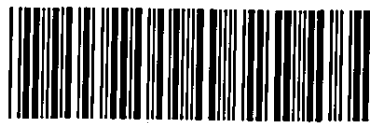


REGISTERED NUMBER: SC295513 (Scotland)

**Report of the Directors and
Consolidated Financial Statements
For the year ended 31 December 2011
for
Kinnell Holdings Limited**

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Kinnell Holdings Limited

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For the year ended 31 December 2011**

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Kinnell Holdings Limited

Company Information

For the year ended 31 December 2011

DIRECTOR:

P Dawson
Mrs M Dawson

SECRETARY:

P Graham

REGISTERED OFFICE:

37 Carrick Street
Ayr
KA7 1NS

REGISTERED NUMBER:

SC295513 (Scotland)

AUDITORS:

Campbell Dallas LLP
Chartered Accountants
Registered Auditors
Titanium 1
King's Inch Place
Glasgow
G51 4BP

Kinnell Holdings Limited

Report of the Directors

For the year ended 31 December 2011

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2011.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of a holding company. Full insurance underwriting capacity is the core business of the group together with the provision of Insurance Backed Guarantees and other 'Warranty' related insurances primarily to the building and remedial treatment industries.

REVIEW OF BUSINESS

The results for the period and financial position of the company are as shown in the annexed financial statements. The Group's main activity of providing IBG's has remained resilient and cash generation from this business has shown an improvement over the previous year.

The integration of the UK Trades Confederation group of companies has continued and a restructuring of operations in early 2012 should improve results for the current year.

The Remedial Company, which carries out repair work on behalf of the Group's insurers and third parties, increased turnover by 25% and made a profit for the year. In addition, the average claims cost has reduced demonstrating the benefits of having control over the claims process within the Group.

Despite continued challenging trading conditions, the Directors are pleased to report a reduction in the overall Group loss in comparison with 2010 and it is hoped this trend continues into 2012.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2011.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2011 to the date of this report

P Dawson
M Dawson

G Dixon – resigned 10 February 2011.

Kinnell Holdings Limited

Report of the Directors

For the year ended 31 December 2011 (continued)

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The directors are responsible for preparing 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 the group and of the profit or loss of the group 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 estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and to 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Kinnell Holdings Limited

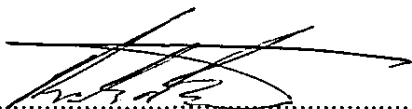
Report of the Directors

For the year ended 31 December 2011 (continued)

AUDITORS

The auditors Campbell Dallas LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



.....
P Dawson Director

Date: 20/06/2012

Report of the Independent Auditors to the Members of Kinnell Holdings Limited

We have audited the financial statements of Kinnell Holdings Limited for the year ended 31 December 2011 on pages nine to thirty two. 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 a Report of the Auditors 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 set out on page five, 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 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 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 group's and the parent 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 Report of the Directors' to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatement or inconsistencies we consider the implications for our report.

Report of the Independent Auditors to the Members of Kinnell Holdings Limited

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2011 and of the group's 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 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 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company's 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.

Campbell Dallas LLP

Peter Gallanagh (Senior Statutory Auditor)

