

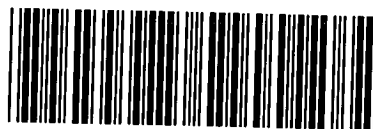
# **Collinson Insurance Brokers Limited**

**(Registered Number: 02952154)**

## **Annual report and financial statements**

**For the year ended 30 April 2019**

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## **Company Information**

### **Directors and Officers**

#### **Directors**

M Caiden (appointed 9 November 2018)  
R Clarke (appointed 20 August 2018)  
P Escott  
D Evans  
P Smith (appointed 1 May 2018)

#### **Company Secretary**

M Hampton

#### **Registered Office**

Cutlers Exchange  
123 Houndsditch  
London  
EC3A 7BU

#### **Auditor**

Ernst & Young LLP  
25 Churchill Place  
London  
E14 5EY

## Strategic Report

The directors present their strategic report for the Company for the year ended 30 April 2019.

### Principal activities

The principal activity of the Company is that of acting as a wholesale insurance and reinsurance broker. The Company is a Lloyd's Accredited Broker, which gives it access to Lloyd's of London underwriters. The nature of the business on which it intermediates includes Accident & Health, Global Membership & Affinity Schemes and International Wholesale Direct & Facultative and Treaty Reinsurance.

The Company is authorised and regulated by the Financial Conduct Authority, registration number 307552.

### Review of the Business

#### *Results and performance*

The results for the Company for the year, as set out on page 10, show a profit on ordinary activities before tax of £282,364 (2018: £69,498). The shareholder's funds of the Company total £436,496 (2018: £205,995) and its principal KPIs, being gross profit margin, EBITDA margin and overhead to commission ratio, have all improved.

#### *Business environment*

Conditions in the international insurance market remain difficult, with several Lloyd's carriers being restricted with the income they are able to write and withdrawing from insurance schemes and facilities due to concerns about Conduct Risk, but the Company continues to develop its business with the support of the Group as a whole.

#### *Strategy*

The Company's strategy is to continue to leverage the strengths of the Group's distribution, whilst also adding to it through the introduction of new clients and distribution channels.

#### *Key performance indicators ('KPIs')*

The Board monitors the progress of the Company by reference to a number of KPIs. The main KPIs chosen by the Board are:

Gross Profit Margin, being the income received after third party commissions and hence the net income derived from our activities;

EBITDA margin, being a standard metric to see net profit as a percentage of revenue; and

Overhead (administrative expenses) to Commission (revenue) ratio – the expense ratio is typical in market and considered by the Board to be best measured against revenue before cost of sales.

	2019	2018
Gross profit margin	77.9%	68.2%
EBITDA margin	13.1%	5.0%
Overhead to commission ratio	64.8%	63.2%

## **Strategic Report**

### *Future outlook*

Having strengthened the infrastructure of the Company over the last year with the introduction of a new broking system and supported by the Group, it is now well placed to build upon the solid base which it now has in place.

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

A handwritten signature in black ink, appearing to read 'R Clarke', with a long horizontal line extending from the end of the signature.

**Richard Clarke**

Director

12 December 2019

## **Directors' Report**

The directors present their directors' report and financial statements for the year ended 30 April 2019.

### **Future developments**

The future developments in the business of the Company are discussed in the strategic report.

### **Dividends**

The directors do not propose the payment of a dividend (2018: £nil).

### **Directors**

The names of the current directors are listed on page 1.

### **Principal risks and uncertainties**

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to board approval and on-going review by the Company's management and risk management team. Compliance with regulation, legal and ethical standards is a high priority for the Company and the Head of Risk and Compliance and her team take on an important oversight role in this regard.

The Company has developed a framework for identifying the risks that the Company is exposed to and their impact on economic capital. Whilst every attempt is made to ensure information presented is complete and accurate, there remains a risk of errors or omissions especially where relying on information that is sourced from third parties. This report has been prepared for, and only for, the Company. The Company, its directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come, and any such responsibility or liability is expressly disclaimed.

### **Financial instruments and risks**

The Company's principal financial instruments comprise cash, debtors and creditors arising in the normal course of business. The main financial risks to which the Company is exposed include revenue risk, liquidity risk, credit risk and regulatory risk.

#### *Revenue risk*

Aside from the usual commercial risk of losing business, the 2 principal risks to revenue beyond our direct control are market conditions and international exchange rates. The insurance and assistance capability manage this risk through its diversified portfolio of both clients and currencies.

