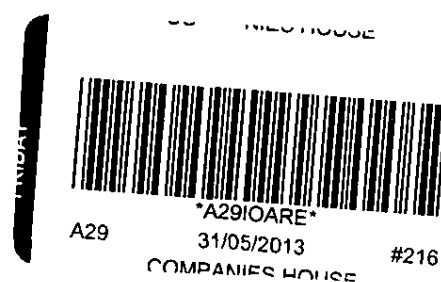


Company Registration No. 02839315 (England and Wales)

**GRIFFITHS & ARMOUR (HOLDINGS) LIMITED**  
**DIRECTORS REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 NOVEMBER 2012**



# GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

## DIRECTORS AND ADVISERS

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**Directors**

S H Bamforth  
D J MacNicol  
R M H Griffiths (non-executive)  
D K Wright (non-executive)  
N A Brace  
D J Whalley  
C Evans  
M Donnelly  
D J Haram  
R H Trotter  
C J Edwards  
P Berg  
D J Darke

**Secretary**

D J Darke

**Company number**

02839315

**Registered office**

Drury House  
19 Water Street  
Liverpool  
L2 0RL

**Registered auditors**

Lonsdale & Marsh  
Orleans House  
Edmund Street  
Liverpool  
L3 9NG

**Business address**

Drury House  
19 Water Street  
Liverpool  
L2 0RL

**Bankers**

HSBC Bank plc  
99 - 101 Lord Street  
Liverpool  
L2 6PG

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# **GRIFFITHS & ARMOUR (HOLDINGS) LIMITED**

## **CONTENTS**

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Consolidated statement of total recognised gains and losses	6
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Balance sheet	8
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# **GRIFFITHS & ARMOUR (HOLDINGS) LIMITED**

## **DIRECTORS' REPORT**

### ***FOR THE YEAR ENDED 30 NOVEMBER 2012***

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The directors present their report on the affairs of the company and its subsidiaries, together with the financial statements and auditors' report, for the year ended 30 November 2012

#### **Principal activities and review of the business**

The principal activity of the group continued to be that of insurance broker

The subsidiaries and associated undertakings principally affecting the profits and net assets of the group in the year are listed in note 11 to the financial statements

The business has performed well in relation to the current phase of the market cycle, with all areas exceeding expectations

The principal risks and uncertainties facing the business continue to be those presented by the effects of the wider economic environment upon its client base, client merger and acquisition activity, and the different phases of the insurance market cycle

The directors are of the opinion that the financial position of both the group and the company is strong as at the year end

The company's directors are of the opinion that analysis of key performance indicators is not necessary for an understanding of the development, performance or position of the business

#### **Results and dividends**

The consolidated profit and loss account for the year is set out on 5

An interim ordinary dividend was paid amounting to £1,342,163

#### **Future developments**

The directors expect continued growth in the long term

#### **Directors**

The following directors have held office since 1 December 2011

S H Bamforth  
D J MacNicol  
R M H Griffiths (non-executive)  
D K Wright (non-executive)  
N A Brace  
D J Whalley  
C Evans  
M Donnelly  
D J Haram  
R H Trotter  
C J Edwards  
P Berg  
D J Darke

#### **Auditors**

Lonsdale & Marsh are deemed to be re-appointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006

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# GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 30 NOVEMBER 2012

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#### 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 group and of the profit or loss of the company and of the group for that period. In preparing these financial statements, the directors are required to

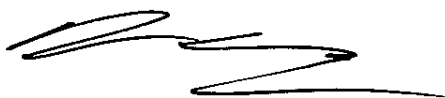
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group'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 group's auditors are aware of that information.

On behalf of the board



D J Whalley

Director

27 March 2013

# **GRIFFITHS & ARMOUR (HOLDINGS) LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF GRIFFITHS & ARMOUR (HOLDINGS) LIMITED**

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We have audited the group and parent company financial statements (the "financial statements") of Griffiths & Armour (Holdings) Limited for the year ended 30 November 2012 set out on pages 5 to 29. 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 - 2, 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 group's and 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 Annual 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 group's and parent company's affairs as at 30 November 2012 and of the group's 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.

#### **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.

# **GRIFFITHS & ARMOUR (HOLDINGS) LIMITED**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

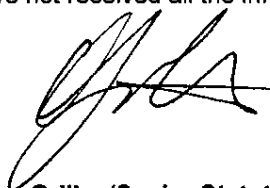
### **TO THE MEMBERS OF GRIFFITHS & ARMOUR (HOLDINGS) LIMITED**

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#### **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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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



