

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2010

WEDNESDAY



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COMPANIES HOUSE

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

COMPANY INFORMATION

Directors

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

Secretary

D J Darke

Company number

2839315

Registered office

Drury House
19 Water Street
Liverpool
L2 0RL

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

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

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GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2010

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 2010

Principal activities and review of the business

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

The subsidiaries and associated undertakings principally affecting the profits or 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 results for the year are set out on page 5

Dividends amounting to £1,393,270 were paid during the year

Future developments

The directors expect continued growth in the long term

Directors

The following directors have held office since 1 December 2009

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

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

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2010

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 Company and the Group will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company and the Group'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

24 March 2011

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

We have audited the Group and Parent Company financial statements of Griffiths & Armour (Holdings) Limited for the year ended 30 November 2010 set out on pages 5 to 28. 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 sections 495 and 496 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

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 2010 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Group 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

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



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

24 March 2011

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 2010

	Notes	2010 £	2009 £
Turnover	2		
Continuing operations		3,312,135	3,000,054
Discontinued activities		-	110,000
		<u>3,312,135</u>	<u>3,110,054</u>
Administrative expenses		<u>(1,176,713)</u>	<u>(1,237,056)</u>
Operating profit	4		
Continuing operations		2,135,422	1,770,920
Discontinued activities		-	102,078
		<u>2,135,422</u>	<u>1,872,998</u>
Profit on disposal of investments		<u>-</u>	<u>95,129</u>
Profit on ordinary activities before interest		<u>2,135,422</u>	<u>1,968,127</u>
Other interest receivable and similar income	5	10,747	35,694
Interest payable and similar charges	6	<u>(5,579)</u>	<u>(10,809)</u>
Profit on ordinary activities before taxation		<u>2,140,590</u>	<u>1,993,012</u>
Tax on profit on ordinary activities	7	<u>(610,886)</u>	<u>(640,225)</u>
Profit for the year	18	<u><u>1,529,704</u></u>	<u><u>1,352,787</u></u>

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 NOVEMBER 2010

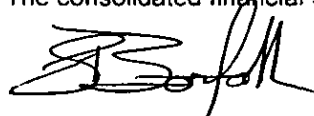
	2010 £	2009 £
Profit for the financial year	1,529,704	1,352,787
Actuarial gains on the defined benefit pension scheme	34,000	(72,000)
Movement on deferred tax provision re pension scheme deficit	(11,460)	18,480
Tax relief on current year pension contributions	1,680	1,680
Effect of unrealised gains/(losses) on actuarial valuation of pension scheme held in Griffiths & Armour Partnership	1,632,000	(4,326,000)
Total gains and losses recognised since last financial statements	<u>3,185,924</u>	<u>(3,025,053)</u>

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

CONSOLIDATED BALANCE SHEET AS AT 30 NOVEMBER 2010

		2010		2009	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	9		182,218		222,601
Tangible assets	10		27,721		39,574
Investments	11		31,903		-
			<u>241,842</u>		<u>262,175</u>
Current assets					
Debtors	12	9,089,182		7,844,842	
Cash at bank and in hand		6,116,335		7,580,331	
		<u>15,205,517</u>		<u>15,425,173</u>	
Creditors amounts falling due within one year	13	<u>(6,873,384)</u>		<u>(9,433,075)</u>	
Net current assets			<u>8,332,133</u>		<u>5,992,098</u>
Total assets less current liabilities			<u>8,573,975</u>		<u>6,254,273</u>
Pension scheme liability	14, 15		<u>(18,980)</u>		<u>(47,520)</u>
			<u>8,554,995</u>		<u>6,206,753</u>
Capital and reserves					
Called up share capital	16		2,934,695		2,849,220
Share premium account	17		607,684		137,571
Other reserves	17		66,550		66,550
Profit and loss account	17		4,946,066		3,153,412
Shareholder's funds	18		<u>8,554,995</u>		<u>6,206,753</u>
Total Capital Employed			<u>8,554,995</u>		<u>6,206,753</u>

The consolidated financial statements were approved by the Board on 24 March 2011



