
PAUL NAPIER LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013

THURSDAY



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COMPANIES HOUSE

PAUL NAPIER LIMITED

COMPANY INFORMATION

DIRECTORS

M J N Winston
S M Pattwell
S N Gough
N C Ash
J O'Neill McDonald
D R H St John
C S Fraser
J Henderson

REGISTERED NUMBER

04152499

REGISTERED OFFICE

20 St. Dunstan's Hill
London
EC3R 8HL

INDEPENDENT AUDITORS

Nexia Smith & Williamson
Registered Auditors & Chartered Accountants
25 Moorgate
London
EC2R 6AY

PAUL NAPIER LIMITED

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PAUL NAPIER LIMITED

**CHAIRMAN'S STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2013**

The chairman presents his statement for the period.

Paul Napier Ltd (PNL) is a Lloyds's Broker doing business in 26 jurisdictions.

Fiscal 2013 saw a major change for the company. The main change was a purchase of the Company in November 2012 by AssuredPartners Inc, a US company that is aiming to become a top 10 commercial insurance broker. The aim was to join PNL with AssuredPartners' current London broker, Grosvenor Brokers (GB). This change started to happen with a physical move to occupy the same offices as Grosvenor.

Over the course of 2013 there has been gradual integration of PNL with GB on most levels, but not yet on a legal basis. The areas where the two companies have already made progress to integrate are on staffing levels, particularly in the support functions such as technical, accounting and compliance.

The company's trading status has continued to improve with new expertise and support being added to the Yachts division as well as to the Caribbean activities of the Company both of which are performing very well.

Once PNL and GB are formally merged later in 2014 there should be additional efficiencies achieved which will enhance EBITDA further.



M J N Winston
Chairman

Date 2nd July 2014

PAUL NAPIER LIMITED

**STRATEGIC REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2013**

The directors present the strategic report for Paul Napier Limited for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The company's principal activity is that of insurance broking and the company is authorised and regulated by the Financial Conduct Authority.

BUSINESS REVIEW

Following the purchase of the Company by AssuredPartners Inc. in November 2012 and several one-off costs incurred in revising the Company's accounts, the Company made a loss of £61,761

This report was approved by the board on 2nd July 2014 and signed on its behalf.



M J N Winston
Director

PAUL NAPIER LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2013**

The directors present their report and the financial statements for the period ended 31 December 2013.

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.

RESULTS

The loss for the year, after taxation, amounted to £61,761 (2012 - £429,990).

DIRECTORS

The directors who served during the period were:

M J N Winston
S M Pattwell (appointed 22 November 2012)
S N Gough (appointed 22 November 2012)
N C Ash (appointed 22 November 2012)
J O'Neill McDonald (appointed 22 November 2012)
D R H St John (appointed 22 November 2012)
C S Fraser (appointed 22 November 2012)
J Henderson (appointed 22 November 2012)

PAUL NAPIER LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2013**

EVENTS SINCE THE END OF THE YEAR

Trading continues to be positive with no unexpected developments.


DISCLOSURE OF INFORMATION TO AUDITORS

- Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:
- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 2nd July 2014 and signed on its behalf.


M J N Winston
Director

PAUL NAPIER LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PAUL NAPIER LIMITED

We have audited the financial statements of Paul Napier Limited for the period ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses, and the related notes 1 to 24. 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 AUDITORS

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 Financial Reporting Council's (FRC'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 FRC'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 period 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 Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

PAUL NAPIER LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PAUL NAPIER 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.

Nexia Smith & Williamson

Keith Jackman (Senior statutory auditor)

for and on behalf of
Nexia Smith & Williamson

Registered Auditors
Chartered Accountants

25 Moorgate
London

EC2R 6AY

Date: 14 July 2014

PAUL NAPIER LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 2013**

	Note	2013 £	2012 £
TURNOVER	1,2	2,682,443	2,157,763
Administrative expenses		<u>(2,738,566)</u>	<u>(2,582,979)</u>
OPERATING LOSS	3	(56,123)	(425,216)
Interest receivable and similar income		3,499	3,370
Interest payable and similar charges	7	<u>(9,137)</u>	<u>(30,207)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(61,761)	(452,053)
Tax on loss on ordinary activities	8	<u>-</u>	<u>22,063</u>
LOSS FOR THE FINANCIAL YEAR	15	<u>(61,761)</u>	<u>(429,990)</u>

All amounts relate to continuing operations.