#### *Liquidity risk*

Liquidity refers to the ability to generate sufficient cash resources to meet payment obligations. The Company has low exposure to liquidity risk given the nature of the operational cashflows, as regulated by the Financial Conduct Authority within the Client Asset Sourcebook (CASS), meaning operational payment obligations only arise once associated cash inflows have been received.

#### *Credit risk*

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Company is exposed to credit risk are:

- amounts due from insurance intermediaries and insurers; and
- amounts due from policy holders.

These risks are managed by reviewing credit exposure on a case by case basis.

## **Directors' Report**

### *Regulatory risk*

The Company acts as an insurance intermediary and as such is regulated by the Financial Conduct Authority. The Company is conscious of its regulatory requirements to consumers, especially around their treatment and ensuring products are fit for purpose and to comply with the client money rules as defined by the FCA (CASS5). This risk is managed by ensuring all staff receive appropriate training and all new business arrangements are reviewed by the Compliance team to ensure adherence to the regulations.

### **Going concern**

In determining whether to prepare the financial statements on a going concern basis, the directors have considered the Company's developing business opportunities, future cash flow forecasts, continued financial support from the Collinson Group and the Company's participation as a member of centralised treasury and banking arrangements. Based on this assessment, the directors have assessed that the Company has adequate resources to continue in operational existence for a minimum of 12 months from the signing of these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

### **Post balance sheet events**

There were no post balance sheet events.

### **Disclosure of information to auditors**

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

1. as far as each of them is aware, there is no information relevant to the audit of the Company's financial statements for the year ended 30 April 2019 of which the auditors are unaware; and
2. the director has taken all steps that he/she ought to have taken in his/her duty as director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **Independent auditors**

In accordance with section 485 of the Companies Act 2006, a resolution is to be proposed at the annual meeting of the board of directors for the reappointment of Ernst & Young UK LLP as the auditor of the Company.

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss 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, 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, 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

## **Directors' Report**

responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report was approved by the board on 12 December 2019 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Richard Clarke', with a long horizontal stroke extending to the right.

**Richard Clarke**

Director

12 December 2019



## **Auditor's Report**

### **Independent auditor's report to the members of Collinson Insurance Brokers Limited**

#### **Opinion**

We have audited the financial statements of Collinson Insurance Brokers Limited for the year ended 30 April 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 30 April 2019 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.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material

## **Auditor's Report**

misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 5 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## **Auditor's Report**

### **Use of our report**

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

*Ernst & Young LLP*

Michael Purrington (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
18 DECEMBER 2019

## Statement of Comprehensive Income

For the year ended 30 April 2019

	<i>Note</i>	2019 £	2018 £
Revenue	3	2,055,539	1,399,243
Cost of sales		(454,579)	(445,130)
<b>Gross profit</b>		<b>1,600,960</b>	<b>954,113</b>
Administrative expenses		(1,331,896)	(883,647)
<b>Operating profit</b>	4	<b>269,064</b>	<b>70,466</b>
Finance costs		-	(2,693)
Finance income		13,300	1,725
<b>Profit on ordinary activities before taxation</b>		<b>282,364</b>	<b>69,498</b>
Tax on profit on ordinary activities	7	(51,863)	(13,165)
<b>Profit for the financial year</b>		<b>230,501</b>	<b>56,333</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive profit for the year</b>		<b>230,501</b>	<b>56,333</b>

The notes on pages 13 to 20 are an integral part of these financial statements.

## Statement of Financial Position

As at 30 April 2019

	<i>Note</i>	<b>2019</b> £	<b>2018</b> £
<b>Current assets</b>			
Cash and cash equivalents	9	3,332,192	4,889,131
Trade and other receivables	10	2,930,138	1,698,145
		<u>6,262,330</u>	<u>6,587,276</u>
<b>Current liabilities</b>			
Trade and other payables	11	(5,825,834)	(6,381,281)
		<u></u>	<u></u>
<b>Net assets</b>		<u>436,496</u>	<u>205,995</u>
<b>Equity</b>			
Called up share capital	12	3,300,000	3,300,000
Retained earnings		(2,863,504)	(3,094,005)
		<u></u>	<u></u>
<b>Equity attributable to owners</b>		<u>436,496</u>	<u>205,995</u>

These financial statements were approved by the board of directors and authorised for issue on 12 December 2019.



