

Registration number: 01600910

# B.I.B. (Darlington) Limited

Annual Report and Financial Statements

for the Year Ended 30 December 2016

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## **B.I.B. (Darlington) Limited**

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## **B.I.B. (Darlington) Limited**

### **Company Information**

<b>Directors</b>	M S Mugge D C Ross
<b>Company secretary</b>	J A Gregory
<b>Registered office</b>	Towergate House Eclipse Park Sittingbourne Road Maidstone Kent ME14 3EN
<b>Auditor</b>	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL

## **B.I.B. (Darlington) Limited**

### **Strategic Report for the Year Ended 30 December 2016**

The directors present their strategic report for the year ended 30 December 2016 for B.I.B. (Darlington) Limited ("the Company"). The strategic report provides a review of the business for the financial year and describes how the directors manage risks. The report outlines the developments and performance of the Company during the financial year, the position at the end of the year and discusses the main trends and factors that could affect the future. The Company is part of the Sentry Holdings Limited Group ("the Group" or "Towergate"). Whilst Sentry Holdings Limited is the ultimate parent company, the directors of its subsidiary The Ardonagh Group Limited (formerly known as TIG Topco Limited) manage the Group's operations on a daily basis.

#### **Principal activities and business review**

The principal activity of the Company is that of insurance intermediary services.

The results for the Company show turnover of £1,661,196 (2015: £1,746,529) and profit before tax of £100,937 (2015: loss £11,368) for the year. At 30 December 2016 the Company had net assets of £2,926,189 (2015: £2,742,730). The accounting policies note on page 14 sets out the reasons why the directors continue to believe that the preparation of the financial statements on the going concern basis is appropriate.

The company has transitioned to Financial Reporting Standard 101 ("FRS 101 Reduced Disclosure Framework") with a conversion date of 31 December 2014. As required by IFRS 1 First-time adoption of IFRSs, the Company has applied the relevant accounting policies in place on 30 December 2016 to all periods presented. The Company has taken advantage of the disclosure exemptions allowed under this standard. A summary of the recognition and remeasurement adjustments arising on the adoption of FRS 101 can be found note 24.

#### **Business strategy and objectives**

The Company continues to emphasise the fundamental importance of putting customers first. The Company has developed policies and processes with the aim of treating every customer fairly and consistently. This includes endeavouring to provide them with the best products, advice and service, which can build loyalty and advocacy, which in turn will strengthen reputation and support profits. Serving customers well involves dealing with complaints promptly and effectively, having high standards around underwriting and pricing, and taking a customer-focused approach to sales and marketing. The development of a strong customer base assists in developing income growth which is another objective of the business. The Company aims to both increase retention rates and attract new customers.

The Company also aspires to create a high performance culture, creating excellent customer service through highly engaged employees. The Company aims to attract, develop and promote the best talent and to create a supportive environment in which every employee continuously learns and develops. The Company's culture and competitive remuneration packages enable it to attract and retain key staff. This will also be achieved by creating a shared understanding of the Company's strategic goals and objectives, building the capability of managers and leaders to manage performance and by every employee having the knowledge, skill and capability to perform their role.

#### **Outlook**

The directors do not expect there to be any changes in the nature of the business in 2017.

## B.I.B. (Darlington) Limited

### Strategic Report for the Year Ended 30 December 2016

#### Key performance indicators

The Company's key financial and other performance indicators during the year were as follows:

	Unit	2016	2015
Gross written premium (GWP)	£m	6.7	7.1
Turnover	£m	1.7	1.7
Administrative expenses	£m	1.6	1.7
Turnover/GWP	%	25.4	23.9
Administrative expenses/turnover	%	94.1	100.0

Non-financial key performance indicators include staffing levels which have reduced by 13% throughout the period. The Company actively encourages all employees to become involved in Group affairs and is also keen to encourage two way communications on relevant business issues. This is achieved through regular employee meetings and presentations by senior management and is supported by a Group wide communication plan. Further discussions on employee matters can be found in the directors' report.

