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The Policy Shop Insurance Services Limited
Financial Statements
31 December 2016



The Policy Shop Insurance Services Limited

Officers and Professional Advisers

The board of directors

G Humphreys
K J Barber
K R Spencer
M R Brittain

Company secretary

C J Payne

Registered office

45 Westerham Road
Bessels Green
Sevenoaks
Kent
TN13 2QB

Auditor

RSM UK Audit LLP
Chartered Accountants & statutory auditor
Hanover House
18 Mount Ephraim Road
Tunbridge Wells
Kent
TN1 1ED

The Policy Shop Insurance Services Limited

Directors' Report

Year ended 31 December 2016

The directors present their report and the financial statements of the company for the year ended 31 December 2016.

Principal activities

The company ceased to trade during 2015 following the transfer of trade to a fellow group company, Insurance Factory Limited. The company has been continuing to operate only to collect and settle amounts due. Following the transfer of the company's trade and assets, its operations no longer constitute a going concern and the financial statements have been prepared on a basis other than that of a going concern.

Directors

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

G Humphreys
K J Barber
K R Spencer
M R Brittain
R J Bence

(Resigned 30 April 2016)

Auditor

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

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Small company provisions

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

The Policy Shop Insurance Services Limited

Directors' Report *(continued)*

Year ended 31 December 2016

This report was approved by the board of directors on 26 July 2017 and signed on behalf of the board by:



K J Barber
Director

Registered office:
45 Westerham Road
Bessels Green
Sevenoaks
Kent
TN13 2QB

The Policy Shop Insurance Services Limited

Directors' Responsibilities Statement

Year ended 31 December 2016

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 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;
- 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.

The Policy Shop Insurance Services Limited

Independent Auditor's Report to the Members of The Policy Shop Insurance Services Limited

Year ended 31 December 2016

Opinion on financial statements

We have audited the financial statements on pages 7 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 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.

Emphasis of matter – Basis of accounting and going concern

We have considered the adequacy of disclosures made in the accounting policies on page 9 of the financial statements considering the company's basis of accounting and going concern. As explained in the Directors' Report, the company ceased arranging new business during the prior period and all new business is undertaken by a fellow subsidiary company. As required by Section 3 'Financial Statement Presentation' of FRS 102, the directors have prepared the financial statements on the basis that the company is no longer a going concern.

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 <http://www.frc.org.uk/auditscopeukprivate>.

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 and, based on the work undertaken in the course of our audit, the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Directors' Report.

The Policy Shop Insurance Services Limited

Independent Auditor's Report to the Members of The Policy Shop Insurance Services Limited (continued)

Year ended 31 December 2016

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 4, 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.

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.

RSM UK Audit LLP

GARY PURDY (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Hanover House
18 Mount Ephraim Road
Tunbridge Wells
Kent
TN1 1ED

26 July 2017

The Policy Shop Insurance Services Limited

Statement of Income and Retained Earnings

Year ended 31 December 2016

		Year to 31 Dec 16 £	Period from 1 May 15 to 31 Dec 15 £
Turnover	Note 4	63,992	413,368
Gross profit		<u>63,992</u>	<u>413,368</u>
Administrative expenses		61,132	329,185
Operating profit	5	<u>2,860</u>	<u>84,183</u>
Other interest receivable and similar income		760	–
Interest payable and similar expenses	8	<u>–</u>	<u>67</u>
Profit before taxation		<u>3,620</u>	<u>84,116</u>
Tax on profit	9	<u>1,143</u>	<u>(8,903)</u>
Profit for the financial year and total comprehensive income		<u><u>2,477</u></u>	<u><u>93,019</u></u>
Retained losses at the start of the year		<u>(1,496,778)</u>	<u>(1,589,797)</u>
Retained losses at the end of the year		<u><u>(1,494,301)</u></u>	<u><u>(1,496,778)</u></u>

The company's activities have been discontinued.

The notes on pages 9 to 16 form part of these financial statements.