The notes on pages 11 to 25 form part of these financial statements.

PAUL NAPIER LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE PERIOD ENDED 31 DECEMBER 2013**

	Note	2013 £	2012 £
PROFIT FOR THE FINANCIAL YEAR		<u>(61,761)</u>	<u>(429,990)</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		(61,761)	(429,990)
Prior year adjustment	16	<u>-</u>	<u>(139,821)</u>
TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST FINANCIAL STATEMENTS		<u>(61,761)</u>	<u>(569,811)</u>

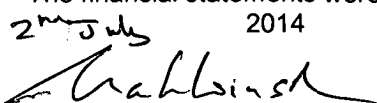
The notes on pages 11 to 25 form part of these financial statements.

PAUL NAPIER LIMITED
REGISTERED NUMBER: 04152499

BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	£	2013 £	£	2012 £
FIXED ASSETS					
Tangible assets	9		<u>6,578</u>		<u>19,480</u>
			6,578		19,480
CURRENT ASSETS					
Debtors	10	1,165,103		2,852,124	
Cash at bank		<u>1,370,159</u>		<u>1,389,174</u>	
		2,535,262		4,241,298	
CREDITORS: amounts falling due within one year	11	<u>(1,989,447)</u>		<u>(4,416,444)</u>	
NET CURRENT ASSETS/ (LIABILITIES)			<u>545,815</u>		<u>(175,146)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			552,393		(155,666)
CREDITORS: amounts falling due after more than one year	12		(82,000)		(63,200)
PROVISIONS:	13		<u>(14,000)</u>		-
NET ASSETS/ (LIABILITIES)			<u>456,393</u>		<u>(218,866)</u>
CAPITAL AND RESERVES					
Called up share capital	14		534,739		400,000
Share Premium	15		243,219		-
Capital Reserve	15		359,062		-
Profit and loss account	15		<u>(680,627)</u>		<u>(618,866)</u>
SHAREHOLDERS' FUNDS/ (DEFICIT)	17		<u>456,393</u>		<u>(218,866)</u>

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

2 May 2014

M J N Winston
 Director

The notes on pages 11 to 25 form part of these financial statements.

PAUL NAPIER LIMITED

**CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2013**

	Note	2013 £	2012 £
Net cash flow from operating activities	18	(634,871)	(19,404)
Returns on investments and servicing of finance	19	(5,637)	(26,837)
Taxation		-	(22,064)
Capital expenditure and financial investment	19	476	699
CASH OUTFLOW BEFORE FINANCING		(640,032)	(67,606)
Financing	19	730,109	(9,530)
INCREASE IN CASH IN THE YEAR		90,077	(77,136)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE PERIOD ENDED 31 DECEMBER 2013**

	2013 £	2012 £
Increase in cash in the year	90,077	(77,136)
Cash outflow from decrease in debt and lease financing	6,908	9,530
MOVEMENT IN NET DEBT IN THE YEAR	96,985	(67,606)
Net funds at 1 October 2012	1,273,174	1,340,780
NET FUNDS AT 31 DECEMBER 2013	1,370,159	1,273,174

The notes on pages 11 to 25 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and on the going concern basis.

The company is exempt from the requirement to prepare group accounts by virtue of section 401 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Going concern

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current credit facilities.

The company has received confirmation of support from other Group undertakings, which will enable it to meet its obligations as they fall due. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 Turnover

Brokerage is credited to turnover at the inception date.

Other fees receivable are recognised in the period to which they relate or when they can be measured with reasonable certainty.

Due to the long term nature of the services provided by the company to its clients, deferral of income has been made to cover the servicing costs of claims.

1.4 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:

Fixtures & fittings	-	20 - 33% straight line
Other fixed assets	-	33% straight line

1.5 Investments

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013**

1. ACCOUNTING POLICIES (continued)

1.6 Leasing and hire purchase

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

1.7 Operating leases

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

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 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013**

1. ACCOUNTING POLICIES (continued)

1.11 Insurance broking debtors and creditors

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

Debtors and creditors arising from a transaction between clients and insurers are recorded simultaneously. Consequently, there is a high level of correlation between the totals reported in respect of insurance broking debtors and insurance broking creditors.

