



CITYNET

Insurance Brokers Limited

**CITYNET INSURANCE BROKERS LIMITED
(Company Registration Number: 3933031)**

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
28 February 2015**

Citynet Insurance Brokers Limited

Directors

R J Scott
G T Kinsella
D Walland
A M Purves
A M Reason
S Charman
R Seeley
T Hicks (Appointed 4th November 2014)
A Walsh (Appointed 4th November 2014)
P R Pennington Legh (Non Executive Chairman)

Secretary

D. Walland

Registered Office

108 Fenchurch Street
London
EC3M 5JR

Company number 3933031

Auditors

Mazars LLP
Tower Bridge House
St Katharine's Way
London
E1W 1DD

Principal Bankers

Barclays Bank PLC
1 Churchill Place
London
E14 5HP

Lawyers

Lattey & Dawe
21 Liverpool Street
London
EC2M 7RD

Citynet Insurance Brokers Limited

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Citynet Insurance Brokers Limited

Strategic Report

The Directors present their strategic report for the year ended 28 February 2015.

Review and analysis of the business during the year

There was no fundamental change to the business activities throughout the year.

Key performance indicators

Management use a range of performance measures to monitor and manage the business. The performance measures are split into financial key performance indicators as set out below.

REVENUE BY TERRITORY

United Kingdom	53%
Ireland	45%
New Zealand	1%
International	1%

REVENUE PER EMPLOYEE

Year	Average Employees	Turnover per employee
2012	25	£111,377
2013	27	£113,245
2014	32	£130,626
2015	40	£131,648

EBITDA

EBITDA MARGIN

2012	£ 399,970	14%
2013	£ 345,768	11%
2014	£1,055,974	25%
2015	£1,403,321	27%

Development and financial performance during the year/period

As reported in the Company's profit and loss account, the Company revenue has increased from £4.18m to £5.26m (25%) due to a carefully balanced strategy of organic growth, a full year of the new Irish team and the acquisition of a new UK team.

The growth in turnover has necessitated an increase in average employee numbers from 32 to 40 ranging from additional producing brokers, placing brokers and support staff to ensure service levels are maintained.

Careful management of this growth has resulted in an increase in both gross profit and net profit in the year with gross profit rising from £1.00m (Operating Profit Margin 24%) to £1.34m (Operating Profit Margin 25.5%) and net profit rising from £0.77m (Net Profit Margin 18%) to £1.05m (Net Profit Margin 20%) and the management are incredibly proud of this achievement particularly the increase in Profit Margins during a time of extreme growth.

Financial position at the reporting date

The balance sheet shows that the Company's net assets at the year end has increased from £1.57m to £1.99m with Gearing ratio reduced from 12.5% to 4.3%.

Citynet Insurance Brokers Limited

Strategic Report

Liquidity risk

The Board manages its cash and borrowing requirements centrally to maximise interest income and minimise interest expense, whilst ensuring that the Company has sufficient liquid resources to meet the operating needs of its business.

Foreign currency risk

The Company's principal foreign currency exposures arise from exporting services overseas. The Company policy permits, but does not demand, that these exposures may be hedged in order to fix the cost in sterling. This hedging activity involves the use of foreign exchange forward contracts and is designed to protect the Company.

Principal risks and uncertainties facing the business

The Risk Committee continually monitor the key risks facing the Company together with assessing the controls used for managing these risks. The Risk Committee formally reports to the board of directors which reviews and documents the principal risks facing the business at least quarterly.

The principal risks and uncertainties facing the Company are as follows:

Reliance on a key personnel	The risk is managed by creating the right working culture, a good reward package including share options and financial incentive packages. For senior staff there is also keyman cover.
Reliance on key customer	The Company has a wide spread of customers and no customer accounts for more than 10% of turnover
Competitor Pressure	The Company has a healthy competitive nature in a condensed market that enables the company to monitor its competitors very closely
Euro exchange rate exposure	The Company monitors exposure daily and has agreements in place with its bankers (Barclays) and also with Global Reach FX to be able to hedge forward to protect the Company

Chief Executive Officer's review

We represent an increasingly unique space in the London Insurance Market in that we are truly independent with all the shareholders actively working in the business. This collective effort is reflected in breaking the GBP 5m brokerage barrier for the first time. Even more satisfying has been the increase in profitability of the company. This is as a direct result of incentivising staff, the successful integration of all new personnel and a tight control of costs.