The Policy Shop Insurance Services Limited

Statement of Financial Position

31 December 2016

	Note	2016 £	£	2015 £
Fixed assets				
Tangible assets	10		–	107,720
Current assets				
Debtors	11	1,663,427		1,740,749
Cash at bank and in hand		5,087		93,872
		<u>1,668,514</u>		<u>1,834,621</u>
Creditors: amounts falling due within one year	12	<u>(1,477,665)</u>		<u>(1,753,969)</u>
Net current assets			<u>190,849</u>	<u>80,652</u>
Total assets less current liabilities			<u>190,849</u>	<u>188,372</u>
Net assets			<u>190,849</u>	<u>188,372</u>
Capital and reserves				
Called up share capital	15		152	152
Share premium account	16		24,998	24,998
Other reserves	16		1,660,000	1,660,000
Profit and loss account	16		<u>(1,494,301)</u>	<u>(1,496,778)</u>
Members funds			<u>190,849</u>	<u>188,372</u>

These financial statements were approved by the board of directors and authorised for issue on 26 July 2017, and are signed on behalf of the board by:



K J Barber
Director

Company registration number: 04398937

The notes on pages 9 to 16 form part of these financial statements.

The Policy Shop Insurance Services Limited

Notes to the Financial Statements

Year ended 31 December 2016

1. General information

The company is a private company limited by shares, incorporated and registered in England and Wales. The address of the registered office is 45 Westerham Road, Bessels Green, Sevenoaks, Kent, TN13 2QB.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in sterling, which is the functional currency of the entity. Monetary amounts in these financial statements are rounded to the nearest £. The prior period presented is shorter than one year due to a change in the accounting reference date, and as such the comparative amounts are not entirely comparable.

Going concern

The company transferred its business to a fellow group member during the prior period and therefore ceased to operate as a going concern in that period. The financial statements have therefore been prepared on a non-going concern basis.

The company is no longer expected to continue to generate positive cash flows on its own account. The company participates in the parent group's centralised treasury arrangements and its financing is inter dependent with that of other members of the parent group, and had amounts due to other members of the parent group of £1,466,665 (2015: £969,107), and amounts due from other members of the parent group of £1,660,000 (2015: £1,660,000) at the balance sheet date. At the balance sheet date the company had net current assets of £190,849 (2015: £80,652).

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the group financial statements of Markerstudy Holdings Limited. Details of how to obtain these financial statements can be found in note 17 of the financial statements. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented.
- (c) No disclosure has been given for the aggregate remuneration of key management personnel.

The Policy Shop Insurance Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

3. Accounting policies *(continued)*

Revenue recognition

The turnover shown in the profit and loss account comprises of commission and other income arising principally from the sale of insurance policies in the United Kingdom, recognised at the inception of the policy. No allowance is made for expected cancellations on the basis these have no overall effect on income at the point of cancellation.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

Employee benefits

The company recognises short-term employee benefits as an expense to the profit and loss account.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax the company is expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting 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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant & machinery - 33% straight line

The Policy Shop Insurance Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

3. Accounting policies *(continued)*

Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Cash and cash equivalents include cash in hand and deposits held at call with banks.

Trade and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses. Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at each reporting end date.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Trade, group and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

The Policy Shop Insurance Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

4. Turnover

Turnover arises from:

	Year to 31 Dec 16 £	Period from 1 May 15 to 31 Dec 15 £
Rendering of services	<u>63,992</u>	<u>413,368</u>

Turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Operating profit

Operating profit is stated after charging/(crediting):

	Year to 31 Dec 16 £	Period from 1 May 15 to 31 Dec 15 £
Depreciation of tangible assets	–	22,189
Impairment of trade debtors	–	16,747
Operating lease costs - plant and equipment	–	174
Operating lease costs - other	–	5,326
Exceptional other write backs / (offs)	–	<u>(33,270)</u>

