

# **ThinkSmart Insurance Services Administration Limited**

## **Annual Report and Financial Statements**

**For the Year Ended 31 December 2011**

*Company Number: 05932182*





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**THINKSMART INSURANCE SERVICES  
ADMINISTRATION LIMITED**

**YEAR ENDED 31 DECEMBER 2011**

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**THINKSMART INSURANCE SERVICES  
ADMINISTRATION LIMITED**

**YEAR ENDED 31 DECEMBER 2011**

**REPORT OF THE DIRECTORS**

The Directors hereby submit their Report and the accounts for the year ended 31 December 2011

**Principal activities**

The principal activities of the company are providing insurance mediation services. The company is regulated by the Financial Services Authority.

**Business review**

The level of business and the financial position at the end of the year were satisfactory. The company's policy is one of expansion and this is expected to be reflected in future results. The move to 100% revenue recognition as detailed in note 1 on page 8 generated an incremental after tax profit of £287,204 during the year. The profit and loss account is set out on page 6. The profit for the year ended 31 December 2011 of £1,136,646 has been transferred to reserves (2010: £920,893). There was a dividend of £3,500,000 declared during the year (2010: £nil).

**Going concern**

The directors confirm that they are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis for preparing the accounts. In forming their view, the directors have considered the Company's prospects for a period exceeding twelve months, from the date the financial statements were approved.

**Directors**

The Directors of the company during the year ended 31 December 2011 were

G W Parry

G Halton

A Deller (appointed 21 February 2012)

**Political and charitable contributions**

The Company made no political or charitable donations during the year (2010: £nil).

**Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Auditors**

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.



**THINKSMART INSURANCE SERVICES  
ADMINISTRATION LIMITED**

**YEAR ENDED 31 DECEMBER 2011**

**REPORT OF THE DIRECTORS (continued)**

By order of the board



Andrew Deller  
Director  
7<sup>th</sup> Floor Oakland House,  
Old Trafford, Manchester,  
M16 0PQ

Date 18 July 2012

**THINKSMART INSURANCE SERVICES  
ADMINISTRATION LIMITED**

**YEAR ENDED 31 DECEMBER 2011**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE  
DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.





**THINKSMART INSURANCE SERVICES  
ADMINISTRATION LIMITED**

**YEAR ENDED 31 DECEMBER 2011**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THINKSMART  
INSURANCE SERVICES ADMINISTRATION LIMITED**

We have audited the financial statements of Thinksmart Insurance Services Limited for the year ended 31 December 2011 set out on pages 6 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 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 auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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.

**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](http://www.frc.org.uk/apb/scope/private.cfm)

**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 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with UK 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.



**THINKSMART INSURANCE SERVICES  
ADMINISTRATION LIMITED**

**YEAR ENDED 31 DECEMBER 2011**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THINKSMART  
INSURANCE SERVICES ADMINISTRATION LIMITED (continued)**

**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



**H P Jones (Senior Statutory Auditor)  
for and on behalf of KPMG Audit Plc, Statutory Auditor**

*Chartered Accountants  
St James' Square  
Manchester  
M2 6DS*

Date 18 July 2012.



**THINKSMART INSURANCE SERVICES  
ADMINISTRATION LIMITED**

**YEAR ENDED 31 DECEMBER 2011**

**PROFIT AND LOSS ACCOUNT**

	Note	2011 £	2010 £
<b>Turnover</b>	3	1,480,105	1,323,905
Cost of sales		(34,301)	(33,586)
<b>Gross profit</b>		1,445,804	1,290,319
Administrative expenses		(15,019)	(11,542)
Other operating income		144,328	240
<b>Profit on ordinary activities before taxation</b>		1,575,113	1,279,017
Taxation	4	(438,467)	(358,124)
<b>Profit for the financial year</b>		1,136,646	920,893

The profit for the period is derived from continuing operations

The notes on pages 8 to 11 form an integral part of these financial statements

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the period stated above and their historical cost equivalents

There are no other recognised gains or losses or movements in shareholders' funds for the current period other than as stated in the profit and loss account

**THINKSMART INSURANCE SERVICES  
ADMINISTRATION LIMITED**

**YEAR ENDED 31 DECEMBER 2011**

**BALANCE SHEET**

	Note	2011 £	2010 £
<b>Current assets</b>			
Accrued income		168,115	268,225
Debtors (including £1,055,239 (2010 £1,518,951) due after more than one year)	6	2,318,251	2,107,620
Cash at bank & in hand		<u>185,525</u>	<u>313,439</u>
		2,671,891	2,689,284
<b>Creditors:</b> amounts falling due within one year	7	<u>(84,095)</u>	<u>(283,708)</u>
<b>Net current assets</b>		<u>2,587,796</u>	<u>2,405,576</u>
<b>Total assets less current liabilities</b>		<u>2,587,796</u>	<u>2,405,576</u>
<b>Creditors:</b> amounts falling due after more than one year	8	<u>(2,545,574)</u>	<u>-</u>
<b>Net assets</b>		<u>42,222</u>	<u>2,405,576</u>
<b>Capital and reserves</b>			
Called up share capital	9	24,000	24,000
Profit and loss account	10	<u>18,222</u>	<u>2,381,576</u>
<b>Shareholders' funds</b>		<u>42,222</u>	<u>2,405,576</u>

