

Financial Statements
O'Connor & Company
(Insurances) Limited

For the year ended 30 November 2009

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Company No. 829660

Company information

Company registration number: 829660

Registered office: 16 Billing Road
NORTHAMPTON
NN1 5AW

Directors: W M Lyle
E L Slinn
A C Perkins
K J Cutler
J C Hunter

Secretary: S J Howell

Bankers: National Westminster Bank Plc
41 The Drapery
NORTHAMPTON
NN1 2EY

Auditor: Grant Thornton UK LLP
Grant Thornton House
Kettering Parkway
KETTERING
Northants
NN15 6XR

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Report of the directors

The directors present their report together with financial statements for the year ended 30 November 2009

Principal activities

The company is principally engaged in insurance broking and as an independent financial adviser

Business review

The performance of the company during the twelve months to 30 November 2009 very much reflected the current economic trend. The directors are cautious regarding the future.

The directors consider the level of brokerage received to be a key performance indicator, which has declined by 10.6% from last year. The level of shareholders' funds is also a key performance indicator and this has risen by 8.1% from the previous year.

There was a profit for the year after taxation amounting to £65,069 (2008 - £150,951). The directors do not recommend the payment of a dividend (2008 - £nil).

Directors

The membership of the Board at 30 November 2009 is set out below. All directors served throughout the year.

W M Lyle
E L Slinn
A C Perkins
K J Cutler
J C Hunter

Mr J C Hunter retires by rotation and being eligible offers himself for re-election.

Statement of directors' responsibilities

The directors are responsible for preparing the Report of the Directors 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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of its 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 judgments and 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

Statement of directors' responsibilities (continued)

The directors are responsible for keeping adequate accounting records that 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 each of 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.

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.

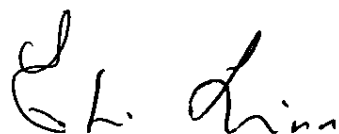
Charitable contributions

Donations to charitable organisations amounted to £3,151 (2008 - £2,754)

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.

ON BEHALF OF THE BOARD



E. L. Slinn
Director
24 March 2010



Independent Auditor's Report to the Members of O'Connor & Company (Insurances) Limited (registered number 829660)

We have audited the financial statements of O'Connor & Company (Insurances) Limited for the year ended 30 November 2009 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 and 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 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 web-site at www.frc.org.uk/apb/scope/UKNP.cfm

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 30 November 2009 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



Independent Auditor's Report to the Members of O'Connor & Company (Insurances) Limited (registered number 829660)

Opinion on other matters 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

Grant Thornton UK LLP

Simon Jones
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Kettering
24 March 2010

Principal accounting policies

Basis of preparation

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

The principal accounting policies of the company have remained unchanged from the previous year and are set out below

Income

Brokerage is credited when the insurance premium is debited, approximate to the inception date of the insurance cover. Brokerage on return or additional premiums or adjustments is brought into the financial statements as and when it occurs

Goodwill

Purchased goodwill, representing the excess of fair value of the consideration given over the fair value of identifiable net assets acquired, is capitalised and is amortised by three equal instalments, commencing in the year of acquisition

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

Improvements to property	15% per annum straight line
Office furniture and equipment	15% per annum reducing balance or 33 ¹ / ₃ % per annum reducing balance
Motor vehicles	25% per annum reducing balance

Investments

Investments are included at cost less amounts written off

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

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.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Cash and liquid resources

For the purpose of the cash flow statement, cash comprises cash in hand, less overdrafts payable on demand.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market.

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.

Provisions

In accordance with FRS12 "Provisions, contingent liabilities and contingent assets", provisions are recognised where there is a present obligation from a past event and it is probable that a transfer of economic benefit will be required to settle the obligation. A provision is held relating to potential claims in respect of low cost endowment policies and it is based on a best estimate by the directors of the proportion of endowment sold cases which could give rise to a mis-selling liability. The uninsured part of this liability has been provided for together with the loss assessment costs of those cases.

Profit and loss account

	Note	2009 £	2008 £
Brokerage receivable	1	3,058,760	3,422,566
Other operating income and charges	2	<u>2,975,425</u>	<u>3,343,381</u>
Operating profit		83,335	79,185
Net interest	3	<u>(7)</u>	<u>117,954</u>
Profit on ordinary activities before taxation	1	83,328	197,139
Tax on profit on ordinary activities	5	<u>18,259</u>	<u>46,188</u>
Profit for the year transferred to reserves	15	<u><u>65,069</u></u>	<u><u>150,951</u></u>

All activities of the company are classed as continuing

There were no recognised gains or losses other than the profit for the financial year

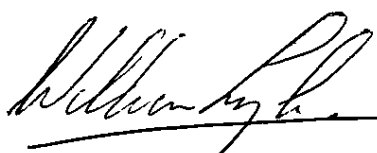
The accompanying principal accounting policies and notes form part of these financial statements.