6. Auditor's remuneration

	Year to 31 Dec 16 £	Period from 1 May 15 to 31 Dec 15 £
Fees payable for the audit of the financial statements	<u>25,000</u>	<u>12,500</u>
Fees payable to the company's auditor and its associates for other services:		
Taxation compliance services	4,614	1,500
Other assurance services	<u>5,000</u>	<u>–</u>

7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2016 No.	2015 No.
Administrative staff	<u>–</u>	<u>7</u>

The Policy Shop Insurance Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

7. Staff costs *(continued)*

The aggregate payroll costs incurred during the year, relating to the above, were:

	Year to 31 Dec 16 £	Period from 1 May 15 to 31 Dec 15 £
Wages and salaries	–	115,311
Social security costs	–	9,398
Other pension costs	–	(150)
	<u>–</u>	<u>124,559</u>

Directors' remuneration during the year was £Nil (2015: £Nil). The company did not pay any pension contributions on their behalf (2015: £Nil).

8. Interest payable and similar expenses

	Year to 31 Dec 16 £	Period from 1 May 15 to 31 Dec 15 £
Other interest payable and similar charges	<u>–</u>	<u>67</u>

9. Tax on profit

Major components of tax expense/(income)

	Year to 31 Dec 16 £	Period from 1 May 15 to 31 Dec 15 £
Current tax:		
Adjustments in respect of prior periods	–	(7,727)
Deferred tax:		
Origination and reversal of timing differences	<u>1,143</u>	<u>(1,176)</u>
Tax on profit	<u>1,143</u>	<u>(8,903)</u>

The Policy Shop Insurance Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

9. Tax on profit *(continued)*

Reconciliation of tax expense/(income)

The tax assessed on the profit on ordinary activities for the year is lower than (2015: lower than) the standard rate of corporation tax in the UK of 20% (2015: 20%).

	Year to 31 Dec 16 £	Period from 1 May 15 to 31 Dec 15 £
Profit on ordinary activities before taxation	3,620	84,116
Profit on ordinary activities by rate of tax	724	16,823
Adjustment to tax charge in respect of prior periods	–	(7,727)
Rounding on tax charge	1	(1)
Adjust deferred tax rate	5,272	11,098
Deferred tax not recognised	(5,972)	(29,096)
Group relief claimed	(152)	–
Transfer of pool tax written down value to group company	1,270	–
Tax on profit	1,143	(8,903)

10. Tangible assets

	Plant and machinery £
Cost	
At 1 January 2016	131,374
Disposals	(131,374)
At 31 December 2016	–
Depreciation	
At 1 January 2016	23,654
Disposals	(23,654)
At 31 December 2016	–
Carrying amount	
At 31 December 2016	–
At 31 December 2015	107,720

11. Debtors

	2016 £	2015 £
Amounts owed by group undertakings	1,660,000	1,660,000
Deferred tax asset (note 13)	–	1,143
Prepayments and accrued income	3,427	–
Corporation tax repayable	–	79,606
	1,663,427	1,740,749

The Policy Shop Insurance Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

12. Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	–	750,567
Amounts owed to group undertakings	1,466,665	969,107
Accruals and deferred income	11,000	34,295
	<u>1,477,665</u>	<u>1,753,969</u>

Included within trade creditors are insurer creditors of £Nil (2015: £728,470) which are due to fellow subsidiaries of the Markerstudy Holdings Limited group.

13. Deferred tax

The deferred tax asset included in the statement of financial position is as follows:

	2016 £	2015 £
Included in debtors (note 11)	–	1,143

14. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £Nil (2015: £(150)).

15. Called up share capital

Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	151	151	151	151
Ordinary Class 2 shares of £1 each	1	1	1	1
	<u>152</u>	<u>152</u>	<u>152</u>	<u>152</u>

The company's ordinary shares; which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

16. Reserves

Share premium account - This reserve records the amount in excess of the nominal value received for shares sold, less transaction costs.

Profit and loss account - This reserve records retained earnings and accumulated losses, net of equity dividends paid.

Other reserve - Capital contribution from parent company.

The Policy Shop Insurance Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

17. Controlling party

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