Our business model is becoming more and more attractive to small teams who wish to retain control of their business and be rewarded if they are successful. With the increase in brokers either merging or being taken over we expect to be presented with plenty of opportunities to cherry pick quality individuals and small teams who are not content with their current employer. Our financial strength also allows us to take advantage of opportunities without the need for financial assistance.

We are also firmly committed to organic growth and expect to see a significant return on the investments we have made in technology, new products and personnel. Despite the amount of capacity increasing in the market and trading conditions remaining tough we anticipate the investments made will start to show positive results during the next 12 months.

Citynet Insurance Brokers Limited

Strategic Report

Overall the last financial year can be seen as satisfying but only if it is a platform to move forward and capitalise on the opportunities which currently exist.


Culture

With the recent growth of the Company and the changes to the structure and management team there has inevitably been a shift in the Company's culture.

The Culture of the Company has always been based on providing a professional service in a friendly and approachable way, ensuring that our business partners have dedicated contacts in the office who they know on a personal as well as a professional level.

This ethos has not changed but the Management have made great strides in the year to ensure the Culture grows as the company grows and the Board have and will place greater emphasis on formalising procedures, stronger compliance, robust financial crime prevention, staff training and contract certainty as well as continuing to maintain a strong emphasis on treating customers fairly.

This report was approved by the board on the 16 June 2015 and signed on its behalf.



D Walland
Chief Financial Officer

Citynet Insurance Brokers Limited

Report of the Directors

The Directors have pleasure in presenting their report and the financial statements for the year ended 28 February 2015.

Principal Activities

The principal activity of the Company during the year was that of a wholesale Lloyd's insurance broker specialising in Liability, Professional Indemnity, Property Insurance, Fleet Insurance and combined packages and facilities.

We have established ourselves as one of the London Market leaders in arranging bespoke binders and facilities in the UK, Ireland and New Zealand.

Future Developments

The Directors will be looking for similar 25% overall revenue growth in the next period which will be achieved by targeted growth on Motor Fleet of 19%, on UK of 51% , on Irish of 17% and on New Zealand and International of 50%.

UK and Motor Fleet growth will come from a combination of organic and new teams and from a new distribution campaign being introduced by the recently appointed business development manager, Irish and International will be predominantly organic growth.

The buoyant M&A activity in the market continues to present many opportunities for the Company and with our increasing financial strength the Company will be well placed to invest in high profile teams.

The Company has no immediate plans to change direction from its successful combination of products and territories however this is constantly under review by the Board of Directors.

Results and Dividends

The trading results for the year, and the Company's financial position at the end of the year, are shown in the attached financial statements.

The operating profit before tax amounted to £1,347,127 (2014: £1,008,563).

The profit for the year after tax amounted to £1,053,380 (2014: £774,134). The Directors approved dividends of £621,704 (2014: £138,426) during the year.

Directors indemnity

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted or alleged to have been done or omitted, by them as officers or employees of the Company.

Appropriate directors and officers' liability insurance cover is in place in respect of all of the Company's directors.

Citynet Insurance Brokers Limited

Report of the Directors

Directors Interests in Shares

The directors who served from 1 March 2014 to the date of this report (unless stated otherwise) and the directors interest in the share capital of the Company were as follows:

	Ordinary shares of £1 each	
	28 February 2015	28 February 2014
R.J Scott	-	-
G.T Kinsella	-	-
D. Walland	-	-
P. Pennington Legh	-	-
A.M Purves	-	-
A.M Reason	-	-
S Charman	-	-
R.J Seeley	-	-
T Hicks	-	-
A Walsh	-	-

The directors interest in the share capital of the company, by virtue of their holdings in the immediate parent company at 28 February 2015 is R.J. Scott 50.01%, G.T. Kinsella 22.70%, D. Walland 14.79%, A. Purves 5.00%, S.Charman 5.00% and A.Reason 2.50%.

