511</u>		<u>883,559</u>
CURRENT ASSETS					
Stocks		4,000		4,000	
Debtors	12	1,778,054		2,182,251	
Cash at bank	24	1,631,121		1,276,370	
			<u>3,413,175</u>	<u>3,462,621</u>	
CREDITORS: amounts falling due within one year	13	(3,185,267)		(3,328,906)	
NET CURRENT ASSETS			<u>227,908</u>		<u>133,715</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,021,419</u>		<u>1,017,274</u>
CREDITORS: amounts falling due after more than one year	14		(88,229)		(185,380)
PROVISIONS FOR LIABILITIES					
Deferred tax	15		(15,410)		(22,471)
NET ASSETS			<u>917,780</u>		<u>809,423</u>
CAPITAL AND RESERVES					
Called up share capital	16		8,533		8,533
Share premium account	17		129,729		129,729
Profit and loss account	17		779,518		671,161
SHAREHOLDERS' FUNDS	18		<u>917,780</u>		<u>809,423</u>

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


G.P. Cook
Director

11 May 2009.

The notes on pages 8 to 20 form part of these financial statements.

WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2008**

	Note	2008 £	2007 £
Net cash flow from operating activities	26	530,778	361,845
Returns on investments and servicing of finance	27	37,195	19,886
Taxation		(104,050)	(34,240)
Capital expenditure and financial investment	27	(30,198)	(18,190)
CASH INFLOW BEFORE FINANCING		433,725	329,301
Financing	27	(78,974)	(52,933)
INCREASE IN CASH IN THE YEAR		354,751	276,368

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 OCTOBER 2008**

	2008 £	2007 £
Increase in cash in the year	354,751	276,368
Cash outflow from decrease in debt and lease financing	78,974	66,329
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	433,725	342,697
New finance lease	(111,260)	(83,220)
MOVEMENT IN NET DEBT IN THE YEAR	322,465	259,476
Net funds at 1 November 2007	1,125,535	866,058
NET FUNDS AT 31 OCTOBER 2008	1,448,000	1,125,535

The notes on pages 8 to 20 form part of these financial statements.

WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

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 company is exempt from the requirement to prepare group accounts by virtue of section 248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Turnover

Brokerage commission and fees are recognised when the premiums on which that commission is earned are due and as the company fulfils its obligations. Under the company's current business terms, there are contractual obligations to provide certain services in relation to that commission and where these services are incomplete, a proportion of that income is deferred until its obligations are fulfilled.

1.3 Investments

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

1.4 Intangible fixed assets

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life.

Purchased goodwill is amortised over 7 and 20 years.

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:

Property improvements	-	15% reducing balance
Plant & equipment etc	-	20-25% reducing balance
Motor vehicles	-	25% reducing balance

1.6 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.7 Operating leases

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

WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

1. ACCOUNTING POLICIES (continued)

1.8 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.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

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.

1.9 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.

1.10 Insurance brokering debtors and creditors

i. Insurance brokers usually act as agents in placing the insurable risks of their clients with insurers and, as such, generally are not liable as principals for amounts arising from such transactions. Notwithstanding these legal relationships, debtors and creditors arising from insurance brokering transactions are shown as assets and liabilities. This recognises that the insurance broker is entitled to retain the investment income on any cash flows arising from these transactions.

ii. Debtors and creditors arising from a transaction between client and insurers (eg a premium or a claim) are recorded simultaneously. Consequently, there is a high level of correlation between the totals reported of insurance brokering debtors and insurance brokering creditors.

iii. The position of the insurance broker as agent means that generally the credit risk is borne by the principals. There can be circumstances where the insurance broker acquires credit risk through statute, or through the act or omission of the insurance broker or of one of the principals. There is much legal uncertainty surrounding the circumstances and the extent of such exposures, and consequently cannot be evaluated. However, the total of insurance brokering debtors appearing in the balance sheet is not an indication of credit risk.

iv. It is normal practice for insurance brokers to settle accounts with other intermediaries, clients, insurers and market settlement bureau on a net basis. Thus, large changes in both insurance brokering debtors and creditors can result from comparatively small cash settlements. For this reason, the totals of insurance brokering debtors and creditors give no indication of future cash flows.

v. The legal status of this practice of net settlement is uncertain and in the event of an insolvency it is generally abandoned. Financial Reporting Standard No 5 "Reporting the substance of transactions" requires that offset of assets and liabilities should be recognised in financial statements where, and only where, the offset would survive the insolvency of the other party. Accordingly, only such offsets have been recognised in calculating brokering debtors and creditors.

WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

1. ACCOUNTING POLICIES (continued)

1.11 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

2. TURNOVER

All turnover arose within the United Kingdom.

