

SPORTSCOVER EUROPE LIMITED
REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

Company No: 3726678



SPORTSCOVER EUROPE LIMITED

CONTENTS

	PAGE
Company Information	1
Directors' Report	2
Independent Auditor's Report	5
Profit and Loss Account	7
Balance Sheet	8
Cash Flow Statement	9
Notes to the Financial Statements	10

SPORTSCOVER EUROPE LIMITED

COMPANY INFORMATION

Directors

M S Riley
A J Hootton
C P Nash (Non-executive)
P J R Nash (Non-executive)
T J Nash (Non-executive)
P G Thomas

Secretary

B J Taylor

Registered Office

PO Box HQ 420
St Helen's
1 Undershaft
London
EC3P 3DQ

Company Number

3726678

Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

SPORTSCOVER EUROPE LIMITED

DIRECTORS' REPORT

The Directors have pleasure in presenting their report with the audited financial statements for the year ended 31 December 2012.

Principal Activity

The principal activity of the company continues to be that of insurance agents.

Review of Business

The results for the year and financial position of the company are shown in the annexed financial statements.

The company made a profit of £230,771 (2011: £160,166) during the period under review. Commission income increased by 9% (2011: 11%) as the company continued to expand its business in the UK and the rest of Europe. Net assets as at 31 December 2012 were £1,078,127 (2011: £847,356). The directors consider these statistics to be the key performance indicators of the company.

The insurance business written related specifically to risks associated with amateur sports, personal accident, general liability, property and contingency business. In 2006, the company was granted a binding authority to write business, primarily in the UK and Europe, for a syndicate at Lloyd's. This syndicate, Syndicate 3334, commenced operations at Lloyd's in August 2006 with an allocated capacity of £8.0 million for the 2006 year of account, rising to £45.0 million for the 2012 year of account.

The syndicate has been well supported with keen interest from business producers in the UK and Europe and several major contracts were won, which have been successfully renewed in both 2012 and 2011. Business expansion continues as further new contracts have been secured and business development projects continue to come to fruition.

Expenses increased by 5% (2011: 22%) in the year, most of this being inflationary increases as no significant changes have been made to the expense base during the year under review.

An associated company, Sportscover Underwriting Limited, is managing agent to Syndicate 3334. Accordingly, Sportscover Europe Limited is designated as a service company coverholder of Syndicate 3334.

Risk Management

The company is exposed to a variety of financial and non-financial risks. The directors consider the key risks that could impact the business to be as follows:

Operational Risk

Operational risk is effectively managed by the controls and procedures in place at the company. One of the key risks under this heading is the loss of the office environment, which includes the computer systems, and the resulting impact on the company's ability to continue to trade. The directors have developed a business continuity plan that provides for the company to be fully operational within a 48 hour period in the event that its current offices are no longer available.

SPORTSCOVER EUROPE LIMITED

DIRECTORS' REPORT (continued)

Risk Management (continued)

Liquidity Risk

In order to ensure that sufficient funds are available for on-going operations and to support future development, the company uses a mixture of group financing and working capital facilities.

Credit Risk

There is a risk that cash is not able to be collected for insurance policies written and as a consequence the company is unable to collect its commissions, which may result in it failing to meet its liabilities. The company manages this risk by only dealing with accredited brokers, who have been through a detailed approval process. Following accreditation, these brokers are also subject to subsequent financial and performance reviews.

Currency Risk

The company's activities expose it to the risk of changes in foreign currency exchange rates. A significant proportion of the company's revenue is denominated in foreign currencies whereas its expenses are primarily denominated in sterling. The company monitors its balance sheet for material exposure to foreign currency to determine if further action is required.

Regulatory Risk

The company is required to comply with the requirements of the Financial Services Authority and Lloyd's. Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change. The company has a compliance officer who monitors regulatory developments and assesses the impact on company policy. He also carries out a compliance monitoring programme which is reported to the Board.

Dividends

The directors do not recommend the payment of a dividend (2011: £nil).

Directors

The directors holding office during the year under review and up to the date of signing of the financial statements were as follows:

M S Riley
A J Hootton
C P Nash
P J R Nash
T J Nash
P G Thomas

Post Balance Sheet Events

There are no post balance sheet events to disclose.

Charitable Donations

During the year, the company made donations for charitable purposes of £385 (2011: £nil). No donations were made for political purposes (2011: nil).

