



Financial statements Lonham Group Limited

For the Year Ended 31 March 2011

WEDNESDAY



AQ50BW6I

A22

27/07/2011

67

COMPANIES HOUSE

Company No. 1679607

Company information

Company registration number	1679607
Registered office	81 Grimwade Street IPSWICH Suffolk IP4 1LN
Directors	M J Ayres N H Hamer C G Midwood D Stannard
Secretary	D Stannard
Bankers	Lloyds TSB Bank plc
Solicitors	Ashton Graham
Auditor	Grant Thornton UK LLP Chartered Accountants Statutory Auditor Crown House Crown Street IPSWICH Suffolk IP1 3HS

Index

Report of the directors	3 - 4
Independent auditor's report	5 - 6
Principal accounting policies	7 - 8
Profit and loss account	9
Balance sheet	10
Notes to the financial statements	11 - 15

Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 March 2011

Principal activities

The principal activity of the company during the year was the provision of underwriting, claims handling and consultancy work within the marine insurance industry

Directors

The directors who served the company during the year were as follows

M J Ayres
N H Hamer
C G Midwood
D Stannard

The company continues to insure its officers against liabilities in relation to the company

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 Accounting Standards (United Kingdom 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 those 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

BY ORDER OF THE BOARD

D. Stannard

D Stannard
Secretary
28 June 2011



Independent auditor's report to the member of Lonham Group Limited

We have audited the financial statements of Lonham Group Limited for the year ended 31 March 2011 which comprise the principal accounting policies, profit and loss account, balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's member, 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 member 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 member 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 Directors' Responsibilities Statement set out on pages 3 to 4, 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.

Independent auditor's report to the member of Lonham Group Limited (continued)

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 March 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, 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 report of the directors 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

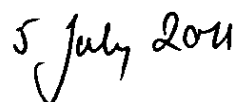
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- 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, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the report of the directors



RICHARD CHAPLIN
Senior Statutory Auditor
For and on behalf of
GRANT THORNTON UK LLP
STATUTORY AUDITOR
CHARTERED ACCOUNTANTS

IPSWICH



Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 398 of the Companies Act 2006 not to prepare group accounts.

Turnover

The turnover shown in the profit and loss account represents insurance commission earned in the year. This is calculated based on the policies which have been invoiced during the year.

Where the company receives revenue which is related to the underlying underwriting profit on policies written or sold, this is only recognised in the year in which the right to the consideration is achieved and the final amount can be reliably measured.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	-	2.38% straight line
Fixtures & Fittings	-	33.33% straight line
Office Equipment	-	33.33% straight line

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Insurance debtors and creditors

The company principally acts as an agent in underwriting insurance risks for and on behalf of Lloyds. Notwithstanding its legal relationship with clients and insurance companies, the company has followed generally accepted accounting policies by showing cash, debtors and creditors relating to insurance business as assets and liabilities of the company itself.

Profit and loss account

	Note	2011 £	2010 £
Turnover	1	1,885,768	1,739,103
Other operating charges	2	1,071,986	1,335,808
Operating profit	3	813,782	403,295
Interest receivable		2,120	2,054
Interest payable and similar charges		-	(1)
Profit on ordinary activities before taxation		815,902	405,348
Tax on profit on ordinary activities	5	222,861	100,025
Profit for the financial year	14	593,041	305,323

The accompanying accounting policies and notes form part of these financial statements.

Balance sheet

	Note	2011 £	2010 £
Fixed assets			
Tangible assets	7	68,876	75,111
Investments	8	4	4
		<u>68,880</u>	<u>75,115</u>
Current assets			
Debtors	9	1,968,964	1,939,670
Cash at bank and in hand		896,223	864,244
		<u>2,865,187</u>	<u>2,803,914</u>
Creditors: amounts falling due within one year	10	<u>2,484,725</u>	<u>2,463,083</u>
Net current assets		<u>380,462</u>	<u>340,831</u>
Total assets less current liabilities		<u>449,342</u>	<u>415,946</u>
Capital and reserves			
Called-up equity share capital	13	100	100
Other reserves		10,000	10,000
Profit and loss account	14	439,242	405,846
Shareholder's funds		<u>449,342</u>	<u>415,946</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

These financial statements were approved by the directors and authorised for issue on 28 June 11, and are signed on their behalf by

D. Stannard

D Stannard
Director

Company Registration Number 1679607

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Turnover

Turnover is wholly attributable to the principal activity of the company

Turnover attributable to geographical markets outside the United Kingdom amounted to 17.2% (2010 - 15.3%)

2 Other operating charges

	2011 £	2010 £
Administrative expenses	<u>1,071,986</u>	<u>1,335,808</u>

3 Operating profit

Operating profit is stated after charging

	2011 £	2010 £
Staff pension contributions	16,080	18,846
Depreciation of owned fixed assets	10,730	14,040
Auditor's fees	9,000	8,735
Net loss on foreign currency translation	<u>15,114</u>	<u>9,388</u>

The company has entered into a liability limitation agreement with Grant Thornton UK LLP, the statutory auditor, in respect of the statutory audit for the year ended 31 March 2011. The proportionate liability agreement follows the standard terms in Appendix B to the Financial Reporting Council's June 2008 Guidance on Auditor Liability Agreements, and was approved by the shareholders on 18 June 2010.

