

Flag Insurance (Brokers) Limited

**Report and Financial Statements
Year ended 31 December 2022**

Registered number: 05801781

MONDAY



AC9WBJJT

A03

14/08/2023

#144

COMPANIES HOUSE

Contents

Company information	1
Strategic report	2
Directors' report	4
Independent auditor's report	6
Income statement	9
Statement of financial position	10
Statement of changes in equity	11
Notes to the financial statements	12

Flag Insurance (Brokers) Limited
Year ended 31 December 2022

Company information

Directors

N K McLachlan
M S Lloyd

Registered office

The Lighthouse
98 Liverpool Road
Formby
Liverpool
L37 6BS

Registered number

05801781

Bankers

National Westminster Bank Plc
Bracknell High Street
Enfield RCSC
PO Box 145
Lee House
Baird Road
Middlesex
EN1 1FD

Auditors

Grant Thornton (NI) LLP
12-15 Donegall Square West
Belfast
BT1 6JH
Northern Ireland

Strategic report

The directors present their strategic report for the year ended 31 December 2022.

Review of business

Flag Insurance (Brokers) Limited ('the company') specialises in the niche motor insurance market, acting as a broker and distributor. It is regulated by the Financial Conduct Authority.

Flag Insurance (Brokers) Limited is a subsidiary of the Granite Holdings One Limited group ('the group') based in the United Kingdom, and the Quartz Holdings Limited group ('the Quartz group') based in Guernsey. The group specialises in the niche motor insurance market, providing distribution, finance and claims services to our clients.

In the year ended 31 December 2022 the company has seen excellent growth in both revenue and operating profits. Revenue increased by 43% to £724,744 (2021: £507,479) and operating profit increased 176% to £309,198 (2021: £111,988). Operating profit margin has also improved to 43% (2021: 22%).

The company met all of its financial obligations for the years ended 31 December 2022 and 31 December 2021.

Strategy

The company continues to differentiate itself from the mainstream motor insurance market by specialising in niche areas of the motor market and continues to benefit from the loyalty of its customer base with strong renewal retention across all our main product lines. Whilst the motor insurance market remains competitive, we do expect to expand the business substantially going forward.

Investment

Integral to the company's strategy is its investment in its people, technology and products which has enabled the growth seen this year and will continue to support the company's next period of growth in a competitive and continuously evolving marketplace.

Specifically, there has been investment in a bespoke CRM tool which should bring efficiencies and benefits across various areas of the business.

Principal risks and uncertainties

The main risk to the company is the loss of clients due to overly competitive pricing in our core markets by competitors. We mitigate this risk by monitoring our competitor pricing to ensure our pricing structures are competitive and our service levels exceed that commonly available in our industry. We remain committed to our existing niche areas of the motor market and also to expand into similar classes as the opportunities arise.

Secondly, the risk of an ever-changing regulatory environment is mitigated by continually monitoring our processes and procedures to ensure we remain compliant with all of the latest regulatory requirements and guidance. We continually seek the support of external compliance consultants to test our processes and procedures and adapt where necessary. There has been increased investment in this area to ensure our processes and procedures are more robust.

Haven Insurance Company Limited ('Haven') underwrites a high percentage of the policies which Flag Insurance (Brokers) Limited sells. Should Haven cease to trade, the company would have to find alternative underwriting capacity for these risks, this is mitigated by the company having long standing relationships with a multitude of underwriters who would have the capacity to underwrite this business should it need to.

Due to the ongoing conflict in Ukraine, and ongoing global energy crisis, there has been a significant increase in the cost of living across the UK and wider areas. The company is aware of the financial pressures that face many consumers during this uncertain period; at a time where choices are made regarding the expenses that require payment. Therefore, a credit risk presents itself to the company regarding the receipt of monies due from its customers which will need to be monitored in order for the company to maintain its cash position and therefore be able to meet its own financial obligations over the coming years.