The position of the insurance broker as agent means that generally the credit risk is borne by the principals. There can be circumstances when insurance broker acquires the credit risk. There is much legal uncertainty surrounding the circumstances and the extent of such exposure and consequently it cannot be evaluated. However, the total of insurance broking debtors appearing in the balance sheet is not an indication of credit risk.

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

The legal status of this practice of net settlement is uncertain and in the event of an insolvency is generally abandoned. Financial Reporting Standard Number 5 "Reporting the Substance of Transactions" requires that offset of assets and liabilities should be recognised in the financial statements where, and only where, the offset would survive the insolvency of the other party. Accordingly, only such offsets have been recognised in calculating insurance broking debtors and creditors.

2. TURNOVER

The whole of turnover is attributable to the company's principal activity being that of insurance broking.

PAUL NAPIER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013**

3. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	2013 £	2012 £
Depreciation of tangible fixed assets:		
- owned by the company	3,575	7,479
- held under finance leases	8,851	10,179
Operating lease rentals:		
- other operating leases	41,608	73,464
Difference on foreign exchange	<u>47,012</u>	<u>12,045</u>

4. AUDITORS' REMUNERATION

	2013 £	2012 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	12,750	12,750
Fees payable to the company's auditor and its associates in respect of:		
Work associated with accounts preparation and historic issues	34,717	61,000
Audit-related assurance services	5,000	11,000
Taxation compliance services	4,000	4,000
IXBRL tagging	<u>500</u>	<u>500</u>

5. STAFF COSTS

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

	2013 £	2012 £
Wages and salaries	1,249,350	1,278,822
Social security costs	155,132	166,234
Other pension costs	247,007	144,719
	<u>1,651,489</u>	<u>1,589,775</u>

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

	2013 No.	2012 No.
Administration	7	7
Brokers	<u>10</u>	<u>13</u>
	<u>17</u>	<u>20</u>

PAUL NAPIER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013**

6. DIRECTORS' REMUNERATION

	2013	2012
	£	£
Remuneration	<u>204,110</u>	<u>292,444</u>
Company pension contributions to defined contribution pension schemes	<u>20,053</u>	<u>31,687</u>

During the year retirement benefits were accruing to 1 director (2012 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration including pension contributions of £224,163 (2012 - £167,160).

The director also received shares during the year as consideration for the prior year unpaid pension contributions – refer to Note 23: related party transactions.

7. INTEREST PAYABLE

	2013	2012
	£	£
On bank loans and overdrafts	2,849	14,411
On other loans	6,288	15,796
	<u>9,137</u>	<u>30,207</u>

PAUL NAPIER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013**

8. TAXATION

	2013 £	2012 £
UK corporation tax credit on loss for the year	-	(22,063)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2012 - *higher than*) the standard rate of corporation tax in the UK of 20% (2012 - 20%). The differences are explained below:

	2013 £	2012 £
Loss on ordinary activities before tax	(61,761)	(452,053)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.4% (2012 - 25%)	(14,451)	(113,013)

Effects of:

Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	15,497	9,133
Adjustments to brought forward values	13,873	-
Capital allowances for year in excess of depreciation	2,478	3,965
Utilisation of tax losses	-	26,909
Adjustments to tax charge in respect of prior periods	-	(22,063)
Short term timing difference leading to an increase (decrease) in taxation	(6,552)	8,868
Pension payment relief	-	-
Unrelieved tax losses carried forward	(10,845)	64,138
Other differences leading to an increase (decrease) in the tax charge	-	-
Current tax (credit)/charge for the year (see note above)	-	(22,063)

Deferred tax asset not recognised

As at 31 December 2013, the company has an unrecognised deferred tax asset of £56,275 (2012: £74,323) relating to losses and other short term timing differences. The unrecognised deferred tax asset has been calculated at 20%, being the rate substantively enacted on 2 July 2013 for the financial year from 1 April 2015. The deferred tax asset has not been recognised as the directors believe there is at present insufficient evidence to currently support its recoverability.

