

# Financial Statements

## Morgan Law Limited

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For the year ended 31 December 2012



Registered number: 2696420

**Morgan Law Limited**

## Company Information

**Directors**

M P Rea  
S Egan (appointed 4 January 2013)  
M S Hodges (appointed 4 January 2013)  
D J Bruce (appointed 4 January 2013)

**Registered number**

2696420

**Registered office**

Tower Gate  
Eclipse Park Sittingbourne Road  
Maidstone  
Kent  
ME14 3EN

**Independent auditor**

Grant Thornton UK LLP  
Chartered Accountants & Statutory Auditor  
Crown House  
Crown Street  
Ipswich  
Suffolk  
IP1 3HS

Morgan Law Limited

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# Directors' Report

For the year ended 31 December 2012

The directors present their report and the financial statements for the year ended 31 December 2012

## **Principal activities**

The principal activity of the company during the year was the provision of insurance services

## **Business review**

The directors are satisfied with the trading results of the company and anticipate continued profitable trading in the financial year ending 31 December 2013

## **Results**

The profit for the year, after taxation, amounted to £1,735 (2011 - £3,106)

## **Directors**

The directors who served during the year were

P A Smith (resigned 4 January 2013)

K F Watson (resigned 4 January 2013)

M P Rca

## **Directors' responsibilities statement**

The directors are responsible for preparing 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

## Directors' Report

For the year ended 31 December 2012

### Provision 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 information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information

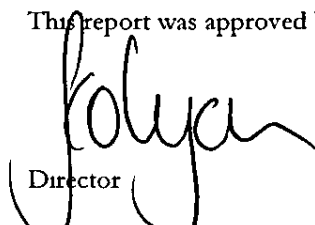
### Auditor

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

This report was approved by the board on

11/9/13

and signed on its behalf

  
Director  
S. Egan



## Independent Auditor's Report to the Members of Morgan Law Limited

We have audited the financial statements of Morgan Law Limited for the year ended 31 December 2012, which comprise the Profit and loss account, the Balance sheet, the Cash flow statement 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 Auditing Practices Board's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **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 2012 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 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 Morgan Law 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*

Mark Handley (Senior statutory auditor)  
for and on behalf of  
Grant Thornton UK LLP  
Chartered Accountants  
Statutory Auditor  
Ipswich  
Date

*13 September 2013*

## Profit and Loss Account

For the year ended 31 December 2012

	Note	2012 £	2011 £
<b>Turnover</b>	2	2,468,776	2,689,923
Cost of sales		<u>(1,025,000)</u>	<u>(1,061,867)</u>
<b>Gross profit</b>		<b>1,443,776</b>	1,628,056
Administrative expenses		<b>(1,449,083)</b>	(1,626,005)
Other operating income	3	<u>10,800</u>	<u>10,800</u>
<b>Operating profit</b>	4	<b>5,493</b>	12,851
Interest receivable and similar income		<b>11,239</b>	13,772
Interest payable and similar charges	7	<u>(9,375)</u>	<u>(5,556)</u>
<b>Profit on ordinary activities before taxation</b>		<b>7,357</b>	21,067
Tax on profit on ordinary activities	8	<u>(5,622)</u>	<u>(17,961)</u>
<b>Profit for the financial year</b>	19	<u><b>1,735</b></u>	<u>3,106</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and loss account

The notes on pages 8 to 18 form part of these financial statements

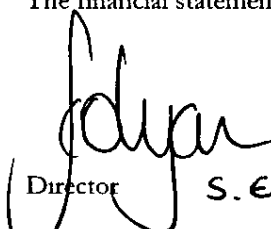


## Balance Sheet

As at 31 December 2012

	Note	£	2012 £	£	2011 £
<b>Fixed assets</b>					
Tangible assets	9		262,020		189,740
Investments	10		1		1
			<u>262,021</u>		<u>189,741</u>
<b>Current assets</b>					
Debtors	11	996,015		998,547	
Cash in hand		<u>1,067,926</u>		<u>1,450,394</u>	
		2,063,941		2,448,941	
<b>Creditors: amounts falling due within one year</b>	12	<u>(2,075,490)</u>		<u>(2,448,220)</u>	
<b>Net current (liabilities)/assets</b>			<u>(11,549)</u>		<u>721</u>
<b>Total assets less current liabilities</b>			250,472		190,462
<b>Creditors: amounts falling due after more than one year</b>	13		<u>(79,135)</u>		<u>(20,860)</u>
<b>Net assets</b>			<u>171,337</u>		<u>169,602</u>
<b>Capital and reserves</b>					
Called up share capital	18		1,000		1,000
Profit and loss account	19		<u>170,337</u>		<u>168,602</u>
<b>Shareholders' funds</b>	20		<u>171,337</u>		<u>169,602</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11/9/13