The directors of The Ardonagh Group Limited manage the Group's operation on a divisional basis. For this reason, the Company's directors believe that a separate analysis for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business. The development, performance and position of the Group which includes this Company as a member of the insurance brokers division, is discussed in the Group's annual report. Financial key performance indicators relevant to the Company are Gross Written Premium and commission and fees income as a percentage of premium.

#### Principal risks and uncertainties

##### Risk management

The Company has a comprehensive strategy for the identification, mitigation and management of risk. A wide ranging assessment of business risks has been undertaken resulting in the compilation of a risk register. The risk register is subject to discussion at regular Risk Management Committee meetings and the Company's ongoing risk management ensures there is appropriate reporting from the business which will highlight changes in risk profile to the Risk Management Committee. The risks are managed and monitored to be within the agreed risk appetite. If a risk exceeds appetite, management actions will be put in place to bring it within appetite.

The principal risks and their mitigation are as follows:

##### *Strategic and commercial risk*

There are risks of changes to the competitive and economic environment. This is mitigated by a robust strategy and planning process, regular monitoring of economic and competitive environment and diversification of product lines and channels.

##### *Financial risk*

There is the risk of adverse impact on business value or earning capacity as well as risk of inadequate cash flow to meet financial obligations. This risk is mitigated by proactive management of the business plan, regular monitoring of cash flows against risk appetite and a focus on debt collection.

## **B.I.B. (Darlington) Limited**

### **Strategic Report for the Year Ended 30 December 2016**

#### *Operational risk*

There is the risk of losses arising from inadequate or failed internal processes or systems, from personnel and / or from external events. These are mitigated by having an Enterprise Risk Management Framework in place, which is owned by the Group Risk Officer. The framework requires all risks to have owners, and these owners have appropriate controls in place which are regularly monitored and significant changes to the risk escalated as required.

The Company's business depends on the ability of employees to process transactions using secure information systems. The capacity to service customers depends on storing, retrieving, processing and managing information. Interruption or loss of information processing capabilities through loss of stored data, the failure of computer equipment or software systems, a telecommunications failure or other disruption could have a material adverse effect on business, results of operations and financial condition. To mitigate these risks the Company has certain disaster recovery procedures in place and insurance to protect against such contingencies.

#### *Regulatory and legal risk*

This is the risk of regulatory sanctions, material financial loss or loss to reputation suffered as a result of non compliance with laws, regulations and applicable administrative provisions. This risk is mitigated by a proactive relationship with the Financial Conduct Authority, a dedicated compliance function, and a compliance monitoring programme. Furthermore, there is a control framework that has been rolled out and embedded within the culture throughout the Company to reduce the risk of errors and non compliance.

#### *Volatility in premiums and insurance market cycle*

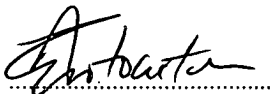
The Company derives most of its revenue from commissions and fees for broking services. Its commissions are generally based on insurance premiums, which are cyclical in nature and may vary widely based on market conditions. A significant reduction in commissions, along with general volatility or declines in premiums, could have a material adverse effect on the results of operations and the Company's financial condition. This risk is mitigated by ensuring that the Company has a range of products and by diversifying its portfolio. This should reduce the effect of a cycle on one specific class of business.

#### *Future impact of Brexit*

As a business that operates predominantly in the United Kingdom (UK) the Company is affected by economic conditions in the UK and the associated possibility of decline in business and customer confidence. This risk has been exacerbated by the uncertainties surrounding the UK's decision to leave the European Union ("Brexit"). Our typical small to medium-sized business (SME) customers and individual consumers may be more vulnerable to any economic downturn than larger commercial customers, reducing or delaying insurance purchases or making premium payments.

The Brexit decision could lead to the UK leaving the single market for goods and services and the ability of businesses to passport between the UK and other EU states. The direct impact on the Company will not be significant because it currently conducts little business outside the UK, although there may be some effects on the insurance markets into which we place business.

Approved by the Board on 26 September 2017 and signed on its behalf by:



A Erotocritou  
Director

## **B.I.B. (Darlington) Limited**

### **Directors' Report for the Year Ended 30 December 2016**

The directors present their report and the financial statements for the year ended 30 December 2016.