During the period S.Charman exercised his remaining options of 2.50%, new options were granted to A.Reason of 5.00% of which 2.50% were exercised during the period.

Donations

During the year charitable donations of £10,600 (2014: £2,195) were made. No political donations were made during the year.

Auditors

Mazars LLP have agreed to continue as our auditors in accordance with Section 485 of the Companies Act 2006.

Disclosure of information to Auditors

The directors have taken all the necessary steps to make themselves aware, as directors, of any relevant audit information and to establish that the auditors are aware of that information.

As far as the directors are aware, there is no relevant information of which the company's auditors are unaware.

This report has been prepared in accordance with the special provisions of Section 415A of the Companies Act 2006 relating to small companies.

By Order of the Board



D Walland

Chief Financial Officer

16 June 2015

Citynet Insurance Brokers Limited
Statement of Directors Responsibilities
for the year ended 28 February 2015

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 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; and
- 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.

Independent Auditors Report to the member of Citynet Insurance Brokers Limited

We have audited the financial statements of Citynet Insurance Brokers Limited for the year ended 28 February 2015 which comprise the Profit and Loss Account, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditor

As explained more fully in the Statement of the Directors Responsibilities set out on page 6, 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 (APB's) Ethical Standards for Auditors. This report is made solely to the company's member 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 member those matters we are required to state to it 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 member for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2015 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 Strategic Report and Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent auditors report to the member of
Citynet Insurance Brokers Limited (*continued*)**

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.



Amanda Barker (Senior statutory auditor)
for and on behalf of Mazars LLP,
Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katherine's Way
London
E1W 1DD

16 June 2015

Citynet Insurance Brokers Limited

**Profit and Loss Account
for the year ended**

	<u>Note</u>	28 February <u>2015</u> £	28 February <u>2014</u> £
Turnover	2	5,265,903	4,180,037
Administrative expenses		(3,942,960)	(3,193,852)
Operating Profit before Interest and Tax	3	<u>1,322,943</u>	<u>986,185</u>
Interest receivable and Other income	4	<u>24,184</u>	<u>22,378</u>
Profit on Ordinary Activities before Taxation		1,347,127	1,008,563
Tax on profit on ordinary activities	7	(293,747)	(234,429)
Profit on Ordinary Activities 11 after Taxation		<u><u>1,053,380</u></u>	<u><u>774,134</u></u>

All activities are continuing.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 11 to 21 form part of these financial statements.

Citynet Insurance Brokers Limited

Balance Sheet

	Note	28 February 2015		28 February 2014	
		£	£	£	£
Fixed Assets					
Tangible fixed assets	8		131,051		101,728
Current Assets					
Debtors	10	9,281,433		6,758,038	
Cash at bank and in hand	11	4,566,510		4,052,424	
		<u>13,847,943</u>		<u>10,810,462</u>	
Creditors: amounts falling due within one year	12	<u>(11,975,090)</u>		<u>(9,252,297)</u>	
Net Current Assets			<u>1,872,853</u>		<u>1,558,165</u>
Total Assets Less Current Liabilities			<u>2,003,904</u>		<u>1,659,893</u>
Creditors: amounts falling due after more than one year	13	<u>(4,656)</u>		<u>(92,321)</u>	
Total Assets Less Liabilities			<u>1,999,248</u>		<u>1,567,572</u>
Capital and Reserves					
Called up share capital	15		210,527		210,527
Capital redemption reserve	16		6,250		6,250
Profit and loss account	16		1,782,471		1,350,795
			<u>1,999,248</u>		<u>1,567,572</u>
Equity Shareholder Funds	17		<u>1,999,248</u>		<u>1,567,572</u>

These financial statements have been prepared in accordance with the special provisions of Section 415A of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board and authorised for issue on 16 June 2015.
Signed on behalf of the board by

R.J Scott

Chief Executive Officer

The notes on pages 11 to 21 form part of these financial statements.

