

Cos House

Hero Insurance Services Limited

FINANCIAL STATEMENTS

For the year ended

31 December 2013



Hero Insurance Services Limited

DIRECTORS

G Humphreys
K R Spencer
K J Barber

SECRETARY

S E Hayward

REGISTERED OFFICE

45 Westerham Road
Bessels Green
Sevenoaks
Kent
TN13 2QB

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
Hanover House
18 Mount Ephraim Road
Tunbridge Wells
Kent TN1 1ED

BANKERS

National Westminster Bank plc
27 South Street
Worthing
West Sussex
BN11 3AR

Hero Insurance Services Limited

DIRECTORS' REPORT

The directors submit their report and financial statements of Hero Insurance Services Limited for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

Following the transfer of business trade and assets in 2011, the company has been running down its activities. The directors intend for this company to become dormant and have prepared the financial statements on the basis that the company is no longer a going concern.

The company is a wholly owned subsidiary of BDML Connect Limited and on 4 December 2013 the entire share capital of BDML Connect Limited was acquired by Markerstudy Holdings Limited. As of this date the company's ultimate parent company is Markerstudy Holdings Limited and the company is included within the group's retail division.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £161,000 (2012: £1,162,000). The Company did not pay any dividends during the year.

DIRECTORS

The directors who served the company during the year were as follows:

G Humphreys	(appointed 4 December 2013)
K R Spencer	(appointed 4 December 2013)
K J Barber	(appointed 4 December 2013)
I S Sandhu	(appointed 7 June 2013 and resigned 4 December 2013)
W D Finlay	(appointed 7 February 2013 and resigned 4 December 2013)
A J Page	(appointed 6 February 2013 and resigned 4 December 2013)
A N Greatorrex	(appointed 23 September 2013 and resigned 4 December 2013)
C Ryder	(appointed 22 June 2012 and resigned 15 January 2013)

THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

Qualifying third party indemnity provision is in place for the benefit of the directors of the company.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

Baker Tilly UK Audit LLP was appointed during the year to replace KPMG Audit LLP and is deemed to be re-appointed under section 487(2) of the Companies Act 2006.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

On behalf of the board



K J Barber
Director
15th December 2014

Hero Insurance Services Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF 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 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 those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HERO INSURANCE SERVICES LIMITED

We have audited the financial statements on pages 5 to 12. 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 more fully explained in the Directors' Responsibilities Statement set out on page 3, 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 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 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of Matter – use of the non-going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in the accounting policies under 'Basis of accounting' on page 7 of the financial statements. As described the company has ceased to trade, and therefore the financial statements have been drawn up on a non-going concern basis.

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.

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

Baker Tilly UK Audit LLP

GARY PURDY (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

Hanover House

18 Mount Ephraim Road

Tunbridge Wells

Kent TN1 1ED

16th December 2014

Hero Insurance Services Limited

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2013

		2013	2012
	<i>Notes</i>	£000	£000
TURNOVER	1	36	84
Cost of sales		-	(36)
Gross profit		<u>36</u>	<u>48</u>
Administrative expenses		<u>(197)</u>	<u>(1,369)</u>
OPERATING LOSS	2	(161)	(1,321)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(161)</u>	<u>(1,321)</u>
Taxation	3	-	159
LOSS FOR THE FINANCIAL YEAR	9	<u>(161)</u>	<u>(1,162)</u>

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

There are no recognised gains and losses other than those passing through the profit and loss account. Accordingly, no statement of recognised gains and losses is presented.

Hero Insurance Services Limited

BALANCE SHEET

31 December 2013

		2013	2012
		£000	(re-stated) £000
	<i>Notes</i>		
CURRENT ASSETS			
Debtors	4	11,400	4,218
Cash at bank and in hand	5	30	7,437
		<u>11,430</u>	<u>11,655</u>
CREDITORS			
Amounts falling due within one year	6	(23)	(85)
NET CURRENT ASSETS		<u>11,407</u>	<u>11,570</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>11,407</u>	<u>11,570</u>
Provisions for liabilities	7	-	(2)
		<u>11,407</u>	<u>11,568</u>
CAPITAL AND RESERVES			
Called up share capital	8	3,725	3,725
Share premium account	9	20,584	20,584
Profit and loss account	9	(12,902)	(12,741)
SHAREHOLDERS' FUNDS	10	<u>11,407</u>	<u>11,568</u>

The financial statements on pages 5 to 12 were approved by the board of directors and authorised for issue on 15th December 2014 and are signed on their behalf by:



K J Barber
Director

Hero Insurance Services Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

Following the transfer of business trade and assets of the company to BDML Connect Limited on 1 July 2011 the company ceased trading during 2012. For this the directors have prepared the financial statements on the basis that the company is no longer a going concern.

TURNOVER

The turnover represents commissions, which are receivable upon acceptance of the risk by the insurance companies, and brokerage charges. Income is recognised once all obligations to the policyholder have been discharged.

OPERATING LEASE AGREEMENTS

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

DEFERRED TAXATION

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. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

CASHFLOW STATEMENT

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised 1996) from including a cashflow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent publishes a consolidated cashflow statement.

INSURANCE DEBTORS AND CREDITORS

Insurance brokers usually act as agents in placing the insurable risk of their clients with insurer and, as such, are generally not liable as principals for amounts arising from such transactions. Notwithstanding these legal relationships, cash, debtors and creditors arising from insurance broking transactions are shown as assets and liabilities in the financial statements of the company, in accordance with generally accepted accounting practice.

