

1979 No. 489

INSURANCE

The Insurance Brokers Registration Council (Accounts and Business Requirements) Rules Approval Order 1979*Made - - - - 19th April 1979*** To be laid before Parliament**Coming into Operation 1st July 1979*

The Secretary of State, in exercise of the powers conferred by sections 27(1) and 28(1) of the Insurance Brokers (Registration) Act 1977(a) and of all other powers enabling him in that behalf, hereby makes the following Order:—

1. This Order may be cited as the Insurance Brokers Registration Council (Accounts and Business Requirements) Rules Approval Order 1979 and shall come into operation on 1st July 1979.

2. The Insurance Brokers Registration Council (Accounts and Business Requirements) Rules 1979 made by the Insurance Brokers Registration Council in exercise of their powers under section 11(1), (2), (3) and (7) of the Insurance Brokers (Registration) Act 1977 are hereby approved as set out in the Schedule to this Order.

Stanley Clinton Davis,

Parliamentary Under-Secretary of State,
Department of Trade.

19th April 1979.

(a) 1977 c. 46.

SCHEDULE

THE INSURANCE BROKERS REGISTRATION COUNCIL (ACCOUNTS AND BUSINESS REQUIREMENTS) RULES 1979

The Insurance Brokers Registration Council, in exercise of their powers under section 11(1), (2), (3) and (7) of the Insurance Brokers (Registration) Act 1977, hereby make the following Rules:

PART I—PRELIMINARY

1. These Rules may be cited as the Insurance Brokers Registration Council (Accounts and Business Requirements) Rules 1979.

2.—(1) In these Rules, unless the context otherwise requires:

‘the Act’ means the Insurance Brokers (Registration) Act 1977;

‘brokerage’ means any remuneration originating from insurance broking business;

‘business’ means an insurance broking business or any business which includes an insurance broking business.

(2) For the purposes of these Rules, unless the context otherwise requires, every business carried on by a partnership shall be deemed to be carried on jointly and severally by all the partners thereof.

PART II

REQUIREMENTS AS TO WORKING CAPITAL, ASSETS AND INDEPENDENCE
(PURSUANT TO SECTION 11(1) OF THE ACT)

3.—(1) Practising insurance brokers and enrolled bodies corporate shall ensure that at all times they have working capital of not less than £1,000 in each of their businesses.

(2) For the purposes of this rule:

(i) practising insurance brokers and enrolled bodies corporate carrying on a business in partnership shall ensure that at all times there is working capital of not less than £1,000 in such business but so that the liability of each such partner to ensure compliance with this rule shall be a joint and several obligation on each of the partners; and

(ii) ‘working capital’ shall mean the aggregate of the current assets of the business, being the figure to be shown in Total K in paragraph 2 of Part I of the Statement of Particulars set out in the Appendix to these Rules calculated in accordance with the provisions of such Appendix, less the aggregate of the current liabilities of the business, being the figure to be shown in Total X in paragraph 2 of Part I of the said Statement of Particulars calculated in accordance with the provisions of such Appendix.

4.—(1) Practising insurance brokers and enrolled bodies corporate shall ensure that at all times the value of the assets of each of their businesses exceeds the amount of the liabilities of that business by not less than £1,000.

(2) For the purposes of this rule:

- (i) practising insurance brokers and enrolled bodies corporate carrying on a business in partnership shall ensure that at all times the value of the assets of such business exceeds the amount of the liabilities of that business by not less than £1,000 but so that the liability of each such partner to ensure compliance with this rule shall be a joint and several obligation on each of the partners;
- (ii) 'the value of the assets' shall mean the aggregate of the value of the assets of the business being the figure to be shown in Total M in paragraph 2 of Part I of the Statement of Particulars set out in the Appendix to these Rules calculated in accordance with the provisions of such Appendix; and
- (iii) 'the amount of the liabilities' shall mean the aggregate amount of the liabilities of the business being the figure to be shown in Total Z in paragraph 2 of Part I of the Statement of Particulars set out in the Appendix to these Rules calculated in accordance with the provisions of such Appendix.

5.—(1) Practising insurance brokers and enrolled bodies corporate shall ensure that the number of insurance companies with which each of their businesses place insurance business, and the amount of insurance business which each of their businesses place with each insurance company, is such as to prevent each such business from becoming unduly dependent on any particular insurance company.

(2) For the purposes of demonstrating to the satisfaction of the Council that the provisions of paragraph (1) of this rule are being complied with practising insurance brokers and enrolled bodies corporate shall at the same time as they submit any accounts or statement to the Council in respect of a business in accordance with the provisions of rule 8 of these Rules complete and submit the Questionnaire in Part II of the Statement of Particulars set out in the Appendix to these Rules in respect of such business.

PART III

REQUIREMENTS AS TO ACCOUNTS AND ACCOUNTING RECORDS (PURSUANT TO SECTION 11(2) OF THE ACT)

6.—(1) For the purposes set out in this rule one or more separate bank accounts shall be maintained with approved banks by each practising insurance broker and enrolled body corporate for each separate insurance broking business which they carry on. Each such account shall contain in its title the name of the practising insurance broker or enrolled body corporate or the names of the partners or the name of the partnership if the practising insurance broker or enrolled body corporate carries on the business in partnership. Each such account shall be designated and is hereinafter called an 'Insurance Broking Account', and money standing to the credit of such an Insurance Broking Account shall be used solely for the purposes set out in this rule.

(2) A practising insurance broker or enrolled body corporate opening an Insurance Broking Account with an approved bank shall inform such

bank in writing and forthwith obtain a written acknowledgement therefrom:

- (i) that the account shall be designated 'Insurance Broking Account' and that the title of the account shall contain the name of the practising insurance broker or enrolled body corporate or the names of the partners or the name of the partnership if the practising insurance broker or enrolled body corporate carries on the business in partnership;
- (ii) that the Insurance Broking Account is being opened to comply with the provisions of these Rules; and
- (iii) that the bank is not to be entitled to any charge, encumbrance, lien, right of set-off, compensation or retention against money standing to the credit of the Insurance Broking Account or any approved short term assets held for the Insurance Broking Account of the practising insurance broker, enrolled body corporate or partnership except in the circumstances set out in paragraph (7) of this rule.