Balance sheet

	Note	£	2009 £	£	2008 £
Fixed assets					
Intangible assets	6		-		-
Tangible assets	7		142,599		194,239
Investments	8		21,166		3,666
			<u>163,765</u>		<u>197,905</u>
Current assets					
Debtors	9	1,366,212		1,705,295	
Cash at bank and in hand		<u>2,377,933</u>		<u>2,800,213</u>	
		3,744,145		4,505,508	
Creditors, amounts falling due within one year	10	<u>2,894,743</u>		<u>3,665,946</u>	
Net current assets			<u>849,402</u>		<u>839,562</u>
Total assets less current liabilities			<u>1,013,167</u>		<u>1,037,467</u>
Creditors: amounts falling due after more than one year	11	31,235		115,604	
Provision for liabilities and charges	13	<u>110,000</u>	<u>141,235</u>	<u>115,000</u>	<u>230,604</u>
			<u>871,932</u>		<u>806,863</u>
Capital and reserves					
Called up share capital	14		240		240
Capital redemption reserve	15		760		760
Profit and loss account	15		<u>870,932</u>		<u>805,863</u>
Equity shareholders' funds	16		<u>871,932</u>		<u>806,863</u>

The financial statements were approved by the Board and authorised for issue on 24 March 2010 and signed on its behalf by

W M Lyle
Director



E L Slinn
Director



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

Cash flow statement

	Note	2009 £	2008 £
Net cash (outflow)/inflow from operating activities	17	(208,382)	466,429
Returns on investments and servicing of finance			
Finance lease interest paid		(14,028)	(14,313)
Interest received		<u>14,021</u>	<u>132,267</u>
Net cash (outflow)/inflow from returns on investments and servicing of finance		(7)	117,954
Taxation		(47,660)	(51,688)
Capital expenditure and financial investment			
Purchase of investment		(17,500)	-
Sale of tangible fixed assets		<u>6,790</u>	<u>11,760</u>
Net cash (outflow)/inflow from capital expenditure and financial investment		(10,710)	11,760
Financing			
Repayment of finance leases		<u>(98,409)</u>	<u>(57,434)</u>
Net cash outflow from financing		<u>(98,409)</u>	<u>(57,434)</u>
(Decrease)/increase in cash	18	<u><u>(365,168)</u></u>	<u><u>487,021</u></u>

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

Notes to the financial statements

1 Brokerage receivable and profit on ordinary activities before taxation

The brokerage receivable and profit on ordinary activities before taxation are attributable to insurance broking

The profit on ordinary activities before taxation is stated after charging/(crediting)

	2009 £	2008 £
Auditor's remuneration		
Audit	18,200	18,200
Taxation	2,750	2,750
Other services	13,401	10,760
Depreciation		
Tangible fixed assets, owned	6,247	14,847
Tangible fixed assets, held under finance leases	38,530	44,695
(Profit)/loss on disposal of fixed assets	(9,452)	2,150
Operating lease rentals - land and buildings	95,945	98,428

2 Other operating charges and income

	2009 £	2008 £
Staff costs	2,307,357	2,523,417
Depreciation and amortisation	44,777	59,542
(Profit)/loss on disposal of fixed assets	(9,452)	2,150
Other operating charges	644,743	774,272
Rent received	(12,000)	(16,000)
	<u>2,975,425</u>	<u>3,343,381</u>

3 Net interest

	2009 £	2008 £
Finance charges in respect of finance leases	(14,028)	(14,313)
Interest receivable and similar income	14,021	132,267
	<u>(7)</u>	<u>117,954</u>

4 Directors and employees

Staff costs during the year were as follows

	2009 £	2008 £
Wages and salaries	1,863,385	2,076,590
Social security	225,039	237,605
Other pension costs	218,933	209,222
	<u>2,307,357</u>	<u>2,523,417</u>

The average number of employees of the company during the year was 47 (2008 - 49) engaged as follows

	2009	2008
Insurance broking	44	44
Life and pension advice	3	5
	<u>47</u>	<u>49</u>

Remuneration in respect of directors was as follows

	2009 £	2008 £
Emoluments	882,556	1,048,991
Pension contributions to money purchase pension schemes	132,800	132,399
	<u>1,015,356</u>	<u>1,181,390</u>

During the year 4 directors (2008 - 4 directors) participated in money purchase pension schemes

The amounts set out above include remuneration in respect of the highest paid director as follows

	2009 £	2008 £
Emoluments	599,995	623,865
Pension contributions to money purchase pension schemes	50,425	50,425