Citynet Insurance Brokers Limited

Notes to the Financial Statements for the year ended 28 February 2015

1. Statement of Accounting Policies

The financial statements have been prepared in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom and in accordance with the special provisions of Section 415A of the Companies Act 2006 relating to small companies and is therefore exempt from preparing a cash flow statement. The principal accounting policies which are adopted are set out below:

(a) Accounting convention

The financial statements are prepared under the historical cost convention.

(b) Turnover

Turnover represents net retained brokerage, commissions and charges earned during the year for insurance services rendered.

(c) Recognition of income

Brokerage and fees are taken to the profit and loss account at the inception date of the policy or period of insurance. No provision is made for adjustments to brokerage which may arise from future events such as policy cancellation, extension or amendment as these adjustments have historically been immaterial. Where there is an expectation of future servicing requirements, a proportion of income relating to the policy is deferred to cover the associated obligations under the policy contract.

Due to the nature of binder business the brokerage is usually recognised the month after the inception of the policies included on the Bordereaux.

(d) Foreign currencies

Assets, liabilities, revenues and costs expressed in foreign currencies are translated into sterling at rates of exchange ruling on the date on which transactions occur, except for monetary assets and liabilities which are translated at the rate ruling at the balance sheet date. Differences arising on the translation of such items are dealt with in the profit and loss account.

(e) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Plant and equipment includes office furniture and equipment and computer equipment.

Depreciation is provided at rates calculated to write off the cost over three or four years as follows:

Plant and equipment	-	25% or 33 $\frac{1}{3}$ % per annum on cost
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(f) Current taxation

Provision is made for the estimated taxation liability at current rates on the adjusted profits.

Citynet Insurance Brokers Limited

Notes to the Financial Statements for the year ended 28 February 2015 (continued)

1. Statement of Accounting Policies (Continued)

(g) Deferred taxation

Deferred taxation, where material, is provided using the full provision method on all timing differences arising from the different bases of determining results for accounting and taxation purposes. Timing differences are taxable items, allowances or reliefs which are given effect in taxation periods different from those in which they have effect in the financial statements. Deferred tax assets and liabilities are not discounted.

(h) Insurance broking debtors and creditors

The company acts as an agent in broking the insurable risks of its clients and, generally, is not liable as principal for premiums due to underwriters or for claims payable to clients. Notwithstanding the company's legal relationships with clients and underwriters and since, in practice, premium and claim monies are usually accounted for by insurance intermediaries, the company has followed generally accepted practice by showing cash, debtors and creditors relating to insurance business as assets and liabilities of the company itself.

(i) Operating leases

Leases where substantially all the benefits and risks of the ownership of the assets remain with the lessor are accounted for as operating leases. Rentals applicable to such operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

(j) Pension costs

Contributions to the company's defined contribution scheme are charged to the profit and loss account in the year in which they become payable.

(k) Share Based Payments

In accordance with FRS 20 "Share Based Payments" the company reflects the economic cost of any shares options issued to directors or employees by recording an expense in the profit and loss for the fair value on date of grant of the benefit awarded. The fair value is taken from a valuation model based on earnings.

2. Turnover

	<u>2015</u> £	<u>2014</u> £
UK	2,768,613	1,986,808
International	2,497,290	2,193,229
	<u>5,265,903</u>	<u>4,180,037</u>

Citynet Insurance Brokers Limited

Notes to the Financial Statements for the year ended 28 February 2015 (continued)

3. Operating profit is stated after charging:

	<u>2015</u> £	<u>2014</u> £
Depreciation on tangible fixed assets	49,248	47,411
Auditors remuneration (audit services only)	22,380	17,916
Auditors remuneration (non audit services)	8,594	7,764
Operating lease rentals - land and buildings	52,152	58,871
Rate of exchange loss	83,571	24,905
	<u> </u>	<u> </u>

4. Interest Receivable & Other income

	<u>2015</u> £	<u>2014</u> £
Interest - bank accounts	3,700	5,637
Other income	20,484	16,741
	<u> </u>	<u> </u>
	<u>24,184</u>	<u>22,378</u>

5. Staff Costs

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

	<u>2015</u> Number	<u>2014</u> Number
Technical/Broking	26	24
Administration / Claims	14	8
	<u> </u>	<u> </u>
	<u>40</u>	<u>32</u>