(3) Practising insurance brokers and enrolled bodies corporate shall without delay pay or cause to be paid into the Insurance Broking Account and into no other account all monies paid to or received by them from all sources and which relate to insurance transactions of any kind in connection with their insurance broking business, including brokerage.

(4) Practising insurance brokers and enrolled bodies corporate shall use the Insurance Broking Account and no other account for payment to an insured or an insurance company of all monies due under insurance transactions of any kind in connection with their insurance broking business.

(5) In addition to the purposes set out in paragraphs (3) and (4) of this rule and always subject to there being no breach of paragraph (8) of this rule at the time the Insurance Broking Account is used, the Insurance Broking Account shall be used for the following purposes and for none other:

- (i) for all transactions relating to approved short term assets as provided for in paragraph (6) of this rule;
- (ii) for the withdrawal of brokerage;
- (iii) for the withdrawal of any money paid into the Insurance Broking Account in error;
- (iv) for the receipt of funds necessary for the operation of the account;
- (v) for the withdrawal of any surpluses arising on the Insurance Broking Account.

(6)(i) Practising insurance brokers and enrolled bodies corporate are permitted to hold monies standing to the credit of the Insurance Broking Account in, or to purchase out of such monies, any approved short term assets. Such approved short term assets shall be:

EITHER

- (a) registered in their name or the partnership name if appropriate and designated 'Insurance Broking Account';

OR

- (b) so far as the approved short term assets defined in paragraph (9)(ii), (vii) or (viii) of this rule are concerned, held for the

- Insurance Broking Account of the practising insurance broker, enrolled body corporate or partnership if appropriate at the approved bank at which such Insurance Broking Account is held.
- (ii) Approved short term assets must be readily realisable, that is to say, within a period of not more than one month, they can be readily and easily converted into or sold or realised for cash which can be immediately credited to or is immediately eligible for credit to an Insurance Broking Account.
 - (iii) Monies, other than interest, arising from approved short term assets or their realisation, sale or disposal shall be paid into an Insurance Broking Account and no other account.
 - (iv) For the purpose of this rule, unless the context otherwise requires, the expression 'Insurance Broking Account' shall include all approved short term assets so designated or held for such Insurance Broking Account in accordance with the provisions of this paragraph (6).
- (7) (i) (a) No advance, whether by way of loan, overdraft or otherwise, may be obtained by a practising insurance broker or an enrolled body corporate for any purpose relating to the Insurance Broking Account except on a bank account with an approved bank in circumstances which do not give rise to a breach of the requirements of paragraph (8) of this rule.
- (b) Any advance obtained shall be of a temporary nature and repaid as soon as reasonably practicable and the bank account itself shall be designated 'Insurance Broking Account' and be used only for the purposes set out in paragraph (4) of this rule and the withdrawal of brokerage but not for the withdrawal of any surpluses on the Insurance Broking Account.
- (c) Subject to the provisions of paragraph (7)(ii) of this rule approved short term assets may only be charged to or deposited with an approved bank to secure an advance by way of loan, overdraft or otherwise on a bank account obtained in accordance with the provisions of this rule but not otherwise.
- (d) An approved bank making an advance by way of loan, overdraft or otherwise on an Insurance Broking Account in accordance with the provisions of these Rules shall be entitled to any lien, right of set-off, compensation or retention in respect of such advance to which that bank is otherwise entitled at law over or against monies standing to the credit of another Insurance Broking Account of the same business held with that bank.
- (ii) Approved short term assets may be charged to or deposited with an approved bank to secure the issue of a letter of credit by an approved bank PROVIDED THAT such letter of credit shall only be obtained in circumstances which do not give rise to a breach of the requirements of paragraph (8) of this rule and shall be used only for the purposes set out in paragraph (4) of this rule but not for the withdrawal of brokerage or surpluses on the Insurance Broking Account.
 - (iii) Nothing in these Rules shall be construed as requiring an approved bank making an advance or issuing a letter of credit in accordance with the provisions of this rule to make any enquiry or satisfy itself that the provisions of these Rules are or will be complied with by the practising

- insurance broker or enrolled body corporate to whom or to whose partnership such an advance is to be made or for whom or for whose partnership such letter of credit is being issued.
- (8) (i) Practising insurance brokers and enrolled bodies corporate shall ensure that at all times the value of the insurance transactions assets of each of their businesses is not less than the amount of the insurance transactions liabilities of that business.
- (ii) For the purposes of paragraph (8)(i) of this rule:
- ‘insurance transactions assets’ shall mean the aggregate of balances on banking accounts designated ‘Insurance Broking Account’, approved short term assets designated ‘Insurance Broking Account’ or held for the Insurance Broking Account of the practising insurance broker, enrolled body corporate or partnership at an approved bank at which such Insurance Broking Account is held and debtors in respect of insurance transactions being the figure to be shown in Total H in paragraph 2 of Part I of the Statement of Particulars set out in the Appendix to these Rules and calculated in accordance with the provisions of such Appendix; and
- ‘insurance transactions liabilities’ shall mean the aggregate of creditors in respect of insurance transactions and bank advances designated ‘Insurance Broking Account’ being the figure to be shown in Total V in paragraph 2 of Part I of the Statement of Particulars set out in the Appendix to these Rules and calculated in accordance with the provisions of such Appendix.
- (9) For the purposes of this rule ‘approved short term assets’ shall be those assets purchased with or provided from monies drawn from an Insurance Broking Account and which fall into one of the following categories:
- (i) deposit accounts and deposit receipts with approved banks;
 - (ii) certificates of deposit of approved banks;
 - (iii) deposits with a building society which has been designated for the purpose of section 1 of the House Purchase and Housing Act 1959(a);
 - (iv) loans to and deposits with any local authority in the United Kingdom;
 - (v) fixed or floating rate interest marketable securities which will mature for repayment within five years from the date of purchase and (a) are issued or guaranteed by Her Majesty’s Government in the United Kingdom; or (b) are issued in the United Kingdom by any local authority or public authority or nationalised undertaking in the United Kingdom; or (c) are issued by any water authority or statutory water company in the United Kingdom; or (d) are issued by the International Bank for Reconstruction and Development being securities registered in the United Kingdom;
 - (vi) British Savings Bonds;
 - (vii) British Treasury Bills and Northern Ireland Treasury Bills;
 - (viii) Bills accepted by any public or local authority or nationalised undertaking in the United Kingdom or bank acceptances eligible for rediscount at the Bank of England.
- (10) Except as provided by these Rules, practising insurance brokers or enrolled bodies corporate shall not by their own act or omission create, nor so far as they are legally able shall they permit to arise, any charge or encumbrance

