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Insurance Compliance Services Limited

Financial statements
For the year ended 31 December 2009

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COMPANIES HOUSE

Company No. 04398255

Company information

Company registration number :	04398255
Registered office :	Deakins Park The Hall Coppice Egerton Bolton BL7 9RW
Directors :	I J Gray T E Stanley R Woodward
Secretary :	I J Gray
Auditors :	Grant Thornton UK LLP Registered Auditor Chartered Accountants 4 Hardman Square Spinningfields Manchester M3 3EB

Index to the financial statements

Report of the Directors

The directors present their report together with the financial statements for the year ended 31 December 2009

Principal activity

The principal activity of the company is that of the provision of compliance consultancy services to the insurance industry

Review of the business and future developments

Now a member of the Broker Direct group, the company will benefit from this new parentage in terms of access to potential new clients and development aspirations

The company has over 200 professional clients, a number, which has been relatively stable during the period under review The intention is to grow this client base as well as making a wider range of products and services available to them from other parts of the group

There was a profit for the financial year after taxation of £176,141 (2008 £70,481) The directors paid a dividend of £175,000 (2008 Nil)

Financial risk management objectives and policies

The company uses various financial instruments including cash and various items such as trade debtors and trade creditors that arise directly from its operations The main purpose of these financial instruments is to raise finance for the company's operations

The existence of these financial instruments exposes the company to a number of financial risks which are described in more detail below

The main risks arising from the company's financial instruments are

- Market risks
- Credit risk
- Liquidity risk

The directors review and agree policies for managing the financial risks and these are summarised below These policies have remained unchanged from previous years

Market Risk

Market risk encompasses three types of risk being price risk, interest rate risk and currency risk

Price risk

In 2010, the company expects 65% of its income to be earned from long term contracts, settled monthly by direct debit or standing order, for the provision of compliance consultancy services to professional, FSA regulated insurance brokers A further 20% of income is expected from providing insurance related consultancy and compliance services These consultancy services are tailored to individual client requirements and priced accordingly

Interest rate risk

The company finances its operations through retained profits Hence, it is not exposed to interest rate fluctuations

Currency risk
The company does not transact foreign currency business

Credit Risk
The company's principal assets are cash deposits and trade debtors The credit risk associated with cash deposits is limited as the accounts are held with major UK high street banks only The principal credit risk arises therefore from trade debtors The principal trade debtor credit risks are with insurance brokers and insurance companies, both of whom are regulated by the FSA The company has a broad customer base in which no one client makes a substantial contribution to the financial performance of the business

Liquidity risk
The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably

The company's policy throughout the year has been to hold cash balances in readily accessible treasury

Directors
The directors of the company are listed below All served on the Board throughout the period unless otherwise stated

T E Stanley
I J Gray
R Woodward

The company is a wholly owned subsidiary and the interests of the directors in the shares of the parent company are disclosed in the financial statements of the ultimate parent company, Broker Direct Plc

Statement of directors' responsibilities
The directors are responsible for preparing the report of the directors 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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) The financial statements are required by law to 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
- ensure 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 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

In so far as each of the directors is aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with Section 489 of the Companies Act 2006

ON BEHALF OF THE BOARD

T E Stanley
Director

9th June 2010

Grant Thornton

Independent auditor's report to the members of Insurance Compliance Services Limited

We have audited the financial statements of Insurance Compliance Services Limited for the year ended 31 December 2009 which comprise the profit and loss account and the balance sheet, and the related notes These financial statements have been prepared in accordance with the accounting policies set out therein

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 statement of directors' responsibilities as set out on pages 4 &5, 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 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/UKNP

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 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the report of the directors' 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

Kevin Engel
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Manchester

9th June 2010

Principal accounting policies

Basis of preparation
The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom accounting standards

The directors have reviewed the accounting policies in accordance with Financial Reporting Standard 18 "Accounting Policies" and have concluded that no changes were required from the previous year

The principal accounting policies of the company are set out below

Going Concern
Financial Reporting Standards and UK Generally Accepted Accounting Practice require directors to satisfy themselves that it is reasonable for them to conclude whether it is appropriate to prepare financial statements on a going concern basis These requirements are not intended to, and do not, guarantee that a company will remain a going concern until the next annual financial statements are issued

After due consideration, the Directors conclude that there are no material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern

Turnover
Turnover is the amount receivable for services provided less value added tax

