

LORICA INSURANCE BROKERS HOLDINGS LIMITED

(Formerly Vega Insurance services Limited)

Report and Financial Statements

for the year ended 31 March 2012

TUESDAY



A1NK7660

A18

11/12/2012

#339

COMPANIES HOUSE

Company Registration No. 04878623

CONTENTS

	Page
Directors and Professional Advisers	1
Directors' Report	2 - 4
Independent Auditors' Report	5 - 6
Profit and Loss Account	7
Balance Sheet	8
Notes to the Financial Statements	9 - 16

Directors and Professional Advisers

Directors

The directors at the date of this report were as follows

Mr M D Bray
Mr B J Clements
Mr C D Marelli
Mrs P J Sherman

Company Secretary

The company secretary is Peake Company Secretaries Limited.

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

Principal Lawyers

Clark Holt Commercial Solicitors
Hardwick House
Prospect Place
Swindon SN1 3LJ

Registered Office

Hardwick House
Prospect Place
Swindon SN1 3LJ

Company Registration Number

04878623

Directors' Report

The directors present their annual report together with the audited financial statements of the company for the year ended 31 March 2012

Change of name

The company, formerly known as Vega Insurance Services Limited changed its name to Lorica Insurance Brokers Holdings Limited on 31 October 2011

Company Registration Number

The company's registration number is 04878623

Principal activities

The principal activity of the company is that of a holding company and investment in predominantly commercial insurance brokers within the UK. The main trading entity within the group is Lorica Insurance Brokers Limited (formerly, Lorica General Insurance Limited), of which Lorica Insurance Brokers Holdings Limited (formerly, Vega Insurance Services Limited) is the immediate parent

Business Review

Results and dividend

The loss attributable to shareholders for the company for the year ended 31 March 2012 was £381,356 (2011: Loss of £334,051) after a tax credit of £214,916 (2011: £63,602). The directors do not recommend the payment of a dividend for the year ended 31 March 2012 (2011: £nil).

Principal Risks and Uncertainties

The principal risks that the company faces in terms of business impact are -

- Reduction in investment value
- Increase in interest payable

The company regularly monitors performance of the underlying investments to confirm investment values remain appropriate. Interest charges are determined by interest rates in accordance with loan facility agreements.

Key Performance Indicators

The key performance indicators utilised by the directors in respect of the company's performance are.

- Outstanding loan balance
- Interest payable rates
- Annual impairment assessment

Directors' Report (continued)

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were as follows

Mr M D Bray

Mr B J Clements (appointed 03 October 2012)

Mr C D Marelli

Mrs P J Sherman

Statement of directors' responsibilities

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 prepared 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 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.

Directors' Report (continued)

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent Auditors

The company has elected to dispense with holding an Annual General Meeting and reappoint auditors annually. Accordingly, Pricewaterhouse Coopers LLP, having indicated their willingness to do so, will continue as the company's auditors.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

By order of the Board



Mr M D Bray
Director

25 October 2012

Independent auditors' report to the members of Lorica Insurance Brokers Holdings Limited (formerly Vega Insurance Services Limited)

We have audited the financial statements of Lorica Insurance Brokers Holdings Limited (formerly, Vega Insurance Services Limited) for the year ended 31 March 2012 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on pages 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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. In addition, we read all the financial and non-financial information in the Report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 March 2012 and of its loss 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.

Independent auditors' report to the members of Lorica Insurance Brokers Holdings Limited (formerly Vega Insurance Services Limited) (continued)

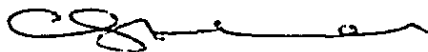
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

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



Claire Stockhausen (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date *30 October 2012*

**Profit and Loss Account
for the year ended 31 March 2012**

	Note	31 March 2012 £	31 March 2011 £
Other operating income		22,825	25,000
Administrative expenses		<u>(9,625)</u>	<u>(875)</u>
Operating Profit	2	13,200	24,125
Income from shares in group undertakings			-
Interest receivable and similar income	3	11,755	14,745
Interest payable and similar charges	4	<u>(621,227)</u>	<u>(436,523)</u>
(Loss) on ordinary activities before taxation		(596,272)	(397,653)
Tax credit on loss on ordinary activities	5	<u>214,916</u>	<u>63,602</u>
(Loss) for the year	11	<u>(381,356)</u>	<u>(334,051)</u>

All activities derive from continuing operations

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical costs equivalents

There are no recognised gains or losses, other than those reflected in the loss for the financial period. Accordingly, no statement of total recognised gains and losses is given

The notes to the accounts on pages 9 to 16 form an integral part of these financial statements