upon an Insurance Broking Account, or upon any approved short term assets, or upon debtors in respect of insurance transactions, nor shall they create or permit to arise by their own act or omission, nor so far as they are able shall they by their own act or omission permit to arise as a matter of law, any lien, right of set-off, compensation or retention in favour of any other person over or against money standing to the credit of an Insurance Broking Account, or any approved short term assets, or upon debtors in respect of insurance transactions.

(11) For the purposes of this rule:

(i) 'approved bank' means:

- (a) any office of an authorised bank whose name is listed in the Exchange Control (Authorised Dealers and Depositaries) Order 1978(a);
- (b) a trustee savings bank as defined by section 3 of the Trustees Savings Bank Act 1969(b); and
- (c) the National Girobank being the name under which the Post Office provides its banking services;

(ii) 'insurance' includes assurance, reinsurance or reinsurance and 'insured' shall be construed accordingly;

(iii) 'insured' and 'insurance company' include agents of an insured or insurance company, and any other person to whom payments are due under, or in connection with, a contract of insurance;

(iv) 'monies which relate to insurance transactions' and 'monies due under insurance transactions' include the following individual items or balances representing the same:

- (a) premiums, additional premiums and return premiums of all kinds;
- (b) claims and other monies due under contracts of insurance;
- (c) refunds and salvages;
- (d) fees, charges, taxes and similar fiscal levies relating to contracts of insurance;
- (e) all forms of reserves under contracts of insurance and any adjustment of them;
- (f) discounts and brokerage.

7. Practising insurance brokers and enrolled bodies corporate shall ensure that accounting records are kept in respect of each of their businesses in accordance with the following requirements:

(i) the accounting records shall be sufficient to show and explain the transactions of the business;

(ii) the accounting records shall be such as to:

- (a) disclose with reasonable accuracy, at any time, the financial position of the business at that time; and
- (b) ensure that any balance sheet, profit and loss account or other statement of the financial position of the business prepared is capable of giving a true and fair view of the state of affairs of the business as at the date to which the balance sheet is drawn up and of the profit or loss for the accounting period then ended;

(a) S.I. 1978/1599.

(b) 1969 c. 50.

- (iii) the accounting records shall in particular contain :
 - (a) entries from day to day of all sums of money received and expended in the course of the business and the matters in respect of which the receipt and expenditure takes place; and
 - (b) a record of the assets and liabilities of the business;
- (iv) the accounting records shall be such as to enable compliance with the relevant provisions of these Rules to be demonstrated at any time.
- (v) the accounting records shall be preserved for at least three years from the date of the last entry made therein.

8.—(1) Practising insurance brokers and enrolled bodies corporate shall prepare and draw up accounts in respect of each of their businesses :

- (i) if the business has not been carried on for twelve consecutive months at the date of, or at the date of amendment to, registration or enrolment for a period beginning with the day of commencement of business and not exceeding twelve months; and
- (ii) if the business has been carried on for more than twelve consecutive months at the date of, or at the date of amendment to, registration or enrolment for a period beginning with the day following the accounting date referred to in the appropriate form submitted to the Council in connection with an application for, or amendment to, registration or enrolment and not exceeding twelve months

and thereafter shall similarly draw up and prepare accounts for periods not exceeding twelve months and beginning with the day following the expiry of the period for which the previous accounts were prepared and drawn up.

(2) The accounts required by this rule and the statement required by rule 9(2)(iii) of these Rules shall be submitted to the Council within six months of the expiry of the accounting period to which they relate.

(3) In any case where a practising insurance broker or enrolled body corporate makes a written application to the Council before the expiry of the period in which any accounts would otherwise have been required to be submitted in accordance with the provisions of this rule the Council, if they think fit, may by notice in writing to the practising insurance broker or enrolled body corporate extend by such further period as may be specified in the notice the period of twelve months referred to in paragraph (1) of this rule but so that the said period as so extended may not exceed eighteen months. In the event of the Council giving such notice they may lay down such other requirements as they consider necessary in all the circumstances.

9.—(1) (i) Accounts to be prepared and drawn up in respect of the business of practising insurance brokers and partnerships in accordance with paragraph (1) of rule 8 of these Rules shall comprise a balance sheet, a profit and loss account and notes to the accounts such as to show a true and fair view of the state of affairs of the business as at the date to which the balance sheet is drawn up and of the profit or loss for the accounting period then ended and attached thereto shall be an auditor's report in compliance with the requirements of rule 11 of these Rules.

(ii) The profit and loss account referred to in paragraph (1)(i) of this rule shall :

- (a) show the total revenue of the business, dividing such revenue between that directly derived from insurance broking business and all other revenue;