**Oliver James Grills (Senior Statutory Auditor)**  
for and on behalf of Lonsdale & Marsh

27 March 2013

**Chartered Accountants**  
**Statutory Auditor**

Orleans House  
Edmund Street  
Liverpool  
L3 9NG

# **GRIFFITHS & ARMOUR (HOLDINGS) LIMITED**

## **CONSOLIDATED PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 30 NOVEMBER 2012**

		<b>2012</b>	<b>2011</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>1 and 2</b>	3,855,836	3,854,676
Administrative expenses		(1,150,698)	(1,214,236)
Other operating income		-	11,845
<b>Operating profit</b>	<b>3</b>	2,705,138	2,652,285
Other interest receivable and similar income		18,540	23,580
Interest payable and similar charges	<b>4</b>	(1,870)	(2,741)
<b>Profit on ordinary activities before taxation</b>		2,721,808	2,673,124
Tax on profit on ordinary activities	<b>5</b>	(684,720)	(727,800)
<b>Profit on ordinary activities after taxation</b>		<u>2,037,088</u>	<u>1,945,324</u>

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



# GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

## CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 NOVEMBER 2012

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	2012 £	2011 £
<b>Profit for the financial year</b>	2,037,088	1,945,324
Effect of unrealised (losses)/ gains on actuarial valuation of pension scheme liability held in Griffiths & Armour partnership	(809,000)	484,000
Tax relief on pension scheme contributions in excess of amounts charged to the profit and loss account	1,751	2,400
Actuarial (loss)/gain on pension scheme	(6,000)	15,000
Movement on deferred tax relating to pension scheme deficit	(500)	(6,520)
<b>Total recognised gains and losses relating to the year</b>	<u>1,223,339</u>	<u>2,440,204</u>

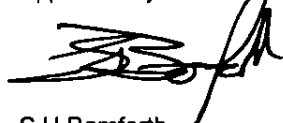
# **GRIFFITHS & ARMOUR (HOLDINGS) LIMITED**

## **CONSOLIDATED BALANCE SHEET**

**AS AT 30 NOVEMBER 2012**

	Notes	2012 £	£	2011 £	£
<b>Fixed assets</b>					
Intangible assets	8	101,452		141,835	
Tangible assets	9	11,908		19,049	
Investments	10	31,004		31,903	
		<u>144,364</u>		<u>192,787</u>	
<b>Current assets</b>					
Debtors	11	9,461,156		9,913,060	
Cash at bank and in hand		2,859,015		2,452,933	
Non-Statutory Trust client bank	12	2,577,787		3,650,716	
		<u>14,897,958</u>		<u>16,016,709</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(5,110,342)</u>		<u>(6,556,094)</u>	
<b>Net current assets</b>		<u>9,787,616</u>		<u>9,460,615</u>	
<b>Total assets less current liabilities</b>		<u>9,931,980</u>		<u>9,653,402</u>	
<b>Retirement benefit obligations</b>	15	-		(1,500)	
		<u>9,931,980</u>		<u>9,651,902</u>	
<b>Capital and reserves</b>					
Called up share capital	16	2,991,681		2,934,695	
Share premium account	17	949,600		607,684	
Other reserves	17	66,550		66,550	
Profit and loss account	17	5,924,149		6,042,973	
<b>Shareholders' funds</b>	18	<u>9,931,980</u>		<u>9,651,902</u>	

Approved by the Board and authorised for issue on 27 March 2013



S H Bamforth  
Director

Company Registration No. 02839315

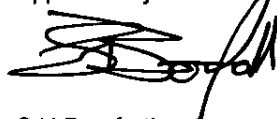
# **GRIFFITHS & ARMOUR (HOLDINGS) LIMITED**

## **BALANCE SHEET**

**AS AT 30 NOVEMBER 2012**

	Notes	2012 £	£	2011 £	£
<b>Fixed assets</b>					
Intangible assets	8		500		500
Investments	10		3,998,768		3,999,667
			<u>3,999,268</u>		<u>4,000,167</u>
<b>Current assets</b>					
Debtors	11	67,392		58,841	
Cash at bank and in hand		1,888,680		1,473,769	
		<u>1,956,072</u>		<u>1,532,610</u>	
<b>Creditors amounts falling due within one year</b>	13	(282,530)		(241,134)	
<b>Net current assets</b>			<u>1,673,542</u>		<u>1,291,476</u>
			<u>5,672,810</u>		<u>5,291,643</u>
<b>Capital and reserves</b>					
Called up share capital	16	2,991,681		2,934,695	
Share premium account	17	949,600		607,684	
Other reserves	17	51,550		51,550	
Profit and loss account	17	1,679,979		1,697,714	
<b>Shareholders' funds</b>	18	<u>5,672,810</u>		<u>5,291,643</u>	