**Balance Sheet
as at 31 March 2012**

	Note	31 March 2012 £	31 March 2011 £
Fixed assets			
Intangible assets		-	-
Investments	7	14,702,742	13,802,742
		<u>14,702,742</u>	<u>13,802,742</u>
Current assets			
Debtors	8	249,316	421,451
Creditors - amounts falling due within one year	9	<u>(16,187,060)</u>	<u>(15,077,839)</u>
Net current liabilities		<u>(15,937,744)</u>	<u>(14,656,388)</u>
Total net liabilities		<u>(1,235,002)</u>	<u>(853,646)</u>
Capital and reserves			
Called up share capital	10	1,000,000	1,000,000
Profit and loss account	11	<u>(2,235,002)</u>	<u>(1,853,646)</u>
Total Shareholders' deficit	12	<u>(1,235,002)</u>	<u>(853,646)</u>

The notes to the accounts on pages 9 to 16 form an integral part of these financial statements

The board of directors approved and authorised the issue of these financial statements on 25 October 2012

Signed on behalf of the Board of Directors.

P J Sherman

Mrs P J Sherman
Director

Notes to the financial statements for the year ended 31 March 2012**1. Accounting policies****Basis of accounting**

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been adopted are described below

Going concern

The balance sheet shows net current liabilities of £15,937,744 (2011 £14,656,388) including net amounts due to group undertakings of £16,135,569 (2011 £14,841,013). The directors have received written confirmation from Primary Group (UK) Limited that it will not demand repayment of any inter group loans until the company is in a position to repay. Accordingly the directors have determined that it is appropriate to prepare the financial statements on a going concern basis

Consolidation

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400/401 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about it as a group

Deferred taxation

The charge for taxation is based on the profits for the period charged at the current rates of tax. Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed out by the balance sheet date except as otherwise required by Financial Reporting Standard No. 19 'Deferred Tax'. *Deferred tax assets are recognised to the extent that the directors consider these amounts recoverable*

Notes to the financial statements for the year ended 31 March 2012**1. Accounting policies (continued)****Fixed Asset Investments**

The directors consider the value of the investments to be supported by their underlying assets. Investments held as fixed assets are stated at cost less provisions for any impairment.

Cash flow statement and related party transactions

The company is a wholly owned subsidiary of Lorica Insurance Brokers Group Limited (formerly, Lorica GI Holdings Limited) and is included in the consolidated financial statements of Lorica Insurance Brokers Group Limited (formerly, Lorica GI Holdings Limited). Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard No 1 (revised 1996) 'Cash flow statements'. The company is also exempt under the terms of Financial Reporting Standard No 8 'Related party disclosures' from disclosing related party transactions with entities that are part of the Primary Group Limited group or investors of Primary Group Limited.

2 Operating (Loss)

	31 March 2012 £	31 March 2011 £
The operating (loss) which originated in the United Kingdom for the period was arrived at after charging		
Auditors' remuneration		
- audit of financial statements	-	-

The auditors' remuneration for the year has been borne by Lorica Insurance Brokers Limited (formerly, Lorica General Insurance Limited)

3. Interest receivable and similar income

	31 March 2012 £	31 March 2011 £
Interest receivable on intercompany loans (See Note 8)	11,755	14,745

4. Interest payable and similar charges

	31 March 2012 £	31 March 2011 £
Interest payable on intercompany loans (see Note 9)	621,227	436,523

Notes to the financial statements for the year ended 31 March 2012

5. Taxation

(a) Analysis of Tax credit in the year

	31 March 2012 £	31 March 2011 £
Based on loss for the year at 26% (2011 28%)		
Current year	(158,487)	(63,602)
Adjustment in respect of prior periods	<u>(56,429)</u>	<u>-</u>
Current tax credit for the year (note 5(b))	<u>(214,916)</u>	<u>(63,602)</u>

(b) Factors affecting tax credit for the year

	31 March 2012 £	31 March 2011 £
The tax assessed for the year differs from the standard rate of corporation tax in the UK of 26% (2011 28%)		
The differences are explained below		
Loss on ordinary activities before tax	<u>(596,272)</u>	<u>(397,653)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2011 28%)	(155,031)	(111,343)
Effects of		
Expenses not deductible for tax purposes	(3,205)	-
Capital allowances in excess of depreciation	(251)	(338)
Losses not utilised in the period	-	55,079
Income not taxable	-	(7,000)
Adjustment in respect of prior periods	<u>(56,429)</u>	<u>-</u>
Current tax charge for the year (note 6(a))	<u>(214,916)</u>	<u>(63,602)</u>

(c) Deferred tax

In view of the loss made by the company, the directors are of the opinion that no deferred tax asset should be recognised on the balance sheet at 31 March 2012. The full value of the deferred tax asset if recognised in full would have been £82,767 (2011 £142,314) at the expected tax rate of 24% (2011 26%).