- (b) classify expenditure grouped under appropriate headings; and
 - (c) show or disclose by way of note to the account the total brokerage contained in the account.
- (iii) Where the profit and loss account referred to in paragraph (1)(i) of this rule includes revenue derived from any business other than insurance broking business the nature of each such business shall be disclosed by way of note annexed to the account.
- (2) (i) Accounts to be prepared and drawn up by enrolled bodies corporate in accordance with paragraph (1) of rule 8 of these Rules shall comply in all respects with the Companies Act 1948^(a) and the Companies Act 1967^(b) or, in the case of Northern Ireland, the Companies Acts (Northern Ireland) 1960 and 1978^(c) and shall include such documents as are or would be required to be comprised in the accounts if they were to be laid before the enrolled body corporate in general meeting in accordance with the Companies Act 1948, the Companies Act 1967 and the Companies Act 1976^(d) or, in the case of Northern Ireland, the Companies Acts (Northern Ireland) 1960 and 1978.
- (ii) Accounts to be prepared and drawn up by a holding company in respect of its own business in accordance with paragraph (1) of rule 8 of these Rules may be group accounts provided that such accounts shall comply in all respects with the provisions of paragraph (2)(i) of this rule and provided further that a profit and loss account shall also be prepared and drawn up in respect of its own business. Such profit and loss account shall comply in all respects with the Companies Act 1948 and the Companies Act 1967 or, in the case of Northern Ireland, the Companies Acts (Northern Ireland) 1960 and 1978, as if it had been a profit and loss account to which the provisions of such Acts applied.
- (iii) The profit and loss account of an enrolled body corporate's own business shall be supplemented by a statement:
- (a) showing the total revenue of the business dividing such revenue between that directly derived from insurance broking business and all other revenue;
 - (b) classifying expenditure grouped under appropriate headings; and
 - (c) showing the total brokerage contained in the account unless specifically disclosed therein.
- (iv) Where the profit and loss account of an enrolled body corporate's own business comprising part of the accounts referred to in paragraph (2)(i) or (2)(ii) of this rule includes revenue derived from any business other than insurance broking business the nature of each such business shall be disclosed in the statement referred to in paragraph (2)(iii) of this rule.
- (v) For the purposes of this rule the expression 'holding company' shall be construed in accordance with the provisions of section 154 of the Companies Act 1948 or, in the case of Northern Ireland, section 148 of the Companies Act (Northern Ireland) 1960.

(a) 1948 c. 38.
(d) 1976 c. 69.

(b) 1967 c. 81.

(c) 1960 c. 22 (N.I.); S.I. 1978/1042 (N.I. 12).

PART IV—SUPPLEMENTARY

10. Practising insurance brokers and enrolled bodies corporate shall at the same time as they submit any accounts or statement to the Council in respect of a business in accordance with the provisions of rule 8 of these Rules complete and submit a Statement of Particulars in the form set out in the Appendix to these Rules in respect of such business and the balance sheet of their own business forming part of the accounts prepared and drawn up in accordance with the provisions of rule 9 of these Rules shall also be analysed and set out in the form of Part I of the Statement of Particulars set out in the Appendix to these Rules and in accordance with the definitions and instructions contained therein.

11.—(1) The accounts required to be prepared and drawn up and submitted to the Council by practising insurance brokers and enrolled bodies corporate in accordance with the provisions of rules 8 and 9 of these Rules shall in the case of the business of:

- (i) enrolled bodies corporate be audited in accordance with the provisions of the Companies Act 1948 and the Companies Act 1967 or, in the case of Northern Ireland, the Companies Acts (Northern Ireland) 1960 and 1978, and the enrolled body corporate shall ensure that a report shall be made by the auditor to comply in all respects with the provisions of section 14 of the Companies Act 1967 or, in the case of Northern Ireland, the corresponding provisions of the Companies Acts (Northern Ireland) 1960 and 1978; and
 - (ii) practising insurance brokers and partnerships be audited and each practising insurance broker or partner shall ensure that the auditor shall make a report to the practising insurance broker or the partners stating whether in the auditor's opinion a true and fair view is given, in the case of the balance sheet, of the state of the affairs of the business at the end of the period covered by the accounts, and, in the case of the profit and loss account, of the profit or loss of the business for that period.
- (2) (i) A practising insurance broker or an enrolled body corporate shall ensure that the auditor in preparing his report in accordance with the provisions hereof shall carry out such investigations as will enable him to form an opinion as to the following matters, that is to say:
- (a) whether proper accounting records have been kept in accordance with the provisions of rule 7 of these Rules and proper returns adequate for the audit have been received from branches not visited; and
 - (b) whether the balance sheet and profit and loss account are in accordance with the accounting records and returns
- and if the auditor is of the opinion that proper accounting records have not been kept in accordance with the provisions of rule 7 of these Rules or that proper returns adequate for the audit have not been received from branches not visited or if the balance sheet and profit and loss account are not in agreement with the accounting records and returns, the practising insurance broker or the enrolled body corporate shall ensure that the auditor shall state that fact in his report.
- (ii) If the auditor fails to obtain all the information and explanations which, to the best of his knowledge and belief, are necessary for the

purposes of the audit, the practising insurance broker or the enrolled body corporate shall ensure that he shall state that fact in his report.

(3) The Statement of Particulars in the form set out in the Appendix to these Rules shall contain an accountant's report in the form set out in Part IV of such Appendix.

(4) Practising insurance brokers and enrolled bodies corporate shall allow the auditor or accountant signing the report for the purposes of carrying out his duties in accordance with these Rules full right of access at all times to the books, vouchers and accounting records and the said auditor or accountant shall be entitled to require from practising insurance brokers or the officers of enrolled bodies corporate such information and explanations as he may think necessary for the performance of his duties as auditor or accountant under these Rules.

12. Any auditor's report submitted to the Council in compliance with these Rules shall only be given by an accountant qualified in accordance with sub-sections (4), (5) and (6) of section 11 of the Act.

13. The Council shall have powers, from time to time and in their absolute discretion, for the purposes of ascertaining whether or not the provisions of these Rules are being complied with, to require practising insurance brokers or enrolled bodies corporate to:

- (i) supply other or additional information, explanations or reports;
- (ii) instruct the auditor or accountant signing a report to supply other or additional information, explanations or reports; and
- (iii) produce, at a time during usual business hours and at a place to be fixed by the Council, the accounting records, bank passbooks, looseleaf bank statements, statements of account, vouchers and any other necessary documents for the inspection of any person appointed by the Council and to supply to such person any necessary information and explanations.

PART V—EXEMPTION

14. A practising insurance broker or enrolled body corporate shall be exempt from complying with the requirements of these Rules in respect of any business, whether carried on alone or in partnership, which is accepted by the Committee of Lloyd's as a Lloyd's broking business provided that on any such business ceasing to be accepted as a Lloyd's broking business by the Committee of Lloyd's a practising insurance broker or enrolled body corporate carrying on such business shall forthwith be required to ensure that the requirements of these Rules are complied with in respect of such business.