Approved by the Board and authorised for issue on 27 March 2013



S H Bamforth  
Director

Company Registration No. 02839315

# **GRIFFITHS & ARMOUR (HOLDINGS) LIMITED**

## **CONSOLIDATED CASH FLOW STATEMENT** **FOR THE YEAR ENDED 30 NOVEMBER 2012**

	2012	2011
£	£	£
<b>Net cash inflow from operating activities</b>	1,036,106	1,889,844
<b>Returns on investments and servicing of finance</b>		
Interest received	18,540	23,580
Interest paid	(1,870)	(2,741)
<b>Net cash inflow for returns on investments and servicing of finance</b>	16,670	20,839
<b>Taxation</b>	(776,033)	(579,626)
<b>Capital expenditure</b>		
Payments to acquire tangible assets	(329)	(1,446)
<b>Net cash outflow for capital expenditure</b>	(329)	(1,446)
<b>Acquisitions and disposals</b>		
Sale of subsidiary undertakings (net of cash acquired)	-	1,000
<b>Net cash (outflow)/inflow for acquisitions and disposals</b>	-	1,000
<b>Equity dividends paid</b>	(1,342,163)	(1,343,297)
<b>Net cash outflow before management of liquid resources and financing</b>	(1,065,749)	(12,686)
<b>Financing</b>		
Issue of ordinary share capital	398,902	-
<b>Net cash inflow from financing</b>	398,902	-
<b>Increase/(decrease) in cash in the year</b>	(666,847)	(12,686)

# **GRIFFITHS & ARMOUR (HOLDINGS) LIMITED**

## **NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT** **FOR THE YEAR ENDED 30 NOVEMBER 2012**

1	Reconciliation of operating profit to net cash inflow from operating activities	2012	2011
		£	£
	Operating profit	2,705,138	2,652,285
	Depreciation of tangible assets	7,470	10,120
	Amortisation of intangible assets	40,383	40,383
	Decrease/(increase) in debtors	461,034	(833,749)
	Decrease in creditors within one year	(1,361,818)	(454,195)
	Net effect of foreign exchange differences	899	-
	Non-cash effect of movement in FRS17 deficit with Griffiths & Armour partnership	(809,000)	484,000
	Defined benefit pension scheme contributions	(8,000)	(9,000)
	Net cash inflow from operating activities	1,036,106	1,889,844

2	Analysis of net funds	1 December 2011	Cash flow	Other non-cash changes	30 November 2012
		£	£	£	£
	Net cash				
	Cash at bank and in hand	6,103,649	(666,847)	-	5,436,802
	Net funds	6,103,649	(666,847)	-	5,436,802

3	Reconciliation of net cash flow to movement in net funds	2012	2011
		£	£
	Decrease in cash in the year	(666,847)	(12,686)
	Movement in net funds in the year	(666,847)	(12,686)
	Opening net funds	6,103,649	6,116,335
	Closing net funds	5,436,802	6,103,649

# GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2012

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention

#### 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 Basis of consolidation

The consolidated financial statements comprise the accounts of Griffiths & Armour (Holdings) Limited and its subsidiaries. In accordance with the exemption allowed under section 408 of the Companies Act 2006, the company's profit and loss account is not separately presented

The subsidiary companies have been consolidated using both merger and acquisition accounting, dependent on the circumstances arising at the date of acquisition. Those companies which were acquired as a result of business reorganisation and mergers have been consolidated using merger accounting. Acquisitions at fair value for cash consideration have been consolidated using acquisition accounting.

#### 1.4 Turnover

Group turnover comprises brokerage commission and fees, and a subsidiary company's equity participation in Griffiths & Armour, an insurance broking partnership.

Brokerage income is recognised at the date of the inception of the risk. Where there is an expectation of future servicing requirements an element of income relating to the policy is deferred to cover the associated contractual obligation.

#### 1.5 Goodwill

The excess cost of acquisition over the fair value of the underlying net assets is written off against reserves in the year in which it arises where merger accounting is followed, and over a period of 20 years where acquisition accounting is adopted.

#### 1.6 Patents

Patents are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives.

#### 1.7 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:

Land and buildings Leasehold	20% straight line
Plant and machinery	33 1/3% straight line
Computer equipment	20% - 33 1/3% straight line
Fixtures, fittings & equipment	20% straight line
Motor vehicles	25% straight line

#### 1.8 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

# GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2012

---

### 1 Accounting policies (continued)

#### 1 9 Investments

Fixed asset investments are stated at cost less provision for diminution in value

#### 1 10 Pensions

The pension costs have been charged in the financial statements in accordance with FRS 17

#### 1 11 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or an asset will crystallise in the future. The deferred tax balance has not been discounted

#### 1 12 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

### 2 Turnover

#### Segmental analysis by geographical area

The analysis by geographical area of the group's turnover is set out as below

	2012 Sales by origin £	2011 Sales by origin £
<b>Geographical segment</b>		
Channel Islands	60,832	100,163
	<u>60,832</u>	<u>100,163</u>

Other than as shown above, the turnover for the group for the year has been derived from its principal activity undertaken in the United Kingdom