**Richard Clarke**  
Director

The notes on pages 13 to 20 are an integral part of these financial statements.

## **Statement of Changes in Equity**

**For the year ended 30 April 2019**

	<b>Called Up Share Capital £</b>	<b>Retained Earnings £</b>	<b>Total £</b>
<b>At 1 May 2017</b>	3,300,000	(3,150,338)	149,662
Profit for the year	-	56,333	56,333
Other comprehensive income for the year	-	-	-
<b>At 30 April 2018</b>	3,300,000	(3,094,005)	205,995
Profit for the year	-	230,501	230,501
Other comprehensive income for the year	-	-	-
<b>At 30 April 2019</b>	<b>3,300,000</b>	<b>(2,863,504)</b>	<b>436,496</b>

The notes on pages 13 to 20 are an integral part of these financial statements.

## **Notes to the Financial Statements**

**For the year ended 30 April 2019**

### **1 Accounting policies**

#### **1.1 General information**

The Company is a private company limited by shares and is incorporated in the United Kingdom. The address of its registered office and principal place of business is Cutlers Exchange, 123 Houndsditch, London, EC3A 7BU.

The principal activity of the Company is that of acting as a wholesale insurance broker.

The financial statements have been presented in pounds sterling and this is the Company's functional currency, being the currency of the primary economic environment in which the Company operates.

#### **1.2 Basis of preparation**

These financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' ('FRS 102') and applicable legislation, as set out in the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. These financial statements have been prepared under the historical cost convention.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. The Company is included in the consolidated financial statements of its parent undertaking, The Collinson Group Limited. Note 17 provides details of where those consolidated financial statements may be obtained from.

In preparing these financial statements, the Company has taken advantage of the following exemptions:

- I. from presenting a statement of cash flows, as required by Section 7 'Statement of Cash Flows'; and
- II. from disclosing key management personnel compensation, as required by FRS 102 paragraph 33.7.

On the basis that equivalent disclosures are given in the consolidated financial statements the Company has also taken advantage of the exemption not to provide:

- III. the disclosure requirements of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues'.

#### **1.3 Going concern**

In determining whether to prepare the financial statements on a going concern basis, the directors have considered the Company's developing business opportunities, future cash flow forecasts, continued financial support from the Collinson Group and the Company's participation as a member of centralised treasury and banking arrangements. Based on this assessment, the directors have assessed that the Company has adequate resources to continue in operational existence for a minimum of 12 months from the signing of these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

## **Notes to the Financial Statements**

**For the year ended 30 April 2019**

### **1 Accounting policies (continued)**

#### **1.4 Revenue recognition**

The Company generates revenue from commissions associated with placing insurance contracts.

Revenues from commissions relating to fixed or minimum premiums on insurance and reinsurance contracts are recognised at the point at which placement services are substantially complete. Revenues from commissions on adjustments to minimum premiums, binding authorities and treaties are recognised on a periodic basis when consideration due is confirmed by third parties.

#### **1.5 Taxation**

Tax expense for the year comprises current and deferred tax. Tax currently payable, relating to UK corporation tax, is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date.

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 give rise to a deferred tax liability or asset. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in years different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted as at the reporting date, that are expected to apply to the reversal of the timing difference. The tax expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Deferred income tax assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

#### **1.6 Foreign currencies**

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date the transactions took place. Income and expense items are translated using an average exchange rate for the year where there are limited fluctuations in foreign exchange rates.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are reported at the rates of exchange prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting date of monetary assets and liabilities are reported in profit or loss.

#### **1.7 Financial instruments**

Financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of the financial instrument. The Company holds only basic financial instruments, which comprise cash and cash equivalents, trade and other receivables and trade and other payables. The Company has chosen to apply the measurement and recognition provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' in full.



## **Notes to the Financial Statements**

**For the year ended 30 April 2019**

### **1 Accounting policies (continued)**

#### **1.7 Financial instruments (continued)**

##### **Financial assets – classified as basic financial instruments**

###### **(i) Cash and cash equivalents**

Cash and cash equivalents include cash in hand and deposits held with banks with original maturities of three months or less and fiduciary funds held in client money trust accounts in accordance with FCA rules.

###### **(ii) Trade and other receivables**

Trade and other receivables are initially recognised at the transaction price, including any transaction costs, and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Amounts that are receivable within one year are measured at the undiscounted amount of the cash expected to be received, net of any impairment.