Staff costs, including directors were as follows:

	<u>2015</u> £	<u>2014</u> £
Wages and salaries	2,547,945	2,034,727
Social security costs	296,824	232,332
FRS20 Charge	-	12,755
Other pension costs	165,610	123,128
	<u> </u>	<u> </u>
	<u>3,010,379</u>	<u>2,402,942</u>

Citynet Insurance Brokers Limited

Notes to the Financial Statements for the year ended 28 February 2015 (continued)

6. Directors Remuneration and their Interests

	<u>2015</u> £	<u>2014</u> £
Directors emoluments	813,730	640,026
Directors' fees	10,000	10,000
Pension costs	76,991	65,103
	<u>857,630</u>	<u>715,129</u>

The number of directors to whom pension benefits are accruing under the company's money purchase scheme is 8 (2014: 4), and under individual pension arrangements is 1 (2014: 1).

	<u>2015</u> £	<u>2014</u> £
Highest paid director:		
Emoluments	118,987	117,990
Pension costs	19,992	19,292
	<u>138,979</u>	<u>137,282</u>

7. Taxation

	<u>2015</u> £	<u>2014</u> £
<i>Current tax</i>		
UK Corporation tax	293,747	238,160
Total current tax	<u>293,747</u>	<u>238,160</u>
Overprovision of tax in prior years	-	(3,729)
Total tax charge on profit on ordinary activities	<u>293,747</u>	<u>234,429</u>

The rate of tax for the year based on the UK standard rate of corporation tax is 21% before marginal relief (2014: 23%).

Citynet Insurance Brokers Limited

Notes to the Financial Statements for the year ended 28 February 2015 (continued)

7. Taxation (continued)

The actual tax charge for the current year and the previous year differs from the standard companies rate for the reasons set out in the following reconciliation.

	<u>2015</u>	<u>2014</u>
	£	£
Profit on ordinary activities before tax	1,347,127	1,008,563
Corporation Tax at UK standard rate 21% (2014: 23%)	282,896	232,035
Difference due to movement in Tax rate	3,107	(844)
Overprovision in prior years	-	(3,729)
Marginal relief	(324)	(3,536)
Expenses not deductible for tax purposes	19,274	18,847
Capital allowances in excess of depreciation	(11,206)	(8,344)
	<hr/>	<hr/>
Actual current tax charge for the year	293,747	234,429
	<hr/>	<hr/>

No deferred taxation has been provided on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, as the amounts are immaterial.

8. Tangible Fixed Assets

	<u>Plant and Equipment</u>
	£
Cost	
At 1 March 2014	356,192
Additions	91,380
Disposals	(121,340)
	<hr/>
At 28 February 2015	326,232
	<hr/>
Depreciation	
At 1 March 2014	254,464
Disposals	(108,531)
Charge for the year	49,248
	<hr/>
At 28 February 2015	195,181
	<hr/>
Net book value	
At 28 February 2015	131,051
	<hr/>
At 28 February 2014	101,728
	<hr/>

Citynet Insurance Brokers Limited

Notes to the Financial Statements for the year ended 28 February 2015 (continued)

9. Dividends	<u>2015</u>	<u>2014</u>
	£	£
Dividends of 2.95p per Ordinary Shares (2014: 0.66p)	621,704	138,426
	<u>621,704</u>	<u>138,426</u>
10. Debtors	<u>2015</u>	<u>2014</u>
	£	£
Amounts due within one year		
Insurance debtors	8,540,882	6,090,504
Provision for bad debts	(83,581)	(33,921)
Other debtors	92,403	74,437
Prepayments and accrued income	101,729	172,018
Loan to Citynet London Holdings Limited	630,000	455,000
	<u>9,281,433</u>	<u>6,758,038</u>

Included in other debtors is a rent deposit of £20,577 (2014: £20,577) which is covered by a Rent Deposit Deed dated 6 September 2012 created by the company securing all monies due or to become due to the City of London in respect of 108 Fenchurch Street, London EC3M 5JR.

The loan from Citynet Insurance Brokers Limited is an interest free loan and there is no repayment date specified.

