

# Precision Risk Services Limited

## Report & Financial Statements

For the year ended 31 December 2014

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Company Registration No. 08268023

# **PRECISION RISK SERVICES LIMITED**

## **Financial Statements**

For the year ended 31 December 2014

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### **COMPANY INFORMATION**

<b>Company Registration Number:</b>	08268023
<b>Registered Office:</b>	Lysander House (2 <sup>nd</sup> Floor) Catbrain Lane, Cribbs Causeway Bristol BS10 7TQ
<b>Directors:</b>	A Banks E Bilney J Coetzee
<b>Company Secretary:</b>	E Bilney
<b>Solicitors:</b>	Lyons Davidson 51 Victoria Street Bristol BS1 6AD
<b>Auditor:</b>	BDO LLP Registered Auditors & Chartered Accountants 55 Baker Street London W1U 7EU United Kingdom

# **PRECISION RISK SERVICES LIMITED**

## **Financial Statements**

For the year ended 31 December 2014

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### **Contents**

Report of the Directors .....	1
Independent Auditors Report.....	4
Profit and loss account .....	6
Balance sheet .....	7
Notes to the financial statements .....	8

# **PRECISION RISK SERVICES LIMITED**

## **Report of the Directors**

For the year ended 31 December 2014

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### **Report of the Directors**

The Directors present their report and the audited financial statements for the year ended 31 December 2014.

### **Principal Activity**

The Company's principal business activity is the supply of investigation services, principally regarding the investigation of fraudulent claims.

### **Business Review & Future Developments**

The Company was incorporated on 25 October 2012.

Going forward the Company is looking to maintain the services it is currently providing.

### **Results & Dividends**

The profit for the period after taxation amounted to £105,820 (2013: £4,013). No dividends have been paid (2013: nil).

### **Directors**

The Directors who served during the period and to the date of signing the financial statements were:

A Banks  
E Bilney  
J Coetzee

### **Strategic Report Exemption**

The Directors have taken advantage of the small companies' exemption as defined under the Companies Act 2006 from the requirement to prepare a strategic report.

# **PRECISION RISK SERVICES LIMITED**

## **Report of the Directors**

For the year ended 31 December 2014

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### **Financial Risk Management Objectives and Policies**

The Group parent company, ICS Risk Services Limited, uses financial instruments such as cash, loans, debtors and creditors in order to raise finance for the Company's operations. The existence of these instruments exposes the Company to financial risks which are detailed below.

### **Liquidity Risk / Cash flow Risk**

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet its foreseeable needs and to invest cash assets safely and profitably. The Group as a whole monitors cash flow using sophisticated forecasting techniques to ensure that all liabilities are met when due.

### **Interest Risk**

The Company has minimal exposure to interest rate fluctuations on bank borrowings as these are covered by its parent company. The Group monitors its banking facilities and compliance with related covenants as required. Group monies are also monitored to ensure that minimum interest charges are paid with regard to the overdraft charges and that available cash balances are used to offset overdrafts before being deposited at lower interest rates.

### **Credit Risk**

The principal credit risk for the Group arises from its trade debtors in relation to money lent across the group companies. In order to manage credit risk the Directors have incorporated a range of credit control procedures to monitor debt levels and to ensure that any debts are collected as soon as reasonably possible.

# **PRECISION RISK SERVICES LIMITED**

## **Report of the Directors**

For the year ended 31 December 2014

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### **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 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 judgements and 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.

### **Provision of Information to Auditor**

Each of the persons who is a Director at the time when this Directors' report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Company's auditor in connection with preparing their report and to establish that the Company's auditor is aware of that information.

### **Auditor**

The auditors are BDO LLP who are eligible for re-appointment.

This report was approved by the Board and signed on its behalf.



**A Banks**

Director

Date:

30/9/15

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRECISION RISK SERVICES LIMITED**

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## **Independent Auditors Report**

We have audited the financial statements of Precision Risk Services Limited for the year ended 31 December 2014 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).

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 auditors**

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC'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 FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### ***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.

### **Opinion on other matters 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.

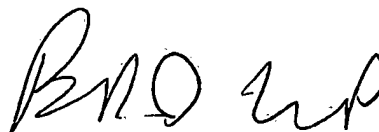
## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRECISION RISK SERVICES LIMITED

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### 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 and the directors' report in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report.



