

Open GI London Limited (formerly MI Limited)

Directors' report and financial
statements

Registered number 3534865
For the year ended 31 May 2014

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 May 2014.

Principal activity

The principal activity of the company is the design and development of technology solutions to major insurers and brokers operating in the London insurance markets.

On 4th April 2014 the name of the company was changed to Open GI London Limited.

Business review

The directors are pleased to report another successful year. Turnover for the year was £2.1m of which 53% was derived from contracted recurring services. The company has delivered several key developments to its existing customer base and continues to seek new customer opportunities.

Results and dividends

The results for the period are set out in the profit and loss account on page 5. The profit for the financial year of £606,000 (2013: £543,000) has been transferred to reserves.

The directors do not recommend the payment of a dividend (2013: £Nil).

Directors

The directors who held office during the year were as follows:

DS Bailey
AC Homer
PG Cullum
CCH Guillaume

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

By order of the board



CCH Guillaume
Director

Buckholt Drive
Warndon
Worcester
WR4 9SR

17 July 2014

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 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; and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

**Independent auditor's report to the members of Open GI London Limited
(formerly MI Limited)**

We have audited the financial statements of Open GI London Limited (formerly MI Limited) for the year ended 31 May 2014 set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 set out on page 2, 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 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 31 May 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK 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 Open GI London Limited
(formerly MI Limited) *(continued)***

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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Xavier Timmermans (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

17 July 2014

Profit and loss account
for the year ended 31 May 2014

	<i>Note</i>	2014 £000	2013 £000
Turnover			
Cost of sales	<i>1,2</i>	2,139 (140)	2,354 (160)
		<hr/>	<hr/>
Gross profit		1,999	2,194
Administrative expenses		(1,281)	(1,469)
		<hr/>	<hr/>
Operating profit, being profit on ordinary activities before taxation		718	725
Tax on profit on ordinary activities	<i>6</i>	(112)	(182)
		<hr/>	<hr/>
Profit on ordinary activities after taxation and for the financial year	<i>13</i>	606	543
		<hr/>	<hr/>

The results for the current year and prior period reflect trading from continuing operations. There are no gains and losses for the year other than the profit for the financial year above.

Balance sheet
at 31 May 2014

	<i>Note</i>	2014 £000	2013 £000
Fixed assets			
Tangible assets	7	21	33
Current assets			
Debtors	8	3,319	2,427
Cash at bank and in hand		575	733
		3,894	3,160
Creditors: Amounts falling due within one year	9	(900)	(806)
Net current assets		2,994	2,354
Total assets less current liabilities		3,015	2,387
Deferred income	10	(731)	(709)
Net assets		2,284	1,678
Capital and reserves			
Called up share capital	12	751	751
Profit and loss account	13	1,533	927
Equity shareholders' funds	14	2,284	1,678

These financial statements were approved by the board of directors on 17 July 2014 and were signed on its behalf by:



CCH Guillaume
 Director

Company registered number: 3534865

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

The Company has taken advantage of the exemption contained in FRS 8 and has, therefore, not disclosed transactions of balances with wholly-owned subsidiaries which form part of the Broomco (4099) Limited group.

Going concern

The directors have prepared the financial statements of the company on the going concern basis as the directors are satisfied that the company and, as the company is party to a cross guarantee, the group, have sufficient funds to continue trading for the foreseeable future. Funding arrangements between the group's sponsoring bank and the ultimate holding company were renewed on 26 February 2013, and will remain in place until 31 December 2015.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets on a straight line basis over their estimated useful economic lives as follows:

Computer equipment	-	2 years
Furniture, fittings and equipment	-	4 years

Revenue recognition

Turnover represents amounts invoiced to customers (net of value added tax) for goods and services from the company's principle activity. Revenue from systems is recognised upon delivery to a customer where there are no significant vendor obligations remaining and the collection of the resulting receivable is considered probable. In circumstances where a considerable vendor obligation exists, revenue is recognised on a percentage of completion basis over the period from delivery of the product to customer acceptance. The degree of completion of a contract is measured using milestones reached or actual effort against expected effort, depending upon the nature of the individual contract and the most appropriate measure of the percentage of completion.

Service revenue comprises revenues for maintenance, transaction processing and professional services. Maintenance and support contracts are recognised rateably over the period of the contract. Professional services, such as implementation, training and consultancy, are recognised when the services are performed.

Deferred income

Deferred income represents amounts invoiced in advance in respect of contracts for the provision of maintenance and support services, together with amounts invoiced in respect of system sales for which the revenue recognition criteria have yet to be satisfied.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Notes (continued)

1 Accounting policies (continued)

Leasing

Rentals paid/received under operating leases are charged/credited to the profit and loss account on a straight line basis over the lease term.

Research and development

Research and development expenditure, including the cost of software products developed in-house, is expensed in the year in which it is incurred.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

2 Turnover

Turnover represents goods and services supplied during the year, excluding value added tax, and is attributable to the principal activities of the company. All turnover is to customers within the United Kingdom.

3 Profit on ordinary activities before taxation

	2014 £000	2013 £000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Depreciation of owned assets	21	22
Operating leases:		
Other assets	68	87
Research and development	941	983
	<hr/>	<hr/>
<i>Fees payable to the company's auditor:</i>		
Audit of these financial statements	12	12
Taxation compliance services	2	-
	<hr/>	<hr/>

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2014	2013
Programming and engineering staff	14	18
Administrative and management staff	6	6
	<hr/>	<hr/>
	20	24
	<hr/>	<hr/>

Notes (continued)

4 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2014 £000	2013 £000
Wages and salaries	857	909
Social security costs	103	119
Other pension costs	8	6
	<u>968</u>	<u>1,034</u>

5 Remuneration of directors

The remuneration of the directors of the company in the current and preceding financial years has been borne by Open GI Limited, a fellow group undertaking, and Broomco (4099) Limited, the ultimate parent company.

