

Insurance Management Services Limited

Annual Report and Financial Statements for the year ended 31 December 2014

Registered no: 06895146



Insurance Management Services Limited

Annual Report and Financial Statements for the year ended 31 December 2014

Contents

	Pages
Directors and advisers	2
Strategic report	3-4
Directors' report	5-6
Statement of directors' responsibilities	7
Report of the auditors	8-9
Profit and loss account	10
Balance sheet	11
Cash Flow statement	12
Notes to the financial statements	13-21

Insurance Management Services Limited

Annual Report and Financial Statements for the year ended 31 December 2014

Directors and advisers

Directors

R Katzenberg
M R Gates
D J Gately
P S Donovan
S L L Rogers

Company Secretary

P Box

Registered office

5th Floor
90 Fenchurch Street
London EC3M 4BY

Bankers

Lloyds Banking Group
P O Box 72
Bailey Drive
Gillingham Business Park
Gillingham
Kent ME8 0LS

Solicitors

Holman Fenwick Willan LLP
Friary Court
65 Crutched Friars
London EC3N 2AE

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Insurance Management Services Limited

Annual Report and Financial Statements for the year ended 31 December 2014

Strategic report

The directors present their strategic report for the year ended 31 December 2014

Review of the business

The company's principal activities during the year continued to be the provision of insurance services to members of the Syndicate Holding Corp Group and other third parties, namely The Underwriter Insurance Company Limited ("TUIC") and Duncanson & Holt Europe Limited ("DHE") In 2013 the group applied to Lloyd's to begin live underwriting and approval was granted to Syndicate 5678 to begin from 1st July 2014

The key financial and other performance indicators during the year were as follows

	2014	2013	Change
	£'000	£'000	%
Turnover	8,401	7,384	14%
Administration expenses	8,287	7,356	13%
Operating profit	114	28	307%
Profit after tax	80	24	233%
Shareholders' funds	168	88	91%
Average number of employees	65	65	0%

Turnover increased by 14% during the year as a result of the administration expenses increasing by 13%, which in turn was driven by the set up costs incurred in preparation for live underwriting and the increased activity following this

Total operating profit increased by 307% as actual costs were lower than budgeted costs on fixed rate contracts

Shareholders' funds increased by 91% due to retained earnings

Principal risks and uncertainties

As a service organisation, Insurance Management Services Limited (IMSL) is dependent on the continued operation of its clients, both Group and Non-Group for its income

The company is exposed to the risk that its customers will not pay for services provided Due to the nature of the services, IMSL is aware of the solvency status of its customers Its customers regularly review the quality of services provided and IMSL would be aware of any service issues

The company is exposed to the risk that its services will no longer be required. Should this situation arise, then the company is protected by Transfer of Undertakings and Protection of Employees ("TUPE") regulations, in that a change to another supplier will require the new supplier to offer employment to staff that spend more than 50% of their time working on that contract

Insurance Management Services Limited

Annual Report and Financial Statements for the year ended 31 December 2014

Strategic Report (continued)

Future Developments

The Company continues to evaluate new business opportunities on behalf of Group companies. The success of these opportunities is dependent on our clients' evaluation on the quality and rates of return relating to these, and competition from other providers in the market.

The Company will cease to provide services to DHE with effect from 31st March 2015. This is not expected to have a significant effect on turnover or profitability.

On 25th March 2015, the Company decided to change its name to Vibe Services Management Limited. The change will take effect from 1st April 2015.

For and on behalf of the Board



R Katzenberg
Director
2 April 2015

Insurance Management Services Limited

Annual Report and Financial Statements for the year ended 31 December 2014

Directors' report

The directors present their annual report and financial statements for the year ended 31 December 2014

Results and dividends

The results for the year are set out in the profit and loss account on page 10. The directors do not recommend the payment of a dividend for the year ended 31 December 2014 (2013: £Nil).

Directors and directors' interests

The names of the directors who held office during the whole of the year are as shown on page 2.

The directors of the company do not hold any interests in the share capital of the company.

Charitable and political donations

During the year the company made no charitable or political donations (2013: Nil).

Going Concern

The financial statements have been prepared on a going concern basis. In assessing whether the going concern basis is appropriate, the directors have considered the information contained in the financial statements and the company's latest business plan. The directors are satisfied that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Statement of disclosure of information to the auditor

So far as each person who was a director at the date approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware.