David Roberts (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
London, UK  
Date 30 September 2015

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



# PRECISION RISK SERVICES LIMITED

## Profit and Loss Account

For the year ended 31 December 2014

### Profit and loss account

	NOTES	For year ending 31 December 2014 £	For period ending 31 December 2013 £
Turnover	1	1,749,478	1,097,338
Cost of sales		<u>(1,165,835)</u>	<u>(771,889)</u>
Gross Profit		583,643	325,449
Administrative expenses		<u>(444,943)</u>	<u>(315,337)</u>
Operating Profit	2	138,700	10,112
Interest payable and similar items	5	<u>(4,252)</u>	<u>(3,778)</u>
Profit on ordinary activities before taxation		134,448	6,334
Tax on profit on ordinary activities	6	<u>(28,628)</u>	<u>(2,321)</u>
Profit for the financial period	14	<u>105,820</u>	<u>4,013</u>

The notes on pages 8 to 14 are an integral part of these financial statements.

All amounts relate to continuing operations and are stated on a historical cost basis.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

# PRECISION RISK SERVICES LIMITED

## Balance Sheet

As at 31 December 2014

### Balance sheet

	NOTES	2014	2013
		£	£
<b>Fixed Assets</b>			
Tangible fixed assets	7	36,610	55,249
<b>Current Assets</b>			
Debtors	8	645,673	1,330,987
Cash at bank		61,383	26,344
		707,056	1,357,331
<b>Creditors:</b>			
Amounts falling due within one year	9	(604,050)	(1,367,724)
<b>Net current assets</b>		103,006	(10,393)
<b>Creditors:</b>			
Amounts falling due after one year	10	(29,683)	(40,743)
<b>Net assets</b>		109,933	4,113
<b>Capital and Reserves</b>			
Ordinary share capital	13	100	100
Profit and loss account	14	109,833	4,013
<b>Shareholder's Funds</b>	14	109,933	4,113

The notes on pages 8 to 14 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors' and were authorised for issue on its behalf by:



A Banks

Director

Date: 30/9/15

# PRECISION RISK SERVICES LIMITED

## Notes to the Financial Statements

For the year ended 31 December 2014

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### Notes to the financial statements

#### 1. Principal accounting policies

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

##### 1.1 Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards (United Kingdom Generally Accepted Accounting Practice).

##### 1.2 Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing its financial statements.

##### 1.3 Cash flow

The Directors have taken advantage of the small companies' exemption as defined under FRS 1 and the Companies Act 2006 from the requirement to prepare a cash flow statement.

##### 1.4 Turnover

Turnover primarily represents fees receivable for the supply of investigation services, principally regarding the investigation of fraudulent claims. Turnover is stated net of any discounts, returns and value added taxes. Turnover is recognised on an accruals basis to match income to costs which are being recharged at a mark-up.

##### 1.5 Leases

Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Assets acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

##### 1.6 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the balance sheet date.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised.

##### 1.7 Tangible assets

Tangible assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation on tangible assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives as follows:

- Computer hardware, computer software and office equipment: 3 years
- Motor vehicles: 4 years.

# PRECISION RISK SERVICES LIMITED

## Notes to the Financial Statements

For the year ended 31 December 2014

### 2. Operating profit

	For year ending 31 December 2014	For period ending 31 December 2013
	£	£
<b>Operating profit is stated after charging:</b>		
Wages and salaries	243,940	172,049
Social security costs	25,563	19,295
Other staff costs	23,177	42,965
<b>Staff costs</b>	<b>292,680</b>	<b>234,309</b>
Depreciation of tangible fixed assets:		
- Owned assets	11,131	4,749
- Leased assets	20,427	8,171
Services provided by the Company's auditor:		
- Fees payable for the audit	9,200	6,000

### 3. Directors' remuneration

	For year ending 31 December 2014	For period ending 31 December 2013
	£	£
Directors' emoluments	93,872	109,550
	<b>93,872</b>	<b>109,550</b>

### 4. Employee information

Staff-related costs are recharged from Rock Services Limited, a related party. The Directors have taken advantage of the small companies' exemption as defined under the Companies Act 2006 from the requirement to disclose information on average employee numbers.