Strategic report (continued)

Financial instruments

The company's financial instruments consist of items arising directly from operations such as trade receivables and trade payables. The main risk arising from these financial instruments is liquidity risk. This is managed by the company and any necessary impairments reflected in these financial statements.

Section 172(1) statement

This section of the strategic report describes how the directors have had regard to the matters set out in section 172 (1) (a) to (f) and forms the directors' statement required under section 414CZA of the Companies Act 2006.

The company specialises in the niche motor insurance market, acting as a broker and distributor and aims to provide high-quality insurance products and services to its customers whilst also delivering value for its shareholders on a long-term basis.

The directors take an active interest in the company's employee base. The board is involved in setting employee strategy and ensuring that employees' best interests are kept in mind during all decision-making processes that would have an impact upon employees.

The board recognises that the company's long term strategic goals can only be achieved through engagement with, and consideration of, all stakeholders including our employees, customers, suppliers and regulators. The consideration of stakeholder needs and engagement with stakeholders is not new to the company and a continued focus on building long lasting relationships with stakeholders has been key to the company's success to date.

As a UK based company, the operational impacts on society, community and the environment are at the forefront of directors' decision making when evaluating the effectiveness and sustainability of the company's operations.

There is a long-held belief amongst the board that the success of the company is built on its reputational equity which it has built up over a significant period of time. The board insists on a high quality of service to be provided to its customers and has a zero-tolerance policy with regards to activity which could damage this reputation. The board fosters this by creating a culture of putting the customer first in every transaction. This is further backed up by the significant number of repeat customers choosing to renew their products and services with the company year after year.

On behalf of the board:



.....
M Lloyd – Director

13 June 2023

Directors' report

The directors present their report and financial statements for the year ended 31 December 2022.

Dividends

An interim dividend of 16.25p per £1 ordinary shares was declared and paid during year ended 31 December 2022 (2021: 5.68p).

Directors

The directors who have held office during the year and to date are:

N K McLachlan

A Keating (resigned 30 July 2022)

M S Lloyd (appointed 21 October 2022)

On 30 July 2022, Alan Keating, a director of the board and founding member of Quartz Holdings Limited sadly passed away. Alan was a key driving force and inspiration to the business and fundamentally was responsible for the growth achieved since founding the group. Before his passing he ensured an appropriate succession plan was in place so that the business can continue to thrive and grow in his absence.

Employee policies

The company recognises the importance of its employees and encourages staff to realise their maximum potential. The company is committed to giving its employees equal opportunities in employment, training and career development. Its extensive training and development programme creates opportunities for employees and enables them to further their career. Many of the workforce have been awarded a professional qualification which has been generated initially through in-house training. Wherever possible, vacancies are filled internally throughout the company and opportunities for internal promotion are created.

The company communicates to its employees via the use of e-mail and the intranet regarding general information about the company and introducing any new key staff to its employees.

The company strongly supports the principle of equal opportunities and does not discriminate on the grounds of race, age, nationality, religion, ethnic or national origin, sexual orientation, gender or disability.

Disclosure in the strategic report

The strategic report contains information on future developments, financial risk and exposure and research and development activities.

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' report (continued)

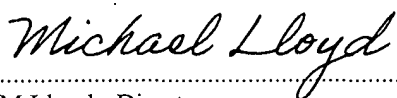
Statement as to disclosure of information to auditors

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

Auditors

The auditors, Grant Thornton (NI) LLP, will be proposed for re-appointment at the forthcoming annual general meeting.

On behalf of the board:



.....
M Lloyd - Director

13 June 2023

**Independent auditor's report
to the members of Flag Insurance (Brokers) Limited**

Opinion

We have audited the financial statements of Flag Insurance (Brokers) Limited ("the company"), which comprise the Income statement, the Statement of Financial Position and the Statement of Changes in Equity for the year ended 31 December 2022, and the related notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, Flag Insurance (Brokers) Limited's financial statements:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the assets, liabilities and financial position of the company as at 31 December 2022 and of its financial performance for the year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the 'Responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the FRC's Ethical Standard and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a year of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

Other information comprises information included in the annual report, other than the financial statements and our auditor's report thereon, including the Directors' Report and the Strategic Report.