APPENDIX

NOTE: Paragraph 2 of Part I of this Statement of Particulars may be completed to demonstrate compliance with rules 3, 4 or 6 of the Rules and paragraph 2 of Part I when completed with the remainder of the Statement of Particulars will enable the provisions of rules 5(2) and 10 of the Rules to be complied with.

STATEMENT OF PARTICULARS

to the Insurance Brokers Registration Council as required by the Insurance Brokers Registration Council (Accounts and Business Requirements) Rules 1979 ('the Rules') submitted in connection with the following business:

A. NAME:(referred to herein as 'the insurance broker')

(Show (a) the forenames and surname in the case of a sole proprietor; or
(b) the partnership name under which the business is carried on; or
(c) the name of the body corporate carrying on the business.)

B. PRINCIPAL PLACE OF BUSINESS:

C. TRADING AS:

(Show trading or business name(s) used in addition to that in paragraph A above.)

D. Where the business is carried on in partnership or by a body corporate the names of *all* the partners OR the names of *all* the directors are shown below or on the attached schedule:

Full name including all forenames

*Registration record number
(where applicable)*

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(If one (or more) of the partners in the partnership is a body corporate the number shown above should be the enrolment record number and not the particulars of the directors of the body corporate.)

PART I

1. Attached are the insurance broker's latest audited accounts submitted to the Council as required by rule 8 of the Rules including a balance sheet as at 19..... ('the accounting date'*) and a profit and loss account for the period from 19..... to that date, together with notes to the said accounts and an auditor's report thereon and where appropriate a statement as required by rule 9(2)(iii) of the Rules.
2. (i) The figures shown below in column 1 are based on and extracted from the accounting records as at 19..... ('the accounting date'*) and they have, in accordance with the definitions and instructions set out below, been analysed in the said column 1.

(ii) Where this Statement of Particulars is submitted in compliance with rule 10 of the Rules the figures shown in the audited balance sheet of the insurance broker's own business referred to in paragraph 1 above, have, in accordance with the definitions and instructions set out below, been analysed in column 1.

(iii) Where an amount appears in column 1 that amount has been restated in column 2 *but* amended where necessary to comply with the requirements of the said definitions and instructions.

*NOTE: For the purposes of the definitions and instructions set out below 'the accounting date' shall mean where this Statement of Particulars is submitted in compliance with rule 10 of the Rules the date as at which the balance sheet referred to in paragraph 1 was drawn up and in all other circumstances the date as at which the figures were extracted from the accounting records. When this Statement of Particulars is submitted in compliance with rule 10 of the Rules paragraph (i) above will not apply.

ASSETS									
				Reference numbers of the definitions and instructions					
				Column 1		Column 2			
Banking accounts designated 'Insurance Broking Account' and approved short term assets									
...	...	...	...£	...1	...	...	...	...	...£
Debtors in respect of insurance transactions:									
Related companies			...£	...2 and 20		...	...	...	...£
Others			...£	...2	...	...	...	...	...£
Total A			...£	Total H ...£					
Cash and bank current account balances									
...	...	...	...£	...3	...	...	...	...	...£
Deposits and bills—short term			...£	...4	...	...	...	...	...£
Other debtors—current:									
Related companies			...£	...5 and 20		...	...	...	...£
Others			...£	...5	...	...	...	...	...£
Listed investments			...£	...6	...	...	...	...	...£
Fixed assets—office furniture and equipment and motor vehicles									
...	...	...	...£	...7	...	...	...	...	...£
Total B			...£	Total J ...£					
Total A + B = Total C			...£	Total H + J = Total K ...£					
Fixed assets—others									
...	...	...	...£	...7	...	...	...	...	...£
Other debtors—non-current:									
Related companies			...£	...5 and 20		...	...	...	...£
Others			...£	...5	...	...	...	...	...£
Deposits and bills—long term			...£	...8	...	...	...	...	...£
Unlisted investments:									
Related companies			...£	...9 and 20		...	...	...	...£
Others			...£	...9	...	...	...	...	...£
Total D			...£	Total L ...£					
Total A + B + D = Total E			...£	Total H + J + L = Total M ...£					
All assets other than those specified above									
...	...	...	...£	...10...	...	...	...	...	N/A*
...	...	...	...£	...	...	...	...	...	N/A*
...	...	...	...£	...	...	...	...	...	N/A*
...	...	...	...£	...	...	...	...	...	N/A*
Total F			...£						
Total A + B + D + F = Total G			...£						

(*Not applicable)

NOTES OF EXPLANATION

(i) The total H in column 2 represents the aggregate of the insurance transactions assets referred to in rule 6(8)(ii) of the Rules.

(ii) The total K in column 2 represents the aggregate of the current assets referred to in rule 3(2)(ii) of the Rules.

(iii) The total M in column 2 represents the value of the assets referred to in rule 4(2)(ii) of the Rules.

LIABILITIES

		<i>Reference numbers of the definitions and instructions</i>			
		<i>Column 1</i>			<i>Column 2</i>
Creditors in respect of insurance transactions:					
Related companies	... £	...11 and 20	...	...	...£
Others	... £	...11...	...	...	...£
Bank advances designated 'Insurance Broking Account'	...£	...12...	...	...	...£
Total N		...£			Total V ...£
Bank advances	... £	...13...	...	...	...£
Other current liabilities:					
Related companies	... £	...14 and 20	...	...	...£
Others	... £	...14...	...	...	...£
Total P		...£			Total W ...£
Total N+P=Total Q		...£			Total V+W=Total X ...£
Deferred taxation payable within three years					
...	... £	...15...	...	...	...£
Contingent liabilities	... N/A*	...16...	...	...	...£
Total R		...£			Total Y ...£
Total N+P+R=Total S		...£			Total V+W+Y=Total Z ...£
Long term liabilities	... £	...17...	...	...	... N/A*
Deferred taxation—long term	... £	...15...	...	...	... N/A*
Share capital and reserves (applicable only to bodies corporate)					
...	... £	...18...	...	...	... N/A*
Proprietors' capital, reserves and undrawn profits (applicable only to partnerships and sole proprietors)					
...	... £	...19...	...	...	... N/A*
Total T		...£			
Total N+P+R+T=Total U		...£			

(*Not applicable)

NOTES OF EXPLANATION

(i) The total V in column 2 represents the aggregate of the insurance transactions liabilities referred to in rule 6(8)(ii) of the Rules.