# **GRIFFITHS & ARMOUR (HOLDINGS) LIMITED**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 NOVEMBER 2012**

<b>3</b>	<b>Operating profit</b>	<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
	Operating profit is stated after charging		
	Amortisation of intangible assets	40,383	40,383
	Depreciation of tangible assets	7,470	10,120
	Loss on foreign exchange transactions	5,251	-
	Operating lease rentals	50,024	50,024
	and after crediting		
	Profit on foreign exchange transactions	-	(1,028)
		<u>          </u>	<u>          </u>
	<b>Auditors' remuneration</b>		
	Fees payable to the group's auditor for the audit of the group's annual accounts (company £11,400, 2011 £12,000)	19,000	22,555
	Other assurance services	3,000	3,000
		<u>          </u>	<u>          </u>
		22,000	25,555
		<u>          </u>	<u>          </u>
<b>4</b>	<b>Interest payable</b>	<b>2012</b>	<b>2011</b>
		<b>£</b>	<b>£</b>
	On bank loans and overdrafts	1,035	1,605
	Other interest	835	1,136
		<u>          </u>	<u>          </u>
		1,870	2,741
		<u>          </u>	<u>          </u>



# **GRIFFITHS & ARMOUR (HOLDINGS) LIMITED**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 NOVEMBER 2012**

<b>5 Taxation</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Domestic current year tax</b>		
U K corporation tax	684,915	727,738
Adjustment for prior years	5	(110)
	<u>684,920</u>	<u>727,628</u>
<b>Foreign corporation tax</b>		
Adjustment for prior years	(185)	-
	<u>(185)</u>	<u>-</u>
<b>Total current tax</b>	<b>684,735</b>	<b>727,628</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(15)	172
	<u>(15)</u>	<u>172</u>
	<u>684,720</u>	<u>727,800</u>
<b>Factors affecting the tax charge for the year</b>		
Profit on ordinary activities before taxation	2,721,808	2,673,124
	<u>2,721,808</u>	<u>2,673,124</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 24 67% (2011 - 26 66%)	671,470	712,655
	<u>671,470</u>	<u>712,655</u>
<b>Effects of</b>		
Non deductible expenses	5,782	5,176
Depreciation add back	1,614	2,582
Capital allowances	(1,404)	(2,461)
Other tax adjustments	267	485
Foreign tax adjustments	1,720	2,863
Adjustments to previous periods	(180)	(110)
Marginal Relief	(4,406)	(4,405)
Amortisation	9,962	10,766
Effect of a change in the rate of tax	(90)	77
	<u>13,265</u>	<u>14,973</u>
<b>Current tax charge for the year</b>	<b>684,735</b>	<b>727,628</b>
	<u>684,735</u>	<u>727,628</u>

The standard rate of tax used is based on the full rates of 26% and 24% applicable during the year

# **GRIFFITHS & ARMOUR (HOLDINGS) LIMITED**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 30 NOVEMBER 2012**

### **6 Profit for the financial year**

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Holding company's profit for the financial year	1,324,428	946,544

### **7 Dividends**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Ordinary interim paid 20 April 2011	-	1,343,297
Ordinary interim paid 10 April 2012	1,342,163	-

### **8 Intangible fixed assets** **Group**

	<b>Patents</b>	<b>Goodwill</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 1 December 2011 & at 30 November 2012	500	3,337,802	3,338,302
<b>Amortisation</b>			
At 1 December 2011	-	3,196,467	3,196,467
Charge for the year	-	40,383	40,383
At 30 November 2012	-	3,236,850	3,236,850
<b>Net book value</b>			
At 30 November 2012	500	100,952	101,452
At 30 November 2011	500	141,335	141,835

### **Intangible fixed assets (continued)** **Company**

	<b>Patents</b>
	<b>£</b>
<b>Cost</b>	
At 1 December 2011 & at 30 November 2012	500
At 30 November 2011	500

# **GRIFFITHS & ARMOUR (HOLDINGS) LIMITED**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 NOVEMBER 2012**

### **9 Tangible fixed assets**

Group	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 December 2011	27,610	12,499	5,192	40,690	85,991
Additions	-	329	-	-	329
	<u>27,610</u>	<u>12,828</u>	<u>5,192</u>	<u>40,690</u>	<u>86,320</u>
At 30 November 2012	27,610	12,828	5,192	40,690	86,320
<b>Depreciation</b>					
At 1 December 2011	27,610	11,445	4,617	23,270	66,942
Charge for the year	-	462	574	6,434	7,470
	<u>27,610</u>	<u>11,907</u>	<u>5,191</u>	<u>29,704</u>	<u>74,412</u>
At 30 November 2012	27,610	11,907	5,191	29,704	74,412
<b>Net book value</b>					
At 30 November 2012	-	921	1	10,986	11,908
	<u>-</u>	<u>921</u>	<u>1</u>	<u>10,986</u>	<u>11,908</u>
At 30 November 2011	-	1,054	575	17,420	19,049
	<u>-</u>	<u>1,054</u>	<u>575</u>	<u>17,420</u>	<u>19,049</u>