3. OTHER OPERATING INCOME

	2008 £	2007 £
Management fee income	<u>262,548</u>	<u>219,103</u>

4. OPERATING PROFIT

The operating profit is stated after charging:

	2008 £	2007 £
Amortisation - intangible fixed assets	127,202	127,199
Depreciation of tangible fixed assets:		
- owned by the company	28,636	36,790
- held under finance leases	49,739	38,563
Auditors' remuneration	8,250	7,500
Operating lease charges - other	50,891	62,028
Loss on sale of tangible assets	25,929	14,829
Pension costs	<u>41,907</u>	<u>36,379</u>

WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

5. STAFF COSTS

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

	2008	2007
	£	£
Wages and salaries	1,450,896	1,314,270
Social security costs	150,943	176,177
Other pension costs	41,907	36,379
	<hr/> 1,643,746 <hr/>	<hr/> 1,526,826 <hr/>

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

	2008	2007
	No.	No.
Insurance advisors	42	40
Administration	13	14
	<hr/> 55 <hr/>	<hr/> 54 <hr/>

6. DIRECTORS' REMUNERATION

	2008	2007
	£	£
Emoluments	253,942	237,944
	<hr/> 253,942 <hr/>	<hr/> 237,944 <hr/>
Company pension contributions to money purchase pension schemes	5,360	4,610
	<hr/> 5,360 <hr/>	<hr/> 4,610 <hr/>

The highest paid director received remuneration of £92,435 (2007 - £126,704).

The value of the company's contributions paid to a money purchase pension scheme in respect of the highest paid director amounted to £2,760 (2007 - £2,250).

During the year retirement benefits were accruing to 2 directors (2007 - 2) in respect of money purchase pension schemes.

7. INTEREST PAYABLE

	2008	2007
	£	£
On bank loans and overdrafts	8	2,963
On finance leases and hire purchase contracts	13,441	9,078
On loans from group undertakings	22,500	22,500
	<hr/> 35,949 <hr/>	<hr/> 34,541 <hr/>

WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

8. TAXATION

	2008 £	2007 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	59,403	104,051
Adjustments in respect of prior periods	-	(4,813)
Total current tax	59,403	99,238
Deferred tax (see note 15)		
Origination and reversal of timing differences	(7,061)	(1,927)
Tax on profit on ordinary activities	52,342	97,311

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2007 - higher than) the standard rate of corporation tax in the UK (28.83%). The differences are explained below:

	2008 £	2007 £
Profit on ordinary activities before tax	160,699	290,037
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.83% (2007 - 30%)	46,330	87,011
Effects of:		
Expenses not deductible for tax purposes	13,097	15,113
Capital allowances for year in excess of depreciation	(4,406)	(3,793)
Group relief	(3,944)	-
Tax adjustments and other timing differences	10,134	5,720
Marginal relief	(1,808)	-
Adjustments to tax charge in respect of prior periods	-	(4,813)
Current tax charge for the year (see note above)	59,403	99,238

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2008**

9. INTANGIBLE FIXED ASSETS

	Goodwill £
Cost	
At 1 November 2007 and 31 October 2008	1,152,799
Amortisation	
At 1 November 2007	584,267
Charge for the year	127,202
At 31 October 2008	711,469
Net book value	
At 31 October 2008	441,330
At 31 October 2007	568,532

10. TANGIBLE FIXED ASSETS

	Property improve- ments £	Plant and equipment etc £	Motor vehicles £	Total £
Cost				
At 1 November 2007	26,844	303,775	258,757	589,376
Additions	8,705	19,132	143,346	171,183
Disposals	-	-	(113,436)	(113,436)
At 31 October 2008	35,549	322,907	288,667	647,123
Depreciation				
At 1 November 2007	11,841	173,580	92,227	277,648
Charge for the year	2,468	34,393	41,514	78,375
On disposals	-	-	(57,782)	(57,782)
At 31 October 2008	14,309	207,973	75,959	298,241
Net book value				
At 31 October 2008	21,240	114,934	212,708	348,882
At 31 October 2007	15,003	130,195	166,530	311,728

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2008 £	2007 £
Plant and equipment	36,340	48,427
Motor vehicles	207,614	103,699
	243,954	152,126

WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

11. FIXED ASSET INVESTMENTS

	Unlisted investments £
Cost or valuation	
At 1 November 2007 and 31 October 2008	302,558
Impairment	
At 1 November 2007 and 31 October 2008	299,259
Net book value	
At 31 October 2008	3,299
At 31 October 2007	3,299

Investments include a participating interest in Risk Management Analysis Services Limited, a company incorporated in Great Britain, comprising a holding of 50% of its issued ordinary capital.

The latest accounts are unavailable for Risk Management Analysis Services Limited. In the year ended 31 December 2007, Risk Management Analysis Services Limited made a loss after tax of £11,506 (2006 £4,673 loss) and at the end of that year the aggregate of its capital and reserves was a deficit of £28,641 (2006 £17,135 deficit).

