

HIFX INSURANCE SERVICES LIMITED

Directors' Report and Financial Statements

For the year ended 30 June 2010

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HIFX INSURANCE SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS 2010

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HIFX INSURANCE SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS 2010

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S M Bown
L N Butcher
J E Halewood
M Knowles
A Stewart
S P Taylor
A J Vaughan

SECRETARY

S J Oldroyd

REGISTERED OFFICE

Morgan House
Madeira Walk
Windsor
Berkshire
SL4 1EP

BANKERS

Barclays Bank plc
1 Churchill Place
London
E14 5HP

AUDITORS

Deloitte LLP
Chartered Accountants & Statutory Auditors
Reading, United Kingdom

HIFX INSURANCE SERVICES LIMITED

DIRECTORS' REPORT

For the year ended 30 June 2010

The directors present their report and the financial statements for the year ended 30 June 2010. The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Principal activity, results and dividends

The principal activity of HiFX Insurance Services Limited ("the company") is the introduction of insurance services. The services fit well alongside other services in the HiFX group such as foreign exchange trade. The company is regulated by the Financial Services Authority.

The results for the current year and preceding year are set out in the profit and loss account. No dividend is proposed (2009: £nil).

Going concern

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 in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements.

Business review

The board is pleased to report a good trading year with turnover of £131,177 (2009: £115,380) and a pre-tax profit of £46,832 (2009: £13,474). In the year ahead the board looks to increase revenue and profitability further as the business becomes established in its market.

Risk and uncertainties

The main risks faced by the company are a downturn in related economic activity and competition from other insurance companies. The company aims to maintain its competitive position by providing good service to its customers.

Directors

The directors of the company, who served throughout the year and to the date of signing of the financial statements were:

S M Bown
L N Butcher
J E Halewood
M Knowles
A Stewart
S P Taylor
A J Vaughan

Supplier payment policy

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure the suppliers are made aware of the terms of payment and abide by the terms of payment.

HIFX INSURANCE SERVICES LIMITED

DIRECTORS' REPORT

For the year ended 30 June 2010

Auditors

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

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

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

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting

Approved by the Board and signed on its behalf by



S M Bown

Director

23 September 2010

HIFX INSURANCE SERVICES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual 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,
- 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 AUDITORS' REPORT TO THE MEMBERS OF HIFX INSURANCE SERVICES LIMITED

We have audited the financial statements of HIFX Insurance Services Limited for the year ended 30 June 2010 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 10. 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 auditors' 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 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

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 30 June 2010 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 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, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime or take advantage of the small companies exemption in preparing the directors' report.



John Clennett (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Reading, United Kingdom

23 September 2010

HIFX INSURANCE SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 30 June 2010

	Note	2010 £	2009 £
TURNOVER	1	131,177	115,380
Administrative expenses		(84,435)	(101,628)
OPERATING PROFIT	2	46,742	13,752
Other interest receivable and similar income		90	295
Interest payable and similar charges		-	(573)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		46,832	13,474
Tax credit on profit on ordinary activities	3	25,341	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED PROFIT FOR THE YEAR	7	72,173	13,474

All activities relate to continuing operations

There are no recognised gains or losses for the current financial year or previous year other than those shown in the profit and loss account. Accordingly, a statement of total recognised gains and losses has not been presented.

HIFX INSURANCE SERVICES LIMITED

BALANCE SHEET

As at 30 June 2010

	Note	2010 £	2009 £
CURRENT ASSETS			
Debtors	4	36,919	22,119
Cash at bank and in hand		191,351	60,772
		<u>228,270</u>	<u>82,891</u>
CREDITORS, amounts falling due within one year	5	<u>(84,334)</u>	<u>(11,128)</u>
NET CURRENT ASSETS		<u>143,936</u>	<u>71,763</u>
CAPITAL AND RESERVES			
Called up share capital	6	10,000	10,000
Profit and loss account	7	133,936	61,763
SHAREHOLDERS' FUNDS	7	<u>143,936</u>	<u>71,763</u>

These accounts have been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption

The financial statements of HIFX Insurance Services Limited (registered number 04692049) were approved by the Board of Directors on 23 September 2010

Signed on behalf of the Board of Directors



S M Bown
Director



L N Butcher
Director

HIFX INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding year.

Going concern

The company's business activities, key risks and financial performance are set out in the directors' report on page 2.