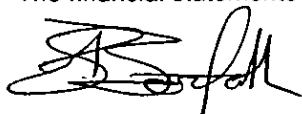
S H Bamforth
Director

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

BALANCE SHEET **AS AT 30 NOVEMBER 2010**

	Notes	2010 £	£	2009 £	£
Fixed assets					
Intangible assets	9		500		500
Investments	11		4,000,667		3,969,165
			<u>4,001,167</u>		<u>3,969,665</u>
Current assets					
Debtors	12	67,169		824,027	
Cash at bank and in hand		1,833,237		901,808	
		<u>1,900,406</u>		<u>1,725,835</u>	
Creditors amounts falling due within one year	13	<u>(213,177)</u>		<u>(233,523)</u>	
Net current assets/(liabilities)			<u>1,687,229</u>		<u>1,492,312</u>
Net assets			<u><u>5,688,396</u></u>		<u><u>5,461,977</u></u>
Capital and reserves					
Called up share capital	16		2,934,695		2,849,220
Share premium account	17		607,684		137,571
Capital redemption reserve	17		51,550		51,550
Profit and loss account	17		2,094,467		2,423,636
Shareholders' funds	18		<u><u>5,688,396</u></u>		<u><u>5,461,977</u></u>

The financial statements were approved by the Board on 24 March 2011



S H Bamforth
Director

Company Registration No 2839315

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 NOVEMBER 2010

	2010	2009
£	£	£
Net cash inflow from operating activities (note 1)	141,306	3,099,323
Returns on investments and servicing of finance		
Interest received	10,747	35,694
Interest paid	(3,579)	(10,809)
Net cash inflow from returns on investments and servicing of finance	7,168	24,885
Taxation	(740,758)	(451,905)
Payments to acquire investments	34,030	-
Net cash outflow for capital expenditure	(34,030)	-
Acquisitions and disposals		
Sale of subsidiaries (note 4)	-	97,726
Cash of subsidiaries disposed of	-	(93,147)
	-	4,579
Equity dividends paid	(1,393,270)	(1,875,383)
Net cash outflow before management of liquid resources and financing	(2,019,584)	801,499
Financing		
Issue of ordinary share capital	555,588	-
Net cash inflow from financing	555,588	-
(Decrease)/increase in cash in the year (note 2)	<u>(1,463,996)</u>	<u>801,499</u>

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 NOVEMBER 2010

	2010	2009
1 Reconciliation of operating profit to net cash inflow/(outflow) from operating activities		
	£	£
Operating profit	2,135,422	1,872,998
Depreciation of tangible assets	12,050	19,510
Amortisation of intangible assets	40,383	40,383
(Increase)/decrease in debtors	(1,533,494)	5,084,574
(Decrease)/Increase in creditors within one year	(2,112,484)	644,054
Translation difference	1,969	2,324
Increase/(decrease) in provisions	-	(185,000)
Non-cash effect of movement in FRS17 deficit within Griffiths & Armour Partnership	1,632,000	(4,326,000)
Pension scheme non-cash movement	(28,540)	(47,520)
Pension scheme operating charge	2,000	-
Pension scheme contributions paid	(8,000)	(6,000)
Net cash inflow/(outflow) from operating activities	141,306	3,099,323

2 Analysis of net funds	1 December 2009	Cash flow	30 November 2010
	£	£	£
Net cash			
Cash at bank and in hand	7,580,331	(1,463,996)	6,116,335
Net funds	7,580,331	(1,463,996)	6,116,335

3 Reconciliation of net cash flow to movement in net funds	2010	2009
	£	£
(Decrease)/increase in cash in the year	(1,463,996)	801,499
Change in net funds resulting from cash flows	(1,463,996)	801,499
Movement in net funds	(1,463,996)	801,499
Opening net funds	7,580,331	6,778,832
Closing net funds	6,116,335	7,580,331

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

NOTES TO THE CASH FLOW STATEMENT (CONTINUED) **FOR THE YEAR ENDED 30 NOVEMBER 2010**

4 Sale of subsidiaries	2010	2009
	£	£
Net assets disposed of		
Fixed assets	-	-
Debtors	-	22,002
Bank and cash	-	93,147
Creditors	-	(111,764)
	<u>-</u>	<u>3,385</u>
Minority interests	-	(788)
Profit on disposal	-	95,129
	<u>-</u>	<u>97,726</u>
Consideration		97,726
	<u>-</u>	<u>97,726</u>
Satisfied by		
Cash	-	97,726
Deferred consideration	-	-
	<u>-</u>	<u>97,726</u>

It is not practicable to disclose the individual cashflow effects of the subsidiary on the main cashflow statement headings

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2010

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 income and fees and commissions from the provision of financial services.

