

Company Registration No 04582221 (England and Wales)

HARRISON BEAUMONT INSURANCE SERVICES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

THURSDAY



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COMPANIES HOUSE

HARRISON BEAUMONT INSURANCE SERVICES LIMITED

COMPANY INFORMATION

Directors	Mr R Proudman Mr R Williams
Secretary	Mr R Proudman
Company number	04582221
Registered office	Globe House 24 Turret Lane Ipswich Suffolk IP4 1DL
Auditors	Ensors Cardinal House 46 St Nicholas Street Ipswich IP1 1TT
Bankers	Bank of Scotland 35 Princes Street Ipswich Suffolk IP1 1AE

HARRISON BEAUMONT INSURANCE SERVICES LIMITED

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HARRISON BEAUMONT INSURANCE SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and financial statements for the year ended 31 December 2012

Principal activities and review of the business

The principal activity of the company is that of the provision of insurance brokering services

The business focuses on those who work overseas in the charity, NGO and volunteer sector in the UK and abroad and in the UK based sports and leisure sector as well as providing operational fulfilment for other Group businesses in return for a commission share. Overall the business has performed well in very competitive market conditions

There have been a number of initiatives during the year

We have invested in outbound calling resource and this has resulted in a number of new business wins that will propel volume and earnings into 2013

After a targeted campaign, we are delighted to welcome back clients who had previously been insured through Banner and had moved elsewhere

We have negotiated new underwriting capacity with a number of specialist providers, using our Lloyds binding authority experience

We have continued our relationship with Eunisure which commenced in 2011 and this has resulted in additional personal accident and sickness volumes and is now also starting to introduce small commercial business

We have negotiated with existing providers during the year and have successfully launched a true monthly travel policy for the military which has significantly increased our volumes despite the reductions in manpower within the regulars

Using the services of another group company, Stuart Harvey, we have persuaded underwriters to permit us to undertake more of the claims fulfilment activity. This is a major differentiator for us and allows us to control service delivery. We expect this to be reflected in improved underwriting results although this activity is cost neutral at present

In the past the business has been restricted in its ability to recruit suitable staff in its base in Witney. Therefore the decision was taken to close this operation and move the business to existing group premises at Hook where space existed and the opportunity to recruit staff was better. This switch, which occurred in August 2012, resulted in improved trading results immediately and these will continue to improve as the new team's experience increases. The results for 2012 include full provision for the remaining period of the rents due on the Witney premises

Results and dividends

The results for the year are set out on page 6

Future developments

The target for 2013 is to continue the investment in growth of key business sectors whilst accepting some of the historic household business will continue to decline. Work is ongoing to improve the functional team support to the business through investment in the existing in house operating systems

We remain interested in acquiring appropriate businesses at suitable prices and we currently have access to sufficient funds to enable us to do so

HARRISON BEAUMONT INSURANCE SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

Directors

The following directors have held office since 1 January 2012

Mr R Proudman

Mr R Williams

Financial instruments

The financial risk management objective of the company is to ensure the business remains profitable and competitive within the insurance environment and contributes to the affinities within the wider R3 group. The company assesses financial risk and exposure to price, credit, liquidity and cash-flow risk by identifying a number of key performance indicators such as turnover, margin, cash-flow and net asset ratios on a regular basis and assessing their impact on the business.

Auditors

Ensors were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

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 accounting 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.

HARRISON BEAUMONT INSURANCE SERVICES LIMITED

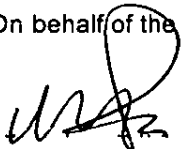
DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



Mr R Proudman

Director

23/3/13

HARRISON BEAUMONT INSURANCE SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HARRISON BEAUMONT INSURANCE SERVICES LIMITED

We have audited the financial statements of Harrison Beaumont Insurance Services Limited for the year ended 31 December 2012 set out on pages 6 to 16. 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 auditors' 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 Directors' Responsibilities Statement set out on pages 1 - 3, 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 Directors' Report to identify material inconsistencies with the audited financial statements. 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 2012 and of its loss 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

HARRISON BEAUMONT INSURANCE SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HARRISON BEAUMONT INSURANCE SERVICES LIMITED

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

Malcolm McGready (Senior Statutory Auditor)
for and on behalf of Ensors

26 March 2013

Chartered Accountants
Statutory Auditor

Cardinal House
46 St Nicholas Street
Ipswich
IP1 1TT

HARRISON BEAUMONT INSURANCE SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	2011 £
Turnover	2	1,337,765	1,596,743
Cost of sales		(376,532)	(563,236)
Gross profit		961,233	1,033,507
Administrative expenses		(2,179,273)	(701,580)
Operating (loss)/profit	4	(1,218,040)	331,927
Exceptional items	3	(183,866)	-
(Loss)/profit on ordinary activities before interest		(1,401,906)	331,927
Other interest receivable and similar income	5	6,816	1,268
Interest payable and similar charges	6	-	(1,706)
(Loss)/profit on ordinary activities before taxation		(1,395,090)	331,489
Tax on (loss)/profit on ordinary activities	7	(7,500)	-
(Loss)/profit for the year	15	(1,402,590)	331,489