#### **Directors of the Company**

The directors, who held office during the year, were as follows:

M S Mugge

D C Ross (appointed 20 December 2016)

The following director was appointed after the year end:

A Erotocritou (appointed 15 March 2017)

#### **Dividends**

The directors do not recommend a final dividend payment to be made in respect of the financial year ended 30 December 2016 (2015: £Nil).

#### **Financial risk management objectives and policies**

Details of financial risk management objectives and policies can be found in the strategic report within the 'Risk management' section on page 3.

#### **Future developments**

Details of future developments can be found in the strategic report within the 'Outlook' section on page 2.

#### **Political donations**

The Company has not made any political donations during the year (2015: £Nil).

#### **Employment of disabled persons**

The Company's policy is to recruit disabled workers for those vacancies that they have the appropriate skills and technical ability to perform. Once employed, a career plan is developed to ensure that suitable opportunities exist for each disabled person. Employees who become disabled during their working life will be retrained if necessary and wherever possible will be given help with any necessary rehabilitation and training. The Company is prepared to modify procedures or equipment, wherever practicable, so that full use can be made of an individual's abilities.

#### **Employee involvement**

Employees are key to the Company's success, so an appropriate remuneration package is offered which rewards an individual's performance and contribution to the organisation. The Company is also keen to encourage individual's personal development to ensure that they have the skills required to undertake their role. The Company places considerable value on the involvement of its employees and continues to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company and the Group as a whole. This is achieved by formal and informal meetings, circulation of the Company magazine and by encouraging employees to take part in regular employee engagement surveys.

#### **Going concern**

The Company's business activities, together with the factors likely to affect its future development are described in the strategic report on page 2. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the next 12 months. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. Further details of this assessment can be found in note 2 to these financial statements.

#### **Directors' liabilities**

All directors benefit from qualifying third party indemnity provisions, subject to the conditions set out in the Companies Act 2006, in place during the financial year and at the date of this report.

## **B.I.B. (Darlington) Limited**

### **Directors' Report for the Year Ended 30 December 2016**

#### **Disclosure of information to the auditor**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

#### **Reappointment of auditor**

The auditors KPMG LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 20 September 2017 and signed on its behalf by:



A Erotocritou  
Director

Towergate House  
Eclipse Park  
Sittingbourne Road  
Maidstone  
Kent  
ME14 3EN



## **B.I.B. (Darlington) Limited**

### **Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework (FRS 101).

Under company law they must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## **Independent Auditor's Report to the members of B.I.B. (Darlington) Limited**

We have audited the financial statements of B.I.B. (Darlington) Limited for the year ended 30 December 2016, set out on pages 10 to 37. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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](http://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 30 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

## **Independent Auditor's Report to the members of B.I.B. (Darlington) Limited**

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



.....  
Rajan Thakrar (Senior Statutory Auditor)  
For and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*

15 Canada Square  
Canary Wharf  
London  
E14 5GL

Date: 20 September 2017

# **B.I.B. (Darlington) Limited**

## **Statement of Comprehensive Income for the Year Ended 30 December 2016**

	<b>Note</b>	<b>2016 £</b>	<b>2015 £</b>
<b>Turnover</b>	4	1,661,196	1,746,529
Amortisation and other amounts written off intangibles	11	(1,063)	(2,940)
Administrative expenses		(1,556,579)	(1,747,185)
Other losses		<u>-</u>	<u>(6,537)</u>
<b>Operating profit/(loss)</b>	5	103,554	(10,133)
Finance costs	6	<u>(2,617)</u>	<u>(1,235)</u>
<b>Profit/(loss) before tax</b>		100,937	(11,368)
Income tax credit/(expense)	9	<u>82,522</u>	<u>(8,219)</u>
<b>Total comprehensive profit/ (loss) for the year</b>		<u><u>183,459</u></u>	<u><u>(19,587)</u></u>

The above results were derived from continuing operations.