Having made enquiries with fellow directors and the auditor, each director has taken all steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Insurance Management Services Limited

Annual Report and Financial Statements for the year ended 31 December 2014

Directors' report (continued)

Re-appointment of auditors

In accordance with s485 of the Companies Act 2006, a resolution will be proposed at the Annual General Meeting for the re-appointment of Ernst & Young LLP as the auditor of the company

Subsequent Events

On April 1st 2015 the Company changed its name from Insurance Management Services Limited to Vibe Services Management Limited

For and on behalf of the Board



P Box
Secretary
2 April 2015

Insurance Management Services Limited

Annual Report and Financial Statements for the year ended 31 December 2014

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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 year. 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 within the financial statements,
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



P Box
Secretary
2 April 2015

Insurance Management Services Limited

Annual Report and Financial Statements for the year ended 31 December 2014

Independent Auditors' Report to the Shareholders of Insurance Management Services Limited

We have audited the financial statements of Insurance Management Services Limited for the year ended 31 December 2014 which comprises of the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 22. 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 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 7, 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.

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 Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 December 2014 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

Insurance Management Services Limited

Annual Report and Financial Statements for the year ended 31 December 2014

Independent Auditors' Report to the Shareholders of Insurance Management Services Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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

Ernst & Young LLP

Ed Jervis (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
2 April 2015

Insurance Management Services Limited

Annual Report and Financial Statements for the year ended 31 December 2014

Profit and loss account for the year ended 31 December 2014

		2014	2013
	Notes	£	£
Turnover			
Management fees receivable		8,400,724	7,383,869
Administration expenses	3	(8,286,809)	(7,355,652)
		<u>113,915</u>	<u>28,217</u>
Operating profit/(loss)			
Interest income	6	725	659
		<u>114,640</u>	<u>28,876</u>
Profit/(loss) on ordinary activities before tax	4		
Tax on profit/(loss) on ordinary activities	9	(34,585)	(5,158)
		<u>80,055</u>	<u>23,718</u>
Profit/(loss) on ordinary activities after tax	15		

The profit and loss account relates entirely to continuing activities

There is no Statement of Total Recognised Gains and Losses as the Company has no recognised gains or losses other than the profit for the period

Insurance Management Services Limited

Annual Report and Financial Statements for the year ended 31 December 2014

Balance sheet as at 31 December 2014

	<i>Notes</i>	2014 £	2013 £
Assets			
Fixed assets	<i>10</i>	168,953	76,010
Current assets			
Debtors	<i>11</i>	836,485	1,056,366
Cash at bank and in hand	<i>12</i>	129,974	110,658
Total assets		<u>1,135,412</u>	<u>1,243,034</u>
Liabilities			
Capital and reserves			
Called up share capital	<i>14</i>	1	1
Profit and loss account		168,355	88,300
Shareholders funds attributable to equity interests	<i>15</i>	<u>168,356</u>	<u>88,301</u>
 Subordinated Loan	<i>17</i>	 149,552	 151,493
Creditors – amounts falling due within one year	<i>13</i>	<u>817,504</u>	<u>1,003,240</u>
Total liabilities		<u>1,135,412</u>	<u>1,243,034</u>

These financial statements were approved by the board of directors on **2** April 2015 and were signed on its behalf by



R Katzenberg
Director

Insurance Management Services Limited

Annual Report and Financial Statements for the year ended 31 December 2014

Cash Flow Statement for the year ended 31 December 2014

	<i>Note</i>	2014 £	2013 £
Net cash (outflow)/ inflow from operating activities	<i>18</i>	171,871	(64,792)
Returns on investments			
Investment income received		725	659
Financing			
Subordinated loan		(1,942)	(2,945)
Capital expenditure			
Purchase of fixed assets		(151,338)	(46,650)
Net cash flows available for investment		<u><u>19,316</u></u>	<u><u>(113,728)</u></u>
Cash flows were invested as follows:			
(Decrease)/increase in cash holdings		<u><u>19,316</u></u>	<u><u>(113,728)</u></u>

Insurance Management Services Limited

Annual Report and Financial Statements for the year ended 31 December 2014

Notes to the Financial Statements

1 Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards. The company has no recognised gains and losses other than those included in the profit and loss account and therefore no separate statement of total recognised gains and losses has been presented.

2 Accounting policies

(a) Basis of accounting

The accounts are prepared in accordance with the historical cost convention and on the going concern basis.

(b) Turnover

Turnover represents the gross amounts receivable from the provision of management services, and includes charges to group entities for project costs and head office costs.

(c) Debtors

Amounts receivable from customers are stated at their recoverable amount.