PAUL NAPIER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013**

9. TANGIBLE FIXED ASSETS

	Fixtures & fittings £	Other fixed assets £	Total £
Cost			
At 1 October 2012	58,175	40,436	98,611
Disposals	<u>(23,691)</u>	<u>-</u>	<u>(23,691)</u>
At 31 December 2013	<u>34,484</u>	<u>40,436</u>	<u>74,920</u>
Depreciation			
At 1 October 2012	44,227	34,904	79,131
Charge for the year	6,894	5,532	12,426
On disposals	<u>(23,215)</u>	<u>-</u>	<u>(23,215)</u>
At 31 December 2013	<u>27,906</u>	<u>40,436</u>	<u>68,342</u>
Net book value			
At 31 December 2013	<u>6,578</u>	<u>-</u>	<u>6,578</u>
At 30 September 2012	<u>13,948</u>	<u>5,532</u>	<u>19,480</u>

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

	2013 £	2012 £
Furniture, fittings and equipment	5,901	10,327
Other fixed assets	-	4,425
	<u>5,901</u>	<u>14,752</u>

PAUL NAPIER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013**

10. DEBTORS

	2013 £	2012 £
Insurance broking debtors	1,115,230	2,798,955
Amounts owed by group undertakings	3,729	-
Other debtors	40,681	26,098
Prepayments and accrued income	5,463	27,071
	<u>1,165,103</u>	<u>2,852,124</u>

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

	2013 £	2012 £
Bank loans and overdrafts	-	109,092
Net obligations under finance leases and hire purchase contracts	-	6,908
Insurance broking creditors	1,571,606	3,397,174
Amounts owed to group undertakings	35,049	15,153
Shareholder loans	150,500	331,492
Corporation tax	-	-
Other taxation and social security	53,453	35,284
Other loans	-	90,923
Other creditors	33,398	124,309
Accruals and deferred income	145,441	306,109
	<u>1,989,447</u>	<u>4,416,444</u>

PAUL NAPIER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013**

12. CREDITORS:
Amounts falling due after more than one year

	2013	2012
	£	£
Accruals and deferred income	82,000	63,200
	<u>82,000</u>	<u>63,200</u>

13. PROVISIONS FOR LIABILITIES

	Dilapidations
	£
At 1 October 2012	-
Charged to profit and loss account	14,000
	<u>14,000</u>
At 31 December 2013	<u>14,000</u>

PAUL NAPIER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013**

14. SHARE CAPITAL

	2013 £	2012 £
Allotted, called up and fully paid		
534,739- (2012: 400,000) Ordinary shares of £1 each	534,739	400,000
	<u>534,739</u>	<u>400,000</u>

On 20 November 2012, other creditors, loan notes and associated accrued unpaid interest amounting to £377,958 were released in consideration for the issue of £134,739 ordinary shares of £1 each with a share premium of £243,219 (refer to Note 15).

These shares were then transferred to Paul Napier 2012 Limited on 20 November 2012 prior to the acquisition of Paul Napier 2012 Limited by Assured Partners Capital Inc on 20 November 2012.

15. RESERVES

	Share Premium £	Capital Reserve £	Profit and loss account £
At 1 October 2012	-	-	(618,866)
Loss for the period	-	-	(61,761)
Premium on ordinary shares issued	243,219	-	-
Capital contribution from parent company	-	359,062	-
	<u>243,219</u>	<u>359,062</u>	<u>(680,627)</u>
At 31 December 2013	<u>243,219</u>	<u>359,062</u>	<u>(680,627)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013**

16. PRIOR YEAR ADJUSTMENT

The prior year adjustment reflects the resolution of a number of material errors noted in the financial statements for the year ended 30 September 2011.

The prior period errors related to the omission of accrued income, a provision for unrecoverable balances due from Gatehouse Napier Limited (a company that ceased trading in January 2012), the omission of accrued income pension obligations and a change to accounting policy for deferral of income to cover the servicing costs of claims.

The cumulative effect of the correction and the resolution of the above mentioned prior period errors resulted in a charge to the statement of total recognised gains and losses of £139,821 in the financial year ended 30 September 2012.