  
Director S. Egan

The notes on pages 8 to 18 form part of these financial statements

## Cash Flow Statement

For the year ended 31 December 2012

	Note	2012 £	2011 £
Net cash flow from operating activities	21	(256,715)	(18,611)
Returns on investments and servicing of finance	22	1,864	8,216
Taxation		(12,865)	(69,243)
Capital expenditure and financial investment	22	(17,211)	(8,784)
Equity dividends paid		-	(119,349)
<b>Cash outflow before financing</b>		<b>(284,927)</b>	<b>(207,771)</b>
Financing	22	(40,707)	(62,154)
<b>Decrease in cash in the year</b>		<b>(325,634)</b>	<b>(269,925)</b>

## Reconciliation of Net Cash Flow to Movement in Net Funds/Debt

For the year ended 31 December 2012

	2012 £	2011 £
Decrease in cash in the year	(325,634)	(269,925)
Cash outflow from decrease in debt and lease financing	40,707	62,154
<b>Change in net debt resulting from cash flows</b>	<b>(284,927)</b>	<b>(207,771)</b>
New finance lease	(103,083)	(39,693)
<b>Movement in net debt in the year</b>	<b>(388,010)</b>	<b>(247,464)</b>
Net funds at 1 January 2012	1,334,306	1,581,770
<b>Net funds at 31 December 2012</b>	<b>946,296</b>	<b>1,334,306</b>

The notes on pages 8 to 18 form part of these financial statements

# Notes to the Financial Statements

For the year ended 31 December 2012

## 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

### 1.2 Turnover

Turnover represents brokerage and fees in respect of premiums earned from clients net of related taxes in the United Kingdom. Revenue is recognised at the later of the effective date of the policy and the date that the policy is accepted by the customer.

### 1.3 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:

Motor vehicles	-	4 years
Fixtures & fittings	-	4 years
Computer equipment	-	4 years

### 1.4 Investments

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

### 1.5 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.

### 1.6 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

### 1.7 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 annual contributions payable are charged to the profit and loss account.

# Notes to the Financial Statements

For the year ended 31 December 2012

## 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

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 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

### 1.10 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

### 1.11 Insurance debtors and creditors

The company acts as an agent in broking insurance risks for its clients. Notwithstanding its legal relationship with clients and insurance companies, the company has followed generally accepted accounting practice by showing cash, debtors and creditors relating to insurance broking business as assets and liabilities of the company itself

# Notes to the Financial Statements

For the year ended 31 December 2012

## 2. Turnover

All turnover arose within the United Kingdom

## 3. Other operating income

	2012	2011
	£	£
Rents receivable	<u>10,800</u>	<u>10,800</u>

## 4. Operating profit

The operating profit is stated after charging/(crediting)

	2012	2011
	£	£
Depreciation of tangible fixed assets		
- owned by the company	36,065	50,253
- held under finance leases	41,520	41,048
Difference on foreign exchange	-	1,882
Auditor's remuneration	7,000	7,000
Accountancy fees	5,000	5,000
Operating lease costs	<u>54,000</u>	<u>54,000</u>

## 5. Staff costs

Staff costs, including directors' remuneration, were as follows

	2012	2011
	£	£
Wages and salaries	820,545	872,497
Social security costs	99,117	105,150
Other pension costs	27,669	27,418
	<u>947,331</u>	<u>1,005,065</u>

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

	2012	2011
	No	No
Administrative staff	<u>29</u>	<u>33</u>

# Notes to the Financial Statements

For the year ended 31 December 2012

## 6. Directors' remuneration

	2012 £	2011 £
Emoluments	<u>289,732</u>	<u>291,588</u>
Company pension contributions to defined contribution pension schemes	<u>17,600</u>	<u>17,600</u>

During the year retirement benefits were accruing to 2 directors (2011 - 2) in respect of defined contribution pension schemes