The position of the insurance broker as agent means that generally the credit risk is borne by the principals and therefore the total of insurance broking debtors appearing in the balance sheet is not an indication of credit risk.

FRS 5 'Reporting the Substance of Transactions' requires that offset of assets and liabilities due from and to the same party should be recognised in the financial statements where, and only where, the offset would survive the insolvency of the other party. In this case they are aggregated into a single balance.

Hero Insurance Services Limited

ACCOUNTING POLICIES

Notwithstanding the legal position on off-setting, it is normal practice for insurance brokers to settle accounts with other intermediaries, clients, insurers and market settlement bordereaux on a net basis however. Large changes in both insurance broking debtors and creditors can result from comparatively small cash settlements and for this reason, the totals of insurance broking debtors and creditors give no indication of future cash flow.

CHANGE IN ACCOUNTING POLICY

The comparative balance sheet has been restated with a prior year adjustment to show insurance broking amounts as “cash at bank and in hand” instead of “other debtors”. The directors believe that this is a more appropriate presentation because it complies with the accounting policies of the new parent company. The adjustment represents a reduction in other debtors of £190,000 and an increase in cash at bank and in hand of the same amount. There is no effect on the reported results or net assets of the current or prior year.

Hero Insurance Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2013

1 TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2013 £000	2012 £000
United Kingdom	<u>36</u>	<u>84</u>

2 OPERATING LOSS

Operating loss is stated after charging:

	2013 £000	2012 £000
Auditor's remuneration - as auditor	5	1
- taxation	1	-
Operating lease payments – land & buildings	<u>78</u>	<u>78</u>

No directors received any remuneration in the year (2012: nil). The directors were remunerated by other members of the groups which controlled the company in the year and it is not possible to identify the proportion that relates to the company.

There were no employees during the year (2012: nil).

Hero Insurance Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2013

3 TAXATION ON ORDINARY ACTIVITIES

Analysis of charge in the year

	2013 £000	2012 £000
Current tax:		
UK Corporation tax based on the results for the year	-	(324)
Adjustment in respect of previous period	-	165
Total current tax	-	(159)
Tax charge for the year	-	(159)
Factors affecting the current tax charge for the year		
Loss on ordinary activities before taxation	(161)	(1,321)
Tax on loss at standard UK tax rate of 23.25% (2012:24.5%)	(37)	(324)
Effects of:		
Group relief not paid for	37	-
Adjustment to previous period	-	165
	-	(165)
Current tax charge	-	(159)

The UK corporation tax rate decreased from 24% to 23% from 1 April 2013, to 21% from 1 April 2014 and to 20% from 1 April 2015.

4 DEBTORS

	2013 £000	2012 £000 (Re-stated)
Insurance debtors	8	6
Amounts owed by parent and fellow subsidiary companies	11,388	3,946
Corporation tax	-	182
Other debtors	4	27
Prepayments and accrued income	-	57
	11,400	4,218

Hero Insurance Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2013

5 CASH AT BANK AND IN HAND

	2013 £000	2012 £000 (Re-stated)
Cash at bank	30	7,247
Fiduciary cash (see below)	-	190
	<u>30</u>	<u>7,437</u>

The company holds monies in insurance broking bank accounts for the benefit of insurance broking creditors which are not available for general corporate purposes.

6 CREDITORS: Amounts falling due within one year

	2013 £000	2012 £000
Bank overdraft	23	-
Insurance creditors	-	21
Amounts owed to parent and fellow subsidiary companies	-	51
Other creditors	-	7
Accruals and deferred income	-	6
	<u>23</u>	<u>85</u>

7 PROVISIONS FOR LIABILITIES

	Property £000
Balance at 1 January 2013	2
Utilisation	(2)
Balance at 31 December 2013	<u>-</u>

The provision relates to dilapidation costs in respect of property leases.

8 SHARE CAPITAL

	2013 £000	2012 £000
Alloted, called up and fully paid: 3,725,000 Ordinary Shares of £1 each	<u>3,725</u>	<u>3,725</u>

Hero Insurance Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2013

9 RESERVES

	Share Premium account £000	Profit & Loss account £000
At 1 January 2013	20,584	(12,741)
Loss for the financial year	-	(161)
At 31 December 2013	<u>20,584</u>	<u>(12,902)</u>

10 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2013 £	2012 £
Opening shareholder's funds	11,568	12,730
Loss for the financial year	(161)	(1,162)
Closing shareholder's funds	<u>11,407</u>	<u>11,568</u>

11 ULTIMATE PARENT COMPANY

The ultimate parent undertaking is Markerstudy Holdings Limited, a company registered in Gibraltar. Copies of the ultimate parent company's consolidated financial statements may be obtained from 846-848 Europort, Gibraltar. Markerstudy Holdings Limited is controlled by K R Spencer.

The largest group to include the results of the company in its consolidated accounts is Markerstudy Holdings Limited.

The smallest group to include the results of the company in its consolidated accounts is BDML Connect Limited. The financial statements of this company can be obtained from its registered office, Markerstudy House, 45 Westerham Road, Bessels Green, Sevenoaks, Kent, TN13 2QB.

12 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under FRS 8 'Related Party Disclosures' not to disclose transactions between wholly owned subsidiaries of the ultimate parent undertaking,

13 FINANCIAL COMMITMENTS

At 31 December 2013 the company has committed to making the following payments under non-cancellable operating leases in the year to 31 December 2014

	Land & Buildings	
	2013	2012
	£	£
Operating leases which expire between two and five years	<u>-</u>	<u>78</u>