

SYNERGY INSURANCE SERVICES HOLDINGS LIMITED

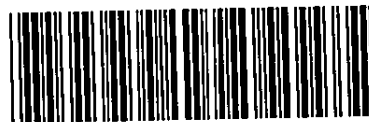
Synergy Insurance Services Holdings Limited

5086024

Annual Report and Financial Statements

For the year ended 30 April 2011

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Synergy Insurance Services Holdings Limited

Reports and Financial Statements For the year ended 30 April 2011

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Synergy Insurance Services Holdings Limited

Officers and professional advisers

Directors

Sir Mark Weinberg

G Magan

Secretary

N. Steinberg

Auditors

Mazars LLP

Chartered Accountants and
Statutory Auditors

London

Company Registration Number

05086024

Registered in England & Wales

Registered office

47 Mark Lane

London EC3R 7QQ

Synergy Insurance Services Holdings Limited

Directors' report

The directors present their report and the financial statements for the year ended 30 April 2011

Principal activities

The principal activities of the company comprised the holding of investments in subsidiaries and development and preparation for bringing new insurance products to market. On 29 March 2011, as a result of a rights issue, the company ceased to control its former subsidiary, Synergy Insurance Services UK Limited, and effectively ceased to operate apart from holding the lease of its premises. It is not intended that the company carry on any activity in the foreseeable future and it will therefore be dormant. As the company had no subsidiary undertakings at the balance sheet date, no consolidated financial statements have been prepared.

Directors

The directors, who served throughout the year except as noted, were as follows.

Sir Mark Weinberg

G Magan

J Kavanaugh

G Ward

Hon S James

D. Reynolds

J Begley

Resigned on 30 November 2011

Resigned on 30 June 2010

Resigned on 30 June 2010

Resigned on 30 November 2011

Resigned on 30 November 2011

Directors' indemnities

The company has not made any third-party indemnity provisions for the benefit of its directors.

Donations

During the year the company made no charitable or political donations (2010 - £nil).

Auditors

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

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (2) the director has taken all the steps that he ought to have taken as a director in order to make himself 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.

Synergy Insurance Services Holdings Limited

Auditors (continued)

Deloitte LLP have resigned as auditors and Mazars LLP have been appointed by the directors in their place. Mazars have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 30 January 2012 and signed on its behalf by



Sir Mark Weinberg, Director
47 Mark Lane,
London EC3R 7QQ

Synergy Insurance Services Holdings Limited

Statement of Directors' responsibilities

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,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on a 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.

SYNERGY INSURANCE SERVICES HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYNERGY INSURANCE SERVICES HOLDINGS LIMITED

We have audited the financial statements of Synergy Insurance Services Holdings Limited for the year ended 30 April 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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.

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/private.cfm.

Basis for qualified opinion on the financial statements

The company no longer holds any investments and is therefore no longer trading. The loss for the year was £1,532,259, the balance sheet shows net liabilities of £8,424 with a net retained deficit of £20,417,769. This situation indicates the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements (and notes thereto) do not disclose this fact.

Qualified opinion on the financial statements

In our opinion, except for the omission of the information included in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2011 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.

SYNERGY INSURANCE SERVICES HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYNERGY INSURANCE SERVICES HOLDINGS LIMITED

Opinion on the 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

Other matter

As discussed in note 1, the 2010 financial statements were prepared on a consolidated basis with reduced parent company disclosure, therefore no entity profit and loss account or cashflow statement was presented in these financial statements. The 2011 financial statements are prepared on a standalone company basis with full disclosure. Hence the corresponding figures for the profit and loss account, the cashflow statement and the related footnotes are unaudited and we assume no responsibility for them.



Andrew Heffron (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD
30 January 2012

SYNERGY INSURANCE SERVICES HOLDINGS LIMITED

Profit and loss account

For the year ended 30 April 2011

		Unaudited	
	Notes	2011 £	2010 £
Turnover	2	178,750	161,226
Administrative expenses		(1,712,155)	(7,019,069)
		<hr/>	<hr/>
Operating loss	3	(1,533,405)	(6,857,843)
Interest receivable and similar income		1,146	9,493
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(1,532,259)	(6,848,350)
Taxation on loss on ordinary activities	6	-	-
		<hr/>	<hr/>
Loss on ordinary activities after taxation and retained loss for the year	12	(1,532,259)	(6,848,350)
		<hr/>	<hr/>

All operations were discontinued in the year

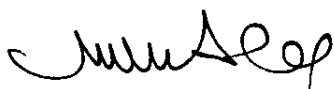
The company has no recognised gains or losses other than the loss included in the profit and loss account and therefore no separate statement of total recognised gains and losses has been presented