6 Taxation

Analysis of charge in the period

	2014 £000	2013 £000
<i>UK corporation tax</i>		
Current tax on income for the year	139	172
Adjustment in respect of prior years	(29)	10
Total Current Tax	<u>110</u>	<u>182</u>
<i>Deferred tax (see note 11)</i>		
Effect of tax rate change on opening balance	2	-
Tax on profit on ordinary activities	<u>112</u>	<u>182</u>

Factors affecting the tax charge for the current period

The current tax charge for the year is lower (2013: higher) than the standard rate of corporation tax in the UK of 22.67% (2013: 23.83%). The differences are explained below:

	2014 £000	2013 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	718	725
Current tax at 22.67% (2013: 23.83%)	<u>163</u>	<u>173</u>
<i>Effects of:</i>		
Additional tax credit for research and development	(28)	(7)
Capital allowances less than depreciation	-	1
Transfer pricing adjustments	4	5
Adjustment to tax charge in respect of prior years	(29)	10
Total current tax charge (see above)	<u>110</u>	<u>182</u>

Notes (continued)

6 Taxation (continued)

Factors that may affect future current and total tax charges

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly.

The deferred tax asset at 31 May 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

7 Tangible fixed assets

	Computer equipment	Furniture, fittings and equipment	Total
	£000	£000	£000
Cost			
At beginning of year	213	22	235
Additions	3	6	9
	<hr/>	<hr/>	<hr/>
At end of year	216	28	244
	<hr/>	<hr/>	<hr/>
Depreciation			
At beginning of year	181	21	202
Charge for year	20	1	21
	<hr/>	<hr/>	<hr/>
At end of year	201	22	223
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 May 2014	15	6	21
	<hr/>	<hr/>	<hr/>
At 31 May 2013	32	1	33
	<hr/>	<hr/>	<hr/>

8 Debtors

	2014 £000	2013 £000
Trade debtors	434	358
Amounts owed by group undertakings	2,760	1,960
Deferred tax asset (note 11)	9	11
Prepayments and accrued income	113	98
Other debtors	3	-
	<hr/>	<hr/>
	3,319	2,427
	<hr/>	<hr/>

Notes (continued)

9 Creditors: Amounts falling due within one year

	2014 £000	2013 £000
Trade creditors	60	65
Amounts owing to group undertakings	681	399
Corporation tax	-	172
Other taxation and social security	68	77
Accruals	91	93
	<u>900</u>	<u>806</u>

Amounts owing to group undertakings are interest free, unsecured and are repayable on demand.

10 Deferred income

	2014 £000	2013 £000
To be recognised within one year	731	709
	<u>731</u>	<u>709</u>

11 Deferred taxation

The movements in deferred tax assets during the year are as follows:

	Deferred tax asset £000
At beginning of year	11
Charge to the profit and loss account (note 6)	(2)
At end of year	<u>9</u>

The elements of deferred tax are as follows:

	2014 £000	2013 £000
Accelerated capital allowances	9	11
	<u>9</u>	<u>11</u>

At 31 May 2014 and 31 May 2013 there was no unprovided deferred tax.

12 Called up share capital

	2014 £000	2013 £000
Authorised, allotted and fully paid:		
751,000 ordinary shares of £1 each	751	751
	<u>751</u>	<u>751</u>

Notes (continued)

13 Reserves

	Profit and loss account £000
At beginning of year	927
Profit for the financial year	606
At end of year	1,533

14 Reconciliation of shareholders' funds

	2014 £000	2013 £000
Profit for the financial year	606	543
Opening shareholders' funds	1,678	1,135
Closing shareholders' funds	2,284	1,678

15 Financial commitments

The annual commitments under non-cancellable operating leases are as follows:

	Land and buildings		Other	
	2014 £000	2013 £000	2014 £000	2013 £000
Operating leases which expire:				
Within one year	-	-	-	1
Between one and two years	-	-	-	-
Between two and five years	87	87	-	-
	87	87	-	1

16 Pensions

The company provided its own stakeholder pension scheme during the year. The pension charge for the year was £8,000 (2013: £6,000). The amount accrued at the year end and included in creditors is £Nil (2013: £Nil).

17 Related party disclosures

During the year, the company participated in the following related party transactions:

The company conducted business totalling £627,853 (2013: £396,001) on an arm's length basis with the Towergate PartnershipCo Limited and its subsidiary companies, for which Mr P G Cullum also acts as a statutory director. The balance owing to Open Gi London Limited as at 31 May 2014 is £48,609 (2013: £136,425).

Notes *(continued)*

18 Ultimate parent company and controlling party

The company's ultimate parent company is Broomco (4099) Limited, a company incorporated in Great Britain.

For the year ended 31 May 2014, the only group in which the results of the company were consolidated was that headed by Broomco (4099) Limited.

Copies of the group financial statements, incorporating those of the company, are available from the company's registered address at Broomco (4099) Limited, Buckholt Drive, Warndon, Worcestershire WR4 9SR.

The company's ultimate controlling party is Mr P G Cullum.