Investments also include an investment in TBB Limited, a company incorporated in Great Britain, comprising a holding of 100% of its issued ordinary capital.

During its latest financial year TBB Limited made a profit of £Nil (2007 - £Nil) and at the end of that year the aggregate of its capital and reserves was £99 (2007 - £99).

Within investments is also 76% (2007 - 76%) of the issued share capital of Waveney Group Schemes Limited, a company incorporated in Great Britain.

In its latest financial year, Waveney Group Schemes Limited made a profit after tax of £469,666 (2007 - £338,449) and at the end of that year the aggregate of its capital and reserves was £877,820 (2007 - £408,154).

12. DEBTORS

	2008 £	2007 £
Due after more than one year		
Amounts owed by group undertakings	-	50,000
Other debtors	-	17,577
Due within one year		
Trade debtors	1,539,561	1,966,123
Amounts owed by group undertakings	114,126	40,840
Other debtors	26,905	221
Prepayments and accrued income	97,462	107,490
	1,778,054	2,182,251

Trade debtors represent amounts due in respect of insurance broking transactions.

WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2008**

**13. CREDITORS:
Amounts falling due within one year**

	2008	2007
	£	£
Net obligations under finance leases and hire purchase contracts	94,892	65,455
Trade creditors	2,031,867	2,337,414
Amounts owed to group undertakings	613,400	435,213
Corporation tax	59,403	104,051
Social security and other taxes	38,830	36,495
Other creditors	8,283	7,892
Accruals and deferred income	338,592	342,386
	<u>3,185,267</u>	<u>3,328,906</u>

Finance lease and hire purchase creditors are secured on the assets concerned.

Trade creditors represent amounts relating to insurance broking transactions.

**14. CREDITORS:
Amounts falling due after more than one year**

	2008	2007
	£	£
Net obligations under finance leases and hire purchase contracts	88,229	85,380
Amounts owed to group undertakings	-	100,000
	<u>88,229</u>	<u>185,380</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	2008	2007
	£	£
Between one and five years	<u>88,229</u>	<u>85,380</u>

Finance lease and hire purchase creditors are secured on the assets concerned.

15. DEFERRED TAXATION

	2008	2007
	£	£
At 1 November 2007	22,471	24,398
Released during the year	(7,061)	(1,927)
	<u>15,410</u>	<u>22,471</u>
At 31 October 2008		

WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

15. DEFERRED TAXATION (continued)

The provision for deferred taxation is made up as follows:

	2008 £	2007 £
Accelerated capital allowances	16,430	23,467
Short term timing differences	(1,020)	(996)
	<u>15,410</u>	<u>22,471</u>

There is a potential liability of £26,000 (2007 - £19,000) relating to goodwill purchased from a fellow group company which has a nil cost for taxation purposes. Deferred tax is not provided in this respect as the company has no intention of selling the goodwill in the foreseeable future.

16. SHARE CAPITAL

	2008 £	2007 £
Authorised		
20,000 Ordinary "A" shares of £1 each	20,000	20,000
10,000 Ordinary "B" shares of 1p each	100	100
3,400 Ordinary "C" shares of 65p each	2,210	2,210
	<u>22,310</u>	<u>22,310</u>
Allotted, called up and fully paid		
6,316 Ordinary "A" shares of £1 each	6,316	6,316
727 (2007 - 700) Ordinary "B" shares of 1p each	7	7
3,400 Ordinary "C" shares of 65p each	2,210	2,210
	<u>8,533</u>	<u>8,533</u>

The 'A', and 'B' shares rank pari passu in all respects except that 'B' shares can only be held by employees.

'B' shareholders have no right to participate in further issues of 'A' shares.

The 'C' shares have no voting rights and are not entitled to a dividend, and have no right to participate in further issues of 'A' or 'B' shares.

17. RESERVES

	Share premium account £	Profit and loss account £
At 1 November 2007	129,729	671,161
Profit for the year		108,357
	<u>129,729</u>	<u>779,518</u>
At 31 October 2008		

WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2008 £	2007 £
Opening shareholders' funds	809,423	601,101
Profit for the year	108,357	192,726
Shares issued during the year	-	2,211
Share premium on shares issued (net of expenses)	-	13,385
	<hr/>	<hr/>
Closing shareholders' funds	917,780	809,423
	<hr/>	<hr/>

19. CONTINGENT LIABILITIES

The company has guaranteed the bank loans of its parent company, Waveney Insurance Brokers Limited. At the balance sheet date, the maximum amount payable on these loans was £8,248 (2007 - £38,756).

20. RELATED PARTY TRANSACTIONS

The following transactions with group companies and companies in which the company holds a significant interest are included in the financial statements:-

Creditors:

TBB Limited, subsidiary £99 (2007 - £99).