**B.I.B. (Darlington) Limited**

**(Registration number: 01600910)**

**Statement of Financial Position as at 30 December 2016**

	Note	2016 £	2015 £
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	8,582	17,577
Intangible assets	11	945,688	946,751
Deferred tax assets	9	17,310	9,937
		<u>971,580</u>	<u>974,265</u>
<b>Current assets</b>			
Trade and other receivables	13	7,252,842	5,828,882
Cash and cash equivalents	14	787,484	494,837
Other current financial assets	12	119,323	-
		<u>8,159,649</u>	<u>6,323,719</u>
<b>Total assets</b>		<u><u>9,131,229</u></u>	<u><u>7,297,984</u></u>

The notes on pages 14 to 37 form an integral part of these financial statements.

**B.I.B. (Darlington) Limited**

**(Registration number: 01600910)**

**Statement of Financial Position as at 30 December 2016**

	Note	2016 £	2015 £
<b>Equity and liabilities</b>			
<b>Equity</b>			
Called up share capital	15	7,000	7,000
Capital redemption reserve		3,000	3,000
Retained earnings		<u>2,916,189</u>	<u>2,732,730</u>
		<u>2,926,189</u>	<u>2,742,730</u>
<b>Non-current liabilities</b>			
Provisions	18	34,551	17,484
<b>Current liabilities</b>			
Trade and other payables	19	6,146,343	4,483,517
Income tax liability	9	24,146	3,120
Provisions	18	<u>-</u>	<u>51,133</u>
		<u>6,170,489</u>	<u>4,537,770</u>
<b>Total liabilities</b>		<u>6,205,040</u>	<u>4,555,254</u>
<b>Total equity and liabilities</b>		<u>9,131,229</u>	<u>7,297,984</u>

Approved by the Board on <sup>20</sup>..... September 2017 and signed on its behalf by:



A Erotocritou

Director

The notes on pages 14 to 37 form an integral part of these financial statements.

**B.I.B. (Darlington) Limited**

**Statement of Changes in Equity for the Year Ended 30 December 2016**

	<b>Share capital</b> £	<b>Capital redemption reserve</b> £	<b>Retained earnings</b> £	<b>Total</b> £
At 31 December 2015	7,000	3,000	2,732,730	2,742,730
Total comprehensive profit for the year	-	-	183,459	183,459
At 30 December 2016	<u>7,000</u>	<u>3,000</u>	<u>2,916,189</u>	<u>2,926,189</u>

	<b>Share capital</b> £	<b>Capital redemption reserve</b> £	<b>Retained earnings</b> £	<b>Total</b> £
At 31 December 2014	7,000	3,000	2,752,317	2,762,317
Total comprehensive loss for the year	-	-	(19,587)	(19,587)
At 30 December 2015	<u>7,000</u>	<u>3,000</u>	<u>2,732,730</u>	<u>2,742,730</u>

## **B.I.B. (Darlington) Limited**

### **Notes to the Financial Statements for the Year Ended 30 December 2016**

#### **1 Authorisation of financial statements**

The Company is a private company limited by share capital incorporated and domiciled in the United Kingdom.

These financial statements for the year ended 30 December 2016 were authorised by the Board on 20 September 2017 and the statement of financial position was signed on the Board's behalf by A Erotocritou.

#### **2 Accounting policies**

##### **Basis of preparation**

These financial statements were prepared in accordance with FRS101 'Reduced Disclosure Framework'.

These financial statements have been prepared on a historical cost basis. The financial statements are presented in GBP sterling (£), which is also the Company's functional currency.

##### **Summary of disclosure exemptions**

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the company has adopted FRS 101 for the first time.

In the transition to FRS 101, the Company has applied IFRS 1 with assets and liabilities measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position and financial performance of the Company is provided in note 24.

On the first-time adoption of FRS 101, the entity has applied paragraphs 6 to 33 of IFRS 1 except for the requirements of paragraphs 6 and 21 to present an opening statement of financial position at the date of transition.