Brokerage income is credited to the profit and loss account when clients are invoiced with the relevant premiums or on inception of the risk, whichever is the later.

Where risks are placed that relate to a period of cover, an appropriate part of the income representing the post-placement contractual obligations is deferred to subsequent periods.

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 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 by equal annual instalments over its expected useful life, as follows:

Lease costs	20%
Office additions	20%
Fixtures, fittings and computers	20% - 33 1/3%
Motor vehicles	25%

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2010

1 Accounting policies (continued)

1 7 Investments in group

Investments in subsidiaries are shown at cost less any amounts written off for permanent diminution in value

1 8 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 asset will crystallise in the future

1 9 Leasing

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

1 10 Pensions

The pension costs have been charged in the financial statements in accordance with FRS17

1 11 Insurance broking assets and liabilities

Certain of the subsidiary companies act as agents in broking the insurable risks of their clients and generally are not liable as principal for premiums due to underwriters or for claims payable to clients. Notwithstanding the companies' legal relationship with clients and underwriters, and since in practice premium and claim monies are usually accounted for by insurance intermediaries, they have followed generally accepted accounting practice by showing cash, debtors and creditors relating to insurance business as assets and liabilities of the companies themselves

In the normal course of business settlement is required to be made with certain markets, market settlement bureaux or insurance intermediaries on the basis of the net settlement due to or from the market, bureau or intermediary in question rather than the amounts due to or from the individual parties which it represents

However, under Financial Reporting Standard 5 (FRS 5), assets and liabilities may not be offset unless net settlement is legally enforceable. Hence insurance debtors and creditors are shown gross within these financial statements (see note 24)

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

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 NOVEMBER 2010**

2 Turnover

Geographical market

	Turnover 2010 £	2009 £
Channel Islands	60,769	82,650
	<u>60,769</u>	<u>82,650</u>

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

3 Cost of sales and net operating expenses

	2010			2009		
	Continuing £	Discontinued £	Total £	Continuing £	Discontinued £	Total £
Administrative expenses	<u>1,176,713</u>	<u>-</u>	<u>1,176,713</u>	<u>1,229,134</u>	<u>7,922</u>	<u>1,237,056</u>

4 Operating profit

	2010 £	2009 £
Operating profit is stated after charging		
Amortisation of intangible assets	40,383	40,383
Depreciation of tangible assets	12,050	19,510
Loss on foreign exchange transactions	5,163	-
Auditors' remuneration	19,670	22,645
Remuneration of auditors for non-audit work	3,000	2,000
and after crediting		
Profit on foreign exchange transactions	<u>-</u>	<u>5,152</u>

5 Investment income

	2010 £	2009 £
Bank interest	<u>10,747</u>	<u>35,694</u>
	<u>10,747</u>	<u>35,694</u>

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 NOVEMBER 2010**

6	Interest payable	2010	2009
		£	£
	On bank loans and overdrafts	3,579	10,809
	Pension finance charge	2,000	-
		<u>5,579</u>	<u>10,809</u>
7	Taxation	2010	2009
		£	£
	Domestic current year tax		
	U K corporation tax	611,331	642,492
	Total current tax	<u>611,331</u>	<u>642,492</u>
	Deferred tax		
	Deferred tax charge/(credit) current year	(445)	(2,267)
		<u>610,886</u>	<u>640,225</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>2,140,590</u>	<u>1,993,012</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2009 - 28.00%)	<u>599,365</u>	<u>558,043</u>
	Effects of		
	Non deductible expenses	6,085	148,518
	Depreciation add back	3,374	5,463
	Amortisation	11,307	11,314
	Capital allowances	(2,710)	(3,109)
	Foreign tax adjustments	(2,617)	(30,588)
	Adjustments to previous periods	-	(18,153)
	Non taxable gains	-	(26,636)
	Other tax adjustments	(3,473)	(2,360)
		<u>11,966</u>	<u>84,449</u>
	Current tax charge for the year	<u>611,331</u>	<u>642,492</u>