### **10 Fixed asset investments**

Group	Unlisted investments	Total
	£	£
<b>Cost</b>		
At 1 December 2011	31,903	31,903
Revaluation	(899)	(899)
	<u>31,004</u>	<u>31,004</u>
At 30 November 2012	31,004	31,004
<b>Net book value</b>		
At 30 November 2012	31,004	31,004
	<u>31,004</u>	<u>31,004</u>
At 30 November 2011	31,903	31,903
	<u>31,903</u>	<u>31,903</u>

# **GRIFFITHS & ARMOUR (HOLDINGS) LIMITED**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 30 NOVEMBER 2012**

### **10 Fixed asset investments**

(continued)

Company	Unlisted investments £	Shares in group undertakings £	Total £
<b>Cost</b>			
At 1 December 2011	31,903	3,967,764	3,999,667
Revaluation	(899)	-	(899)
At 30 November 2012	31,004	3,967,764	3,998,768
<b>Net book value</b>			
At 30 November 2012	31,004	3,967,764	3,998,768
At 30 November 2011	31,903	3,967,764	3,999,667

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet

### **Holdings of more than 20%**

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Shares held Class	%
<b>Subsidiary undertakings</b>			
Griffiths & Armour Limited	England & Wales	Ordinary	100
Griffiths & Armour Global Risks Limited	England & Wales	Ordinary	100
Griffiths & Armour Risk Management Limited	England & Wales	Ordinary	100
Griffiths & Armour Captive Management Limited	Channel Islands	Ordinary	100
Griffiths & Armour Insurance Brokers Limited	England & Wales	Ordinary	100
Griffiths & Armour Professional Risks Limited	England & Wales	Ordinary	100
Adam Brothers Contingency Limited	England & Wales	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows

	<b>Principal activity</b>
Griffiths & Armour Limited	Insurance broker
Griffiths & Armour Global Risks Limited	Insurance broker
Griffiths & Armour Risk Management Limited	Risk management consultancy services
Griffiths & Armour Captive Management Limited	Management services
Griffiths & Armour Insurance Brokers Limited	Insurance broker
Griffiths & Armour Professional Risks Limited	Insurance broker
Adam Brothers Contingency Limited	Insurance broker

# **GRIFFITHS & ARMOUR (HOLDINGS) LIMITED**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 30 NOVEMBER 2012**

### **11 Debtors**

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	1,964,807	2,246,761	-	-
Amounts owed by group undertakings	-	-	67,183	51,363
Griffiths & Armour Limited current account	7,411,744	7,585,547	-	-
Corporation tax	9,325	7,478	209	7,478
Other debtors	9,537	4,985	-	-
Prepayments and accrued income	62,319	64,880	-	-
Deferred tax asset (see note 14)	3,424	3,409	-	-
	<u>9,461,156</u>	<u>9,913,060</u>	<u>67,392</u>	<u>58,841</u>

Griffiths & Armour Limited, a wholly owned subsidiary of Griffiths & Armour (Holdings) Limited, is a corporate partner in Griffiths & Armour, a partnership

# **GRIFFITHS & ARMOUR (HOLDINGS) LIMITED**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 30 NOVEMBER 2012**

#### **12 Client Money**

Insurance brokers usually act as agents in placing the insurable risks of their clients with insurers and, as such, are generally not liable as principals 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 flow arising from these transactions.

The Financial Services Authority (FSA) have established a set of rules for UK insurance intermediaries to follow in order to comply with the Insurance Mediation Directive (IMD), one part of which is the Client Assets Sourcebook (CASS 5). CASS 5 requires that such monies be held in either a statutory or non-statutory trust for the benefit of the related clients and insurers, and as such these monies are not the property of the broker. The monies so held and the related debtors and creditors, as mentioned above, would not therefore form part of the broker's net assets in the event of a winding-up and would not be available to its general creditors.

One of the group members, Griffiths & Armour Global Risks Limited, is licensed by the FSA (No. 312048) to act as an insurance intermediary and has elected to hold client monies in a non-statutory trust. The amount of such monies held as at 30 November 2012, together with the related debtors and creditors is

	2012 £	2011 £
Non-Statutory Trust Client Bank	2,577,787	3,650,716
Insurance debtors	1,904,535	2,204,071
	<u>4,482,322</u>	<u>5,854,787</u>
Insurance creditors	<u>(4,409,867)</u>	<u>(5,819,198)</u>
Commissions both due to the company not yet earned or received, and those earned and received that were transferred to the company's own bank accounts immediately after the balance sheet date	<u>72,455</u>	<u>35,589</u>