## **B.I.B. (Darlington) Limited**

### **Notes to the Financial Statements for the Year Ended 30 December 2016**

#### **2 Accounting policies (continued)**

In these financial statements, the Company has taken advantage of the following disclosure exemptions under FRS 101 where relevant:

- (a) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-Based Payment because the arrangement concerns instruments of another group entity;
- (b) the requirements of IFRS 7 Financial Instruments: Disclosures and of paragraphs 91-99 of IFRS 13 Fair Value Measurement apart from those which are relevant for the financial statements which are held at fair value not held as part of a trading portfolio;
- (c) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to provide comparative period reconciliations in respect of outstanding shares, property, plant & equipment and intangible assets;
- (d) the requirements in paragraph 10(d) and 111 of IAS 1 Presentation of Financial Statements to prepare a Cash flow statement and the requirements in IAS 7 Statement of Cash Flows regarding the same;
- (e) the requirements in paragraph 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements, which includes the need to provide details on capital management;
- (f) the requirements of paragraphs 30 and 31 in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors regarding disclosure of new IFRS standards not yet effective at the reporting date and their potential impact;
- (g) the requirements in paragraphs 17 and 18A of IAS 24 Related Party Disclosures around the need to disclose information on key management personnel and details on related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member;
- (h) the requirements of paragraphs 134(d) - 134(f) and 135(c) - 135(e) of IAS 36 Impairment of Assets in respect of disclosure of assumptions on which projections used in the impairment review are based and sensitivity analysis.

Equivalent disclosures are included in the Group's consolidated financial statements as required by FRS 101 where exemptions have been applied.

Judgments made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the Critical accounting judgements and key sources of estimation uncertainty disclosure on page 21.

## **B.I.B. (Darlington) Limited**

### **Notes to the Financial Statements for the Year Ended 30 December 2016**

#### **2 Accounting policies (continued)**

##### **Going Concern**

The financial statements of the Company have been prepared on a going concern basis. At 30 December 2016 the Company had net assets of £2,926,189 (2015: £2,742,730) and net current assets of £1,989,160 (2015: £1,785,949). The net current assets include amounts receivable from related parties of £7,146,280 (2015: £5,695,205), and amounts due to related parties of £5,461,281 (2015: £3,957,477).

The directors believe the going concern basis to be appropriate following their assessment of the Company's financial position and its ability to meet its obligations as and when they fall due.

##### **Turnover**

###### **(a) Commission and fees**

Revenue includes commission and fees receivable at the later of policy inception date or when the policy placement has been completed and confirmed. To the extent that the Company is contractually obliged to provide services after this date, a suitable proportion of income is deferred and recognised over the life of the relevant contracts to ensure that revenue appropriately reflects the cost of fulfilment of these obligations.

###### **(b) Trading deals and profit commission arrangements**

Profit sharing arrangements, fees for the provision of payment instalment plans and other contingent and non-contingent trading deals with third parties are recognised over the life of the relevant arrangement or when they can be measured with reasonable certainty. Trading deal income includes contributions to marketing or product development, volume payments and profit commissions receivable. The amount and timing of trading deal and profit commission income is inherently uncertain and individual amounts may be material. Amounts accrued at the year end and recognised as assets may be judgemental. A change in estimation of trading deal or profit commission income could have a material effect on the Company's financial performance.

##### **Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

## **B.I.B. (Darlington) Limited**

### **Notes to the Financial Statements for the Year Ended 30 December 2016**

#### **2 Accounting policies (continued)**

##### **Property, plant and equipment**

Property, plant and equipment is stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

##### **Depreciation**

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Leasehold improvements	Over the remaining life of the lease
Fixtures and fittings	15% per annum straight line
Furniture and office equipment	20% per annum straight line
Computer hardware	25% per annum straight line
Motor vehicles	25% per annum straight line

##### **Intangible assets**

a) Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Goodwill is not subject to amortisation but is tested for impairment.

Negative goodwill arising on an acquisition is recognised directly in the income statement. On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the income statement on disposal.

## **B.I.B. (Darlington) Limited**

### **Notes to the Financial Statements for the Year Ended 30 December 2016**

#### **2 Accounting policies (continued)**

##### **(b) Computer software**

Acquired computer software licences exist either through business combinations when they are separable or are purchased separately and are capitalised on the basis of the costs incurred to acquire them. Their fair value has been calculated by using the net book value acquired. These costs are amortised on a straight line basis over their estimated useful lives of four years.