The notes on pages 8 to 11 form an integral part of these financial statements

The financial statements on pages 6 to 11 were approved by the board of directors on  
and were signed on its behalf by



Andrew Deller (Director)

Company Number 05932182

Date 18 July 2012

**THINKSMART INSURANCE SERVICES  
ADMINISTRATION LIMITED**

**YEAR ENDED 31 DECEMBER 2011**

**NOTES TO FINANCIAL STATEMENTS**

**1. Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

**Basis of preparation**

The financial statements have been prepared in accordance with applicable UK accounting standards and under the historical cost accounting rules

Under Financial Reporting Standard No 1 Cash flow statements (revised 1996) (FRS 1), the company is exempt from the requirement to prepare a cash flow statement, on the grounds that it is a wholly owned subsidiary undertaking of ThinkSmart Europe Limited, whose ultimate parent company is ThinkSmart Limited, a company that prepares a consolidated cash flow statement for the ThinkSmart Group, which are publicly available on the company website or from the address given in note 11

As the Company is a wholly owned subsidiary of ThinkSmart Europe Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group

**Taxation**

The charge for taxation is based on the profit for the year

**Revenue recognition**

The company earns a commission for supplying insurance to customers of RentSmart Limited through a third party. During the year it was decided that 100% of this income would be recognised upfront with a 30% provision for future cancellations. To allow for the cash being received over the contract term the present value of the debtor is discounted by 10% and this accounting recognition was applied to the entire insurance book.

**2. Financial risk management**

**Credit risk**

Thinksmart Insurance Services Administration Limited takes no credit risk on the collection of the insurance premiums. If a customer defaults on the payment of their insurance premium the insurance is cancelled. Thinksmart Insurance Services Administration Limited then receives a refund from Lease and Loan Insurance Services Limited for any advance premiums previously paid on behalf of the customer.





**THINKSMART INSURANCE SERVICES  
ADMINISTRATION LIMITED**

**YEAR ENDED 31 DECEMBER 2011**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**2. Financial risk management (continued)**

**Liquidity risk**

Thinksmart Insurance Services Administration Limited's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. Payment terms on intercompany loans can be amended to reduce any liquidity risks.

**Currency risk**

Thinksmart Insurance Services Administration Limited is not exposed to any currency risk.

**Concentration risk**

Thinksmart Insurance Services Administration Limited's sole insurance partner in the UK is Lease and Loan Insurance Services Limited who are part of the Great American Insurance Group. A long term contract exists with Lease and Loan Insurance Services Limited and the relationship is strategically strong.

**3. Turnover**

Turnover, all of which arose from activities within the United Kingdom, represents insurance commissions earned from the IT rental agreements provided by RentSmart Limited, which is also a wholly owned subsidiary of ThinkSmart Europe Limited.

**4. Tax on profit on ordinary activities**

	2011 £	2010 £
Corporation tax charge at 26.5% (2010: 28%)	407,362	358,124
Adjustment in respect of prior periods	<u>31,105</u>	<u>-</u>
	<u>438,467</u>	<u>358,124</u>

The current tax charge for the period is higher than the standard rate of corporation tax in the UK of 26.5%.

**5. Profit on ordinary activities before taxation is stated after charging:**

The auditors' remuneration of £10,000 (2010: £10,000) is borne by RentSmart Limited.



**THINKSMART INSURANCE SERVICES  
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**YEAR ENDED 31 DECEMBER 2011**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**6. Debtors**

	2011 £	2010 £
Insurance debtor	2,314,238	2,104,653
Prepayments and other debtors	4,013	2,967
	<u>2,318,251</u>	<u>2,107,620</u>

**7. Creditors: amounts falling due within one year**

	2011 £	2010 £
Trade creditors	29,521	-
Inter-company creditors	-	316,623
Corporation tax payable	54,574	(32,915)
	<u>84,095</u>	<u>283,708</u>

**8 Creditors: amounts payable after one year**

	2011 £	2010 £
Inter-company creditors	<u>2,545,574</u>	<u>-</u>

**9. Called up share capital**

	2011 £	2010 £
<i>Allotted, called up and fully paid</i>		
24,000 (2010 24,000) ordinary shares of £1 each (2010 £1 each)	<u>24,000</u>	<u>24,000</u>
Shares classified in shareholders' funds	<u>24,000</u>	<u>24,000</u>

**THINKSMART INSURANCE SERVICES  
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**YEAR ENDED 31 DECEMBER 2011**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**10. Reconciliation of movements in shareholders' funds**

	Share capital	Profit and loss account	2011 Total	2010 Total
	£	£	£	£
At 1 January	24,000	2,381,576	2,405,576	1,484,683
Profit for the financial year	-	1,136,646	1,136,646	920,893
Dividend	-	(3,500,000)	(3,500,000)	-
<b>At 31 December</b>	<b><u>24,000</u></b>	<b><u>18,222</u></b>	<b><u>42,222</u></b>	<b><u>2,405,576</u></b>

**11. Ultimate parent undertaking**

100% of the share capital of Thinksmart Insurance Services Administration Limited is held by Thinksmart Europe Limited, whose ultimate parent company is Thinksmart Limited. Thinksmart Limited is incorporated in Australia, and is the largest group in which the results of Thinksmart Insurance Services Administration Limited are included. Copies of these group accounts are available from Level 1, The West Centre, 1260 Hay Street, West Perth, WA, Australia 6005.