(d) Deferred Tax

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 receive more tax.

Deferred tax liabilities and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible timing differences can be utilised.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing difference reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date.

(e) Pension costs

The group operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

(f) Expenses

All expenses are accounted for on an accruals basis.

Insurance Management Services Limited

Annual Report and Financial Statements for the year ended 31 December 2014

Notes to the Financial Statements (continued)

(g) Fixed assets

Expenditure on software, computer equipment, fixtures, fittings and office equipment is capitalised and depreciated over the estimated useful economic lives of the assets on a straight line basis

The periods used to depreciate such assets are as follows

Software	3 years
Computer equipment	3-5 years
Fixtures, fittings and office equipment	7 –10 years

(h) Exchange rates

Assets and liabilities held in foreign currency are translated into sterling at the rates of exchange ruling at the balance sheet date and the exchange differences taken to the profit and loss account in the period. Foreign currency transactions during the period are also translated into sterling using the rate of exchange prevailing at the date of the transactions

3 Administrative expenses

	2014	2013
	£	£
Accommodation	691,894	459,827
Insurance	38,734	116,700
Irrecoverable VAT	441,527	291,125
IT	435,024	386,655
Legal & professional	392,191	526,346
Other	220,800	199,199
Staff costs	5,955,598	5,250,445
Travel & entertainment	111,041	125,355
	-----	-----
	<u>8,286,809</u>	<u>7,355,652</u>

4 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging

	2014	2013
	£	£
Depreciation	53,138	46,914
Fixed asset write-off	5,257	-
	=====	=====

Insurance Management Services Limited

Annual Report and Financial Statements for the year ended 31 December 2014

Notes to the Financial Statements (continued)

5 Auditors' remuneration

The profit on ordinary activities before taxation is stated after charging

	2014 £	2013 £
Statutory audit of the company	8,755	6,267

6 Interest income

	2014 £	2013 £
Interest income	725	659
	725	659

7 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was as follows

Number of employees

	2014	2013
Underwriting	8	-
Claims	19	28
Reinsurance	5	6
IT	6	6
Operations	9	8
Management	7	7
Finance	8	7
Risk Management	3	3
	65	65

Insurance Management Services Limited

Annual Report and Financial Statements for the year ended 31 December 2014

Notes to the Financial Statements (continued)

The aggregate payroll costs in respect of these persons were as follows

	2014 £	2013 £
Wages and salaries	4,808,018	4,389,538
Social security and pension costs	1,147,580	860,908
	<u>5,955,598</u>	<u>5,250,446</u>

8 Remuneration of directors

The Directors of the Company are also directors of the fellow subsidiaries of the holding company. The total remuneration received by the Directors are detailed below, all of which were paid by Insurance Management Services Limited or VIBE Syndicate Management Limited for their services to the Group. The Directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of the holding and fellow subsidiary companies.

	2014 £	2013 £
Remuneration	1,930,540	1,792,448
Company contributions to pension schemes	86,708	79,009
Number of directors accruing benefits under defined benefit schemes	7	6

Highest paid director

	2014	2013
Remuneration	421,959	375,728
Company contributions to pension schemes	23,750	19,375

There are no share options or long-term incentive plan

9 Taxation

	2014 £	2013 £
(i) Analysis of the tax charge/(credit) for the year		
Current tax		
UK corporation tax on profits of the period	14,792	5,461
Deferred tax movement	19,793	(303)
Total tax charge for the period	<u>34,585</u>	<u>5,158</u>

Insurance Management Services Limited

Annual Report and Financial Statements for the year ended 31 December 2014

Notes to the Financial Statements (continued)

(ii) Factors affecting the tax charge for the year

	2014 £	2013 £
Profit/(loss) on ordinary activities before tax	114,640	28,874
Tax on ordinary activities before tax at 21 50% (2013 23 25%)	24,636	6,713
Effects of		
Marginal relief	(435)	-
Disallowable expenses	11,857	1,158
Small companies relief	-	(939)
Capital allowances in excess of depreciation	(21,266)	(364)
Other short term timing differences	-	(1,107)
Total current tax charge/(credit)	14,792	5,461

(iii) Deferred Tax (Asset)/Liability

	2014 £	2013 £
Opening balance	13,301	13,604
Current year movement	19,793	1,471
Rate change impact	-	(1,774)
Closing balance	33,094	13,301

The deferred tax asset is in respect of fixed asset timing differences

IMSL profits are taxable in the UK under the standard rate of corporation tax being 21 50% for 2014 (2013 23 25%)

The UK corporation tax rate during 2014 was 23%, reducing to 21% effective from 1 April 2014. A further reduction to 20% from 1 April 2015 was substantively enacted and enacted as part of Finance Act 2013. These rates have been reflected in the closing deferred tax position on the balance sheet.