The highest paid director received remuneration of £146,304 (2011 - £146,086)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £8,800 (2011 - £8,800)

## 7. Interest payable

	2012 £	2011 £
On finance leases and hire purchase contracts	<u>9,375</u>	<u>5,556</u>

## 8. Taxation

	2012 £	2011 £
<b>Analysis of tax charge in the year/period</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year/period	6,599	14,276
Adjustments in respect of prior periods	(1,411)	-
<b>Total current tax</b>	<u>5,188</u>	<u>14,276</u>
<b>Deferred tax</b> (see note 17)		
Origination and reversal of timing differences	434	3,685
<b>Tax on profit on ordinary activities</b>	<u>5,622</u>	<u>17,961</u>

# Notes to the Financial Statements

For the year ended 31 December 2012

## 8. Taxation (continued)

### Factors affecting tax charge for the year/period

The tax assessed for the year/period is higher than (2011 - higher than) the standard rate of corporation tax in the UK of 20% (2011 - 20 25%) The differences are explained below:

	2012 £	2011 £
Profit on ordinary activities before tax	7,357	21,067
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2011 - 20 25%)	1,471	4,266
Effects of		
Expenses not deductible for tax purposes	5,985	8,247
Difference between capital allowances and depreciation	(857)	1,763
Adjustments to tax charge in respect of prior periods	(1,411)	-
Current tax charge for the year/period (see note above)	5,188	14,276

## 9. Tangible fixed assets

	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Total £
<b>Cost</b>				
At 1 January 2012	326,248	22,441	235,200	583,889
Additions	261,669	1,375	-	263,044
Disposals	(267,422)	-	-	(267,422)
At 31 December 2012	320,495	23,816	235,200	579,511
<b>Depreciation</b>				
At 1 January 2012	157,476	21,696	214,977	394,149
Charge for the year	68,317	733	8,535	77,585
On disposals	(154,243)	-	-	(154,243)
At 31 December 2012	71,550	22,429	223,512	317,491
<b>Net book value</b>				
At 31 December 2012	248,945	1,387	11,688	262,020
At 31 December 2011	168,772	745	20,223	189,740

# Notes to the Financial Statements

For the year ended 31 December 2012

## 9. Tangible fixed assets (continued)

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

	2012	2011
	£	£
Motor vehicles	248,943	129,069
Computer equipment	4,808	9,247
	<u>253,751</u>	<u>138,316</u>

## 10. Fixed asset investments

	Investments £
<b>Cost</b>	
At 1 January 2012 and 31 December 2012	<u>3,185</u>
<b>Impairment</b>	
At 1 January 2012 and 31 December 2012	<u>3,184</u>
<b>Net book value</b>	
At 31 December 2012	<u>1</u>
At 31 December 2011	<u>1</u>

## 11. Debtors

	2012	2011
	£	£
Trade debtors	926,106	864,992
Other debtors	-	35,913
Prepayments and accrued income	53,099	80,398
Deferred tax asset (see note 17)	16,810	17,244
	<u>996,015</u>	<u>998,547</u>



# Notes to the Financial Statements

For the year ended 31 December 2012

## 12. Creditors:

### Amounts falling due within one year

	2012	2011
	£	£
Bank overdraft	414	57,248
Net obligations under finance leases and hire purchase contracts	42,081	37,980
Trade creditors	1,490,595	1,759,338
Amounts owed to group undertakings	493	493
Corporation tax	6,599	14,276
Social security and other taxes	38,027	36,100
Accruals and deferred income	497,281	542,785
	<u>2,075,490</u>	<u>2,448,220</u>

Amounts due under hire purchase agreements are secured on the assets to which they relate

## 13. Creditors:

### Amounts falling due after more than one year

	2012	2011
	£	£
Net obligations under finance leases and hire purchase contracts	<u>79,135</u>	<u>20,860</u>

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

	2012	2011
	£	£
Between one and five years	<u>79,135</u>	<u>20,860</u>

## 14. Capital commitments

The directors have confirmed that there were no capital commitments at 31 December 2012 or 31 December 2011

## 15. Pension commitments

The company operates a defined contribution pension scheme for the benefit of the directors and staff. The assets of the scheme are administered by trustees in funds independent from those of the company.