Campbell Dallas LLP

Chartered Accountants &

Registered Auditors

Titanium 1

King's Inch Place

Glasgow

Date: *20 June 2012*

Kinnell Holdings Limited

Consolidated Profit and Loss Account For the year ended 31 December 2011

	Note	2011 £	2011 £	2010 £	2010 £
Technical account: general business earned premiums, net of reinsurance					
Gross premiums written			10,237,723		3,465,778
Outward reinsurance premiums			(1,082,458)		(32,652)
Premium acquisition costs			(25,000)		(25,000)
Change in provision for unearned premiums			<u>(3,593,580)</u>		<u>(1,355,437)</u>
Earned premiums net of reinsurance			5,536,685		2,052,689
Allocated investment return Transferred from the non-technical account			-		586
			<u>5,536,685</u>		<u>2,053,275</u>
Claims paid and incurred		2,787,131		1,506,974	
Commissions		2,016,264		-	
Net operating expenses		1,099,593		643,994	
Other technical income		<u>(24,270)</u>		<u>-</u>	
			<u>(5,878,718)</u>		<u>(2,150,968)</u>
Balance on technical account for general business			(342,033)		(97,693)
Non-technical account					
Non insurance company turnover		3,662,442		3,398,453	
Cost of sales		(769,809)		(536,361)	
Investment income		88,680		195	
Other operating income		132,403		227,160	
Exceptional Item	4	243,240		(195,250)	
Realised gain on Investments		279,495		336,520	
Rental Income		23,470		-	
Interest receivable	5	77,404		9,701	
Unrealised gain on investment		(189,618)		-	
Property impairment		(50,000)		-	
Administration expenses		<u>(3,310,503)</u>		<u>(3,726,554)</u>	
Interest payable	6		187,204		(486,136)
			<u>(19,124)</u>		<u>(31,136)</u>
			<u>(173,953)</u>		<u>(614,965)</u>
Allocated investment return transferred to the general business technical account			-		586
(Loss)/Profit on ordinary activities before tax			<u>(173,953)</u>		<u>(615,551)</u>
Tax on profit on ordinary	7		71,111		(96,254)
(Loss)/Profit for the financial year after taxation			<u>(102,842)</u>		<u>(711,805)</u>

Kinnell Holdings Limited

Consolidated Profit and Loss Account (Continued)

For the year ended 31 December 2011 Total recognised gains and losses

The group has no recognised gains or losses other than the profits for the current period and previous year.

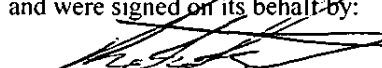
The notes form part of these financial statements.

Kinnell Holdings Limited

Consolidated Balance Sheet For the year ended 31 December 2011

	Note	2011 £	2011 £	2010 £	2010 £
ASSETS					
Intangible assets	8		4,385,058		4,668,623
Tangible fixed assets	9		865,236		967,967
Investments	10		4,608,701		4,450,498
Debtors					
Debtors arising from direct insurance operations			1,186,913		86,225
Other Assets					
Cash at bank and in hand			8,081,561		3,169,818
Other debtors	11		1,249,160		1,140,143
Prepayments and accrued income			76,453		81,473
			<u>20,453,082</u>		<u>14,564,747</u>
LIABILITIES					
Capital and reserves					
Called up share capital	13	108		108	
Share premium account	14	1,442,848		1,442,848	
Profit and loss account	14	(788,792)		(685,950)	
Capital redemption reserve	14	<u>210,607</u>		<u>210,607</u>	
Shareholders' funds – equity interests	17		864,771		967,613
Technical provisions					
Provisions for unearned premiums		12,248,667		8,655,089	
Reinsurance premiums		-		-	
Claims outstanding		<u>1,193,904</u>		<u>568,724</u>	
			13,442,571		9,223,813
Creditors					
Creditors arising out of direct insurance operations		225,353		25,161	
Bank overdraft and loans	15	15,033		5,703	
Finance lease		25,427		25,427	
Other creditors	12	<u>2,008,272</u>		<u>1,618,862</u>	
			2,274,085		1,675,153
Accruals and deferred income			430,244		216,097
Provisions for liabilities and charges	16		2,140,248		2,411,446
Creditors falling due in more than one year	12		1,044,403		70,625
Minority interest	21		<u>256,760</u>		-
Total liabilities			<u>20,453,082</u>		<u>14,564,747</u>

The financial statements were approved by the Board of Directors on ... 20/06/2012 ...
and were signed on its behalf by:


Peter Dawson
Director

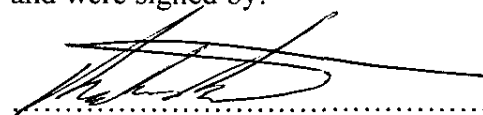
The notes form part of the financial statement.