SYNERGY INSURANCE SERVICES HOLDINGS LIMITED

Balance sheet as at 30 April 2011

	Notes	2011 £	2010 £
Fixed assets			
Tangible assets	7	-	408,726
Investment in subsidiary	8	-	235,830
		<u>-</u>	<u>644,556</u>
Current assets			
Debtors	9	147,528	117,302
Cash at bank and in hand		2,847	829,413
		<u>150,375</u>	<u>946,715</u>
Creditors – Amounts falling due within one year	10	(158,799)	(67,436)
Net Current (Liabilities)/Assets		<u>(8,424)</u>	<u>879,279</u>
Net (Liabilities)/Assets		<u>(8,424)</u>	<u>1,523,835</u>
Capital and reserves			
Called up share capital	11	20,409,345	20,409,345
Profit and loss account	12	(20,417,769)	(18,885,510)
Shareholders' Equity	13	<u>(8,424)</u>	<u>1,523,835</u>

The financial statements of Synergy Insurance Services (UK) Limited (Company number 5086024) were approved and authorised for issue by the Board on 30 January 2012 and signed on its behalf by



Sir Mark Weinberg, Director

SYNERGY INSURANCE SERVICES HOLDINGS LIMITED

Cash flow statement

For the year ended 30 April 2011

		Unaudited	
	Notes	2011 £	2010 £
Net cash outflow from operating activities	14	(274,411)	(673,572)
Returns on investments and servicing of finance			
Interest received		1,146	9,493
			-
Capital expenditure and financial investment			
Purchase of investment in subsidiary		(550,000)	(1,100,000)
Purchase of fixed assets		(23,301)	(211,761)
Sale of fixed asset investments		20,000	-
(Decrease) in cash in year	15	(826,566)	(1,975,840)

SYNERGY INSURANCE SERVICES HOLDINGS LIMITED

Notes to the financial statements

For the year ended 30 April 2011

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year.

Basis of Preparation

The financial statements have been prepared under the historical cost convention, and in accordance with applicable United Kingdom accounting standards. In 2010, the financial statements were prepared on a consolidated basis with reduced parent company disclosure, therefore no entity profit and loss account or cash flow statement were presented in those financial statements. As the company had no subsidiary undertakings at the balance sheet date, the 2011 financial statements have been prepared on a standalone company basis with full disclosure.

Going Concern

Since the balance sheet date the company's only activity is to hold the lease of the property from which its former subsidiary, Synergy Insurance Services UK Limited ("SISUK"), occupied under a service charge agreement. SISUK has subsequently vacated these premises, at which point it is intended that company becomes dormant.

As, once it becomes dormant, the company will no longer generate income or raise funds to finance its obligations, the directors have considered whether it will be able to meet all its outstanding future obligations. As this does not appear to be the case and accordingly, the company's operations are discontinued, the directors have made provision for all its future obligations under the property lease less the amounts recoverable from its former subsidiary.

Turnover

Service Charges

Service charges are levied in accordance with an agreement between Synergy Insurance Services (UK) Limited ("SISUK") and Synergy Insurance Services Holdings Limited ("SISHL") whereby SISHL provides certain Infrastructure Services (mainly IT and premises) and SISUK tests the IT systems.

SYNERGY INSURANCE SERVICES HOLDINGS LIMITED

Notes to the financial statements

For the year ended 30 April 2011 (continued)

1 Accounting policies (continued)

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 a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company'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 years different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable only to the extent that, on the basis of all available evidence, 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 is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs

Leases

The expenses for operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term

Financial liabilities and equity

Financial liabilities and equity instruments are classified 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 group after deducting all of its liabilities

SYNERGY INSURANCE SERVICES HOLDINGS LIMITED

Notes to the financial statements

For the year ended 30 April 2011 (continued)

1 Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows

Computer Hardware	3 years/33.3% per annum
Computer Software	4 years/25% per annum
Furniture & Equipment	4 years/25% per annum
Leasehold Improvements	Over remainder of lease (currently 5 years / 20% per annum)

Investment in subsidiary

Investments in subsidiary undertakings are stated at cost less provision for impairment.