4 Directors

Remuneration in respect of directors was as follows

	2011 £	2010 £
Remuneration	396,258	660,058
Value of company pension contributions to money purchase schemes	<u>51,900</u>	<u>51,900</u>
	<u>448,158</u>	<u>711,958</u>

4 Directors (continued)

The number of directors who accrued benefits under company pension schemes was as follows

	2011	2010
	No	No
Money purchase schemes	<u>4</u>	<u>4</u>

5 Taxation on ordinary activities

Analysis of charge in the year

	2011	2010
	£	£
Current tax		
UK Corporation tax based on the results for the year at 26.62% (2010 - 23.57%)	<u>222,861</u>	<u>100,025</u>
Total current tax	<u>222,861</u>	<u>100,025</u>

6 Dividends

Dividends on shares classed as equity

	2011	2010
	£	£
Paid during the year		
Equity dividends on ordinary shares	<u>559,645</u>	<u>279,766</u>

7 Tangible fixed assets

	Land and buildings £	Other plant & machinery etc £	Total £
Cost			
At 1 April 2010	300,610	157,383	457,993
Additions	—	4,495	4,495
Disposals	—	(11,517)	(11,517)
At 31 March 2011	<u>300,610</u>	<u>150,361</u>	<u>450,971</u>
Depreciation			
At 1 April 2010	236,861	146,021	382,882
Charge for the year	2,142	8,588	10,730
On disposals	—	(11,517)	(11,517)
At 31 March 2011	<u>239,003</u>	<u>143,092</u>	<u>382,095</u>
Net book value			
At 31 March 2011	<u>61,607</u>	<u>7,269</u>	<u>68,876</u>
At 31 March 2010	<u>63,749</u>	<u>11,362</u>	<u>75,111</u>

During the year ended 31 December 1997, the freehold property was written down to a value of £90,000 on the basis of a valuation by Fenn Wright, Chartered Surveyors

The transitional provisions of Financial Reporting Standard 15, Tangible Fixed Assets, are being followed and therefore the valuation has not been updated

8 Investments

Subsidiary undertakings

	£
Cost	
At 1 April 2010 and 31 March 2011	<u>4</u>
Net book value	
At 31 March 2011 and 31 March 2010	<u>4</u>

8 Investments (continued)

At 31 March 2011 the company held more than 10% of the allotted share capital of the following undertakings

	Country of registration	Class of share capital held	Proportion held	Nature of business	Capital and reserves	Profit for the financial year
					£	£
Lonham Marine Underwriters Limited	England	Ordinary	100%	Dormant	2	–
Lonham Claims and Recovery Bureau Limited	England	Ordinary	100%	Dormant	2	–

9 Debtors

	2011	2010
	£	£
Trade debtors	1,922,789	1,892,513
Other debtors	46,175	47,157
	<u>1,968,964</u>	<u>1,939,670</u>

10 Creditors: amounts falling due within one year

	2011	2010
	£	£
Trade creditors	2,002,405	1,992,278
Amounts owed to group undertakings	72,268	72,268
Corporation tax	222,861	100,025
Other taxation and social security	39,877	185,322
Other creditors	147,314	113,190
	<u>2,484,725</u>	<u>2,463,083</u>

11 Leasing commitments

At 31 March 2011 the company had aggregate annual commitments under non-cancellable operating leases as set out below

	2011	2010
	£	£
Operating leases which expire		
Within 1 year	1,686	225
Within 2 to 5 years	812	6,216
	<u>2,498</u>	<u>6,441</u>

12 Related party transactions

As at 31 March 2011 £72,153 (2010 - £72,153) was owed to the parent company Lonham Limited and £115 (2010 - £115) to Lonham Commercial Risks Limited, a subsidiary of Lonham Limited

13 Share capital

Authorised share capital

	2011	2010
	£	£
45,000 Ordinary shares of £1 each	<u>45,000</u>	<u>45,000</u>

Allotted, called up and fully paid

	2011		2010	
	No	£	No	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

14 Profit and loss account

	2011	2010
	£	£
Balance brought forward	405,846	380,289
Profit for the financial year	593,041	305,323
Equity dividends	(559,645)	(279,766)
Balance carried forward	<u>439,242</u>	<u>405,846</u>

15 Ultimate parent company

The company is a wholly owned subsidiary of Lonham Limited, a company incorporated in the United Kingdom