### 5. Interest payable and similar items

	For year ending 31 December 2014	For period ending 31 December 2013
	£	£
Finance lease interest	4,252	3,778
	<b>4,252</b>	<b>3,778</b>

# PRECISION RISK SERVICES LIMITED

## Notes to the Financial Statements

For the year ended 31 December 2014

### 6. Tax on profit on ordinary activities

	For year ending 31 December 2014	For period ending 31 December 2013
	£	£
Current tax:		
- UK corporation tax on profits for the period	29,649	2,178
Deferred tax:		
- Origination and reversal of timing differences (note 12)	(1,021)	143
<b>Tax on profit on ordinary activities</b>	<b>28,628</b>	<b>2,321</b>

The tax assessed for the period is higher than the standard effective rate of corporation tax in the UK for the period ending 31 December 2014 of 21%. The differences are explained below:

	For year ending 31 December 2014	For period ending 31 December 2013
	£	£
<b>Profit on ordinary activities before tax</b>	<b>134,448</b>	<b>6,334</b>
Profit on ordinary activities multiplied by standard rate in the UK	28,906	1,267
Effects of:		
- Expenses not deductible for tax purposes	72	1,054
- Depreciation in excess of capital allowances	776	(143)
- Marginal rate relief	(105)	-
<b>Current tax charge for the period</b>	<b>29,649</b>	<b>2,178</b>

# PRECISION RISK SERVICES LIMITED

## Notes to the Financial Statements

For the year ended 31 December 2014

### 7. Tangible assets

	Office equipment	Computer hardware	Computer software	Motor Vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 31 December 2013	1,137	3,778	14,229	49,025	68,169
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At 31 December 2014	1,137	3,778	14,229	49,025	68,169
<b>Accumulated depreciation</b>					
At 31 December 2013	379	1,041	3,329	8,171	12,920
Charge for the period	379	1,261	4,743	12,256	18,639
Disposals	-	-	-	-	-
At 31 December 2014	758	2,302	8,072	20,427	31,559
<b>Net book amount</b>					
At 31 December 2014	379	1,476	6,157	28,598	36,610
At 31 December 2013	758	2,737	10,900	40,854	55,249

	2014	2013
	£	£
<b>Assets held under finance leases and capitalised in motor vehicles</b>		
Cost	49,025	49,025
Aggregate depreciation	(20,427)	(8,171)
<b>Net book amount</b>	<u>28,598</u>	<u>40,854</u>

### 8. Debtors

	2014	2013
	£	£
Trade debtors	792	200
Amounts owed by group undertakings (note 16)	307,426	538,292
Amounts owed by undertakings controlled by key management (note 16)	208,624	757,360
Other debtors	9,000	30,000
Prepayments and accrued income	119,731	5,035
Called up share capital	100	100
	<u>645,673</u>	<u>1,330,987</u>

Amounts owed by group undertakings and undertakings controlled by key management are unsecured, interest free and are repayable on demand.

# PRECISION RISK SERVICES LIMITED

## Notes to the Financial Statements

For the year ended 31 December 2014

### 9. Creditors: Amounts falling due within one year

	2014	2013
	£	£
Trade creditors	44,015	89,618
Amounts owed to undertakings controlled by key management (note 16)	474,266	1,235,932
Finance lease (note 11)	11,060	10,091
Corporation tax	29,649	2,178
Social security and other taxes	33,238	9,562
Deferred tax (asset) / liability	(878)	143
Accruals and deferred income	12,700	20,200
	<u>604,050</u>	<u>1,367,724</u>

Amounts owed to undertakings controlled by key management are unsecured, interest free and are repayable on demand.