Insurance Management Services Limited

Annual Report and Financial Statements for the year ended 31 December 2014

Notes to the Financial Statements (continued)

10 Fixed Assets

	Computer equipment	Fixtures, fittings & furniture	Total
	£	£	£
Computer equipment:			
Cost			
At 1 January	191,368	10,270	201,638
Additions	-	151,338	151,338
Write-off	-	(10,270)	(10,270)
	-----	-----	-----
At 31 December	191,368	151,338	342,436
	=====	=====	=====
Accumulated depreciation			
At 1 January	120,615	5,013	125,628
Charge for year	36,923	16,215	53,138
Write-off	-	(5,013)	(5,013)
	-----	-----	-----
At 31 December	157,538	16,215	173,753
	-----	-----	-----
Value at 31 December 2014	33,830	135,123	168,953
	=====	=====	=====
Value at 31 December 2013	70,753	5,257	76,010
	=====	=====	=====

11 Debtors

	2014	2013
	£	£
Amounts due from group companies	443,599	655,108
Trade debtors	158,041	147,714
Prepayment	86,300	87,740
Other	148,545	165,804
	-----	-----
	836,485	1,056,366
	=====	=====

Other debtors includes £105k of recoverable VAT (2013 £111k)

Insurance Management Services Limited

Annual Report and Financial Statements for the year ended 31 December 2014

Notes to the Financial Statements (continued)

12 Cash at bank and in hand

Included within cash balances is £208 (2013 £202) which IMSL holds under its service agreement with Duncanson & Holt Europe Limited ("DHE") The amount is offset by an equivalent creditor with DHE

13 Creditors

	2014 £	2013 £
Accrued expenses	435,124	621,913
Deferred tax (note 9)	33,094	13,301
Corporation tax	14,792	5,461
Accounts payable	333,385	360,484
Trade creditor (note 12)	208	202
Other creditors	900	1,879
	<u>817,504</u>	<u>1,003,240</u>

14 Share capital

	2014 £	2013 £
Authorised, allotted and called up Ordinary shares of £1 each	<u>1</u>	<u>1</u>

15 Reconciliation of movements in shareholders funds

	2014 £	2013 £
Balance at 1 January	88,301	64,583
Profit/(loss) for the year	80,055	23,718
Balance at 31 December	<u>168,356</u>	<u>88,301</u>

Insurance Management Services Limited

Annual Report and Financial Statements for the year ended 31 December 2014

Notes to the Financial Statements (continued)

16 Related party transactions

As the company is a wholly owned subsidiary, advantage has been taken of the exemptions under FRS8 Related party disclosures, not to disclose related party transactions

17 Subordinated loan

The company has the benefit of a subordinated loan from its immediate parent undertaking, Syndicate Re A I, a company registered in Puerto Rico Interest is payable on the facility, and it is subordinated to all other creditors of the company The interest for the year is £3,390 (2013 £4,445)

18 Net cash inflow from operating activities

	2014 £	2013 £
Operating profit	113,915	28,217
Decrease/(increase) in debtors	219,881	(275,366)
(Decrease)/increase in creditors	(220,320)	135,443
Fixed asset write-off	5,257	-
Depreciation	53,138	46,914
	-----	-----
Net cash (outflow)/ inflow from operating activities	171,871	(64,792)

19 Obligations under leases and hire purchase contracts

Annual commitments under non-cancellable operating leases as follows

	2014 £	2013 £
Operating leases which expire		
Within one year	407,746	-
In two to five years	1,321,738	-
	-----	-----
	1,729,484	-

Insurance Management Services Limited

Annual Report and Financial Statements for the year ended 31 December 2014

Notes to the Financial Statements (continued)

20 Pensions

Defined Contributions Stakeholders Scheme

The company operates a defined contribution stakeholder pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

21 Ultimate parent undertaking

The company's immediate parent undertaking is Syndicate Re AI, a company registered in Puerto Rico. The ultimate parent undertaking of the company is Syndicate Holding Corp, a company registered in Puerto Rico. The financial statements of these are available from 90 Fenchurch Street, London EC3M 4ST.

22 Subsequent Events

On April 1st 2015 the Company changed its name from Insurance Management Services Limited to Vibe Services Management Limited.