Where software development projects are incomplete, costs are capitalised as work in progress and included within intangible assets. These costs are not subject to amortisation until completion of the project.

##### **(c) Derecognition of intangible assets**

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in statement of comprehensive income when the asset is derecognised.

##### **Amortisation**

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

<b>Asset class</b>	<b>Amortisation method and rate</b>
Computer software	Straight line over 4 years

##### **Financial assets**

Financial assets are initially measured at fair value plus directly attributable transaction costs. The Company's financial assets include cash and trade and other receivables. The subsequent measurement of financial assets depends on their classification:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Trade receivables are recognised initially at fair value and subsequently at amortised cost, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, dispute, default or delinquency in payments are considered indicators that the receivable is impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables.

Held to maturity financial assets are deposits held at banks with a maturity date of greater than three months from the reporting date.

## **B.I.B. (Darlington) Limited**

### **Notes to the Financial Statements for the Year Ended 30 December 2016**

#### **2 Accounting policies (continued)**

##### **Impairment of non-current assets**

The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the non-current asset may not be recoverable and at least annually, in the case of goodwill. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income-generating units. A cash-generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets.

##### *Calculation of recoverable amount*

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

##### *Reversals of impairment*

An impairment loss is reversed on intangible assets other than goodwill only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment or the loss arose on an intangible asset with a readily ascertainable market value and that market value has increased above the impaired carrying amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

##### **Insurance transactions**

Insurance brokers act as agents in placing the insurable risks of their clients with insurers and, as such, are not liable as principals for amounts arising from such transactions. In recognition of this relationship, debtors from insurance broking transactions are not included as an asset of the Company. Other than the receivable for fees and commissions earned on a transaction, no recognition of the insurance transactions occurs until the Company receives cash in respect of premiums or claims, at which time a corresponding liability is established in favour of the insurer or the client.

In certain circumstances, the Company advances premiums, refunds or claims to insurance underwriters or clients prior to collection. These advances are reflected in the statement of financial position as part of trade receivables.

## **B.I.B. (Darlington) Limited**

### **Notes to the Financial Statements for the Year Ended 30 December 2016**

#### **2 Accounting policies (continued)**

##### **Provisions**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

##### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

##### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid to publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

##### **Financial liabilities**

Financial liabilities within the scope of IAS 39 are initially classified as financial liabilities at fair value plus directly attributable transaction costs. The Company's financial liabilities include trade and other payables. The subsequent measurement of financial liabilities depends on their classification.

##### **Financial guarantees**

Contracts meeting the definition of a financial guarantee, including inter-group financial guarantee contracts, are recognised at fair value under IAS 39, or under IFRS 4 where the conditions required in order to regard it as an insurance contract are satisfied. This is determined on a contract by contract basis, depending on whether the risk transferred represents a financial risk or an insurance risk.

##### **Changes in accounting policy**

None of the standards, interpretations and amendments effective for the first time from 31 December 2015 have had a material effect on the financial statements.

The company has applied the accounting policies effective at the end of the first reporting period for all periods presented, as required by IFRS 1 First-time adoption of IFRSs. Details on the adjustments resulting from application of these accounting policies compared to previous UK GAAP can be found in note 24.

## **B.I.B. (Darlington) Limited**

### **Notes to the Financial Statements for the Year Ended 30 December 2016**

#### **3 Critical accounting judgements and key sources of estimation uncertainty**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year.

The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below:

##### *Impairment of assets*

The Company tests annually whether investments and other assets that have indefinite useful lives suffered any impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount.

The recoverable amount of an asset or a cash generating unit is determined based on the higher of fair market value less costs to sell and a value in use calculation prepared on the basis of management's assumptions and estimates. This determination requires significant judgement. In making this judgement the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investment, including factors such as industry and sector performance, changes in regional economies and operational and financing cash flow.