SPORTSCOVER EUROPE LIMITED

DIRECTORS' REPORT (continued)

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

BDO LLP has expressed their willingness to continue in office. Under the Companies Act 2006 section 487 (2), they will be automatically re-appointed as auditor 28 days after these accounts are sent to the member, unless the member exercises their rights under the Companies Act 2006 to prevent their re-appointment.

Statement of Directors' Responsibilities

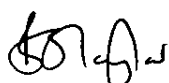
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

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 judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, 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 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.

Approved by the Board of Sportscover Europe Limited on 25th March 2013.



B J Taylor
Company Secretary

SPORTSCOVER EUROPE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SPORTSCOVER EUROPE LIMITED

We have audited the financial statements of Sportscover Europe 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 1 to 16. 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 member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, 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 APB's website at 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 matters 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.

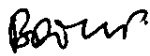
SPORTSCOVER EUROPE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SPORTSCOVER EUROPE 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.



Daniel Taylor (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
21 March 2013

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

SPORTSCOVER EUROPE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	2011 £
TURNOVER			
Commission income	2	1,635,228	1,501,237
Net operating expenses		(1,332,860)	(1,268,610)
Operating profit	3	302,368	232,627
Interest receivable and similar income		8,972	2,768
Interest payable		-	(6)
Profit on ordinary activities before taxation		311,340	235,389
Tax on profit on ordinary activities	5	(80,569)	(75,223)
Profit for the financial year	11	230,771	160,166

All amounts relate to continuing activities

The company had no other recognised gains or losses in either the current or preceding period and therefore no statement of total recognised gains and losses has been presented

The notes on pages 10 to 18 form part of these financial statements.

SPORTSCOVER EUROPE LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2012

	Notes	2012 £	2011 £
Fixed Assets			
Tangible assets	6	83,931	83,290
Current Assets			
Debtors	7	1,817,242	1,438,421
Cash at bank and in hand		821,112	446,540
		2,638,354	1,884,961
Creditors: Amounts falling due within one year	8	(1,644,158)	(1,120,895)
Net Current Assets		994,196	764,066
Total assets less current liabilities		1,078,127	847,356
Net Assets		1,078,127	847,356
Capital and Reserves			
Called up share capital	10	441,100	441,100
Profit and loss account	11	637,027	406,256
Shareholder's Funds	11	1,078,127	847,356

These financial statements were approved and authorised for issue by the Board of Directors on 25th March 2013



M S Riley
Director

Company No: 3726678

The notes on pages 10 to 18 form part of these financial statements

SPORTSCOVER EUROPE LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	2011 £
Net cash inflow/(outflow) from operating activities	14	454,253	(60,758)
Returns on investments and servicing of finance	15	8,972	2,762
Taxation	15	(69,921)	(102,917)
Capital expenditure	15	(18,732)	(27,437)
Cash inflow/(outflow) before financing		374,572	(188,350)
Increase/(decrease) in cash in the year	16	374,572	(188,350)

The notes on pages 10 to 18 form part of these financial statements.

SPORTSCOVER EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. Accounting policies

The main accounting policies adopted are shown below and these have been adopted consistently in the current year and the preceding year

a) Basis of preparation

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

The company's business activities, together with the factors affecting its performance and position, are set out in the Directors' Report, under the Review of Business on page 2. As stated in that report, the company faces a range of risks, most of which are common to all participants in this market.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts

b) Turnover

Income represents commission receivable from the placing of insurance business on behalf of insurance companies underwriting the risks. Commission income due for each insurance policy placed is recognised at the commencement of the insurance policy or if the completion of the placement occurs subsequent to the inception, the statement date. Commission income is stated net of commissions due back on refunded premiums. Income is wholly attributable to the principal activity of the company

c) Foreign currencies

Transactions in foreign currencies are translated at an average rate of exchange for the period under review. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Gains and losses on translation are included in the profit and loss account

d) Interest receivable and payable

Interest receivable and payable is accounted for on an accruals basis in the profit and loss account.

e) Depreciation

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provisions for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less residual balance, of each asset over its expected useful life; annual rates being as follows:

Motor vehicles	-	15% reducing balance
Office furniture and computer equipment	-	15% reducing balance
Leasehold improvements	-	Straight line over life of asset

SPORTSCOVER EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2012

1. Accounting policies (continued)

f) Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

Rentals under operating leases are charged to the profit and loss account as incurred.

g) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, 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 is measured at the average rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets and liabilities are not discounted.

h) Claims

The company operates a claims fund on behalf of Sportscover Insurance Limited. An amount equal to the cash at bank held on behalf of Sportscover Insurance Limited is included within creditors due within one year.

i) Pension costs

The company contributes to defined contribution pension schemes, the cost of which is charged to the profit and loss account as the expense is incurred.