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 NOVEMBER 2010**

8	Dividends	2010 £	2009 £
	Ordinary interim paid	1,393,270	1,875,383

9	Intangible fixed assets	Trademarks £	Goodwill £	Total £
	Cost			
	At 1 December 2009 & at 30 November 2010	500	3,337,802	3,338,302
	Amortisation			
	At 1 December 2009	-	3,115,701	3,115,701
	Charge for the year	-	40,383	40,383
	At 30 November 2010	-	3,156,084	3,156,084
	Net book value			
	At 30 November 2010	500	181,718	182,218
	At 30 November 2009	500	222,101	222,601

10	Tangible fixed assets	Lease costs £	Fixtures, fittings and computers £	Motor vehicles £	Total £
	Cost				
	At 1 December 2009	27,610	92,896	40,690	161,196
	Additions	-	197	-	197
	At 30 November 2010	27,610	93,093	40,690	161,393
	Depreciation				
	At 1 December 2009	27,610	85,598	8,414	121,622
	Charge for the year	-	4,622	7,428	12,050
	At 30 November 2010	27,610	90,220	15,842	133,672
	Net book value				
	At 30 November 2010	-	2,873	24,848	27,721
	At 30 November 2009	-	7,298	32,276	39,574

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 NOVEMBER 2010**

11 Fixed asset investments

	Note	2010		2009	
		Group £	Company £	Group £	Company £
Group undertakings		-	3,968,764	-	3,969,165
Unlisted investments		31,903	31,903	-	-
		<u>31,903</u>	<u>4,000,667</u>	<u>-</u>	<u>3,969,165</u>

Group undertakings

Parent company

	£
At 1 December 2009	3,969,165
Additions	-
Disposals	(401)
At 30 November 2010	<u>3,968,764</u>

The investments in Group Companies comprise holdings as follows All holdings are 100%

Company	Activity	Country of incorporation/ registration	Number and class of shares held
Griffiths & Armour Limited	Insurance broker	England and Wales	1,260 Ordinary shares of £1 each
Griffiths & Armour Risk Management Limited	Risk management consultancy services	England and Wales	100 Ordinary shares of £1 each
Griffiths & Armour Insurance Brokers Limited	Insurance broker	England and Wales	1,000 Ordinary shares of £1 each
Griffiths & Armour Captive Management Limited	Management services	Guernsey	10,000 Ordinary shares of £1 each
Griffiths & Armour Professional Risks Limited	Insurance broker	England and Wales	4,000 Ordinary shares of £1 each
Griffiths & Armour Financial Planning Limited	Insurance broker	England and Wales	1,000 Ordinary shares of £1 each
Adam Brothers Contingency Limited	Insurance broker	England and Wales	1,000 Ordinary shares of £1 each
Griffiths & Armour Global Risks Limited	Insurance broker	England and Wales	500,000 Ordinary shares of £1 each

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 NOVEMBER 2010**

12 Debtors	2010		2009	
	Group £	Company £	Group £	Company £
Trade debtors	3,259,974	-	3,250,574	-
Amounts owed by subsidiary undertakings	-	49,294	-	24,027
Other debtors	3,036	-	803,016	800,000
Griffiths & Armour Limited Current Account	5,757,472	-	3,757,516	-
Prepayments and accrued income	47,244	-	30,600	-
Corporation tax	17,875	17,875	-	-
Deferred tax asset	3,581	-	3,136	-
	<u>9,089,182</u>	<u>67,169</u>	<u>7,844,842</u>	<u>824,027</u>

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

13 Creditors: amounts falling due within one year

	2010		2009	
	Group £	Company £	Group £	Company £
Trade creditors	6,304,563	-	8,677,216	-
Corporation tax	317,815	-	431,047	146,124
Other taxes and social security costs	21,886	1,614	23,422	1,622
Other creditors	64,815	64,815	169,856	64,542
Amounts owed by subsidiary undertakings	-	134,748	-	6,557
Accruals and deferred income	164,305	12,000	131,534	14,678
	<u>6,873,384</u>	<u>213,177</u>	<u>9,433,075</u>	<u>233,523</u>

14 Provisions for liabilities and charges

	Pension provision £
Balance at 1 December 2009	47,520
Decrease in provision	(28,540)
Balance at 30 November 2010	<u>18,980</u>

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2010

15 Retirement benefits

Defined benefit

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

The scheme became paid up on 31 May 2005

The plan is a final salary pension arrangement where members receive benefits based on their final salary. The plan also provides benefits to spouses/dependents in the event of a member's death before or after retirement.