Also included in other debtors are interest free season ticket loans to Directors as follows:

	Amounts due on 28 February <u>2015</u>	Amounts due on 28 February <u>2014</u>	Maximum amount outstanding during the year <u></u>
D Walland	1,638	1,587	2,319
G.T. Kinsella	2,187	2,187	2,657
A.M Reason	4,022	4,513	4,388
A.M Purves	3,104	2,981	3,975
S Charman	4,953	-	5,944
R Seeley	3,057	2,877	3,668
T Hicks	801	-	2,203
A Walsh	2,950	2,301	3,580

Citynet Insurance Brokers Limited

Notes to the Financial Statements for the year ended 28 February 2015 (continued)

11. Cash at Bank and in Hand

	<u>2015</u> £	<u>2014</u> £
Bank balances – NST Client Money Accounts	3,268,932	3,063,925
Bank balances – MJC NST Client Money Accounts	208,739	427,847
Bank balances - Other	1,067,053	560,652
Bank Balances – Risk	21,786	-
	<u>4,566,510</u>	<u>4,052,424</u>

12. Creditors: amounts falling due within one year

	<u>2015</u> £	<u>2014</u> £
Insurance creditors	11,004,072	8,373,236
Corporation tax	293,747	238,159
Other taxes and social security costs	160,977	284,143
Accruals and accounts payable	306,103	137,623
Other creditors	122,846	115,124
Financing loan	83,333	100,000
Finance lease	4,012	4,012
	<u>11,975,090</u>	<u>9,252,297</u>

The financing loan is due to be repaid in equal monthly instalments by 5 December 2015. See note 22 for details of the cross guarantee.

Included in accounts payable are amounts owing to Directors in respect of Business Expenses as follows:

	Amounts due on 28 February <u>2015</u> £	Amounts due on 29 February <u>2014</u> £
R J Scott	143	164
G T Kinsella	280	-
D Walland	48	55
S Charman	-	282
R J Seeley	261	30
	<u> </u>	<u> </u>

Citynet Insurance Brokers Limited

Notes to the Financial Statements for the year ended 28 February 2015 (continued)

13. Creditors: amounts falling due after
More than one year

	<u>2015</u> £	<u>2014</u> £
Financing loan	-	83,333
Finance lease	4,656	8,988
	<u>4,656</u>	<u>92,321</u>

14. Insurance balances

The directors consider the disclosure of insurance broking assets and liabilities within the financial statements to be informative and accordingly provide the following information:

	<u>2015</u> £	<u>2014</u> £
Insurance debtors	8,540,882	6,090,504
Insurance bank accounts	3,499,456	3,491,772
	<u>12,040,388</u>	<u>9,582,276</u>
Insurance creditors	(11,004,072)	(8,373,236)
Surplus	<u>1,036,316</u>	<u>1,209,040</u>

15. Share Capital

	<u>2015</u> £	<u>2014</u> £
Authorised 1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, issued and fully paid		
210,527 Ordinary shares of £1 each	<u>210,527</u>	<u>210,527</u>
At 28 February 2015 210,527 ordinary shares of £1 each	<u>210,527</u>	<u>210,527</u>

Citynet Insurance Brokers Limited

Notes to the Financial Statements for the year ended 28 February 2015 (continued)

16. Reserves

	<u>Capital Redemption</u> <u>Reserve</u> £	<u>Profit and</u> <u>Loss Account</u> £	<u>Total</u> <u>Reserves</u> £
At 1 March 2014	6,250	1,350,795	1,357,045
Profit for the year	-	1,053,380	1,053,380
Dividends	-	(621,704)	(621,704)
At 28 February 2015	<u>6,250</u>	<u>1,782,471</u>	<u>1,788,721</u>

17. Reconciliation of Movement in Shareholder Funds

	<u>2015</u> £	<u>2014</u> £
Opening shareholders' funds	1,567,572	919,109
Profit for the year	1,055,785	774,134
FRS 20 Reserve	-	12,755
Dividend	(621,704)	(138,426)
Closing shareholder funds	<u>2,001,653</u>	<u>1,567,572</u>

18. Operating Leases

The company has the following annual lease commitments on its accommodation, which expires 5 September 2016:

Land and buildings	<u>2015</u> £	<u>2014</u> £
Between one and two years	<u>69,731</u>	<u>31,964</u>

19. Contingent Liabilities

The Company has provided two guarantees to Barclays Bank which amount to £98,000 (2014: £98,000) in total, being in respect of payroll and credit card services. The Directors do not anticipate that the guarantees will crystallise.