(ii) The total X in column 2 represents the aggregate of the current liabilities referred to in rule 3(2)(ii) of the Rules.

(iii) The total Z in column 2 represents the amount of the liabilities referred to in rule 4(2)(iii) of the Rules.

3. The following assets included in the amounts in column 2 of paragraph 2 above are subject to a fixed charge, lien or encumbrance to the extent shown below or there is a 'floating charge' against the business to the extent shown below :

<i>The value of the asset included in the amount shown in the said column 2</i>		
<i>Description of asset</i>		<i>Extent of charge</i>
.....	£.....	£.....
.....	£.....	£.....
.....	£.....	£.....
.....	£.....	£.....
If none state 'NONE'		

If none state 'NONE'

Further charges, liens or encumbrances should be shown on a separate sheet.

4. Where *debtors in respect of insurance transactions* have been included in column 2 of paragraph 2 above and such debtors have been outstanding at the accounting date referred to in paragraph 1 above for more than nine months from the date as at which the entry is made in the insurance broker's accounting records, the total of such debtors is shown below :

£..... If none state 'NONE'

5. During the period referred to in paragraph 1 above the following advances by way of loan, overdraft or otherwise were obtained from approved banks on an Insurance Broking Account in accordance with the provisions of rule 6(7) of the Rules for the undermentioned periods :

<i>Periods:</i>		<i>Nature (loan, overdraft, etc.) and purpose of the advance</i>	<i>Maximum amount of advance £</i>	<i>Details of any security given</i>
<i>From</i>	<i>To</i>			
.....

If none state 'NONE'

Further particulars should be shown on a separate sheet.

DEFINITIONS AND INSTRUCTIONS APPLYING TO PARAGRAPH 2 OF PART I

NOTE 1: Under the individual definitions and instructions *illustrations* are given of the assets or liabilities to be included. These are intended to be *illustrations* only and are not definitive of the assets or liabilities to be included under the individual headings.

NOTE 2: Where any asset is subject to a charge the asset shall be shown under the heading of Assets in paragraph 2 of Part I of the Appendix without any deduction for the liabilities secured by the charge. The liability shall be shown under the appropriate heading of Liabilities in paragraph 2 of Part I of the Appendix in accordance with the following definitions and instructions.

*Reference
number*

1. *Banking accounts designated 'Insurance Broking Account' and approved short term assets* shall be those assets which satisfy rule 6 of the Rules. Such approved short term assets shall be restated in column 2 at their realisable value which in the case of marketable securities shall be deemed to be their mid-market value.
2. *Debtors in respect of insurance transactions* shall mean amounts owing by ALL debtors in respect of insurance transactions of any kind in connection with the insurance broking business as shown in the insurance broker's accounting records and shall in the case of bodies corporate (but not partnerships) be sub-divided between those due from related companies (see No. 20 below) and all other persons. These debts shall be restated in column 2 after making proper provision for any bad or doubtful debts, any discounts, rebates or other allowances requiring to be deducted therefrom. No amount shall be included in column 2 which has been outstanding at the accounting date for more than NINE months from the date as at which the entry was made in the insurance broker's accounting records unless the insurance broker is satisfied that such amount will be recovered. Where such debtors have been included there shall be disclosed the total of such debtors as required in paragraph 4 of Part I hereof.
3. *Cash and bank current account balances* shall mean such amounts as are shown by the insurance broker's accounting records and shall include cash in hand and bank current accounts where not overdrawn and which are NOT designated 'Insurance Broking Account'.
4. *Deposits and bills—short term* shall mean those deposits and bills having a realisation date on or within TWELVE months from the accounting date which are NOT designated 'Insurance Broking Account' and include bank deposit accounts, bank deposit receipts, certificates of deposit, bills, loans to and deposits with a local authority in the United Kingdom and deposits and accounts with a building society. The realisable value thereof as at the accounting date shall be restated in column 2.
5. *Other debtors* shall mean any other amounts owed to the insurance broker as shown in the insurance broker's accounting records including prepayments (*after excluding all debts due in connection with insurance transactions which debts shall be included under the heading 'Debtors in respect of insurance transactions'*) and shall in the case of bodies corporate (but not partnerships) be sub-divided between those due from related companies (see No. 20 below) and all other persons. Such debtors shall also be sub-divided between those due for payment within TWELVE months of the accounting date (which shall be termed 'current') and all other amounts (which shall be termed 'non-current'). These amounts shall be restated in column 2 after making adequate provision for bad or doubtful debts.
6. *Listed investments* shall mean any investment listed on a recognised Stock Exchange which is NOT designated 'Insurance Broking

Account'. The mid-market value thereof as at the accounting date shall be restated in column 2.

7. *Fixed assets—office furniture and equipment and motor vehicles* shall mean only such assets; and

Fixed assets—others shall mean all other fixed assets, provided that in neither case shall they include any intangible assets.

All such fixed assets shall be restated in column 2 at the option of the insurance broker, either:

- (a) at the value shown in column 1 provided that such value is not greater than the value calculated in accordance with (b) below, or
(b) at their estimated realisable value after due provision for any costs of realisation.

If the value as restated in column 2 were to be realised and a taxation liability would arise thereon such liability shall be included within contingent liabilities where not otherwise provided (see No. 16 below).