The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies in the financial statements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Independent auditor's report
to the members of Flag Insurance (Brokers) Limited**

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report. 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 and the part of the Directors' remuneration report to be audited 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.

Responsibilities of management and those charged with governance for the financial statements

As explained more fully in the Directors' responsibilities statement, management is responsible for the preparation of the financial statements which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102, and for such internal control as directors determine necessary to enable the preparation of financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Responsibilities of the auditor for the audit of the financial statements

The objectives of an auditor are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes their opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of an auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatement in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Independent auditor's report to the members of Flag Insurance (Brokers) Limited

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with Financial Conduct Authority, Data Privacy law, Employment Law, Environmental Regulations, Pensions Legislation, Health & Safety, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the local law and tax Companies Act 2006 and UK tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions. We apply professional scepticism through the audit to consider potential deliberate omission or concealment of significant transactions, or incomplete/inaccurate disclosures in the financial statement.

In response to these principal risks, our audit procedures included but were not limited to:

- enquiries of management and the board on the policies and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud;
- inspection of the company's regulatory and legal correspondence and review of minutes of board director's meetings during the year to corroborate inquiries made;
- gaining an understanding of the internal controls established to mitigate risk related to fraud;
- discussion amongst the engagement team in relation to the identified laws and regulations and regarding the risk of fraud, and remaining alert to any indications of non-compliance or opportunities for fraudulent manipulation of financial statements throughout the audit;
- identifying and testing journal entries to address the risk of inappropriate journals and management override of controls;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- challenging assumptions and judgements made by management in their significant accounting estimates, including the Valuation of investment property; and
- review of the financial statement disclosures to underlying supporting documentation and inquiries of management.

The primary responsibility for the prevention and detection of irregularities including fraud rests with those charged with governance and management. As with any audit, there remains a risk of non-detection or irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or override of internal controls.

The purpose of our audit work and to whom we owe our responsibilities

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.

Neal Taylor

Neal Taylor (Senior Statutory Auditor)

For and on behalf of

Grant Thornton (NI) LLP

Chartered Accountants & Statutory Auditors

Belfast

Northern Ireland

13 June 2023

Income statement

	Notes	2022 £	2021 £
Revenue		724,744	507,479
Admin expenses		(415,546)	(393,436)
Other operating expense		-	(2,055)
Operating profit	4	<u>309,198</u>	<u>111,988</u>
Interest receivable and similar income		-	24
Interest payable and similar expenses	5	<u>-</u>	<u>(23)</u>
Profit before taxation		<u>309,198</u>	<u>111,989</u>
Tax on profit	6	<u>(58,543)</u>	<u>(19,694)</u>
Profit for the financial year		<u><u>250,655</u></u>	<u><u>92,295</u></u>

The company had no recognised gains or losses other than those contained in the income statement. Accordingly, no statement of other comprehensive income has been presented.

Statement of financial position

	Notes	2022 £	2021 £
ASSETS			
Non-current assets			
Intangible assets	8	272	3,539
Tangible assets	9	2,371	5,319
		<u>2,643</u>	<u>8,858</u>
Current assets			
Trade and other receivables	10	59,404	883,117
Cash at bank and in hand		991,916	678,681
		<u>1,051,320</u>	<u>1,561,798</u>
Total assets		<u>1,053,963</u>	<u>1,570,656</u>
LIABILITIES			
Current liabilities			
Trade and other payables	11	(459,169)	(901,517)
Total liabilities		<u>(459,169)</u>	<u>(901,517)</u>
Net assets		<u>594,794</u>	<u>669,139</u>
EQUITY			
Capital and reserves			
Called up share capital	14	20,000	20,000
Share premium		212,500	212,500
Retained earnings		362,294	436,639
Shareholder's equity		<u>594,794</u>	<u>669,139</u>

The financial statements were approved by the board of directors and authorised for issue on 13 June 2023 and were signed on its behalf by:

Michael Lloyd
.....
M Lloyd - Director

Statement of changes in equity

	Called up share capital £	Share premium £	Retained earnings £	Total £
Balance at 1 January 2022	20,000	212,500	436,639	669,139
Profit for the financial year	-	-	250,655	250,655
Total comprehensive income	-	-	250,655	250,655
Changes in equity				
Equity dividends paid (note 7)	-	-	(325,000)	(325,000)
Balance at 31 December 2022	20,000	212,500	362,294	594,794

	Called up share capital £	Share premium £	Retained earnings £	Total £
Balance at 1 January 2021	20,000	212,500	457,944	690,444
Profit for the financial year	-	-	92,295	92,295
Total comprehensive income	-	-	92,295	92,295
Changes in equity				
Equity dividends paid (note 7)	-	-	(113,600)	(113,600)
Balance at 31 December 2021	20,000	212,500	436,639	669,139

Notes to the financial statements

1. Statutory information

Flag Insurance (Brokers) Limited is a private company limited by shares, incorporated in England & Wales under the Companies Act. The address of the registered office and the registered number can be found on the company information page.

The principal activity of the company in the year under review is that of insurance brokerage.

2. Accounting policies

Basis of preparing the financial statements

These financial statements have been prepared on a going concern basis in accordance with applicable United Kingdom accounting standards, including FRS 102 - The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and with the Companies Act 2006.

The financial statements have been prepared under the historical cost convention.

The presentation currency and functional currency is pound sterling (£).

As permitted by FRS 102, the company has taken advantage certain disclosure exemptions available under this standard including those relating to statement of cash flows, key management personnel, related party transactions and certain comparative information.

Going concern

In considering going concern, the directors have reviewed the company's future cash requirements, and earnings projections over the next twelve months.

Stress and scenario testing has been performed in relation to the main trading entities within the group, which would continue to provide further support to the company, if needed, to enable the company to continue as a going concern. The testing considers the group's ability to continue to operate, together with liquidity and other non-insurance activities for the wider group.

The directors believe these forecasts have been prepared on a prudent basis and have also considered the impact of a range of potential changes to trading performance over the next twelve months from the date of signing the financial statements.

This modelling does not suggest any significant impacts to the capital base and shows that the group, and therefore the company, will continue to operate and continue to be able to meet its financial obligations.

Significant judgements and estimates

In the application of the company's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily available from other sources. The estimates and underlying assumptions are based on experience and other factors considered to be relevant. Actual results may differ from these estimates.

Estimated useful lives and residual values of fixed assets

As described in the accounting policies, depreciation and amortisation of tangible and intangible fixed assets has been based on estimated useful lives and residual values deemed appropriate by the directors. Estimated useful lives and residual values are reviewed annually and revised if necessary.

Revenue

Revenue, derived from ordinary activities and excluding VAT where applicable, represents brokerage commission and fees, net of any sub agent commission, credited to the income statement on the policy commencement date.

Intangible assets

Intangible assets are recorded at cost less accumulated amortisation and any provision for impairment if applicable. Additions in the year relate to development costs which are being amortised over their useful life of 36 months.

Notes to the financial statements (continued)

2. Accounting policies (continued)

Tangible assets

Fixed assets are recorded at cost less accumulated depreciation and any provision for impairment if applicable. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Property improvements	10% on cost
Fixtures and fittings	20% on cost
Computer equipment	25% on cost

Financial instruments

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Trade receivables and trade payables are measured at the undiscounted amount of the cash or other consideration expected to be received or paid.

Financial assets that are measured at amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit and loss.