SPORTSCOVER EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 £	2011 £
2. Geographical origin of income		
UK	1,131,014	1,040,890
Rest Of Europe	514,744	443,792
Rest Of World	(10,530)	16,555
	1,635,228	1,501,237

All income relates to activities as an insurance agent and represents commission income receivable.

	2012 £	2011 £
3. Operating profit		
The profit is stated after charging		
Auditor's remuneration.		
Audit of the company's financial statements	9,970	15,332
Depreciation of owned tangible fixed assets	17,888	15,129
Disposal of tangible fixed assets		
- owned by the company	203	152
Directors' remuneration	354,757	350,408
Directors' remuneration consists of:		
Emoluments	326,135	322,712
Contributions to money purchase pension schemes	28,622	27,696
	354,757	350,408
Highest paid director:		
Emoluments	142,222	138,000
Contributions to money purchase pension schemes	13,430	12,850
	155,652	150,850

During the year payments into personal pension plan schemes were made for 3 directors (2011 3)

The disclosures above are gross amounts, and are inclusive of amounts subsequently recharged to related and third party companies for services rendered

SPORTSCOVER EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

4. Staff costs

	2012 £	2011 £
Wages and salaries	1,403,477	1,322,516
Social security costs	161,603	160,570
Pension costs	133,635	122,488
Recovery of staff costs from related parties	(549,745)	(550,561)
Recovery of staff costs from third party	(449,259)	(369,105)
	<u>699,711</u>	<u>685,908</u>

The average number of employees during the period was as follows:

	2012 Number	2011 Number
Directors	6	6
Underwriting and claims	11	10
Administration	6	7
	<u>23</u>	<u>23</u>

5. Taxation

	2012 £	2011 £
Current tax charge on profit on ordinary activities	<u>80,569</u>	<u>75,223</u>

Factors affecting tax charge for year

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The difference is explained below

Profit on ordinary activities before taxation	<u>311,340</u>	<u>235,389</u>
Profit on ordinary activities multiplied by the effective standard rate of corporation tax in the UK of 24.5% (2011: 26.5%)	76,278	62,378
Effects of		
Permanently disallowed expenditure	4,742	11,185
Excess of capital allowances over depreciation	(451)	(3,642)
Other adjustments – prior year under provision	-	5,302
Current tax charge	<u>80,569</u>	<u>75,223</u>

SPORTSCOVER EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2012

6. Tangible fixed assets

	Office furniture & Computer equipment £	Leasehold improve- ments £	Motor vehicles £	Total £
Cost				
At 1 January 2012	63,662	34,882	21,350	119,894
Additions	18,732	-	-	18,732
Disposal of assets	(242)	-	-	(242)
At 31 December 2012	82,152	34,882	21,350	138,384
Accumulated depreciation				
At 1 January 2012	14,084	8,642	13,878	36,604
Charge for year	9,109	7,658	1,121	17,888
Disposal of assets	(39)	-	-	(39)
At 31 December 2012	23,154	16,300	14,999	54,453
Net book value				
At 31 December 2012	58,998	18,582	6,351	83,931
At 31 December 2011	49,578	26,240	7,472	83,290

SPORTSCOVER EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 £	2011 £
7. Debtors		
Amounts due within one year		
Commission receivable	489,309	380,740
Amounts due from underwriters	106,992	200,862
Amounts owed by group undertakings	999,829	677,447
Other debtors	156,861	125,825
Prepayments	64,251	53,547
	<u>1,817,242</u>	<u>1,438,421</u>
8. Creditors		
Amounts falling due within one year		
Amounts due to underwriters	679,296	388,410
Amounts owed to parent company	34,620	43,025
Amounts owed to group undertakings	497,132	262,264
Other creditors	188,655	211,473
Accruals and deferred income	100,736	145,479
Tax and social security	80,569	69,921
Fund for payment of claims	63,150	323
	<u>1,644,158</u>	<u>1,120,895</u>
9. Operating lease commitments		
Annual commitments under non-cancellable operating lease payments are as follows:		
Expiring		
Between one and five years	<u>271,732</u>	<u>263,928</u>
	<u>271,732</u>	<u>263,928</u>
10. Called up share capital		
Authorised		
600,000 ordinary shares of £1 each	<u>600,000</u>	<u>600,000</u>
Allotted, called up and fully paid		
441,100 ordinary shares of £1 each	<u>441,100</u>	<u>441,100</u>