Depreciation
Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets over their expected useful lives The rates generally applicable are

Office & Computer equipment - 25 %

Goodwill
Goodwill arising on purchased goodwill represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired, is capitalised and is amortised on a straight line basis over its estimated economic life, being twenty years

Contributions to pension funds
Defined contribution schemes
The pension costs charged against profits represent the amount of the contributions payable to the schemes in respect of the accounting period

Cash flow statement
The company has taken advantage of the exemption conferred by Financial Report Standard 1 "Cash Flow Statements (Revised 1996)" not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Broker Direct Plc and the company is included in the consolidated financial statements of that company

Leased assets
Leases where substantially all of the risks and rewards of ownership are not transferred to the company are treated as operating leases Currently, all leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the term of the lease

Profit and loss account

	Note	Year ended 31 December 2009 £	Period ended 31 December 2008 £
Turnover	1	**1,045,281**	807,295
Cost of Sales		**(304,428)**	(267,364)
Gross Profit		**740,853**	539,931
Administrative expenses		**(565,305)**	(446,812)
Operating Profit		**175,548**	93,119
Net interest	2	**477**	7,329
Profit on ordinary activities before taxation	1	**176,025**	100,448
Tax on profit on ordinary activities	4	**116**	(29,967)
Profit for the financial year	13	**176,141**	70,481

The above activities all relate to continuing activities

There were no recognised gains or losses other than the profits for the year set out above

Balance sheet

	Note	31 December 2009 £	31 December 2008 £
Fixed assets			
Intangible fixed assets	6	**48,750**	-
Tangible assets	7	**24,328**	34,800
		73,078	34,800
Current assets			
Debtors	8	**82,826**	114,690
Cash in hand		**203,057**	213,877
		285,883	328,567
Creditors: amounts falling due within one year	9	**(207,087)**	(202,016)
Net current assets		**78,796**	126,551
Total assets less current liabilities		**151,874**	161,351
Creditors: amounts falling due after one year	10	**(3,532)**	(14,150)
Net assets		**148,342**	147,201
Capital and reserves			
Called up share capital	12	**4,000**	4,000
Capital redemption reserve		**1,000**	1,000
Profit and loss account	13	**143,342**	142,201
Shareholders' funds	14	**148,342**	147,201

The financial statements were approved by the Board of Directors on 9th June 2010 and signed on their behalf by

T E Stanley Director

Company No. 04398255

Notes to the financial statements

1 Turnover and profit on ordinary activities before taxation

The turnover and profit on ordinary activities before taxation are attributable to the principal activity of the company which is carried out entirely within the United Kingdom

	Year ended 31 December 2009	Period ended 31 December 2008
The turnover and profit on ordinary activities before taxation is stated after charging	£	£
Depreciation of tangible fixed assets	16,740	13,457
Auditors' remuneration	5,000	5,750
Other operating lease rentals	29,792	3,792

2 Net interest

	Year ended 31 December 2009 £	Period ended 31 December 2008 £
Bank interest receivable	477	7,329

3 Directors and employees

	Year ended 31 December 2009 £	Period ended 31 December 2008 £
Staff costs during the year		
Wages and salaries	350,948	294,369
Social security costs	38,643	32,321
	389,591	326,690

	Year ended 31 December 2009	Period ended 31 December 2008
The average monthly number of employees during the year was	Number	Number
Full time	6	5
Part time	4	2
	10	7

Directors and employees (continued)

Remuneration in respect of directors was as follows

	Year ended 31 December 2009	Period ended 31 December 2008
	£	£
Emoluments	86,274	92,748

4 Tax on profit on ordinary activities

The tax charge is based on the profit for the year and represents

	Year ended 31 December 2009	Period ended 31 December 2008
	£	£
UK corporation tax at 21% (2008 28%)	7,000	29,967
Adjustment in respect of prior periods	(4,063)	-
Deferred tax	(3,053)	-
	(116)	29,967

Factors affecting the tax charge for the year

The tax assessed for the year is different to the standard rate of corporation tax in the United Kingdom of 21% (2008 28%) The differences are explained as follows

	Year ended 31 December 2009	Period ended 31 December 2008
	£	£
Profit on ordinary activities before taxation	176,025	100,448
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 21% (2008 28%)	36,965	28,125
Effect of		
Expenses not deductible for tax purposes	651	514
Group relief surrendered	(31,955)	-
Adjustment in respect of prior period	(4,063)	-
Marginal relief	-	(305)
Difference between depreciation and capital allowances	1,339	1,633
	2,937	29,967