Kinnell Holdings Limited

Company Balance Sheet 31 December 2011

	Note	2011 £	2011 £	2010 £	2010 £
FIXED ASSETS					
Tangible assets	9		5,482		7,556
Investments	10		<u>7,837,373</u>		<u>7,837,274</u>
			7,842,855		7,844,830
CURRENT ASSETS					
Debtors	11	449,814		78,638	
Cash at bank		<u>414,607</u>		<u>2,981</u>	
		864,421		81,619	
CREDITORS					
Amounts falling due within one year	12	<u>6,220,691</u>		<u>6,185,450</u>	
NET CURRENT LIABILITIES			<u>(5,356,270)</u>		<u>(6,103,831)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,486,585		1,740,999
CREDITORS					
Amounts falling due after more than one year	12		1,000,000		-
NET ASSETS			<u>1,486,585</u>		<u>1,740,999</u>
CAPITAL AND RESERVES					
Called up share capital	13		108		108
Share premium	14		1,442,848		1,442,848
Profit and loss account	14		43,629		298,043
SHAREHOLDERS' FUNDS	17		<u>1,486,585</u>		<u>1,740,999</u>

The financial statements were approved by the Director on 20/06/2012.....
and were signed by:



Peter Dawson
Director

Kinnell Holdings Limited

Consolidated Cash Flow Statement For the year ended 31 December 2011

	Note	Year ended 31.12.11		Year ended 31.12.10	
		£	£	£	£
Net cash flow					
From operating activities	1		3,779,601		1,508,151
Returns on investments and Servicing of finance	2		58,280		(21,435)
Taxation			(36,379)		(363,652)
Capital expenditure	2		(25,046)		(515,629)
			<u>3,776,456</u>		<u>607,435</u>
Financing	2		973,778		(10,198)
Investing activities	2		152,179		(3,785,003)
Increase/(Decrease) in cash in period			<u>4,902,413</u>		<u>(3,187,766)</u>
Reconciliation of net cash flow To movement in net funds					
Increase/(Decrease) in cash in period		4,902,413		(3,187,766)	
Cash inflow/(outflow) from increase/(decrease) in debt		<u>(973,778)</u>		<u>10,198</u>	
Change in net funds resulting From cash flows			3,928,635		(3,177,568)
Net funds from acquired businesses			-		241,398
Movement in funds in the period					
Net funds at 1 December			3,068,063		6,004,233
Net (debt)/funds at 31 December	3		<u>6,996,698</u>		<u>3,068,063</u>

Kinnell Holdings Limited

Notes to the Cash Flow Statement For the year ended 31 December 2011

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Year ended 31.12.11 £	Year ended 31.12.10 £
Operating profit/(loss)	(232,233)	(594,114)
Depreciation charges	361,341	363,178
Unrealised (gain)/loss on investments	189,618	(336,520)
Loss on disposal of subsidiary	-	45,249
Impairment of investment property	50,000	-
Exceptional item	(243,240)	-
Movement in administration provision	(262,299)	(28,331)
(Increase)/Decrease in debtors	(1,204,685)	163,589
Increase in creditors	5,121,099	1,895,100
Net cash inflow from operating activities	3,779,601	1,508,151

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	Year ended 31.12.11 £	Year ended 31.12.10 £
Returns on investments and servicing of finance		
Interest received	77,404	9,701
Interest paid	(19,124)	(31,136)
Net cash inflow/(outflow) for returns on investments and servicing Of finance	58,280	(21,435)
Capital expenditure		
Purchase of tangible fixed assets	(25,046)	(515,629)
Sale of tangible fixed assets	-	-
Net cash outflow from operating activities	(25,046)	(515,629)
Financing		
New loans in period	1,000,000	-
Loan repayments in period	(26,222)	(10,198)
Net cash inflow/(outflow)outflow from financing	973,778	(10,198)
Investing activities		
Purchase of investments	(347,821)	(3,000,000)
Acquisition of subsidiary	-	(897,951)
Disposal of part interest in subsidiary	500,000	-
Issue of shares	-	112,948
	152,179	(3,785,003)