SPORTSCOVER EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

11. Reserves

	Profit and loss account £
1 January 2012	406,256
Profit for the year	<u>230,771</u>
31 December 2012	<u>637,027</u>

Movement in shareholder's funds

	Shareholder's funds £
Opening shareholder's funds	847,356
Profit for the financial year	<u>230,771</u>
Closing shareholder's funds	<u>1,078,127</u>

12. Ultimate parent undertaking and controlling party

The parent company is Sportscover Australia Pty Ltd, a company registered in Australia. The ultimate parent company is Wild Goose Holdings Pty Ltd. The company is consolidated into the audited accounts of this company.

13. Related party disclosures

At the balance sheet date £34,620 (2011: £43,025) was due to the parent company.

Sportscover Insurance Limited (SCI), a company incorporated in Vanuatu, is a company related by common ownership. The company handles the run-off of claims payable by SCI from a claims fund maintained on behalf of SCI. This claims fund is included within cash at bank and in hand with the corresponding liability shown in creditors: amounts falling due within one year. As at 31 December 2011 the company was owed £23,304 by SCI for monies loaned to the claims fund. This has been repaid in full during the year and £nil is owing as at the balance sheet date.

At the balance sheet date £32,162 (2011: £19,368) was owed to Kinetic Insurance Brokers Limited, a company related by common ownership, for transactions arising from insurance activities.

At the balance sheet date the following balances were held with related party companies registered in England and Wales: £56,831 owed to Active Underwriting Specialists Limited (2011: debtor £37,682), £142 (2011: debtor £30,956) owed to Kinetic Insurance Brokers Limited and £440,159 owed to Sportscover Underwriting Limited (2011: £262,264). In addition as at 31 December 2011 £21,921 was owed by Worldwide Sports Insurance Limited. This company is no longer a related party and the loan account was repaid in full at date of sale.

SPORTSCOVER EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2012

13. Related party disclosures (continued)

Syndicate 3334 is not a related party of the company; however SCI Capital Limited, a fellow group company, is a corporate member for Syndicate 3334. Accordingly, transactions and balances with Syndicate 3334 are disclosed in this note. Commissions receivable in the year ended 31 December 2012 were £1,602,850 (2011: £1,459,351)

At the balance sheet date £106,992 was owed by Syndicate 3334 relating to transactions arising from insurance activities (2011: £200,963). In addition £31,131 was owed by Syndicate 3334 (2011: creditor of £15,141) in relation to services provided to the Syndicate.

SCI Capital Limited owed £998,284 at the balance sheet date (2011: £563,584) and Sportscover Underwriting Limited owed £1,545 for expenses recharged from the company (2011: £nil).

14. Reconciliation of operating profit to net cash inflow/(outflow) from operating activities	2012 £	2011 £
Operating profit	302,368	232,627
Depreciation charges	17,888	15,129
Loss on disposal of fixed assets	203	152
Increase in debtors	(378,821)	(533,902)
Increase in creditors	512,615	225,236
Net cash inflow/(outflow) from operating activities	454,253	(60,758)
15. Analysis of cash flows for headings netted in the cash flow statement	2012 £	2011 £
Returns on investments and servicing of finance		
Interest received and similar income	8,972	2,768
Interest paid	-	(6)
Net cash inflow for returns on investments and servicing of finance	8,972	2,762
Capital expenditure		
Additions during the year	(18,732)	(27,437)
Net cash outflow from capital expenditure	(18,732)	(27,437)
Taxation		
Corporation tax paid	(69,921)	(102,917)
Net cash outflow from taxation	(69,921)	(102,917)

SPORTSCOVER EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2012

16. Analysis of changes in net funds

	1 January 2012 £	Cash flow £	31 December 2012 £
Cash in hand, at bank	<u>446,540</u>	<u>374,572</u>	<u>821,112</u>
Net funds	<u>446,540</u>	<u>374,572</u>	<u>821,112</u>
		2012 £	2011 £
Net cash at bank and in hand at 1 January		446,540	634,890
Increase/(decrease) in cash in the year		<u>374,572</u>	<u>(188,350)</u>
Net cash at bank and in hand at 31 December		<u>821,112</u>	<u>446,540</u>