The pension cost charge for the year was £27,669 (2011 - £27,418)

# Notes to the Financial Statements

For the year ended 31 December 2012

## 16. Operating lease commitments

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows

	2012 £	2011 £
<b>Expiry date:</b>		
After more than 5 years	<u>54,000</u>	<u>54,000</u>

## 17. Deferred tax asset

	2012 £	2011 £
At beginning of year/period	17,244	20,929
Movement during year	(434)	(3,685)
At end of year/period	<u>16,810</u>	<u>17,244</u>

The deferred tax asset is made up as follows

	2012 £	2011 £
Other timing differences	<u>16,810</u>	<u>17,244</u>

## 18. Share capital

	2012 £	2011 £
<b>Allotted, called up and fully paid</b>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

## 19. Reserves

	Profit and loss account £
At 1 January 2012	168,602
Profit for the year	1,735
At 31 December 2012	<u>170,337</u>

# Notes to the Financial Statements

For the year ended 31 December 2012

## 20. Reconciliation of movement in shareholders' funds

	2012	2011
	£	£
Opening shareholders' funds	169,602	166,496
Profit for the year/period	1,735	3,106
Closing shareholders' funds	171,337	169,602

## 21. Net cash flow from operating activities

	2012	2011
	£	£
Operating profit	5,493	12,851
Depreciation of tangible fixed assets	77,585	91,301
Profit on disposal of tangible fixed assets	(29,571)	(19,055)
Decrease in debtors	2,098	134,207
Decrease in creditors	(312,320)	(237,915)
Net cash outflow from operating activities	(256,715)	(18,611)

## 22. Analysis of cash flows for headings netted in cash flow statement

	2012	2011
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest received	11,239	13,772
Hire purchase interest	(9,375)	(5,556)
Net cash inflow from returns on investments and servicing of finance	1,864	8,216

	2012	2011
	£	£
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(159,961)	(40,034)
Sale of tangible fixed assets	142,750	31,250
Net cash outflow from capital expenditure	(17,211)	(8,784)

	2012	2011
	£	£
<b>Financing</b>		
Repayment of finance leases	(40,707)	(62,154)

# Notes to the Financial Statements

For the year ended 31 December 2012

## 23. Analysis of changes in net debt

	1 January 2012	Cash flow	Other non-cash changes	31 December 2012
	£	£	£	£
Cash at bank and in hand	1,450,394	(382,468)	-	1,067,926
Bank overdraft	(57,248)	56,834	-	(414)
	<u>1,393,146</u>	<u>(325,634)</u>	<u>-</u>	<u>1,067,512</u>
<b>Debt:</b>				
Finance leases	(58,840)	40,707	(103,083)	(121,216)
	<u>1,334,306</u>	<u>(284,927)</u>	<u>(103,083)</u>	<u>946,296</u>
<b>Net funds</b>				

## 24. Contingent liabilities

The directors have confirmed that there were no contingent liabilities which should be disclosed at 31 December 2012 or 31 December 2011

# Notes to the Financial Statements

For the year ended 31 December 2012

## 25. Related party transactions

	2012	2012	2011	2011
	Debtor	Creditor	Debtor	Creditor
	£	£	£	£
Morgan Law (Financial Services) Limited	-	-	35,910	-
P A Smith	8,528	-	3,297	(1,826)
Morgan Law (Holdings) Limited	-	(493)	-	(493)
K F Watson	-	-	-	(8,295)
Cullum Capital Ventures Limited	-	(425,005)	-	(425,005)

During the year, the following transactions took place with related parties

The company charged Morgan Law (Financial Services) Limited rent of £10,800 (2011 - £10,800) during the year

The company was charged £1,025,000 (2011 - £1,025,000) commission by Cullum Capital Ventures Limited

Cullum Capital Ventures Limited is a significant shareholder in the parent company, Morgan Law (Holdings) Limited, that is able to appoint board members

Morgan Law (Financial Services) Limited is a company under common control and was part of the same group until October 2007

Morgan Law (Holdings) Limited is this company's parent company

During the year dividends of £nil (2011 - £nil) were paid to Morgan Law (Holdings) Limited

## 26. Ultimate parent undertaking and controlling party

The parent company is Morgan Law (Holdings) Limited due to its shareholding in the company

Post year end Cullum Capital Ventures Limited increased their shareholding in the parent company to take a controlling interest. Its ultimate owner, Towergate Partnershipco Limited, is now considered the ultimate controlling party