Amounts owed to/from group undertakings represents monies owed to/from fellow subsidiaries for transactions occurring during the normal course of business. No interest is due on these amounts, and they are repayable/redeemable on demand.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current taxation assets and liabilities are not discounted. Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax

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

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Leasing commitments

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

Notes to the financial statements (continued)

3. Employees and directors

	2022	2021
	£	£
Wages and salaries	238,782	239,649
Social security costs	28,950	24,690
Other pension costs	5,313	4,583
	<u>273,045</u>	<u>268,922</u>

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

	2022	2021
Administration	<u>8</u>	<u>8</u>

Some of the subsidiaries within the group operate a defined contribution pension scheme that all employees in that company are entitled to join. The cost to the group for the year amounted to £5,313 (2021: £4,583).

Several directors are remunerated from other undertakings within the group. Remuneration for services to Flag Insurance (Brokers) Limited cannot be allocated. The total remuneration paid to directors of this entity from the group is £823,150 (2021: £286,413).

4. Operating profit

Operating profit is stated after charging:

	2022	2021
	£	£
Auditors' remuneration	12,085	8,400
Amortisation (note 8)	3,267	3,267
Depreciation (note 9)	2,948	4,582
Loss on disposal of fixed assets (note 9)	-	2,055
Operating lease expense – land and building	12,567	12,500
Operating lease expense – plant and equipment	<u>3,595</u>	<u>3,595</u>

5. Interest payable and similar expenses

	2022	2021
	£	£
Interest payable on corporation tax	<u>-</u>	<u>23</u>

Notes to the financial statements (continued)

6. Taxation

The tax charge on the profit for the year was as follows:

	2022 £	2021 £
Current tax		
Corporation tax	59,317	22,325
Adjustments in respect of prior periods	217	(961)
	<u>59,534</u>	<u>21,364</u>
Deferred tax		
Origination and reversal of timing differences	(564)	(1,116)
Adjustments in respect of prior periods	(249)	(235)
Effect of changes in tax rates	(178)	(319)
	<u>(991)</u>	<u>(1,670)</u>
	<u>58,543</u>	<u>19,694</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower (2021: lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2022 £	2021 £
Profit before taxation	309,198	111,989
Profit multiplied by the standard rate of corporation tax in the United Kingdom of 19% (2021: 19%)	58,748	21,278
Effects of:		
Non-deductible expenditure	5	-
Adjustments in respect of prior periods	-	(1,196)
Accelerated capital allowances	(32)	(69)
Effect of changes in tax rate	(178)	(319)
	<u>58,543</u>	<u>19,694</u>

The wider group, the Quartz group, is subject to the corporate interest restriction legislation. Gross interest restrictions brought forward from previous years of £977,844 have been reactivated and claimed in the current year by other members of the Granite Holdings One Limited group.

Gross interest of £nil (2021: £nil) has been subject to the corporate interest restrictions in previous years and not yet utilised in Flag Insurance Brokers Limited.

Deferred tax is provided on timing differences at the UK tax rate substantively enacted at the reporting date (25%).

Changes to the UK corporation tax rates were announced as part of Finance Bill 2021. These include an increase from the current main rate of 19% to 25% with effect from 1 April 2023. Deferred taxes at the balance sheet date have been measured using the enacted tax rate of 25%.

Deferred taxes at the reporting date have been measured using the substantively enacted rates that will be in effect when the deferred tax assets and liabilities are expected to unwind. This results in a deferred tax rate of 25% (2021: 25%).

Notes to the financial statements (continued)

7. Dividends

	2022 £	2021 £
Ordinary shares of £1 each		
Interim	325,000	113,600

Interim dividends for the year ended 31 December 2022 were distributed as follows:

	Dividends per share £	Dividends paid £
30 March 2022	16.2500	325,000
		325,000

8. Intangible assets

	Goodwill £	Development costs £	Total £
Cost			
At 1 January 2022	62,464	9,801	72,265
Additions	-	-	-
At 31 December 2022	62,464	9,801	72,265
Amortisation			
At 1 January 2022	62,464	6,262	68,726
Charge for the year	-	3,267	3,267
At 31 December 2022	62,464	9,529	71,993
Net book value			
At 31 December 2022	-	272	272
At 31 December 2021	-	3,539	3,539

Development costs relate to software expenditure.