Kinnell Holdings Limited

Notes to the Cash Flow Statement For the year ended 31 December 2011

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.11	On Acquisition	Cash Flow	At 31.12.11
	£	£	£	£
Net Cash:				
Cash at bank and in hand	3,169,818	-	4,911,743	8,081,561
Bank overdrafts	(5,703)	-	(9,330)	(15,033)
	<u>3,164,115</u>	<u>-</u>	<u>4,902,413</u>	<u>8,066,528</u>
Debt:				
Finance leases	96,052	-	(26,222)	69,830
Debts falling due within one year	-	-	1,000,000	1,000,000
Debts falling due after one year	-	-	-	-
	<u>96,052</u>	<u>-</u>	<u>973,778</u>	<u>1,069,830</u>
	<u>3,068,063</u>	<u>-</u>	<u>3,928,635</u>	<u>6,996,698</u>

Kinnell Holdings Limited

Notes to the financial statements for the year ended 31 December 2011

1. Accounting policies

The financial statements have been prepared under the historical cost convention, except for the revaluation of investments, and are in accordance with applicable accounting standards and Statutory Instrument 2008 Number 410 Schedule 3 applicable to insurance companies.

The requirements of the Statement of Recommended Practice on accounting for insurance business issued by the Association of British Insurers have been adopted.

Basis of Consolidation

The consolidated financial statements incorporate the results of Kinnell Holdings Limited and all of its subsidiaries as at 31 December 2011. The acquisition method of accounting has been used; therefore the results of the subsidiary undertakings are included from the date of acquisition.

Premiums receivable

Gross premiums comprise the total premiums incepted during the year regardless of whether such amounts may relate in whole or part to a later financial year end and exclude insurance premium tax.

Unearned premiums

Unearned premiums represent the proportion of premiums written in the year which is estimated to be earned in subsequent financial years. This is computed on a basis which reflects the company's statistical experience of claims incurred over the term of policies.

Claims

Claims incurred comprise the estimated cost of all claims occurring during the year, whether reported or not, including related direct and indirect claims handling costs and adjustments to claims outstanding from previous years. The provision for claims outstanding is made on an individual case basis and is based on the estimated ultimate cost of all claims notified but not settled by the balance sheet date.

Unexpired risks

Provision is made for any excess over the provision for unearned premiums for claims and administrative expenses likely to arise after the year end from contracts concluded before the date. The assessment of whether a provision is necessary is made by considering information available at the balance sheet date.

Turnover

Insurance backed guarantees -

Turnover represents commission receivable on warranties sold. Income is recognised at the time of inception of a policy with a provision made for administration costs to be incurred in relation to the policy based on claims records.

Kinnell Holdings Limited

Notes to the financial statements for the year ended 31 December 2011

Other businesses -

Turnover represents net invoiced sales of services, excluding value added tax.

Profit for the financial year

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £254,414 (2010 – loss £381,430).

Goodwill

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised over its estimated useful life of 20 years. This length of time is presumed to be the maximum useful life of purchased goodwill. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets, evenly over their expected useful lives. It is calculated at the following rates –

Finehold property	-	2% on cost per annum
Improvements to property	-	20% on cost per annum
Fixtures and fittings	-	15-20% on reducing balance per annum
Office equipment	-	15% on reducing balance per annum
Computer equipment	-	over 3 year's straight line
Intangible assets	-	over 20 year's straight line

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Investments

Fixed asset investments are shown at cost less amount written off for any permanent diminution in value.

Kinnell Holdings Limited

Notes to the financial statements for the year ended 31 December 2011

Valuation of listed investments

All investments are valued at their market value at 31 December 2011, determined as follows:

- Unit trust and managed fund investments are stated at the mid-point of the latest prices quoted by the managers prior to 31 December 2011.

Investment income and expenses

Investment income includes interest, gains and losses on the realisation of investments and related expenses and is dealt with in the non-technical account.

Investment gains and losses

Realised gains and losses on investments are calculated as the difference between net sales proceeds and purchase price or, if previously valued, the valuations at the last balance sheet date. Unrealised gains and losses that represent the movement in accumulated unrealised gains and losses are taken to the non-technical account.