#### **13 Creditors amounts falling due within one year**

	Group 2012 £	2011 £	Company 2012 £	2011 £
Trade creditors	4,409,867	5,819,198	-	-
Amounts owed to group undertakings	-	-	131,830	131,830
Other creditors	137,561	100,024	136,613	95,513
Corporation tax	369,088	453,021	-	-
Taxes and social security costs	27,006	26,880	2,087	1,791
Accruals and deferred income	166,820	156,971	12,000	12,000
	<u>5,110,342</u>	<u>6,556,094</u>	<u>282,530</u>	<u>241,134</u>

# **GRIFFITHS & ARMOUR (HOLDINGS) LIMITED**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 30 NOVEMBER 2012**

#### **14 Provisions for liabilities**

The deferred tax asset (included in debtors, note 11) is made up as follows

	Group 2012 £		Company 2012 £
Balance at 1 December 2011	(3,409)		-
Profit and loss account	(15)		-
	<u>(3,424)</u>		<u>-</u>
Balance at 30 November 2012	<u>(3,424)</u>		<u>-</u>

	Group 2012 £	2011 £	Company 2012 £	2011 £
Decelerated capital allowances	<u>(3,424)</u>	<u>(3,409)</u>	<u>-</u>	<u>-</u>

# GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 NOVEMBER 2012

#### 15 Pension and other post-retirement benefit commitments

##### Defined contribution

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund. There were no outstanding or prepaid contributions at the balance sheet date.

	2012 £	2011 £
Contributions payable by the group for the year	45,521	47,116

##### Defined benefit

The group provides retirement benefits as part of a multi-employer defined benefit scheme in which the Griffiths & Armour partnership is the lead employer.

The scheme became paid up on 31 May 2005.

A triennial actuarial valuation was performed as at 30 November 2011. A recovery plan has been agreed with the Trustees at a group level. Direct contributions of £98,400 per annum as a minimum will be paid for the scheme as a whole for a period of six years commencing on 1 December 2012.

In addition to the agreed contribution schedule there is a further agreement with the Trustees to investigate other deficit reduction actions wide of direct contributions into the scheme. To the extent that any such actions are taken, there will be an additional cost to the employer(s) for funding them. The overall agreement is that the sum total of all costs of the scheme to the employers will be £1.2m in the three years commencing 1 December 2012, and that these costs should be broadly equally spread over that period. The employers will make additional direct contributions to the extent that those already scheduled plus any costs of other deficit reduction actions that may be undertaken fall below the agreed overall amount.

The figures in the remainder of this note represent the portion of the scheme attributed to the group only.

The group expects to contribute £8,000 to the scheme during the next financial year.

##### The major assumptions used by the actuary were:

	2012 %	2011 %	2010 %
Rate of increase in pensions in payment	2.00	2.60	3.35
Discount rate	4.00	4.90	5.50
Inflation assumption	2.50	3.10	3.35



# **GRIFFITHS & ARMOUR (HOLDINGS) LIMITED**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 NOVEMBER 2012**

### **15 Pension costs**

**(continued)**

The long term expected rates of return are as follows:

	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Group pension contract	<u>5.00</u>	<u>5.80</u>	<u>5.80</u>

The overall expected return assumption is calculated as the weighted average of the individual expected return assumptions for each of the major asset classes. The individual return assumptions are based on investment market conditions in the UK, specifically with regard to yields on UK Government gilts, high quality AA rated corporate bonds, and interest rates set by the Bank of England. Equity returns in well established global markets are generally expected to outperform the return on gilts by 3% pa or more in the long term, and such anticipated outperformance has been taken into account in deriving the expected return from equity type investments.

The weightings used for the overall expected return are in line with the proportions invested in each of the major asset classes, and a deduction to allow for investment expenses has been made.

The amounts recognised in the balance sheet are

	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Group pension contract	365,000	331,000	265,000
Present value of scheme liabilities	<u>(365,000)</u>	<u>(333,000)</u>	<u>291,000</u>
Deficit in scheme	-	(2,000)	(26,000)
Related deferred tax liability	-	500	7,020
Net pension liability	<u>-</u>	<u>(1,500)</u>	<u>(18,980)</u>

# **GRIFFITHS & ARMOUR (HOLDINGS) LIMITED**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 NOVEMBER 2012**

### **15 Pension costs**

**(continued)**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Expected return on pension scheme assets	17,000	16,000
Interest on pension scheme liabilities	(17,000)	(16,000)
Net return	-	-

### **Analysis of amount recognised in the statement of total recognised gains and losses.**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Actual return less expected return on pension scheme assets	9,000	41,000
Experience gains/(losses) arising on scheme liabilities	(6,000)	(9,000)
Changes in assumptions underlying the present value of the scheme liabilities	(9,000)	(17,000)
Actuarial (losses)/gains recognised in the statement of total recognised gains and losses	(6,000)	15,000

### **Movement in deficit during the year:**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Deficit in scheme at 01 December 2011	(2,000)	(26,000)
Contributions made	8,000	9,000
Actuarial (losses)/gains	(6,000)	15,000
Deficit in scheme at 30 November 2012	-	(2,000)