Where a financial asset constitutes a financing transaction it is initially and subsequently measured at the present value of the future payments, discounted at a market rate of interest.

At the end of each reporting year, the Company assesses whether there is objective evidence that any receivable amount may be impaired. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised immediately in profit or loss.

##### **Financial liabilities – classified as basic financial instruments**

###### **(i) Trade and other payables**

Trade and other payables are initially measured at the transaction price, including any transaction costs, and subsequently measured at amortised cost using the effective interest method. Amounts that are payable within one year are measured at the undiscounted amount of the cash expected to be paid.

Where a financial liability constitutes a financing transaction it is initially and subsequently measured at the present value of the future payments, discounted at a market rate of interest.

#### **1.8 Fiduciary assets and liabilities**

Insurance brokers usually act as agents in placing the insurable risks of their clients with insurers and, as such, generally are not liable as principals for amounts arising from such transactions. However, the insurance broker is entitled to retain the investment income on any cash flows arising from these transactions.

Debtors and creditors arising from a transaction between the client and insurers (i.e. premiums and claims) are recorded simultaneously and, consequently, there is a high level of correlation between the totals recorded in respect of fiduciary insurance receivables and payables. The insurance broker has no effective contractual right to any premium or claim amounts due and only assumes a degree of risk, reward and control once funds have been received. However, the Company has chosen to report on a gross basis on the statement of financial position, consistent with hitherto historical practice.

Uncollected premiums from insureds or coverholders are recorded as fiduciary assets on the Company's statement of financial position and the obligation to remit funds to insurers are recorded as fiduciary liabilities on the Company's statement of financial position.

Unremitted insurance premiums due to underwriters and claims paid by insurers and due to policyholders are recorded within fiduciary funds. The Company operates in accordance with the Financial Conduct Authority Client Money Rules (CASS 5) with all client money held in separate trust bank accounts and, as such, these funds are not available for use by the Company. The period for which the Company holds such funds is dependent upon the date the insureds remit the payment of the premium to the Company and the date the Company is required to forward such payments to the insurer.

# Notes to the Financial Statements

For the year ended 30 April 2019

## 1 Accounting policies (continued)

### 1.9 Provisions

#### *Errors and Omissions (E&O) and litigation claims provision*

The Company provides for the cost and settlement of any of its claims and legal proceedings and disputes including alleged errors and omissions in connection with the placement of insurance and reinsurance risks and consulting services as soon as it is probable that a liability has been incurred and the amount can be reasonably estimated. Any adjustment to this is expensed to the Statement of Comprehensive Income.

### 1.10 Interest receivable and interest payable

Interest income is recognised as it accrues, using the effective interest rate method. Interest payable is calculated using the effective interest rate method.

## 2 Critical accounting judgements and key sources of estimation uncertainty

In applying the Company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

### 2.1 Critical judgements in applying the Company's accounting policies

There were no critical judgements made in the process of applying the Company's accounting policies.

### 2.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### (i) Recoverability of receivables

The Company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the directors consider factors such as the aging of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

## 3 Revenue

Revenue arises from commissions associated with placing insurance contracts.

An analysis of the Company's revenue, based on location of the client, is as follows:

	2019	2018
	£	£
<i>By geographical market</i>		
United Kingdom	1,878,622	1,117,255
Rest of European Union	38,019	198,728
USA and South America	87,376	79,623
Asia, Middle East & Australia	51,522	3,637
	<b>2,055,539</b>	<b>1,399,243</b>

## **Notes to the Financial Statements**

**For the year ended 30 April 2019**

### **4 Operating profit/loss**

The operating profit/loss is stated after charging:

	2019 £	2018 £
Difference on foreign exchange	51,313	11,426
<i>Auditors' remuneration (excluding VAT):</i>		
Audit of these financial statements	18,540	15,000
Audit - related assurance services	12,500	12,000

Administration expenses are initially incurred by the Company's service company, Collinson IG (Management) Limited, and then a portion of these expenses have been re-allocated to the Company based primarily on revenue and an estimate of the time spent by the Group's employees. The re-allocated expenses include salaries plus other associated overhead costs. The Group believe this is a fair and reasonable method.

### **5 Staff costs**

For the year ended 30 April 2019 the Company had no contracted employees (2018: nil). The Company utilised the services of employees of group companies for which a charge was received. The total charges, including staff costs, received in the year were £1,218,659 (2018: £829,570).