Foreign currencies

Assets and liabilities in foreign currencies are translated into Sterling at the rate of exchange rating at the balance sheet date. Transactions in foreign currencies are translated into Sterling at the rate of exchange rating at the date of the transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the company pension scheme are charged to the profit and loss account in the period to which they relate.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Deferred tax is provided at the average rates that are expected to apply when the timing differences reverse, based on current tax rates and laws. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets and liabilities are not discounted.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Insurance broking assets and liabilities

Insurance brokers usually act as agents in placing the insurable risks of their clients with the insurers and, as such, generally are not liable as principles for amounts arising from such transactions. Notwithstanding these legal relationships, debtors and creditors arising from insurance broking transactions are shown as assets and liabilities. This recognises that the insurance broker is entitled to retain the investment income on any cash arising from these transactions.

Kinnell Holdings Limited

Notes to the financial statements for the year ended 31 December 2011

Insurance broking debtors arising from a transaction between clients and insurers are recorded simultaneously. Consequently, there is a high level of correlation between the totals reported in respect of insurance broking debtors and insurance broking creditors.

The position of the insurance broker as agent means that generally the credit risk is borne by the principals. There can be circumstances where the insurance broker acquires credit risk - through statute, or through the act or omission of the insurance broker or one of the principals.

There is much legal uncertainty surrounding the circumstances and the extent of such exposures and consequently they cannot be evaluated. However, the total of insurance broking debtors appearing in the balance sheet is not an indication of credit risk.

It is normal practice for insurance brokers to settle accounts with other intermediaries, clients, insurers and market settlement bureaux on a net basis. Thus, large changes in both insurance broking debtors and creditors can result from comparatively small cash settlements. For this reason, the total of insurance broking debtors and creditors give no indication of future cash flows.

The legal status of settling accounts on a net basis is uncertain and in the event of an insolvency it is generally abandoned. Financial Reporting Standard 5 "Reporting the substance of transactions" (FRS5) requires that offset of assets and liabilities should be recognised in financial statements where, and only where the offset would survive the insolvency of the other party. Accordingly, only such offsets have been recognised in calculating insurance broking debtors and creditors.

2. STAFF COSTS

	Year ended 31.12.11 £	Year ended 31.12.10 £
Wages and salaries	2,077,753	1,932,917
Social security costs	211,620	167,224
Other pension costs	68,507	70,542
	<u>2,357,880</u>	<u>2,170,683</u>

The average monthly number of employees during the year was as follows:

76

80

Kinnell Holdings Limited

Notes to the financial statements for the year ended 31 December 2011

3. OPERATING PROFIT

	Year ended 31.12.11 £	Year ended 31.12.10 £
The operating (loss)/profit is stated after charging/(crediting):		
Depreciation – owned assets	51,128	53,905
Depreciation - finance lease	26,648	25,708
Loss on sale of property	-	95,000
Goodwill amortisation	283,565	283,565
Auditors remuneration – parent company	8,812	8,812
Auditors remuneration – subsidiary companies	54,226	40,470
Auditors – Non-audit		
- Taxation	5,857	5,600
- Other services	-	2,608
Foreign currency loss	<u>15,595</u>	<u>932</u>
Directors emoluments	218,580	136,606
Directors pension	<u>48,000</u>	<u>48,000</u>

Information regarding the highest paid director for the year ended 31 December 2011 is as follows:

	2011 £	2010 £
Emoluments etc	160,477	79,488
Pension contributions to money purchase schemes	<u>24,000</u>	<u>24,000</u>

4. EXCEPTIONAL ITEMS

The exceptional item in 2011 represents the disposal of 9.9% of an interest in Millburn Insurance Company Limited by the issue of additional shares. The 2010 comparative relates to loans written off of £150,000 and a loss of £45,250 on the disposal of a subsidiary company, Construction Auditing Services Limited.