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

HARRISON BEAUMONT INSURANCE SERVICES LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2012

	Notes	2012 £	£	2011 £	£
Fixed assets					
Intangible assets	9	292,596		396,785	
Tangible assets	10	3,860		4,477	
Investments	11	-		451,372	
			296,456		852,634
Current assets					
Debtors	12	421,740		1,530,938	
Cash at bank and in hand		374,490		605,726	
			796,230		2,136,664
Creditors' amounts falling due within one year	13	(696,391)		(739,041)	
Net current assets			99,839		1,397,623
Total assets less current liabilities			396,295		2,250,257
Capital and reserves					
Called up share capital	14	2		2	
Other reserves	15	385,000		385,000	
Profit and loss account	15	11,293		1,865,255	
Shareholders' funds	16	396,295		2,250,257	

Approved by the Board and authorised for issue on

23/3/13



Mr R Proudman
Director

Company Registration No. 04582221

HARRISON BEAUMONT INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies

1.1 Accounting convention

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

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

Brokerage commission on the sale of general insurance is recognised at the date of inception or renewal of the policy. Under the company's current business terms, there are no contractual obligations to provide post placement services at a cost to the company, therefore no provision has been made for the deferral of revenue under post placement activities

Commission on other financial services and other similar revenue streams is recognised on an accruals basis, in the month to which it relates

The company's entire turnover is derived from the company's ordinary activities carried out in the United Kingdom

1.4 Goodwill

Goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life, being 3-10 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Fixtures, fittings & equipment	25% reducing balance basis
Computer equipment	25% reducing balance basis

1.6 Leasing

Rentals payable under operating leases are charged on a straight line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

1.7 Investments

Income from fixed asset investments is recognised on an accruals basis when the company becomes unconditionally entitled to the income

The company operates a defined contribution pension scheme for all 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. The pension charge represents the amounts payable by the company to the fund in respect of the year

HARRISON BEAUMONT INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

1 Accounting policies

1.8 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account

1.10 Insurance broking assets and liabilities

The company's insurance debtors and creditors are presented net as the company has in place formal arrangements to net settle with its insurance companies

1.11 Consolidation

The company is a wholly-owned subsidiary of R3 Financial Services Group Limited, a company incorporated in the UK and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts. These financial statements therefore present information about the company as an individual undertaking and not about its group. The address of R3 Financial Services Group Limited is Globe House, 24 Turret Lane, Ipswich, IP4 1DL

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom

3 Exceptional item

During the year the Company underwent a restructuring exercise, which resulted in the closure of an office and staff being made redundant. This represented in a fundamental restructuring of the Company's operations. The cost of this onerous lease and redundancies totalled £183,866 and is shown as an exceptional cost

HARRISON BEAUMONT INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

4	Operating (loss)/profit	2012 £	2011 £
	Operating (loss)/profit is stated after charging		
	Amortisation of intangible assets	104,189	128,271
	Depreciation of tangible assets	1,156	1,493
	Loss on foreign exchange transactions	-	23
	Operating lease rentals	-	7,128
	Auditors' remuneration (including expenses and benefits in kind)	10,000	-

Last year the audit fee was paid through R3 Group Limited, a related company in which the directors have a controlling interest

During the year the R3 Group of companies underwent a restructuring exercise in order to improve the operating efficiency of the group. As part of this exercise certain inter-company balances at 31 March 2012 were eliminated by inter-company forgiveness or write off. The impact of this exercise in Harrison Beaumont Insurance Services Limited was to decrease the net assets value of the company at 31 March 2012 by £1,508,014. This was recognised in the profit and loss account.

5	Investment income	2012 £	2011 £
	Bank interest	6,816	1,268
		<u>6,816</u>	<u>1,268</u>

6	Interest payable	2012 £	2011 £
	On bank loans and overdrafts	-	1,706
		<u>-</u>	<u>1,706</u>

HARRISON BEAUMONT INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

7	Taxation	2012 £	2011 £
	Domestic current year tax		
	U K corporation tax	7,500	-
	Total current tax	<u>7,500</u>	<u>-</u>
	Factors affecting the tax charge for the year		
	(Loss)/profit on ordinary activities before taxation	<u>(1,395,090)</u>	<u>331,489</u>
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 24.50% (2011 - 26.00%)	<u>(341,797)</u>	<u>86,187</u>
	Effects of		
	Non deductible expenses	391,001	22,856
	Depreciation in excess of capital allowances	84	292
	Adjustments for marginal relief	(1,688)	-
	Group relief claimed	<u>(40,100)</u>	<u>(109,335)</u>
		<u>349,297</u>	<u>(86,187)</u>
	Current tax charge for the year	<u>7,500</u>	<u>-</u>
8	Dividends	2012 £	2011 £
	Ordinary final paid	<u>451,372</u>	<u>-</u>