5 Tax on profit on ordinary activities

(a) Analysis of charge in the year

	2009 £	2008 £
Current tax		
Corporation tax based on the results for the year at 21% (2008 - 21%)	18,599	48,000
Over-provision in prior year	(340)	(1,812)
Total current tax	<u>18,259</u>	<u>46,188</u>

(b) Factors affecting current tax charge

	2009 £	2008 £
Profit on ordinary activities before tax	<u>83,328</u>	<u>197,139</u>
Profit on ordinary activities multiplied by rate of corporation tax	17,499	40,742
Effect of		
Expenses not deductible for tax purposes	4,089	4,086
Difference between capital allowances for the period and depreciation	(3,409)	3,155
Adjustments to tax charge in respect of prior periods	(340)	(1,812)
Other timing differences	420	17
Current tax charge for the period	<u>18,259</u>	<u>46,188</u>

6 Intangible fixed assets

	Goodwill £
Cost	
At 1 December 2008 and at 30 November 2009	<u>324,962</u>
Amortisation	
At 1 December 2008 and at 30 November 2009	<u>324,962</u>
Net book amount at 30 November 2009	<u>-</u>
Net book amount at 30 November 2008	<u>-</u>

The goodwill arose when the company purchased the business of R A Austin Insurance and Financial Services Limited

7 Tangible fixed assets

	Office furniture and equipment £	Motor vehicles £	Improvements to property £	Total £
Cost				
At 1 December 2008	428,872	292,635	32,944	754,451
Additions	-	21,662	-	21,662
Disposals	-	(83,152)	-	(83,152)
At 30 November 2009	428,872	231,145	32,944	692,961
Depreciation				
At 1 December 2008	393,920	133,349	32,943	560,212
Provided in the year	6,247	38,530	-	44,777
Eliminated on disposals	-	(54,627)	-	(54,627)
At 30 November 2009	400,167	117,252	32,943	550,362
Net book amount at 30 November 2009	<u>28,705</u>	<u>113,893</u>	<u>1</u>	<u>142,599</u>
Net book amount at 30 November 2008	<u>34,952</u>	<u>159,286</u>	<u>1</u>	<u>194,239</u>

The figures stated above include assets held under finance leases as follows

	Motor vehicles £
Net book amount at 30 November 2009	<u>113,893</u>
Net book amount at 30 November 2008	<u>159,286</u>
Depreciation provided in the year	<u>38,530</u>

8 Fixed asset investments

	Other investments £	Total £
Cost		
At 1 December 2008	3,666	3,666
Additions	17,500	17,500
At 30 November 2009	<u>21,166</u>	<u>21,166</u>
Amounts written off		
At 1 December 2008 and at 30 November 2009	<u>-</u>	<u>-</u>
Net book amount at 30 November 2009	<u>21,166</u>	<u>21,166</u>
Net book amount at 30 November 2008	<u>3,666</u>	<u>3,666</u>

9 Debtors

	2009 £	2008 £
Trade debtors	1,274,926	1,651,870
Other debtors	37,663	1,199
Prepayments and accrued income	<u>53,623</u>	<u>52,226</u>
	<u>1,366,212</u>	<u>1,705,295</u>

10 Creditors: amounts falling due within one year

	2009 £	2008 £
Bank overdraft	74,249	131,361
Trade creditors	2,646,637	2,863,937
Corporation tax	18,599	48,000
Social security and other taxes	60,320	104,912
Amounts due under finance leases	51,438	43,816
Other creditors	-	427,920
Accruals	41,500	44,000
Shares classed as financial liabilities	<u>2,000</u>	<u>2,000</u>
	<u>2,894,743</u>	<u>3,665,946</u>
	2009 £	2008 £
Shares classed as financial liabilities		
'B' shares	<u>2,000</u>	<u>2,000</u>

The amounts due under finance leases are secured on the assets to which they relate

11 Creditors: amounts falling due after more than one year

	2009	2008
	£	£
Amounts due under finance leases	<u>31,235</u>	<u>115,604</u>

The amounts due under finance leases are secured on the assets to which they relate

12 Borrowings

Borrowings are repayable as follows

	2009	2008
	£	£
Within one year		
Bank overdraft	74,249	131,361
Finance leases	51,438	43,816
Shares classed as financial liabilities	2,000	2,000
After one and within two years		
Finance leases	18,487	43,817
After two and within five years		
Finance leases	<u>12,748</u>	<u>71,787</u>
	<u>158,922</u>	<u>292,781</u>

13 Provisions for liabilities and charges

	£
At 1 December 2008	115,000
Payments made during the year	(1,883)
Released during the year	<u>(3,117)</u>
At 30 November 2009	<u>110,000</u>

The company continues to monitor its position regarding liabilities arising from past endowments business. Analysis to date of information available indicates the company's net liability will amount to £110,000 (2008 - £115,000). The review process is ongoing and the final liability will only be determined on receipt of further information from product providers and ceding companies. However, as explained in the Principal Accounting Policies on page 9 the above provision represents the directors' best estimate of the liability based on information currently available.