5. INTEREST RECEIVABLE

	Year ended 31.12.11 £	Year ended 31.12.10 £
Bank interest	72,349	9,701
Loan interest	<u>5,055</u>	<u>-</u>
	<u>77,404</u>	<u>9,701</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31.12.11 £	Year ended 31.12.10 £
Bank interest	8	3,198
Other loans	14,891	24,371
Other interest charges	<u>4,225</u>	<u>3,567</u>
	<u>19,124</u>	<u>31,136</u>

Kinnell Holdings Limited

Notes to the financial statements for the Year ended 31 December 2011

7. TAXATION

Analysis of tax charge

The tax charge on profits on ordinary activities for the period was as follows:

	Year ended 31.12.11 £	Year ended 31.12.10 £
Current tax		
UK corporation tax	(62,212)	96,548
Deferred tax	<u>(8,899)</u>	<u>(294)</u>
Tax on profit on ordinary activities	<u>(71,111)</u>	<u>96,254</u>

Factors affecting the tax (credit)/charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2011 £	2010 £
Loss on ordinary activities before tax	<u>(173,953)</u>	<u>(615,551)</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2010: 28%)	(48,707)	(172,354)
Effects of:		
Disallowable expenses	11,040	44,012
Capital allowances in excess of depreciation	35,183	97,695
Adjustments in respect of prior periods	(67,169)	54,567
Rate adjustment	(9)	1,309
Use of losses	7,450	71,319
	<u>(62,212)</u>	<u>96,548</u>

Kinnell Holdings Limited

Notes to the financial statements for the Year ended 31 December 2011

8. INTANGIBLE FIXED ASSETS

	Goodwill £
Group cost	
At 1 January 2011	5,671,322
Additions	-
Disposals	-
At 31 December 2011	<u>5,671,322</u>
Depreciation	
At 1 January 2011	1,002,699
Charge for period	283,565
Eliminated on disposal	-
At 31 December 2011	<u>1,286,264</u>
Net book value	
At 31 December 2011	<u>4,385,058</u>
At 1 January 2011	<u>4,668,623</u>

Kinnell Holdings Limited

Notes to the financial statements for the year ended 31 December 2011

9.	Investment Property £	Improvement to Property £	Fixtures & Fittings £	Office Equipment £	Computer Equipment £	Motor vehicles £	Total £
Group cost							
At 1 January 2011	722,054	46,471	350,521	46,366	19,904	133,239	1,318,555
Additions	-	-	20,471	-	4,575	-	25,046
Disposals	-	-	-	-	-	-	-
Impairment	(50,000)	-	-	-	-	-	(50,000)
At 31 December 2011	<u>672,054</u>	<u>46,471</u>	<u>370,992</u>	<u>46,366</u>	<u>24,479</u>	<u>133,239</u>	<u>1,293,601</u>
Depreciation							
At 1 January 2011	-	30,632	235,066	30,856	19,533	34,502	350,589
Charge for period	-	8,455	34,355	6,530	1,788	26,648	77,776
Disposals	-	-	-	-	-	-	-
At 31 December 2011	<u>-</u>	<u>39,087</u>	<u>269,421</u>	<u>37,386</u>	<u>21,321</u>	<u>61,150</u>	<u>428,365</u>
Net Book Value							
At 31 December 2011	<u>672,054</u>	<u>7,384</u>	<u>101,571</u>	<u>8,980</u>	<u>3,158</u>	<u>72,089</u>	<u>865,236</u>
At 1 January 2011	<u>722,054</u>	<u>15,839</u>	<u>115,455</u>	<u>15,510</u>	<u>371</u>	<u>98,737</u>	<u>967,966</u>

Kinnell Holdings Limited

Notes to the financial statements for the year ended 31 December 2011

TANGIBLE FIXED ASSETS (CONTINUED)

Company cost	Freehold Property £	Improvement to Property £	Fixtures & Fittings £	Office Equipment £	Computer Equipment £	Total £
At 1 January 2011	-	-	12,214	-	-	12,214
On acquisition	-	-	-	-	-	-
Additions	-	-	1,494	-	-	1,494
Disposals	-	-	-	-	-	-
At 31 December 2011	-	-	13,708	-	-	13,708
Depreciation						
At 1 January 2011	-	-	4,658	-	-	4,658
On acquisition	-	-	-	-	-	-
Charge for period	-	-	3,568	-	-	3,568
Disposals	-	-	-	-	-	-
At 31 December 2011	-	-	8,226	-	-	8,226
Net Book Value						
At 31 December 2011	-	-	5,482	-	-	5,482
At 1 January 2011	-	-	7,556	-	-	7,556

Kinnell Holdings Limited

Notes to the financial statements for the year ended 31 December 2011

10.