HARRISON BEAUMONT INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

9 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2012 & at 31 December 2012	670,156
Amortisation	
At 1 January 2012	273,371
Charge for the year	104,189
At 31 December 2012	377,560
Net book value	
At 31 December 2012	292,596
At 31 December 2011	396,785

10 Tangible fixed assets

	Fixtures, fittings & equipment £
Cost	
At 1 January 2012	25,493
Additions	539
At 31 December 2012	26,032
Depreciation	
At 1 January 2012	21,016
Charge for the year	1,156
At 31 December 2012	22,172
Net book value	
At 31 December 2012	3,860
At 31 December 2011	4,477

HARRISON BEAUMONT INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

11 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 January 2012	451,372
Disposals	(451,372)
At 31 December 2012	-
Net book value	
At 31 December 2012	-
At 31 December 2011	451,372

During the year as part of the group restructuring company's interest in R3 Holdings Limited was transferred to another group company by a dividend in specie Banner Financial Group Services Limited was dissolved during the year

12 Debtors

	2012 £	2011 £
Amounts owed by parent and fellow subsidiary undertakings	382,150	899,291
Other debtors	1,018	573,744
Prepayments and accrued income	38,572	57,903
	<u>421,740</u>	<u>1,530,938</u>

13 Creditors: amounts falling due within one year

	2012 £	2011 £
Bank loans and overdrafts	-	12,436
Trade creditors	354,897	465,986
Amounts owed to subsidiary undertakings	166,000	-
Corporation tax	7,500	-
Other taxes and social security costs	4,856	6,707
Other creditors	28,952	253,494
Accruals and deferred income	134,186	418
	<u>696,391</u>	<u>739,041</u>

HARRISON BEAUMONT INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

14	Share capital	2012	2011
		£	£
	Allotted, called up and fully paid		
	2 Ordinary shares of £1 each	2	2
		<u>2</u>	<u>2</u>
15	Statement of movements on reserves		
		Other reserves	Profit and loss
		(see below)	account
		£	£
	Balance at 1 January 2012	385,000	1,865,255
	Loss for the year	-	(1,402,590)
	Dividends paid	-	(451,372)
		<u>385,000</u>	<u>11,293</u>
	Balance at 31 December 2012	<u>385,000</u>	<u>11,293</u>
	Other reserves		
	Capital redemption reserve		
	Balance at 1 January 2012 & at 31 December 2012	<u>385,000</u>	
16	Reconciliation of movements in shareholders' funds	2012	2011
		£	£
	(Loss)/Profit for the financial year	(1,402,590)	331,489
	Dividends	(451,372)	-
		<u>(1,853,962)</u>	<u>331,489</u>
	Net (depletion in)/addition to shareholders' funds	(1,853,962)	331,489
	Opening shareholders' funds	2,250,257	1,918,768
		<u>396,295</u>	<u>2,250,257</u>
	Closing shareholders' funds	<u>396,295</u>	<u>2,250,257</u>

HARRISON BEAUMONT INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

17 Financial commitments

At 31 December 2012 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2013

	Land and buildings		Other	
	2012	2011	2012	2011
	£	£	£	£
Operating leases which expire				
Within one year	-	-	813	-
Between two and five years	27,700	27,700	-	-
	<u>27,700</u>	<u>27,700</u>	<u>813</u>	<u>-</u>

18 Directors' remuneration

	2012	2011
	£	£
Remuneration for qualifying services	<u>45,000</u>	<u>60,000</u>

19 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2012	2011
	Number	Number
Administration	4	6
Operations	8	12
	<u>12</u>	<u>18</u>

Employment costs

	2012	2011
	£	£
Wages and salaries	312,615	306,840
Social security costs	26,321	27,771
	<u>338,936</u>	<u>334,611</u>

HARRISON BEAUMONT INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

20 Control

The parent company is R3 Financial Services Group Limited. The ultimate controlling party are the directors, Mr R Proudman and Mr R Williams, due to their shareholdings in the parent company.

21 Related party transactions

In line with the Financial Reporting Standard No 8, transactions with group companies where 100% of the voting rights are controlled within the group are not disclosed as consolidated accounts of the ultimate parent undertaking are publicly available.

During the year the company paid commission for selling the company's products totalling £45,349 (2011 - £46,268) to Eunisure Limited, a company which the directors have significant financial and operational influence.

In the year there were management charges paid to R3 Group Limited of £18,577 (2011 £85,357), a company controlled by the directors.

R3 Group also purchases insurance services from Harrison Beaumont Insurance Services Limited of £nil (2011 £3,298).

At the year end R3 Group Limited owed the company £nil (2011 £892,691).