Waveney Insurance Brokers Limited, parent company, £579,110 (2007 - £521,318) of which £Nil (2007 - £100,000) is due in more than one year.

Waveney Financial Services Limited, fellow subsidiary, £34,191 (2007 - £13,796).

Debtors:

Risk Management Analysis Services Limited, a company in which this company holds an interest, £36,728 (2007 - £36,728), less a bad debt provision of £9,823 (2007 - £19,151). Of the net debtor, £Nil (2007 - £17,577) is due in more than one year.

Waveney Group Schemes Limited, subsidiary, £110,578 (2007 - £87,957) of which £Nil (2007 - £50,000) is due in more than one year.

Waveney McKenna Limited, fellow subsidiary, £3,548 (2007 - £2,883).

Management charges:

The company paid management charges of £318,303 (2007 - £319,270) to Waveney Insurance Brokers Limited, the parent company.

The company paid management charges of £24,000 (2007 - £15,000) to Waveney Financial Services Limited, a fellow subsidiary.

The company received management charges (net of recharges) of £251,039 (2007 - £219,103) from Waveney Group Schemes Limited, a subsidiary.

The company received management charges of £11,509 (2007 - £2,883) from Waveney McKenna Limited, a subsidiary.

Other fees:

The company paid fees of £22,500 (2007 - £2,174) to Risk Management Analysis Services Limited, a company in which this company holds an interest.

The company paid £22,500 (2007 - £22,500) to Waveney Insurance Brokers Limited, the parent company, as interest on the loan account balance.

In addition, during the year the company issued further 'B' shares to P Westgate, a director, for £Nil (2007 - £13,386).

WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

21. CAPITAL COMMITMENTS

At 31 October 2008 the Company had capital commitments as follows:

	2008	2007
	£	£
Contracted for but not provided in these financial statements	<u>-</u>	<u>19,249</u>

22. PENSION COMMITMENTS

The company operates a defined contribution group personal pension plan, the assets of which are held separately from those of the company in an independently administered fund.

The pension cost charge represents contributions payable by the company to the scheme and amounted to £41,907 (2007 - £36,379). At the year end there were contributions amounting to £6,044 (2007 - £5,650) outstanding.

23. OPERATING LEASE COMMITMENTS

At 31 October 2008 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2008	2007
Expiry date:		
Within 1 year	24,292	17,692
Between 2 and 5 years	29,748	44,501

24. INSURANCE BUSINESS MONIES

The company uses separately designated insurance brokering accounts for the receipt and payment of all insurance business monies. Included in cash at bank and in hand was £920,055 (2007 - £812,923) relating to these transactions.

25. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is controlled by Waveney Insurance Brokers Limited.

In the opinion of the directors this is the company's ultimate parent company.

Waveney Insurance Brokers Limited is ultimately controlled by no single individual shareholder.

WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2008**

26. NET CASH FLOW FROM OPERATING ACTIVITIES

	2008	2007
	£	£
Operating profit	123,504	247,709
Amortisation of intangible fixed assets	127,202	127,199
Depreciation of tangible fixed assets	78,375	75,354
Loss on disposal of tangible fixed assets	25,929	14,829
Decrease/(increase) in debtors	427,483	(339,338)
Increase in amounts owed by group undertakings	(23,286)	(40,840)
(Decrease)/increase in creditors	(306,616)	150,786
Increase in amounts owed to group undertakings	78,187	126,146
Net cash inflow from operations	530,778	361,845

27. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2008	2007
	£	£
Returns on investments and servicing of finance		
Interest received	73,144	54,427
Interest paid	(22,508)	(25,463)
Hire purchase interest	(13,441)	(9,078)
Net cash inflow from returns on investments and servicing of finance	37,195	19,886
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(59,923)	(30,690)
Sale of tangible fixed assets	29,725	12,500
Net cash outflow from capital expenditure	(30,198)	(18,190)
Financing		
Issue of ordinary shares	-	13,396
Repayment of finance leases	(78,974)	(66,329)
Net cash outflow from financing	(78,974)	(52,933)

WAVENEY INSURANCE BROKERS (COMMERCIAL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2008

28. ANALYSIS OF CHANGES IN NET DEBT

	1 November 2007	Cash flow	Other non-cash changes	31 October 2008
	£	£	£	£
Cash at bank and in hand:	1,276,370	354,751	-	1,631,121
Debt:				
Debts due within one year	(65,455)	78,974	(108,411)	(94,892)
Debts falling due after more than one year	(85,380)	-	(2,849)	(88,229)
Net funds	1,125,535	433,725	(111,260)	1,448,000

29. MAJOR NON-CASH TRANSACTIONS

The company entered into new hire purchase agreements of £111,260 (2007 - £86,001) during the year.