	Shares in group undertakings £
Company	
COST	
At 1 January 2011	7,867,074
Additions	100
Disposals	(1)
Transfers	-
At 31 December 2011	<u>7,867,173</u>
 PROVISIONS	
At 1 January 2011	29,800
Provision for period	-
At 31 December 2011	<u>29,800</u>
 NET BOOK VALUE	
At 31 December 2011	<u>7,837,373</u>
At 31 January 2011	<u>7,837,274</u>

The company's investments at the balance sheet date in the share capital of companies include the following:

Warranty Services Limited

Nature of business: Administration of insurance backed guarantees

	%
Class of shares:	Holding
Ordinary	100.00

Kinnell Corporate Limited

Nature of business: Insurance Brokers

	%
Class of shares:	Holding
Ordinary	100.00

Kinnell Holdings Limited

Notes to the financial statements for the year ended 31 December 2011

FIXED ASSET INVESTMENTS (CONTINUED)

Millburn Insurance Company Limited

Nature of business: FSA authorised insurer

	%
Class of shares:	Holding
Ordinary	90.1%
Redeemable ordinary	100.00

Home Reports Direct Limited

Nature of business: Provision of surveyors reports to home buyers

	%
Class of shares:	Holding
Ordinary	100.00

Bondpay (UK) Limited

Nature of business: Training consultants for home information packs

	%
Class of shares:	Holding
Ordinary	100.00

HIPPD Limited

Nature of business: Training consultants for home information packs

	%
Class of shares:	Holding
Ordinary	100.00

Guarantee Protection Insurance Limited

Nature of business: FSA authorised insurer

	%
Class of shares:	Holding
Ordinary	100.00

The Remedial Company Limited

Nature of business: Repair work

	%
Class of shares:	Holding
Ordinary	100.00

Kinnell Holdings Limited

Notes to the financial statements for the year ended 31 December 2011

FIXED ASSET INVESTMENTS (CONTINUED)

Confederation Holdings Limited

Nature of business: Dormant

	%
Class of shares:	Holding
Ordinary	100.00

Confederation Marketing Limited

Nature of business: Trade association

	%
Class of shares:	Holding
Ordinary	100.00

Allied Trades Confederation Limited

Nature of business: Trade association

	%
Class of shares:	Holding
Ordinary	100.00

The UK Trades Association Limited

Nature of business: Trade association

	%
Class of shares:	Holding
Ordinary	100.00

The UK Trades Association (Services) Limited

Nature of business: Trade association

	%
Class of shares:	Holding
Ordinary	100.00

Rewards Direct Limited

Nature of business: Sale of membership discounts

	%
Class of shares:	Holding
Ordinary	100.00

Bondpay Solutions Limited

Nature of business: Guaranteeing payments between contractors and their customers

	%
Class of shares:	Holding
Ordinary	100.00

Kinnell Holdings Limited

Notes to the financial statements for the year ended 31 December 2011

FIXED ASSET INVESTMENTS (CONTINUED)

	Current Value		Cost	
	2011 £	2010 £	2011 £	2010 £
Group				
Shares and other variable yield securities	<u>4,608,701</u>	<u>4,450,498</u>	<u>4,381,809</u>	<u>3,933,076</u>

11. OTHER DEBTORS

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Trade debtors	211,569	159,995	-	-
Other loans	-	-	-	-
Claims debtors	115,588	227,294	-	-
Sundry debtors	916,726	689,387	314,272	15,000
VAT	5,277	3,420	22	-
Group balances	-	-	135,520	53,638
Directors current account	-	60,047	-	10,000
	<u>1,249,160</u>	<u>1,140,143</u>	<u>449,814</u>	<u>78,638</u>