A triennial actuarial valuation was performed as at 30 November 2008. A recovery plan has been agreed with the Trustees at a group level. Contributions of £835,200 per annum will be paid for the scheme as a whole for a period of seven years commencing on 1 December 2009. As part of this agreement these contributions may be reduced to £759,600 per annum for seven years from 1 December 2009 and then £225,600 per annum for the three years commencing 1 December 2016. The partners elected to not take advantage of the reduced payments.

The total contribution to the scheme in the 12 month period ended 30 November 2010 was £835,200 of which £8,000 was made by the group.

The contributions have been in excess of those agreed as part of the recovery plan as a result of the agreement reached with the Trustees when the Griffiths & Armour Partnership assumed responsibility for the deficit on the portion of the pension scheme previously attributed to Griffiths & Armour (Financial Services) Limited.

As part of the agreement with the Trustees, it was agreed that the Partnership would make additional contributions of £48,000 per annum in the years ended 30 November 2008, 2009 and 2010.

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

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

	2010 %	2009 %
Principal actuarial assumptions as at the end of the accounting period		
Rate of increase in salaries	-	-
Rate of increase in pensions payment	3.35	3.35
Discount rate	5.50	5.40
Inflation assumption	3.35	3.35
Expected return on the plan assets:		
Group pension contract	5.80	5.80
Cash and other net assets	-	-

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 NOVEMBER 2010**

15 Retirement benefits

(Continued)

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 instruments.

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.

	2010 £	2009 £
The amounts recognised in the balance sheet are		
Equities	-	-
Bonds	-	-
Group pension contract	265,000	235,000
Cash and other net assets	-	-
Present value of scheme liabilities	(291,000)	(301,000)
Surplus/(Deficit) in scheme	(26,000)	(66,000)
Related deferred tax asset	7,020	18,480
Restriction on recoverable surplus	-	-
Surplus/(Deficit) in the plan	-	-
Related deferred tax liability	-	-
Net pension liability	(18,980)	(47,520)
	2010 £	2009 £
Amounts recognised in profit or loss are		
Expected return on pension scheme assets	14,000	12,000
Interest on pension scheme liabilities	(16,000)	(12,000)
Other amounts	-	-
Net return	(2,000)	-

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 NOVEMBER 2010**

15 Retirement benefits

(Continued)

	2010	2009
	£	£
Analysis of amount recognised in the statement of total recognised gains and losses		
Actual return less expected return on pension scheme assets	8,000	16,000
Experience gains and losses arising on scheme liabilities	15,000	2,000
Changes in assumptions underlying the present value of the scheme liabilities	11,000	(120,000)
Restriction due to limit on recoverable surplus	-	30,000
	<u>34,000</u>	<u>(72,000)</u>
Actual loss recognised in the statement of total recognised gains and losses		
	<u>34,000</u>	<u>(72,000)</u>
	2010	2009
	£	£
Movement in deficit during the year		
Deficit in scheme at 1 December 2009	(66,000)	-
Operating charge	(2,000)	-
Contributions made	8,000	6,000
Actuarial gains/(losses)	34,000	(102,000)
Restriction on recoverable surplus	-	30,000
	<u>(26,000)</u>	<u>(66,000)</u>
Deficit in scheme 30 November 2010	<u>(26,000)</u>	<u>(66,000)</u>

There are no amounts included in fair value of assets for the company's own financial instruments or property or other assets used by the company

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 NOVEMBER 2010**

15 Retirement benefits

(Continued)

Amounts for the current and previous four periods are as follows

	2010 £	2009 £	2008 £	2007 £	2006 £
Defined benefit obligation	(291,000)	(301,000)	(171,000)	(1,674,000)	(1,742,000)
Plan assets	265,000	235,000	201,000	1,617,000	1,536,000
Surplus/(deficit)	<u>(26,000)</u>	<u>(66,000)</u>	<u>30,000</u>	<u>(57,000)</u>	<u>(206,000)</u>
Experience adjustments on plan liabilities	15,000	2,000	(2,000)	(13,000)	(17,000)
Experience adjustments on plan assets	8,000	16,000	(67,000)	(59,000)	202,000

Group Personal Pension Arrangement

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

The contributions by the group to the funds in the period were £50,868 (2009: £50,553).