8. *Deposits and bills—long term* shall mean those deposits and bills having a realisation date more than TWELVE months from the accounting date which are NOT designated 'Insurance Broking Account' and include bank deposit accounts, bank deposit receipts, certificates of deposit, bills, loans to and deposits with a local authority in the United Kingdom and deposits and accounts with a building society. The realisable value thereof as at the accounting date shall be restated in column 2.
9. *Unlisted investments* shall in the case of bodies corporate (but not partnerships) be sub-divided between those in related companies (see No. 20 below) and all others. They shall be restated in column 2 at directors' or partners' or proprietor's valuation as at the accounting date. (*Amounts due from or to related companies* (see No. 20 below) in respect of insurance transactions and other amounts due from or to related companies shall be shown under the appropriate headings.)
10. *All assets other than those specified above* shall mean all assets of whatever nature not otherwise shown or included above, shall be specified separately, and shall include goodwill, formation expenses not written off and other intangible assets. No entries shall be made in column 2 in respect thereof.
11. *Creditors in respect of insurance transactions* shall mean amounts owing to ALL creditors in respect of insurance transactions of any kind in connection with the insurance broker's insurance broking business as shown in the insurance broker's accounting records irrespective of when such amounts fall due for payment and shall in the case of bodies corporate (but not partnerships) be sub-divided between those due to related companies (see No. 20 below) and all other persons.
12. *Bank advances designated 'Insurance Broking Account'* shall mean such amounts as are shown by the insurance broker's accounting records to be owed to bankers on such accounts.

13. *Bank advances* shall mean such amounts as are shown by the insurance broker's accounting records to be owed to bankers on bank accounts, including bank loans, which are NOT designated 'Insurance Broking Account' and which are due for repayment on or within THIRTY-SIX months from the accounting date. (*Bank loans due for repayment after thirty-six months from the accounting date shall be included under the heading 'Long term liabilities'.*)
14. *Other current liabilities* shall mean any amount due by the insurance broker as shown in the insurance broker's accounting records including accrued expenditure, taxation and dividends (*but excluding any amounts due in respect of insurance transactions which liabilities shall be included under the heading 'Creditors in respect of insurance transactions'*) which shall fall due for payment on or within THIRTY-SIX months from the accounting date and shall in the case of bodies corporate (but not partnerships) be subdivided between those due to related companies (see No. 20 below) and all other persons.

In respect of sole proprietors and partnerships *other current liabilities* shall be restated in column 2 to include provision for partners' or proprietor's taxation for an amount whichever is the greater of :

 - (a) the total amount of the income tax at the basic rate and at the higher rates (or a fair estimate thereof) outstanding in respect of all years of assessment ended on or before the accounting date and, where applicable, the accrued proportion for the year of assessment in which the accounting date falls,
 - OR
 - (b) the total amount of the income tax at the basic rate and at the higher rates (or a fair estimate thereof) which would be payable if the insurance broker had ceased business at the accounting date.
15. *Deferred taxation payable within three years.* There shall be included under this heading that part of the amount which has been provided for in the insurance broker's accounting records and which it is anticipated will fall due for payment on or within THIRTY-SIX months from the accounting date. *All other deferred taxation so provided shall be included under the heading 'Deferred taxation—long term'.*
16. *Contingent liabilities.* There shall be included as contingent liabilities under column 2 (where not otherwise provided) the appropriate aggregate amount of such liabilities which shall have been quantified by the insurance broker after considering all the relevant facts and circumstances. Such appropriate aggregate amount shall be sufficient as at the accounting date to cover, for example, capital expenditure in respect of intangible assets for which the insurance broker is contracted but which is not provided for, dilapidations under leases, liabilities under contracts or guarantees, brokerage repayable to insurance companies where brokerage has been received on indemnity terms, brokerage which is repayable under the direction of the Policyholders Protection Board established by

the Policyholders Protection Act 1975(a) and the aggregate of any contingent taxation liability that would arise from the realisation of any asset at the value included in column 2. No entry shall be made in column 1 in respect thereof.

17. *Long term liabilities* shall mean any amount due by the insurance broker as shown in the insurance broker's accounting records (*but excluding any amounts due in respect of insurance transactions which liabilities shall be included under the heading 'Creditors in respect of insurance transactions'*) falling due for payment after THIRTY-SIX months from the accounting date. No entry shall be made in column 2 in respect thereof.
18. *Share capital and reserves* (applicable only to bodies corporate) shall not be required to be shown in column 2.
19. *Proprietors' capital, reserves and undrawn profits* (applicable only to partnerships and sole proprietors) shall not be required to be shown in column 2. Provision for taxation shall be included as required under No. 14 above.
20. In these definitions and instructions the expression '*related companies*' (applicable only to bodies corporate) shall mean any subsidiary or holding company or any subsidiary of a holding company of the enrolled body corporate where 'subsidiary' and 'holding company' shall be construed in accordance with the provisions of section 154 of the Companies Act 1948, or in the case of Northern Ireland, section 148 of the Companies Act (Northern Ireland) 1960, and shall also include companies which are under the control of connected persons where 'control' and 'connected' shall be construed in accordance with sections 302 and 533 respectively of the Income and Corporation Taxes Act 1970(b).

(a) 1975 c. 75.

(b) 1970 c. 10.

PART II

QUESTIONNAIRE

This Part is to be completed by the insurance broker in compliance with rule 5(2) of the Rules.

1. With how many insurance companies has insurance business been placed in the last accounting period? (If over ten, write 'over ten')
.....
2. What is the largest percentage of the brokerage in the last accounting period derived from such business placed with a single insurance company? (If under 15%, write 'under 15%').....
3. If the answer to question 1 is four or less, or if the answer to question 2 is 35% or more, state below (or on a separate sheet) why it is considered that the business is not unduly dependent on any of the insurance companies with whom such business has been placed.
.....
.....

NOTE OF INSTRUCTION

For the purposes of questions 1 and 2 'the last accounting period' shall mean the period covered by the accounts which have been prepared in accordance with the Insurance Brokers Registration Council (Accounts and Business Requirements) Rules 1979 and are attached to the Statement of Particulars of which this questionnaire forms part; the brokerage referred to in question 2 is the brokerage of the insurance broker's own business disclosed or contained in those accounts. 'Brokerage' means any remuneration originating from insurance broking business.