PAUL NAPIER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2013**

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2013 £	2012 £
Opening shareholders' funds as previously stated	(218,866)	350,945
Prior year adjustments (note 16)	-	(139,821)
Opening shareholders' funds (as restated)	(218,866)	211,124
Capital contribution from parent company	359,062	-
Issue of share capital	377,958	-
Loss for the financial year	(61,761)	(429,990)
Closing shareholders' funds/(deficit)	<u>456,393</u>	<u>(218,866)</u>

18. NET CASH FLOW FROM OPERATING ACTIVITIES

	2013 £	2012 £
Operating loss	(56,122)	(425,216)
Depreciation of tangible fixed assets	12,426	17,658
Decrease in debtors	1,690,751	1,900,152
(Increase)/decrease in amounts owed by group undertakings	(3,729)	22,663
(Decrease) in creditors	(2,026,478)	(1,798,146)
Increase/(decrease) in amounts owed to group undertakings	166,396	(53,007)
Decrease/(increase) in amounts owed to participating interests	(418,115)	316,492
Net cash outflow from operating activities	<u>(634,871)</u>	<u>(19,404)</u>

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

	2013 £	2012 £
Returns on investments and servicing of finance		
Interest received	3,500	3,370
Interest paid	(9,137)	(30,207)
Net cash outflow from returns on investments and servicing of finance	<u>(5,637)</u>	<u>(26,837)</u>

PAUL NAPIER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2013 £	2012 £
Capital expenditure and financial investment		
Sale of tangible fixed assets	476	699
Net cash inflow/(outflow) from capital expenditure	<u>476</u>	<u>699</u>
	2013 £	2012 £
Financing		
Capital contribution from parent company	359,062	-
Proceeds from issue of share capital	377,958	-
Repayment of finance leases	(6,911)	(9,530)
Net cash inflow/(outflow) from financing	<u>730,109</u>	<u>(9,530)</u>

20. ANALYSIS OF CHANGES IN NET FUNDS

	1 October 2012 £	Cash flow £	Other non-cash changes £	31 December 2013 £
Cash at bank and in hand	1,389,174	(19,015)	-	1,370,159
Bank overdraft	(109,092)	109,092	-	-
	<u>1,280,082</u>	<u>90,077</u>	<u>-</u>	<u>1,370,159</u>
Debt:				
Debts due within one year	(6,908)	6,908	-	-
Net funds	<u>1,273,174</u>	<u>96,895</u>	<u>-</u>	<u>1,370,159</u>

NOTES TO THE FINANCIAL STATEMENTS
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21. PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered plan. The pension cost charge represents contributions payable by the company to the plan and amounted to £187,161 (2012: £144,719). Included in creditors is £49,585 (2012: £77,585) in respect of contributions payable to the plan at the balance sheet date.

22. OPERATING LEASE COMMITMENTS

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		2013	Other
	2013	2012		2012
	£	£	£	£
Expiry date:				
Within 1 year	-	13,698	19,522	-
Between 2 and 5 years	-	-	19,522	17,934

**NOTES TO THE FINANCIAL STATEMENTS
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23. RELATED PARTY TRANSACTIONS

During the year the unpaid pension cost charge in relation to contributions payable by Paul Napier Limited to M J Winston (director) amounted to £59,290. This amount was converted into 20,325 ordinary shares of £1 each on 20 November 2012.

During the year the shareholder loan to the amount of £15,000, which represented a loan made to Paul Napier Limited by Mrs C Winston, the mother of M J N Winston (director) was converted to 5,347 ordinary shares of £1 each on 20 November 2012.

A loan taken out from A Peacock amounting to £49,982 was also converted to 17,825 ordinary shares of £1 each on 20 November 2012.

The total amount owed to Colonial Insurance Company (a shareholder in PanLantic Limited) in relation to outstanding loans as at 30 September 2012 amounting to £102,999 was converted into 36,718 ordinary shares of £1 each on 22 November 2012.

The company is a wholly owned subsidiary of Assured Partners Capital Inc and is included in the consolidated financial statements of Assured Partners Capital Inc.

Consequently, the company has taken advantage of the exemption from disclosing related party transactions with entities that are part of the Assured Partners Capital Inc group.

24. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's 100% parent undertaking as at 31 December 2013 was Paul Napier 2012 Limited incorporated in the UK.

The ultimate parent undertaking company as at 31 December 2013 was Assured Partners Capital Inc. incorporated in the United States of America.