2 Turnover

Unaudited

	2011 £	2010 £
Commission and fees	178,750	161,226
	<u>178,750</u>	<u>161,226</u>

All income arises in the United Kingdom

SYNERGY INSURANCE SERVICES HOLDINGS LIMITED

Notes to the financial statements

For the year ended 30 April 2011 (continued)

3	Operating loss	Unaudited	
		2011 £	2010 £
	Operating loss is stated after charging:		
	Depreciation and other amounts written-off tangible fixed assets	220,341	514,152
	Loss on disposal of tangible fixed assets	191,686	-
	Fees paid to the company's auditors for the audit of the company's annual accounts	4,200	17,500
	Fees paid for other audit services pursuant to legislation	-	500
	Provision for impairment of investment in former subsidiary	785,830	5,864,170
		<hr/>	<hr/>
4	Staff costs	Unaudited	
		2011 £	2010 £
	Wages and salaries	36,667	103,948
	Social security costs	3,337	10,418
		<hr/>	<hr/>
		40,004	114,366
		<hr/>	<hr/>
		Number	Number
	The average number of employees, including directors, employed by the company in the year was	2	2
		<hr/>	<hr/>

SYNERGY INSURANCE SERVICES HOLDINGS LIMITED

Notes to the financial statements

For the year ended 30 April 2011 (continued)

5 Directors

	Unaudited	
	2011	2010
	£	£
Total emoluments		
Wages and salaries	36,667	103,948
Social Security costs	3,337	10,418
	<u>40,004</u>	<u>114,364</u>
	Number	Number
Number of directors for whom retirement benefits are accrued under a defined contribution pension scheme	-	3
	<u>-</u>	<u>-</u>

6 Taxation

	Unaudited	
	2011	2010
	£	£
(a) Analysis of tax credit on ordinary activities		
Current tax	-	-
	<u>-</u>	<u>-</u>
Total tax credit on loss on ordinary activities	<u>-</u>	<u>-</u>

SYNERGY INSURANCE SERVICES HOLDINGS LIMITED

Notes to the financial statements

For the year ended 30 April 2011 (continued)

(b) Factors affecting tax credit for the year

The tax assessed for the year is lower than that resulting from applying the standard rate of corporation tax in the UK 28% (2010 28%) The differences are explained below

	2011	Unaudited 2010
	£	£
Loss on ordinary activities before tax	(1,532,259)	(6,848,350)
Tax on loss on ordinary activities at standard UK corporation tax rate of 28% (2010: 28%)	429,033	1,917,538
Effects of		
Tax effect of impairment of subsidiary	(238,072)	(1,641,968)
Timing differences	-	(275,570)
Depreciation in excess of capital allowances	(656,543)	-
Creation/elimination of tax losses	865,544	-
Tax credit for the year	-	-

A deferred tax asset of £nil (2010 £1,871,818) in respect of unrelieved trading losses and management expenses has not been recognised as the directors do not expect it to be realised

SYNERGY INSURANCE SERVICES HOLDINGS LIMITED

Notes to the financial statements

For the year ended 30 April 2011 (continued)

7 Tangible fixed assets

	Fixtures, Fittings & Software	Computer Hardware	Leasehold improve- ments	Total
	£	£	£	£
Cost				
At 1 May 2010	701,922	285,359	88,425	1,075,706
Additions	21,811	1,490	-	23,301
Disposals	(723,733)	(286,849)	-	(1,010,582)
At 30 April 2011	-	-	88,425	88,425
Accumulated Depreciation				
At 1 May 2010	381,960	276,238	8,781	666,979
Charged during year	139,727	970	15,216	155,913
Impairment in year	-	-	64,428	64,428
Disposals	(521,687)	(277,208)	-	(798,895)
At 30 April 2011	-	-	88,425	88,425
Net Book Value				
At 1 May 2010	319,962	9,120	79,644	408,726
At 30 April 2011	-	-	-	-

SYNERGY INSURANCE SERVICES HOLDINGS LIMITED

Notes to the financial statements

For the year ended 30 April 2011 (continued)

8 Investment

	2011	2010
	£	£
Cost		
At 1 May	6,100,000	5,000,000
Additions	550,000	1,100,000
	<u>6,650,000</u>	<u>6,100,000</u>
At 30 April	6,650,000	6,100,000
Impairment		
At 1 May	(5,864,170)	-
Impairment in year	(785,830)	(5,864,170)
	<u>(6,650,000)</u>	<u>(5,864,170)</u>
At 30 April	(6,650,000)	(5,864,170)
Value at 30 April	<u>-</u>	<u>235,830</u>

The investment represents the cost of 6,450,000 deferred shares in Synergy Insurance Services (UK) Limited, a company registered in the United Kingdom

At the beginning of the year, this investment represented the entire voting capital of Synergy Insurance Services (UK) Limited.

On 29 March 2011, these shares were redesignated as deferred shares and no longer carry voting rights. Accordingly, Synergy Insurance Services (UK) Limited is no longer considered a subsidiary. Synergy Insurance Services Holdings Limited has made continuing losses and the directors consider this shareholding to have no value and therefore have made an impairment provision for the entire acquisition cost.