16 Share capital

**2010
£**

**2009
£**

Authorised

3,116,550 Ordinary shares of £1 each

3,116,550

3,116,550

Allotted, called up and fully paid

2,934,695 Ordinary shares of £1 each

2,934,695

2,849,220

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 NOVEMBER 2010**

17 Statement of movements on reserves **Group**

	Non Distributable Reserves	Share premium account £	Capital redemption reserve £	Profit and loss account £
Balance at 1 December 2009	15,000	137,571	51,550	3,153,412
Profit for the year	-	-	-	1,529,704
Premium on shares issued during the year	-	470,113	-	-
Actuarial gains on pension scheme assets	-	-	-	1,666,000
Movement on deferred tax provision re pension scheme deficit	-	-	-	(11,460)
Tax relief on current year pension contributions	-	-	-	1,680
Dividends	-	-	-	(1,393,270)
Balance at 30 November 2010	<u>15,000</u>	<u>607,684</u>	<u>51,550</u>	<u>4,946,066</u>

Company

	Share premium account £	Capital redemption reserve £	Profit and loss account £
Balance at 1 December 2009	137,571	51,550	2,423,636
Profit for the year	-	-	1,064,101
Premium on shares issued during the year	470,113	-	-
Dividends	-	-	(1,393,270)
Balance at 30 November 2010	<u>607,684</u>	<u>51,550</u>	<u>2,094,467</u>

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 NOVEMBER 2010**

18 Reconciliation of movements in shareholders' funds

	2010		2009	
	Group	Company	Group £	Company £
Profit for the financial year	1,529,704	1,064,101	1,352,787	988,387
Dividends	(1,393,270)	(1,393,270)	(1,875,383)	(1,875,383)
	<u>136,434</u>	<u>(329,169)</u>	<u>(522,596)</u>	<u>(886,996)</u>
Proceeds from issue of shares	555,588	555,588	-	-
Actuarial (losses)/gains on pension scheme assets	34,000	-	(72,000)	-
Movement on deferred tax provision re pension scheme deficit	(11,460)	-	18,480	-
Tax relief on current year pension contributions	1,680	-	1,680	-
Effect of unrealised losses on the actuarial valuation of pension scheme held in Griffiths & Armour Partnership	<u>1,632,000</u>	<u>-</u>	<u>(4,326,000)</u>	<u>-</u>
Net addition to/(depletion in) shareholders' funds	2,348,242	226,419	(4,900,436)	(886,996)
Opening shareholders' funds	<u>6,206,753</u>	<u>5,461,977</u>	<u>11,107,189</u>	<u>6,348,973</u>
Closing shareholders' funds	<u><u>8,554,995</u></u>	<u><u>5,688,396</u></u>	<u><u>6,206,753</u></u>	<u><u>5,461,977</u></u>

19 Contingent liabilities

A contingent liability exists in respect of indemnities and warranties given by the company to Charles Stanley Group plc in relation to the sale of Griffiths & Armour (Financial Services) Limited and Griffiths & Armour (Trustees) Limited

The company remains liable for any substantiated claims up to 30 September 2015

20 Financial commitments

At 30 November 2010 the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2010	2009
	£	£
Expiry date		
Between two and five years	<u>43,857</u>	<u>31,265</u>

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 NOVEMBER 2010**

21	Directors' emoluments	2010 £	2009 £
	(a) Group		
	Emoluments for qualifying services	239,264	234,831
	Company pension contributions to money purchase arrangements	14,225	14,225

The number of directors for whom retirement benefits are accruing under money purchase pension arrangements amounted to 2 (2009- 2)

	(b) Company		
	Emoluments for qualifying services	51,675	54,382

22 Employees

Number of employees

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

	2010 Number	2009 Number
Professional & technical	41	44
Administration	2	1
	43	45

Employment costs

	£	£
Wages and salaries	563,474	586,320
Social security costs	66,267	68,616
Other pension costs	50,868	50,553
	680,609	705,489

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2010

23 Related party disclosure

a) 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 and D K Wright are partners

The transactions can be summarised as follows

	2010 £	2009 £
Transfer of overhead expenditure to the Group	141,098	158,713
Transfer of commission income to the Group	1,001,605	984,569

b) Balances with related parties

At 30 November 2010 there was a balance due to Griffiths & Armour by the company of £64,815 (2009 £19,042) and by the group of £81,870 (2009 £132,232)