5 Dividends

Dividend on shares classed as equity

	Year ended 31 December 2009 £	Period ended 31 December 2008 £
Paid during the year		
Equity dividends on ordinary shares	**175,000**	-
	175,000	-

6 Intangible fixed assets

	Goodwill on business acquired £	Total £
Cost		
At 1 January 2009	-	-
Additions	50,000	50,000
	50,000	50,000
Amortisation		
At 1 January 2009	-	-
Provided in the year	1,250	1,250
At 31 December 2009	1,250	1,250
Net book amount		
At 31 December 2009	48,750	48,750
At 31 December 2008	-	-

7 Tangible fixed assets

	Office equipment £	Computer £	Total £
Cost			
At 1 January 2009	36,719	59,391	96,110
Additions	–	6,268	6,268
Disposals	–	(597)	(597)
At 31 December 2009	36,719	65,062	101,781
Depreciation			
At 1 January 2009	27,796	33,514	61,310
Charge for the year	4,750	11,990	16,740
Eliminated on disposal	–	(597)	(597)
At 31 December 2009	32,546	44,907	77,453
Net book amount			
At 31 December 2009	4,173	20,155	24,328
At 31 December 2008	8,923	25,877	34,800

8 Debtors

	2009 £	2008 £
Trade debtors	**36,234**	53,544
Amounts due from group undertakings	**2,992**	6,223
Deferred tax asset (note 11)	**3,053**	-
Prepayments and accrued income	**40,547**	54,923
	82,826	114,690

9 Creditors : amounts falling due within one year

	2009 £	2008 £
Trade creditors	**11,620**	10,385
Amounts due to group undertakings	**12,000**	–
Corporation tax	**2,903**	29,967
Social security and other taxes	**36,146**	24,314
Accruals and deferred income	**119,418**	137,350
Deferred acquisition costs	**25,000**	–
	207,087	202,016

10 Creditors : falling due after one year

	2009 £	2008 £
Deferred income	3,532	14,150

11 Deferred Tax

	2009 £	2008 £
Deferred taxation asset		
The amount of potential deferred taxation all of which is provided, is as follows		
Accelerated capital allowances (note 8)	**3,053**	–

12 Share capital

	31 December 2009 £	31 December 2008 £
Authorised		
100,000 Ordinary shares of £1 each	**100,000**	100,000
Allotted, called up and fully paid		
4,000 Ordinary shares of £1 each	**4,000**	4,000

13 Reserves

	Capital Redemption Reserve £	Profit and Loss Account £
At 1 January 2009	1,000	142,201
Profit for the year	–	176,141
Dividends Paid	–	(175,000)
At 31 December 2009	1,000	143,342

14 Reconciliation of movements in shareholders' funds

	31 December 2009 £	31 December 2008 £
Profit for the financial period	**176,141**	70,481
Dividends paid	**(175,000)**	-
Opening shareholders' funds	**147,201**	76,720
Closing shareholders' funds	**148,342**	147,201

15 Acquisitions

IDT

On 30 June 2009, the company acquired selected assets of the IDT Limited The purchase of the subsidiary undertaking has been accounted for by the acquisition method of accounting and any purchased goodwill arising has been capitalised as an intangible asset

The assets and liabilities acquired at 30 June 2009 were as follows

	Provisional fair value £
Goodwill	50,000
	50,000
Consideration	25,000
Deferred contingent consideration	25,000
	50,000

16 Related party transactions

As a wholly owned subsidiary of the group headed by Broker Direct Plc, the company is exempt from the requirements of Financial Reporting Standard 8 "Related Party Disclosures" to disclose transactions with Broker Direct Plc and its group of companies on the grounds that the consolidated financial statements are publicly available from Companies House

17 Ultimate parent company

Broker Direct Acquisitions Limited is the company's parent company by virtue of its 100% ownership of the company's share capital Broker Direct Plc is the ultimate controlling party by virtue of its 100% share ownership of Broker Direct Acquisitions Limited

18 Lease commitments

Operating lease commitments amounting to £3,792 (2008 £3,792) in relation to office equipment are due within one year The lease expires between one and five years

Operating lease commitments amounting to £26,000 (2008 £26,000) in relation to office rent are due within one year The lease expires between one and five years