PART III

CERTIFICATE BY OR ON BEHALF OF THE INSURANCE BROKER

When this Statement of Particulars is submitted in compliance with rule 10 of the Rules the insurance broker shall certify in the following terms:

*For sole proprietors *I, being the insurance broker, hereby certify to the best of my knowledge and belief that:

OR

*For partnerships *I, being one of the persons carrying on the business of the insurance broker in partnership and being duly authorised on behalf of all such persons hereby certify to the best of the knowledge and belief of, and on behalf of, all such persons that:

OR

*For bodies corporate *I, being a registered insurance broker and a director of the insurance broker and being duly authorised hereby certify, on behalf of the insurance broker, to the best of my knowledge and belief that:

- (i) the information contained in this Statement of Particulars is correct;

- (ii) except as disclosed to the Council in writing, the provisions of rules 3, 4, 5, 6 and 7 of the Insurance Brokers Registration Council (Accounts and Business Requirements) Rules 1979 were satisfied at all times during the period referred to in paragraph 1 of Part I of this Statement of Particulars other than in respect of any period prior to registration or enrolment.

(*delete whichever is not applicable)

When this Statement of Particulars is submitted in circumstances other than in compliance with rule 10 of the Rules the insurance broker shall certify in the following terms:

*For sole proprietors *I, being the insurance broker, hereby certify to the best of my knowledge and belief that:

OR

*For partnerships *I, being one of the persons carrying on the business of the insurance broker in partnership and being duly authorised on behalf of all such persons hereby certify to the best of the knowledge and belief of, and on behalf of, all such persons that:

OR

*For bodies corporate *I, being a registered insurance broker and a director of the insurance broker and being duly authorised hereby certify, on behalf of the insurance broker, to the best of my knowledge and belief that:

- (i) the information contained in this Statement of Particulars is correct;
- (ii) except as disclosed to the Council in writing, the provisions of rules 3, 4, 5, 6 and 7 of the Insurance Brokers Registration Council (Accounts and Business Requirements) Rules 1979 were satisfied as at the accounting date referred to in paragraph 2(i) of Part I of this Statement of Particulars and at all times up to such date since the later of registration or enrolment or the date as at which the last accounts submitted to the Council under rule 8 of the said Rules were drawn up.

(*delete whichever is not applicable)

Date..... Signature.....

PART IV ACCOUNTANT'S REPORT

to the Insurance Brokers Registration Council in respect of this Statement of Particulars

This report must be given by an accountant qualified in accordance with the provisions of sub-sections (4), (5) and (6) of section 11 of the Insurance Brokers (Registration) Act 1977.

When this Statement of Particulars is submitted in compliance with rule 10 of the Insurance Brokers Registration Council (Accounts and Business Requirements) Rules 1979 the accountant shall report in the following terms (setting out any qualifications or reservations in a separate letter to be attached):

1. I/We have examined the accounting records of for the period ended 19..., being the period referred to in paragraph 1 of Part I of this Statement of Particulars.
2. In my/our opinion :
 - (a) there were no material breaches of rules 6 and 7 of the Insurance Brokers Registration Council (Accounts and Business Requirements) Rules 1979 during the period referred to in paragraph 1 of this report;
 - (b) the amounts shown in column 1 of paragraph 2 of Part I of this Statement of Particulars have been extracted from the audited balance sheet and have been analysed in accordance with the definitions and instructions applying to the said paragraph 2 of Part I;
 - (c) the amounts shown in column 2 of the said paragraph 2 of Part I have been stated in accordance with the said definitions and instructions;
 - (d) the information set out in paragraphs 3, 4 and 5 of Part I and paragraphs 1 and 2 of Part II of this Statement of Particulars has been fairly stated.
3. I/We have inspected, in respect of each Insurance Broking Account maintained at any time during the period referred to in paragraph 1 of this report, a written acknowledgement from bankers in accordance with the provisions of paragraph (2) of rule 6 of the Insurance Brokers Registration Council (Accounts and Business Requirements) Rules 1979 and have received confirmation from such bankers that the terms of such acknowledgment were in force during the period referred to in paragraph 1 of this report.

When this Statement of Particulars is submitted in circumstances other than in compliance with rule 10 of the Insurance Brokers Registration Council (Accounts and Business Requirements) Rules 1979 the accountant shall report in the following terms (setting out any qualifications or reservations in a separate letter to be attached):

1. I/We have examined the financial statement as at 19..., of (referred to herein as 'the insurance broker') set out in paragraph 2 of Part I of this Statement of Particulars.
2. In my/our opinion the amounts shown in column 1 of the said paragraph 2 of Part I have been extracted from the accounting records of the insurance broker as at that date and analysed and restated in column 2 in accordance with the definitions and instructions applying to the said paragraph 2 of Part I. No audit of the financial statement has been carried out.

3. I/We have verified by appropriate procedures, the cash, bank balances, investments and fixed assets shown in column 2 of the said paragraph 2 of Part I. I/We have reviewed the amounts shown therein as debtors without conducting an audit.
4. I/We have discussed with the insurance broker the amounts of assets not verified and of liabilities included in columns 1 and 2 of the said paragraph 2 of Part I and, after appropriate enquiry, am/are of the opinion that the figures in the said paragraph 2 of Part I are consistent with the information and explanations given to me/us.

Signed..... Date.....

Name and address of practice (in block letters) :

.....
.....

Note: It is the Council's policy to issue an acknowledgment of the Statement of Particulars to the accountant signing the above.

Sealed on the eighteenth day of April 1979.

Attested by:

Francis Perkins,
Member of Council.

J. E. Fryer,
Registrar.

EXPLANATORY NOTE

(This Note is not part of the Order.)

This Order approves rules made by the Insurance Brokers Registration Council in exercise of their powers under section 11 of the Insurance Brokers (Registration) Act 1977. These rules lay down requirements for the carrying on of business by practising insurance brokers and enrolled bodies corporate. Part II contains requirements as to working capital, the excess of assets over liabilities and the maintenance of independence. Part III contains requirements as to accounts and accounting records. Part IV contains supplementary matter and in particular provisions as to audit. Part V contains an exemption for Lloyd's broking businesses.

Under sections 3(2)(c) and 4(3) of the Act, the Council must be satisfied as to compliance with the requirements of Part II of these rules (and those supplementary thereto) as a condition of registration or enrolment.

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