The company has good financial resources and a sizeable established client base generating recurring fees.

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 in preparing the annual report and accounts.

Turnover

Turnover represents commissions receivable. It is all derived from the company's principal activity and is recognised on an accruals basis. All turnover originates in the UK.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or the right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group'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 assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Cash flow statements

The company has taken the exemption not to prepare a cash flow statement under paragraph 5(f) of Financial Reporting Standard 1 (revised 1996), "Cash Flow Statements" as it meets the definition of a small company in companies legislation.

2. OPERATING PROFIT

	2010 £	2009 £
Operating profit is stated after charging		
Fees payable to the Company's auditors for the audit of the Company's annual accounts	6,000	5,400

The company had no employees in the current or previous year.

Directors' remuneration costs were borne by the parent company, HIFX plc. The amount allocated to the company for directors' services was £nil (2009: £nil).

HIFX INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

3. TAXATION

	2010 £	2009 £
Current tax		
UK corporation tax	-	-
Deferred tax	25,341	-
Deferred tax		
Total tax credit on profit on ordinary activities	<u>25,341</u>	<u>-</u>

The current tax charge differs from the standard rate of UK corporation tax for the following reasons

	2010 £	2009 £
Tax on ordinary activities at the standard rate of 28% (2009 28%)	13,113	3,772
Small companies rate	-	(942)
Utilisation of tax losses	(13,088)	(2,830)
Group relief not paid for	(25)	-
Current tax for the period	<u>-</u>	<u>-</u>

Deferred tax asset

	2010 £	2009 £
Losses brought forward		
At 1 July	-	-
Credited to the profit and loss account	25,341	-
At 30 June	<u>25,341</u>	<u>-</u>

A deferred tax asset in respect of revenue losses carried forward amounting to £28,880 was not recognised at 30 June 2009

4. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Amounts owed by group undertakings	-	11,533
Deferred tax	25,341	-
Other debtors	-	9,583
Prepayments and accrued income	11,578	1,003
	<u>36,919</u>	<u>22,119</u>

HIFX INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Trade creditors	-	24
Amount owed to group undertaking	65,796	-
Other creditors	862	-
Accruals and deferred income	17,676	11,104
	<u>84,334</u>	<u>11,128</u>

6. SHARE CAPITAL

	2010 £	2009 £
Authorised		
25,000 ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>
Allotted, called up and fully paid		
10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

7. COMBINED STATEMENT OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES

	Share capital £	Profit and loss account £	Total 2010 £	Total 2009 £
As at 1 July	10,000	61,763	71,763	58,289
Retained profit for the year	-	72,173	72,173	13,474
As at 30 June	<u>10,000</u>	<u>133,936</u>	<u>143,936</u>	<u>71,763</u>

8. RELATED PARTY DISCLOSURE

Included in Debtors is £nil (2009 £11,533) and in Creditors £65,796 (2009 £nil) owed to HIFX PLC, the ultimate parent company. During the year HIFX PLC charged the company fees for services provided of £65,589 (2009 £96,228), paid the company £nil (2009 £180) in interest and received £90 (2009 £573) in interest from the company.

9. ULTIMATE PARENT COMPANY & CONTROLLING PARTY

The company's immediate parent company and ultimate parent company into which the company is consolidated is HIFX plc which is incorporated and registered in Great Britain. Financial statements for HIFX plc can be obtained from HIFX plc, Morgan House, Madeira Walk, Windsor, Berkshire, SL4 1EP.

John Halewood, a director of the Company, controls the Company as a result of controlling, directly or indirectly, 52.6% of the issued voting share capital of HIFX plc.

HIFX INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

10. POST BALANCE SHEET EVENTS

The Finance Act 2010, which provides for a reduction in the main rate of corporation tax from 28% to 27% effective from 1 April 2011, was substantively enacted on 21 July 2010. As it was not substantively enacted at the balance sheet date, the rate reduction is not yet reflected in these financial statements in accordance with FRS 21, as it is a non-adjusting event occurring after the balance sheet date.

The impact of the rate reduction, which will be reflected in the next reporting period, is estimated not to reduce our UK deferred tax asset provided by a significant amount.

The Government has also indicated that it intends to enact future reductions in the main tax rate of 1% each year down to 24% by 1 April 2014. The future 1% main tax rate reductions are expected to have a similar impact on our financial statements as outlined above. However, the actual impact will be dependent on our deferred tax position at that time.