Citynet Insurance Brokers Limited

Notes to the Financial Statements for the year ended 28 February 2015 *(continued)*

20. Pension Commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held in independently administered funds. The pension charge represents contributions payable by the Company to the fund and amounted to £165,610 (2014: £123,128). The contributions outstanding at the year end amounted to £Nil (2014: £Nil).

21. Financial Commitments

In accordance with the Company's foreign exchange policy there were NZ \$2,856 of open forward contracts for sale to Sterling at the year end and open forward contracts to purchase €12,676 and €50 from Sterling at the year end as set out below.

Financial year ending	Amount	Average committed rate	Contracted value	Fair value
28 February 2015	NZ\$ 2,856	2.0626	£1,384	£1,399
28 February 2015	£ 9,114	1.3908	€12,676	€12,547
28 February 2015	£ 36	1.3924	€50	€49

22. Related Party Disclosures

Butcher Robinson Staples

The Non executive Chairman of Citynet Insurance Brokers Limited is also the Chairman of Butcher Robinson Staples Holdings Limited.

Butcher Robinson Staples Holdings Limited own Butcher Robinson Staples Group Limited (BRSG). The Compliance Officer of BRSG is retained in the same role on a part time basis at the Company.

During the year £10,020 (2014: £10,600) was charged to Citynet by BRSG in respect of the Compliance Officer's Services, of this a balance of £10,020 (2014: £Nil) was outstanding on the 28 February 2015.

MJC Underwriting Agency Limited

In April 2011 MJC Underwriting Agency Limited ("MJC") was established with 37.5% of the Equity currently held by Citynet Shareholders, MJC will continue to be an appointed representative of Citynet for the foreseeable future and is authorised by the Financial Conduct Authority for Insurance Mediation.

During the year £19,740 (2014: £3,290) was charged to MJC in respect of providing the following services;

- Handling Client Money
- Accounts Payable Services
- Bordereaux checking & Processing
- Placing and settling business to Insurers
- Set up of Binding Authorities and Terms of Business Agreements.

Citynet Insurance Brokers Limited**Notes to the Financial Statements for the year ended 28 February 2015 (continued)**

MJC clients paid net premium of £2,051,223 (2014: £1,291,905) and €66,797 (2014: €267,744) to Citynet up to 28 February 2015, which Citynet pays the premium to Insurers and commission to MJC. Citynet paid expenses of £1,146 (2014: £5,392) on behalf of MJC of which £Nil (2014: £251) was outstanding to Citynet at the end of the year.

Faversham Underwriting Limited

In June 2014 Faversham Underwriting Limited ("Faversham") was established with 25% of the Equity currently held by Citynet Shareholders.

During the year Citynet paid expenses of £34,007 (2014: Nil) on behalf of Faversham of which £14,650 (2014: Nil) was outstanding to Citynet at the end of the year.

Citynet London Holdings Limited

Three of Citynet Directors Richard Scott, Gerard Kinsella and David Walland have provided personal guarantees for a total of 33.33% of the outstanding balance of the financing loan provided to Citynet Insurance Brokers Limited by Barclays Bank PLC. These guarantees are in proportion to their shareholding in the parent company.

A loan of £280,000 was made on the 14 November 2012 and £175,000 on the 31 May 2013 and £175,000 on the 30 May 2014 from Citynet Insurance Brokers Ltd to Citynet London Holdings Limited and remains outstanding at the end of the year. No interest is charged on this loan.

23. Parent Undertaking and Controlling Party

Citynet London Holdings Limited is the ultimate parent undertaking, Citynet London Holdings Limited is registered in England and Wales.

Richard Scott is the controlling party by virtue of his shareholding in the ultimate parent undertaking.