At 30 November 2010 there was a nil balance due to Griffiths & Armour by Griffiths & Armour Services Pty Limited (2009 £56,017)

At 30 November 2010 there was a balance due to Griffiths & Armour by Griffiths & Armour Global Risks Limited of £17,055 (2009 £48,221)

c) Dividends paid to directors

During the year dividends were paid to directors and their close family as follows,

A dividend of £443,140 (2009 £612,339) was paid to R M H Griffiths a director of the company A dividend of £9,663 (2009 £13,353) was paid into trust for R M H Griffiths and his wife Mrs R Griffiths on behalf of their children

A dividend of £160,745 (2009 £222,120) was paid to B O H Griffiths who is the brother of R M H Griffiths a director of the company

A dividend of £9,663 (2009 £16,656) was paid to P L H Winter who is the sister of R M H Griffiths a director of the company

A dividend of £269,435 (2009 £372,309) was paid to D K Wright a director of the company A dividend of £44,080 (2009 £31,900) was paid to Mrs J Wright, who is the wife of director D K Wright

A dividend of £16,500 (2009 £6,300) was paid to Mrs S Brace the wife of N A Brace who is a director of the company

A dividend of £11,599 (2009 £4,429) was paid to Mrs D Whalley the wife of D J Whalley who is a director of the company

A dividend of £10,268 (2009 £3,921) was paid to Mrs T Evans the wife of C Evans who is a director of the company

A dividend of £6,408 (2009 £2,447) was paid to Mrs M Donnelly the wife of M Donnelly who is a director of the company

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2010

(continued)

23 Related Party Transactions

A dividend of £1,610 (2009 £615) was paid to Mrs M Trotter the wife of R Trotter who is a director of the company

A dividend of £5,698 (2009 £7,874) was paid to D J Darke a director of the company A dividend of £44,000 (2009 £60,800) was paid to Mrs J Darke, who is the wife of director D J Darke

c) Shares purchased by directors

During the year shares were purchased by the following directors

S H Bamforth purchased 18,061 new shares

D J MacNicoll purchased 4,279 new shares

D J Whalley purchased 15,860 new shares which were subsequently transferred to his wife

C Evans purchased 16,772 new shares which were subsequently transferred to his wife

M Donnelly purchased 14,175 new shares which were subsequently transferred to his wife

D J Haram purchased 6,085 new shares which were subsequently transferred to his wife

R H Trotter purchased 10,243 new shares which were subsequently transferred to his wife

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2010

24 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 2010, together with the related debtors and creditors is

	2010 £	2009 £
Non-Statutory Trust Client Bank	3,116,311	5,598,834
Insurance Debtors	3,218,116	3,210,153
	<u>6,334,427</u>	<u>8,808,987</u>
Insurance creditors	<u>(6,304,563)</u>	<u>(8,677,216)</u>
Commissions both due to Griffiths & Armour Global Risks Limited 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>29,864</u>	<u>131,771</u>

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED
MANAGEMENT INFORMATION
FOR THE YEAR ENDED 30 NOVEMBER 2010

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 NOVEMBER 2010

	2010	2009
£	£	£
Group dividends received		
Griffiths & Armour Limited	900,000	400,000
Griffiths & Armour Global Risks Limited	200,000	100,000
Griffiths & Armour Services Pty Limited	17,983	-
The Temple	-	508,254
	<hr/>	<hr/>
	1,117,983	1,008,254
Bank interest received	3,262	6,237
	<hr/>	<hr/>
	1,121,245	1,014,491
Profit on sale of Griffiths & Armour Professional Risks Pty Limited	-	97,725
Other insurance receipt	20	75,000
	<hr/>	<hr/>
	1,121,265	1,187,216
Expenses		
Directors' remuneration	51,675	54,382
Audit and accountancy	12,000	11,645
Professional fees	7,918	4,857
Bank interest and charges	608	83
Other expenses	500	30
Exchange differences	2,338	134
	<hr/>	<hr/>
	(75,039)	(71,131)
	<hr/>	<hr/>
	1,046,226	1,116,085
Taxation		
Corporation tax	17,875	127,698
	<hr/>	<hr/>
	17,875	(127,698)
	<hr/>	<hr/>
	1,064,101	988,387
Dividend	(1,393,270)	(1,875,383)
	<hr/>	<hr/>
Retained (loss)/profit	(329,169)	(886,996)
	<hr/>	<hr/>