Notes to the financial statements (continued)

9. Tangible assets

	Property improvements £	Fixtures & fittings £	Computer equipment £	Total £
Cost				
At 1 January 2022	17,002	12,205	22,148	51,355
Additions	-	-	-	-
Disposals	(17,002)	(5,285)	(11,744)	(34,031)
At 31 December 2022	-	6,920	10,404	17,324
Depreciation				
At 1 January 2022	17,002	8,591	20,443	46,036
Charge for the year	-	1,452	1,496	2,948
Elimination on disposal	(17,002)	(5,285)	(11,744)	(34,031)
At 31 December 2022	-	4,758	10,195	14,953
Net book value				
At 31 December 2022	-	2,162	209	2,371
At 31 December 2021	-	3,614	1,705	5,319

The Company recognized a loss on disposal of fixtures and fittings and computer equipment totalling £nil in 2022 (2021: £2,055) [note 4].

10. Trade and other receivables

	2022 £	2021 £
Current		
Amounts owed by group undertakings	43,434	870,039
Trade receivables	13,641	9,309
Prepayments and accrued income	9	2,440
Deferred tax asset	2,320	1,329
	59,404	883,117

Amounts owed by group undertakings are interest free, unsecured and repayable on demand.

11. Trade and other payables

	2022 £	2021 £
Current		
Amounts owed to group undertakings	399,368	854,358
Trade payables	-	12,722
Corporation tax payable	36,185	11,897
Social security payable	5,442	6,365
Accruals and deferred income	17,910	15,137
Other payables	264	1,038
	459,169	901,517

Amounts owed to group undertakings are interest free, unsecured and repayable on demand.

Notes to the financial statements (continued)

12. Deferred tax

	2022 £	2021 £
Deferred tax asset	2,320	1,329

The movement in deferred tax is as follows:

	2022 £	2021 £
At 1 January	1,329	(341)
Adjustments in respect of prior periods	249	235
Deferred tax credit to income statement for the period	742	1,435
At 31 December	2,320	1,329

The deferred tax asset relates to accelerated capital allowances.

13. Leasing arrangements

Minimum lease payments fall due as follows:

	Non-cancellable operating leases	
	2022 £	2021 £
Net obligations payable:		
Within one year	12,800	16,095
Between one and five years	25,000	37,800
In more than five years	-	-
	37,800	53,895

14. Share capital

	2022 £	2021 £
Allotted, issued and fully paid		
20,000 Ordinary shares of £1	20,000	20,000

15. Related parties

The company has taken advantage of the exemption available under Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' not to disclose related party transactions with wholly owned subsidiaries within the Quartz group.

	2022 £	2021 £
Entities with control, joint control or significant influence over the entity		
Amounts owed from related parties (see note 10)	-	325,000

Notes to the financial statements (continued)

15. Related parties (continued)

	2022 £	2021 £
Entities under common control		
Amounts owed from related parties (see note 10)	43,434	545,039
Amounts owed to related parties (see note 11)	(399,368)	(854,358)
	<u>43,434</u>	<u>(854,358)</u>

16. Ultimate parent undertaking

The company's immediate parent undertaking is Granite Underwriting Limited, a company incorporated in England and Wales, registered office The Lighthouse, 98 Liverpool Road, Formby, Liverpool, L37 6BS.

The smallest group into which the results of the company are consolidated is that headed by Granite Holdings One Limited, a company incorporated in England and Wales, registered office The Lighthouse, 98 Liverpool Road, Formby, Liverpool, L37 6BS. The consolidated financial statements are publicly available from Companies House, England and Wales.

The largest group into which the results of the company are consolidated is that headed by Quartz Holdings Limited, a company incorporated in Guernsey, registered office Roseneath, The Grange, St Peter Port, Guernsey, GY1 2QJ.

The company's ultimate parent undertaking is Quartz Holdings Limited, a company incorporated in Guernsey, registered office Roseneath, The Grange, St Peter Port, Guernsey, GY1 2QJ. In the directors' opinion, there is no ultimate controlling party.