# **GRIFFITHS & ARMOUR (HOLDINGS) LIMITED**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 30 NOVEMBER 2012**

### **15 Pension costs**

**(continued)**

Amounts for the current and previous four periods are as follows

	2012 £	2011 £	2010 £	2009 £	2008 £
Defined benefit obligation	(365,000)	(333,000)	(291,000)	(301,000)	(171,000)
Plan assets	365,000	331,000	265,000	235,000	201,000
Surplus/(deficit)	-	(2,000)	(26,000)	(66,000)	30,000
Experience adjustments on plan liabilities	(6,000)	(9,000)	15,000	2,000	(2,000)
Experience adjustments on plan assets	9,000	41,000	8,000	16,000	(67,000)

### **16 Share capital**

**2012  
£**

**2011  
£**

**Allotted, called up and fully paid**

2,775,259 'A' ordinary shares of £1 00

2,775,259

2,739,108

216,422 'B' ordinary shares of £1 00

216,422

195,587

2,991,681

2,934,695

During the year 56,986 Ordinary B £1 shares with an aggregate nominal value of £56,986 were issued and allotted for a consideration of £398,902. During the year 39,755 Ordinary B £1 shares were converted to Ordinary A £1 shares.

# **GRIFFITHS & ARMOUR (HOLDINGS) LIMITED**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 30 NOVEMBER 2012**

#### **17 Statement of movements on reserves**

##### **Group**

	Share premium account £	Other reserves (see below) £	Profit and loss account £
Balance at 1 December 2011	607,684	66,550	6,042,973
Profit for the year	-	-	2,037,088
Premium on shares issued during the year	341,916	-	-
Dividends paid	-	-	(1,342,163)
Tax relief on pension scheme contributions in excess of amounts charged to the profit and loss account	-	-	1,751
Actuarial gains or losses on pension scheme assets	-	-	(6,000)
Movement on deferred tax relating to pension asset	-	-	(500)
Transfer between profit and loss account reserve and pension scheme reserve	-	-	(809,000)
Balance at 30 November 2012	<u>949,600</u>	<u>66,550</u>	<u>5,924,149</u>

##### **Other reserves**

##### **Capital redemption reserve**

Balance at 1 December 2011 & at 30 November 2012	<u>51,550</u>
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##### **Non-distributable reserves**

Balance at 1 December 2011 & at 30 November 2012	<u>15,000</u>
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##### **Company**

	Share premium account £	Other reserves (see below) £	Profit and loss account £
Balance at 1 December 2011	607,684	51,550	1,697,714
Profit for the year	-	-	1,324,428
Premium on shares issued during the year	341,916	-	-
Dividends paid	-	-	(1,342,163)
Balance at 30 November 2012	<u>949,600</u>	<u>51,550</u>	<u>1,679,979</u>

##### **Other reserves**

##### **Capital redemption reserve**

Balance at 1 December 2011 & at 30 November 2012	<u>51,550</u>
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# **GRIFFITHS & ARMOUR (HOLDINGS) LIMITED**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 30 NOVEMBER 2012**

<b>18 Reconciliation of movements in shareholders' funds</b>	<b>2012</b>	<b>2011</b>
<b>Group</b>	<b>£</b>	<b>£</b>
Profit for the financial year	2,037,088	1,945,324
Dividends	(1,342,163)	(1,343,297)
	<u>694,925</u>	<u>602,027</u>
Other recognised gains and losses	(6,000)	15,000
Proceeds from issue of shares	398,902	-
Tax relief on pension scheme contributions in excess of amounts charged to the profit and loss account	1,751	2,400
Movement on deferred tax relating to pension asset	(500)	(6,520)
Effect of unrealised gains on the actuarial valuation of pension scheme held in Griffiths & Armour Partnership	<u>(809,000)</u>	<u>484,000</u>
Net addition to shareholders' funds	280,078	1,096,907
Opening shareholders' funds	9,651,902	8,554,995
Closing shareholders' funds	<u>9,931,980</u>	<u>9,651,902</u>

<b>Company</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	1,324,428	946,544
Dividends	(1,342,163)	(1,343,297)
	<u>(17,735)</u>	<u>(396,753)</u>
Proceeds from issue of shares	398,902	-
Net addition to/(depletion in) shareholders' funds	381,167	(396,753)
Opening shareholders' funds	5,291,643	5,688,396
Closing shareholders' funds	<u>5,672,810</u>	<u>5,291,643</u>

### **19 Financial commitments**

At 30 November 2012 the group had annual commitments under non-cancellable operating leases as follows

	<b>Land and buildings</b>	
	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Expiry date		
Between two and five years	<u>62,530</u>	<u>62,530</u>

# **GRIFFITHS & ARMOUR (HOLDINGS) LIMITED**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 30 NOVEMBER 2012**

<b>20 Directors' remuneration</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	<u>57,423</u>	<u>56,298</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2011 - 3)