### 10. Creditors: Amounts falling due after one year

	2014	2013
	£	£
Finance lease (note 11)	<u>29,683</u>	<u>40,743</u>

### 11. Finance lease

Future minimum payments under the finance lease are as follows:

	2014	2013
	£	£
Within one year	14,349	14,349
In more than one year, but not more than five years	32,220	46,569
After five years	-	-
Total gross payments	<u>46,569</u>	<u>60,918</u>
Less finance charges included above	<u>(5,826)</u>	<u>(10,084)</u>
	<u>40,743</u>	<u>50,834</u>

# PRECISION RISK SERVICES LIMITED

## Notes to the Financial Statements

For the year ended 31 December 2014

### 12. Provision for deferred tax

	£
At 25 October 2012	-
Charge to the profit and loss account 2013	143
<b>At 31 December 2013</b>	<b>143</b>
Charge to the profit and loss account 2014	(1,021)
<b>At 31 December 2014</b>	<b>(878)</b>

The provision for deferred tax consists of:

Accelerated capital allowances	(878)
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### 13. Called up share capital

	2014	2013
	£	£
<b>Authorised, allotted and called up:</b>		
100 Ordinary share of £1 each	100	100

### 14. Reconciliation of movement in shareholders' funds

	£
Balance at 25 October 2012	-
Issue of share capital	100
Profit for the period	4,013
<b>Balance at 31 December 2013</b>	<b>4,113</b>
 Balance at 1 January 2014	 4,113
Profit for the period	105,820
<b>Balance at 31 December 2014</b>	<b>109,933</b>

### 15. Other commitments

	2014	2013
	£	£
<b>Annual commitment under non-cancellable operating leases expire as follows:</b>		
Within one year	-	216,000
Within two to five years	-	-
After five years	-	-
	-	216,000

The above commitment was in respect of rent for office space in London payable on behalf of Precision Risk Intelligence Limited, a related party, which is all recoverable from Precision Risk Intelligence Limited.



# PRECISION RISK SERVICES LIMITED

## Notes to the Financial Statements

For the year ended 31 December 2014

### 16. Related party transactions

The following transactions were carried out with related parties during the period:

	2014	2014	2013	2013
Transactions during the period with group entities	Income	Expense	Income	Expense
<i>Services fee income:</i>	£	£	£	£
Eldon Insurance Services Limited	1,749,478	-	1,097,338	-
	<u>1,749,478</u>	<u>-</u>	<u>1,097,338</u>	<u>-</u>

Transactions during the period with entities controlled by key management	2014	2014	2014	2013
	Recharges out	Recharges in	Net	Net
<i>Recharges*:</i>	£	£	£	£
Precision Risk Intelligence Limited	332,607	(24,936)	307,671	300,125
Rock Services Limited	-	(690,401)	(690,401)	(594,615)
Southern Rock Insurance Company Limited	91,733	-	91,733	37,338
	<u>424,340</u>	<u>(715,337)</u>	<u>(290,998)</u>	<u>(257,152)</u>

Period end balances outstanding with group entities	2014	2014	2014	2013
	Due from	Due to	Net	Net
<i>Trade debtor:</i>	£	£	£	£
Eldon Insurance Services Limited	307,426	-	307,426	538,292
	<u>307,426</u>	<u>-</u>	<u>307,426</u>	<u>538,292</u>

Period end balances outstanding with entities controlled by key management	2014	2014	2014	2013
	Due from	Due to	Net	Net
<i>Recharges:</i>	£	£	£	£
Precision Risk Intelligence Limited	192,973	-	192,973	300,125
Rock Services Limited	-	(474,266)	(474,266)	(514,484)
Southern Rock Insurance Company Limited	15,651	-	15,651	37,338
<i>Loans (unsecured, interest free and repayable on demand):</i>				
Southern Rock Insurance Company Limited	-	-	-	(691,525)
Southern Rock Intellectual Property Limited	-	-	-	389,974
	<u>208,624</u>	<u>(474,266)</u>	<u>(265,642)</u>	<u>(478,572)</u>

\* The Company passes on certain recharges it receives from Rock Services Limited, a related party, to other related parties. For clarity, this note shows the recharges received in and passed on by the Company. Only the net recharge, in respect of the Company's own activities, is included through administration expenses in the profit and loss account.

### 17. Ultimate parent undertaking and controlling party

The ultimate parent undertaking is ICS Risk Solutions Limited ("ICS"), a company registered in the Isle of Man. The registered address of ICS is 2<sup>nd</sup> Floor, Murdoch Chambers, South Quay, Douglas, Isle of Man, IM1 5AS.

The ultimate controlling party of ICS is A Banks, by virtue of his majority shareholding in the company.