### **6 Directors' remuneration**

Certain directors are also directors of other companies within the Collinson group. The directors' services to the Company do not occupy a significant amount of time. As such the directors do not consider that they receive any remuneration for their incidental services to the Company for the years ending 30 April 2019 and 30 April 2018.

### **7 Tax on profit on ordinary activities**

The tax charge comprises:

	2019 £	2018 £
<i>UK corporation tax</i>		
Income for group taxation relief	51,863	13,205
Adjustments in respect of previous periods	-	(40)
Total tax on loss	51,863	13,165

## Notes to the Financial Statements

For the year ended 30 April 2019

### 7 Tax on profit on ordinary activities (continued)

Tax on profit on ordinary activities for the year is at the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are reconciled below:

	2019 £	2018 £
Profit on ordinary activities before tax	282,634	69,498
Income tax at 19% (2018: 19%)	53,649	13,205
<i>Effects of:</i>		
Other tax adjustments	-	-
Adjustment in respect of prior years	(1,786)	(40)
Total tax on profit	51,863	13,165

The Company has received the benefit of tax losses from other group companies for a consideration of £51,863 (2018: £13,165).

### Factors affecting the tax charge

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016.

### 8 Dividends

No dividends were declared in respect of 2019 (2018: *£nil*) at the reporting date.

### 9 Cash and cash equivalents

	2019 £	2018 £
Own funds	298,082	1,621,445
Fiduciary funds held in client money trust accounts	3,034,110	3,267,686
	3,332,192	4,889,131

## Notes to the Financial Statements

For the year ended 30 April 2019

### 10 Trade and other receivables

	2019 £	2018 £
Fiduciary insurance receivables	1,566,293	894,808
Amounts owed by group undertakings	1,356,038	721,387
Prepayments and accrued income	7,807	81,950
	<u>2,930,138</u>	<u>1,698,145</u>

Amounts owed by Collinson Finance Limited to group companies accrue interest at LIBOR minus 0.5% and are repayable within 5 business days upon request of the lender.

Amounts owed by other group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

### 11 Trade and other payables

	2019 £	2018 £
Fiduciary insurance payables	4,526,723	4,278,288
Amounts owed to group undertakings	1,271,301	2,001,996
Other payables	-	21,697
Accruals and deferred income	27,810	79,300
	<u>5,825,834</u>	<u>6,381,281</u>

Amounts owed to Collinson Finance Limited accrue interest at LIBOR plus 0.5% and are repayable within 5 business days upon request of the lender.

Amounts due to other group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

### 12 Share capital

	2019 £	2018 £
<i>Allotted, called up and fully paid</i>		
3,300,000 Ordinary shares of £1 each	<u>3,300,000</u>	<u>3,300,000</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

## **Notes to the Financial Statements**

**For the year ended 30 April 2019**

### **13 Capital commitments**

The Company has not entered into any capital commitments (2018: none).

### **14 Contingent liabilities**

There is a fixed and floating charge over all assets of the Company whereby the Company guarantees all amounts due to Barclays Bank Plc by the Group. As at the reporting date the amount due to Barclays Bank Plc by certain Group companies was £nil (2018: £nil). Under the Group banking offset arrangement, the Company had no liability to Barclays Bank Plc at the reporting date.

### **15 Off balance sheet arrangements**

The Company has not entered into any off balance sheet arrangements (2018: none).

### **16 Related party transactions**

The Company is exempt from disclosing related party transactions with other companies that are wholly owned within the Group. There are no other material related party transactions requiring disclosure.

	Amounts owed from related party	Amounts owed to related party
	£	£
Entities with significant influence over the company		
2019	-	-
2018	-	-
All other group entities		
2019	1,356,038	1,271,301
2018	721,387	2,001,996

### **17 Parent undertaking and ultimate controlling party**

At the reporting date, the Company's immediate parent undertaking was Collinson Insurance Group Limited, a company incorporated in England. The Collinson Group Limited, a company incorporated in England, company number 11141096, is the parent undertaking of the largest and smallest group for which group accounts are prepared. Copies of those group accounts may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The directors regard Parminder Limited, a company incorporated in the Isle of Man, to be the Company's ultimate parent undertaking. The ultimate controlling parties identified by the directors are the Trustees of the Colin Evans 1987 Settlement, established under the laws of the Isle of Man, the beneficiary of which is Mr C R Evans.

### **18 Post balance sheet events**

There were no post balance sheet events.