## **21 Employees**

### **Number of employees**

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

	<b>2012</b>	<b>2011</b>
	<b>Number</b>	<b>Number</b>
Professional and technical	41	39
Administration	2	2
	<u>43</u>	<u>41</u>

### **Employment costs**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Wages and salaries	591,523	601,578
Social security costs	66,174	66,111
Other pension costs	45,521	47,116
	<u>703,218</u>	<u>714,805</u>

# GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2012

### 22 Related party relationships and transactions

#### Transactions with related parties

During the year the group has had significant transactions with Griffiths & Armour (a partnership) in which all the directors, with the exception of R M H Griffiths & D K Wright, are partners

The transactions can be summarised as follows

	2012	2011
	£	£
Transfer of overhead expenditure to the group	126,396	136,687
Transfer of commission income to the group	865,000	865,000

#### Balances with related parties

At 30 November 2012 there was a balance due to Griffiths & Armour by Griffiths & Armour Global Risks Limited of £948 (2011 - £4,511)

At 30 November 2012 there was a balance due to Griffiths & Armour by the company of £136,613 (2011 - £95,513) and by the group of £137,561 (2011 - £100,024)

At 30 November 2012 there was a balance due from Griffiths & Armour Partnership to Griffiths & Armour Limited of £7,411,744 (2011 - £7,585,547)

#### Dividends to Directors

Dividends totalling £793,501 were paid during the year to directors and close members of their families

	2012	2011
	£	£
R M H Griffiths	403,407	403,407
D K Wright	268,462	268,462
N A Brace	14,700	14,700
D J Whalley	19,352	18,787
C Evans	18,738	18,109
M Donnelly	13,553	13,222
D J Haram	3,655	3,536
R H Trotter	7,358	6,885
D J Darke	44,276	44,276
	<u>793,501</u>	<u>791,384</u>

# GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2012

### 22 Related party relationships and transactions

(continued)

#### Other transactions

During the year ended 30 November 2012 Ordinary B shares of £1 were purchased by the following directors

S H Bamforth purchased 6,827 new shares for a consideration of £47,789

D J MacNicol purchased 6,290 new shares for a consideration of £44,030

N A Brace purchased 6,290 new shares for a consideration of £44,030

D J Whalley purchased 7,982 new shares for a consideration of £55,874 which were subsequently transferred to his wife upon which the shares converted to Ordinary A shares of £1

C Evans purchased 8,491 new shares for a consideration of £59,437 which were subsequently transferred to his wife upon which the shares converted to Ordinary A shares of £1

M Donnelly purchased 4,948 new shares for a consideration of £34,636 which were subsequently transferred to his wife upon which the shares converted to Ordinary A shares of £1

D J Haram purchased 4,373 new shares for a consideration of £30,611 which were subsequently transferred to his wife upon which the shares converted to Ordinary A shares of £1

R H Trotter purchased 7,235 new shares for a consideration of £50,645 which were subsequently transferred to his wife upon which the shares converted to Ordinary A shares of £1

P Berg purchased 2,275 new shares for a consideration of £15,925 which were subsequently transferred to his wife upon which the shares converted to Ordinary A shares of £1

C Edwards purchased 2,275 new shares for a consideration of £15,925 which were subsequently transferred to his wife upon which the shares converted to Ordinary A shares of £1

During the year ended 30 November 2011 no shares were issued to directors



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**GRIFFITHS & ARMOUR (HOLDINGS) LIMITED**  
**MANAGEMENT INFORMATION**  
**FOR THE YEAR ENDED 30 NOVEMBER 2012**

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# **GRIFFITHS & ARMOUR (HOLDINGS) LIMITED**

## **DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 NOVEMBER 2012**

	2012	2011
	£	£
<b>Group dividends received</b>		
Griffiths & Armour Limited	1,300,000	700,000
Griffiths & Armour Global Risks Limited	100,000	200,000
Griffiths & Armour Risk Management Limited	-	100,000
	<u>1,400,000</u>	<u>1,000,000</u>
Bank interest received	8,167	10,629
	<u>1,408,167</u>	<u>1,010,629</u>
Other income	-	11,845
	<u>1,408,167</u>	<u>1,022,474</u>
<b>Expenses</b>		
Directors' remuneration	57,423	56,298
Audit and accountancy	11,400	12,000
Professional fees	13,880	7,288
Bank interest and charges	137	125
Other expenses	-	219
Exchange differences	899	-
	<u>(83,739)</u>	<u>(75,930)</u>
	<u>1,324,428</u>	<u>946,544</u>
<b>Taxation</b>		
Corporation tax	-	-
	<u>-</u>	<u>-</u>
	<u>1,324,428</u>	<u>946,544</u>
Dividend	(1,342,163)	(1,343,297)
<b>Retained loss</b>	<u>(17,735)</u>	<u>(396,753)</u>