14 Share capital

Authorised share capital

	2009	2008
	£	£
'A' ordinary shares of £1 each	1,000	1,000
'B' shares of £16.66 each	2,000	2,000
	<u>3,000</u>	<u>3,000</u>

Allotted, called up and fully paid

	No	2009	No	2008
		£		£
'A' ordinary shares of £1 each	240	240	240	240
'B' shares of £16.66 each	120	2,000	120	2,000
	<u>360</u>	<u>2,240</u>	<u>360</u>	<u>2,240</u>

	No	2009	No	2009
		£		£
Equity shares				
'A' ordinary shares of £1 each	240	240	240	240
Shares classed as financial liabilities				
'B' shares of £16.66 each	120	2,000	120	2,000

The holders of 'B' shares have no entitlement to a dividend and have no voting rights. A holder of 'B' shares may at any time elect to require the company to redeem all of the 'B' shares held by them at par.

15 Reserves

	Capital redemption reserve	Profit and loss account
	£	£
At 1 December 2008	760	805,863
Profit for the year	-	65,069
At 30 November 2009	<u>760</u>	<u>870,932</u>

16 Reconciliation of movements in shareholders' funds

	2009 £	2008 £
Profit for the financial year	65,069	150,951
Shareholders' funds at 1 December 2008	<u>806,863</u>	<u>655,912</u>
Shareholders' funds at 30 November 2009	<u>871,932</u>	<u>806,863</u>

17 Net cash inflow from operating activities

	2009 £	2008 £
Operating profit	83,335	79,185
Depreciation and amortisation	44,777	59,542
(Profit)/loss on sale of tangible fixed assets	(9,452)	2,150
Decrease in debtors	370,270	63,602
(Decrease)/increase in creditors and provisions	<u>(697,312)</u>	<u>261,950</u>
Net cash (outflow)/inflow from operating activities	<u>(208,382)</u>	<u>466,429</u>

18 Reconciliation of net cash flow to movement in net funds

	2009 £	2008 £
(Decrease)/increase in net cash	(365,168)	487,021
Cash outflow from finance leases	<u>98,409</u>	<u>57,434</u>
Change in net funds resulting from cashflows	<u>(266,759)</u>	<u>544,455</u>
Inception of finance leases	<u>(21,662)</u>	<u>(35,945)</u>
Movement in net funds in the year	<u>(288,421)</u>	<u>508,510</u>
Net funds at 1 December 2008	<u>2,509,432</u>	<u>2,000,922</u>
Net funds at 30 November 2009	<u>2,221,011</u>	<u>2,509,432</u>

19 Analysis of changes in net funds

	At 1 December 2008 £	Cash flow £	Non-cash items £	At 30 November 2009 £
Net cash				
Cash at bank and in hand	2,800,213	(422,280)	-	2,377,933
Bank overdrafts	(131,361)	57,112	-	(74,249)
	<u>2,668,852</u>	<u>(365,168)</u>	<u>-</u>	<u>2,303,684</u>
Finance leases	(159,420)	98,409	(21,662)	(82,673)
	<u>2,509,432</u>	<u>(266,759)</u>	<u>(21,662)</u>	<u>2,221,011</u>

20 Major non-cash transactions

During the year the company entered into finance lease arrangements in respect of assets with a total capital value at inception of the leases of £21,662 (2008 - £35,945)

21 Capital commitments

The company had no capital commitments at 30 November 2009 or 30 November 2008

22 Contingent liabilities

The company has provided a guarantee to the bankers of Hallsdale Limited (a former appointed representative of the company) for £50,000

23 Pensions

Defined Contribution Pension Scheme

The company operates a number of defined contribution pension schemes for the benefit of the directors and senior employees. The assets of the schemes are administered by trustees in funds independent from those of the company.

24 Leasing commitments

Operating lease payments amounting to £94,700 (2008 - £85,700) in respect of land and buildings are due within one year. The leases to which these amounts relate expire in five years or more.

25 Controlling related parties

The directors are the company's controlling related party by virtue of their position and interest in the shares of the company.

26 Related party transactions

During the course of the year two motor vehicles were sold to Mr W M Lyle at market value of £31,187. At 30 November 2009 an amount of £31,470 (2008 - £nil) was due from Mr W M Lyle to the company by way of an overdrawn loan account. The maximum overdrawn balance on the loan account during the year was £31,470.