9 Debtors - Amounts falling due within one year

	2011	2010
	£	£
VAT recoverable	10,917	27,568
Prepayments and accrued income	37,913	30,437
Other debtors	96	59,297
Amount due by former subsidiary	98,602	-
	<u>147,528</u>	<u>117,302</u>

SYNERGY INSURANCE SERVICES HOLDINGS LIMITED

Notes to the financial statements

For the year ended 30 April 2011 (continued)

10 Creditors – Amounts falling due within one year

	2011	2010
	£	£
Taxation and social security	1,041	2,241
Accruals and deferred income	76,010	57,886
Other Creditors	81,748	-
Due to subsidiary	-	7,309
	<u>158,799</u>	<u>67,436</u>

11 Share capital

	2011	2010
	£	£
Authorised		
75,250 Ordinary shares of 10p each	7,525	7,525
26,750 'A' Ordinary shares of 10p each	2,675	2,675
10,000 'A' Ordinary shares of 10p each	1,000	1,000
20 4 million 7 5% Redeemable Preference Shares of £1 each	20,400,000	20,400,000
	<u>20,411,200</u>	<u>20,411,200</u>
	2011	2010
	£	£
Allotted, called up and fully paid		
71,750 Ordinary shares of 10p each	7,175	7,175
21,700 'A' Ordinary shares of 10p each	2,170	2,170
20 4 million 7 5% Redeemable Preference Shares of £1 each	20,400,000	20,400,000
	<u>20,409,345</u>	<u>20,409,345</u>

The shareholders of the 7 5% Redeemable preference shares have no entitlement to the income of the company. The preference shares are redeemable at the option of the company or at the earlier of either a listing, a sale or a winding up. On redemption the preference shareholders are entitled to accrue a preferential return of 7 5% per annum from the date of issue to the date of redemption.

SYNERGY INSURANCE SERVICES HOLDINGS LIMITED

Notes to the financial statements

For the year ended 30 April 2011 (continued)

12 Profit and loss account

	2011 £	2010 £
At 1 May	(18,885,510)	(12,037,160)
Retained loss for the year	(1,532,259)	(6,848,350)
At 30 April	<u>(20,417,769)</u>	<u>(18,885,510)</u>

13 Reconciliation of movements in shareholders equity funds

	2011 £	2010 £
At 1 May	1,523,835	8,372,185
Retained loss for the year	(1,532,259)	(6,848,350)
At 30 April	<u>(8,424)</u>	<u>1,523,835</u>

14 Net cash flow from operating activities

	2011 £	Unaudited 2010 £
Operating loss	(1,533,405)	(6,857,843)
Depreciation charges	155,913	322,533
Impairment of investment	785,830	5,864,170
Loss on disposal of tangible fixed assets	191,686	-
Write-off of tangible fixed assets	64,428	191,619
(Increase)/ decrease in debtors	(30,226)	28,994
Increase/(decrease) in creditors	91,363	(223,045)
Net cash outflow from operating activities	<u>(274,411)</u>	<u>(673,572)</u>

Synergy Insurance Services Holdings Limited

Notes to the financial statements

For the year ended 30 April 2011 (continued)

15 Reconciliation of net cash flow to movement in net funds

	2011	Unaudited 2010
	£	£
Net Funds brought forward	829,413	2,805,253
(Decrease) in cash during year	(826,566)	(1,975,840)
Net Funds carried forward	<u>2,847</u>	<u>829,413</u>

16 Operating Lease Commitments

The company has annual commitments under operating leases as follows

Operating leases which expire

	2011	2010
	£	£
Within one year	-	58,783
Between two and five years	-	361,102
After five years	-	-

The operating lease commitments at 30 April 2010 relate to the rent of properties under lease. As all future obligations in respect of the property under lease, which total £46,616 after the deduction of amounts recoverable, are provided for in the balance sheet, there are no further operating lease commitments at 30 April 2011.

17 Related party transactions

During the year, the company received net service charges of £178,750 (2010 £121,226) from its former subsidiary Synergy Insurance Services (UK) Limited ("SISUK") in accordance with an agreement between the company and SISHL whereby SISHL provides certain Infrastructure Services (mainly IT and premises) and SISUK tests the IT systems. On 29 March 2011, the company's computer hardware and software and fixtures and fittings with a net book value of £211,685 were transferred to SISUK for a consideration of £20,000. At 30 April 2011 the company was owed £98,602 by SISUK (2010 £7,309 owed to SISUK).

18 Controlling party

The Company is owned by a consortium and the Directors do not believe that any one member of the consortium exercises control and consequently the Company does not have an ultimate controlling party.