Notes to the financial statements for the year ended 31 March 2012

6. Directors and employees

The aggregate emoluments of directors borne by the Group during the period ended 31 March 2012 were as follows.

	31 March 2012 £	31 March 2011 £
Emoluments	512,626	128,382
Contributions to money purchase pension schemes	<u>23,200</u>	<u>5,825</u>
Total emoluments	<u>535,826</u>	<u>134,207</u>

The emoluments of the highest paid director of the Group for the period ended 31 March 2012 were as follows

	31 March 2012 £	31 March 2011 £
Emoluments	268,530	67,132
Contributions to money purchase pension schemes	<u>12,750</u>	<u>3,187</u>
Total emoluments	<u>281,280</u>	<u>70,319</u>

	31 March 2012	31 March 2011
Number of employees	Nil	Nil

Notes to the financial statements for the year ended 31 March 2012

7. Fixed asset investments

Cost	Shares in subsidiary undertakings £
At 1 April 2011	13,802,742
Additions in the year	900,000
At 31 March 2012	14,702,742

Additions represent the subscriptions for 900,000 ordinary shares in Lorica Insurance Brokers Limited (formerly, Lorica General Insurance Limited) as follows:

31 May 2011	Subscription for 150,000 ordinary shares of £1 each.
31 August 2011	Subscription for 350,000 ordinary shares of £1 each.
30 November 2011	Subscription for 125,000 ordinary shares of £1 each, and
31 January 2012	Subscription for 275,000 ordinary shares of £1 each

Additional information on principal subsidiary undertakings is as follows

Company name	Class of shares held	Percentage of shares held	Country of incorporation	Nature of business
Lorica Insurance Brokers Limited (formerly Lorica General Insurance Limited)	Ordinary	100%	United Kingdom	Insurance Broking
The Thompson Rudd Group Limited	Ordinary	100%	United Kingdom	Not trading
Parkwood Sinclair Insurance Brokers Limited	Ordinary	100%	United Kingdom	Not trading
Jobson James and Associates Limited	Ordinary	100%	United Kingdom	Not trading

Notes to the financial statements for the year ended 31 March 2012

8. Debtors

	31 March 2012 £	31 March 2011 £
Amounts due from group undertakings	51,491	236,826
Other debtors	<u>197,825</u>	<u>184,625</u>
	<u>249,316</u>	<u>421,451</u>

All amounts are due within twelve months of the balance sheet date

Amounts due from group undertakings comprise a series of temporary loans or cash sweep agreements which earn interest at the Bank of England Base Rate plus 4 5% and are repayable on demand

9. Creditors: amounts falling due within one year

	31 March 2012 £	31 March 2011 £
Amounts owed to group undertakings	16,187,060	15,077,839
Other creditors	<u>-</u>	<u>-</u>
	<u>16,187,060</u>	<u>15,077,839</u>

Amounts owed to group undertakings comprise a series of temporary loans or cash sweep agreements which accrue interest at the Bank of England Base Rate plus 4 5% and are repayable on demand

Notes to the financial statements for the year ended 31 March 2012

10. Called up share capital

	31 March 2012 £	31 March 2011 £
Authorised:		
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted & issued:		
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

11. Statement of movement on reserves

	Profit and loss account £
At 1 April 2011	(1,853,646)
Loss for the year	<u>(381,356)</u>
At 31 March 2012	<u>(2,235,002)</u>

12. Reconciliation of movements in shareholders' deficit

	31 March 2012 £	31 March 2011 £
Opening shareholders' deficit	(853,646)	(519,595)
Retained (loss)/profit for the year	<u>(381,356)</u>	<u>(334,051)</u>
Closing shareholders' deficit	<u>(1,235,002)</u>	<u>(853,646)</u>

Notes to the financial statements for the year ended 31 March 2012**13. Ultimate holding company**

The immediate parent company as at 31 March 2012 is Lorica Insurance Brokers Group Limited (formerly, Lorica GI Holdings Limited) a company incorporated in the United Kingdom.

Primary Group Limited, incorporated in Bermuda, is regarded by the directors of the company as the company's ultimate parent company.

At the date on which the accounts were approved by the directors, the ultimate controlling party is R&H Trust Co Ltd as trustee for two trusts established in the Cayman Islands for the benefit of Mr P W H James and his family

The largest group in which the results of the company are consolidated is that of which Primary Group (UK) Limited is the parent company

The smallest such group is that of which Lorica Insurance Brokers Group Limited (formerly, Lorica GI Holdings Limited) is the parent company. The consolidated accounts of Lorica Insurance Brokers Group Limited (formerly Lorica GI Holdings Limited) can be obtained from Hardwick House, Prospect Place, Swindon, SN1 3LJ.