Kinnell Holdings Limited

Notes to the financial statements for the year ended 31 December 2011

12. CREDITORS

Amounts falling due within one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Trade creditors	283,871	271,207	-	-
Arising out of reinsurance operations	105,159	-	-	-
Corporation tax	11,897	110,488	-	-
Amounts owed to group undertakings	-	-	4,834,621	5,261,292
Social security and other taxes	267,028	222,915	11,066	10,197
Other creditors	760,206	989,801	735,250	911,732
Directors current accounts	561,515	-	580,022	-
Other loan	-	-	-	-
Accruals and deferred income	-	-	59,732	-
VAT	18,596	24,451	-	2,229
	<u>2,008,272</u>	<u>1,618,862</u>	<u>6,220,691</u>	<u>6,185,450</u>

Amounts falling due in more than one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Loan	1,000,000	-	1,000,000	-
Finance lease	44,403	70,625	-	-
	<u>1,044,403</u>	<u>70,625</u>	<u>1,000,000</u>	<u>-</u>

The loan is repayable in more than 5 years.

13. CALLED UP SHARE CAPITAL

	Number/ Class	Nominal Value	2011 £	2010 £
Authorised	20,000	£0.01	<u>200</u>	<u>200</u>
	Ordinary			
Allotted, issued and fully paid	10,753	£0.01	<u>108</u>	<u>108</u>
	Ordinary			

Kinnell Holdings Limited

Notes to the financial statements for the year ended 31 December 2011

14. OTHER RESERVES

	Group profit & loss account	Group & company share premium	Group capital redemption reserve	Company profit & loss account
	£	£	£	£
At 1 January 2011	(685,950)	1,442,848	210,607	298,043
Profit for period	(102,842)	-	-	(254,414)
At 31 December 2011	<u>(788,792)</u>	<u>1,442,848</u>	<u>210,607</u>	<u>43,629</u>

15. LOANS AND SECURED DEBTS

	2011 £	2010 £
Analysis of the maturity of loans is given below:		
Amounts falling due within one year or on demand		
Bank overdrafts	<u>15,033</u>	<u>5,703</u>

Bank borrowings are secured by a bond and floating charge over the assets of certain group companies and security over heritable property.

16. PROVISION FOR LIABILITIES

	2011 £	2010 £
Deferred taxation	16,287	25,186
Administration costs	2,123,961	2,386,260
	<u>2,140,248</u>	<u>2,411,446</u>

Kinnell Holdings Limited

Notes to the financial statements for the year ended 31 December 2011

	Deferred tax £	Other provisions	Total £
At 1 January 2011	25,186	2,386,260	2,411,446
Movement in period	(8,899)	(262,299)	(271,198)
At 31 December 2010	<u>16,287</u>	<u>2,123,961</u>	<u>2,140,248</u>

The balance at 31 December 2011 in respect of other provisions represents administration costs to be incurred in dealing with claims relating to policies in force at that date, based on claims records.

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
(Profit)/Loss for the financial period	(102,842)	(711,805)	(358,675)	(381,340)
Opening shareholders' funds	967,613	1,679,418	1,740,999	2,122,339
Closing shareholders' funds	<u>864,771</u>	<u>967,613</u>	<u>1,382,324</u>	<u>1,740,999</u>

18. ULTIMATE CONTROLLING PARTY

The company is controlled by Mr P Dawson.

19. RELATED PARTY DISCLOSURES

Included in creditors falling due within one year is £561,515 (2010: £60,047 debtor) due to Mr & Mrs Dawson by the group.

At 31 December 2011 £676,987 (2010: £125,794) is due to the group from Certass Limited, a company in which Mr Dawson is a shareholder.

Kinnell Holdings Limited

Notes to the financial statements for the year ended 31 December 2011

20. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	2011	2010
	£	£
Expiring -		
Between one and five years	<u>144,355</u>	<u>181,258</u>

21. MINORITY INTEREST

Minority interest represents a 9.9% interest in Millburn Insurance Company Limited arising from an issue of additional shares on 31 December 2011.