##### *Long term incentive plans*

The Company operates a number of Long Term Incentive Plans (LTIPs), under which the Company receives services from employees as consideration for cash settled incentives which vest over a number of years based on achievement against certain performance measures and/or service conditions. The incentives are paid to participants at the end of the relevant performance and/or service period (the 'performance period'), in some instances interim payments are made but in all instances participants must then remain in employment for a further period (the 'clawback period') in order to retain the full value of their pay out.

The Company recognises an expense in respect of LTIPs over the vesting period, which is deemed to commence when the Company makes participants aware of their right to participate in the LTIP and ends on conclusion of the clawback period.

Where an LTIP is payable in instalments the Company recognises an expense either based on (i) the staged vesting approach or (ii) the plan's benefit formula, depending on the specific facts and circumstances of the relevant award. Where benefits are materially higher in later years the expense is recognised on a straight-line basis over the vesting period.

At the end of each reporting period the Company revises its estimate of the expected pay out, it recognises the impact of the revision to original estimate, if any, in the income statement with a corresponding adjustment to the related provision (during the performance period) or prepayment (during the clawback period) as relevant.

## **B.I.B. (Darlington) Limited**

### **Notes to the Financial Statements for the Year Ended 30 December 2016**

#### **4 Turnover**

The analysis of the company's turnover for the year from continuing operations is as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Commission and fees	1,529,767	1,609,195
Trading deals and profit commissions	<u>131,429</u>	<u>137,334</u>
	<u><b>1,661,196</b></u>	<u><b>1,746,529</b></u>

Turnover consists entirely of sales made in the United Kingdom.

#### **5 Operating profit/ (loss)**

Arrived at after charging

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Depreciation expense	10,916	18,708
Amortisation expense	1,063	2,940
Auditor's remuneration: audit of these financial statements	12,574	12,780
Operating lease expense - property	43,200	35,429
Loss on disposal of property, plant and equipment	-	3,955
Management Fees Payable	<u>334,822</u>	<u>176,000</u>

Amounts receivable by the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, Sentry Holdings Limited.

#### **6 Interest payable and similar charges**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Interest expense on other financing liabilities	<u>2,617</u>	<u>1,235</u>



## **B.I.B. (Darlington) Limited**

### **Notes to the Financial Statements for the Year Ended 30 December 2016**

#### **7 Staff costs**

The aggregate payroll costs (including directors' remuneration) were as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,002,120	895,999
Social security costs	92,094	96,559
Pension costs, defined contribution scheme	33,345	38,959
	<u>1,127,559</u>	<u>1,031,517</u>

The average number of persons employed by the Company (including directors) during the year, analysed by category was as follows:

	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
Administration	14	18
Sales	15	15
Management	4	5
	<u>33</u>	<u>38</u>

#### **8 Directors' remuneration**

The emoluments of all directors are paid by other Group companies, which make no recharge to the Company. These directors are directors of The Ardonagh Group Limited and / or other fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Their total emoluments are included in the consolidated financial statements of The Ardonagh Group Limited.

## B.I.B. (Darlington) Limited

### Notes to the Financial Statements for the Year Ended 30 December 2016

#### 9 Income tax

Tax charged/(credited) in the statement of comprehensive income

	2016 £	2015 £
<b>Current taxation</b>		
UK corporation tax	24,146	3,119
UK corporation tax adjustment to prior periods	<u>(99,295)</u>	<u>(1,493)</u>
	(75,149)	1,626
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	<u>(7,373)</u>	<u>6,593</u>
Tax (credit)/expense in the statement of comprehensive income	<u><u>(82,522)</u></u>	<u><u>8,219</u></u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2015: the tax credit on the loss is lower than the standard rate of corporation tax in the UK) of 20% (2015: 20.25%).

The differences are reconciled below:

	2016 £	2015 £
Profit/(loss) before tax	<u>100,937</u>	<u>(11,368)</u>
Corporation tax at standard rate	20,187	(2,302)
Decrease in current tax from adjustment for prior periods	(99,295)	(1,493)
Increase from effect of capital allowances depreciation	359	13,752
Increase from effect of different UK tax rates on some earnings	893	-
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	1,453	2,115
Increase in current tax from changes in tax provision	17	-
Deferred tax credit from unrecognised temporary difference from a prior period	<u>(6,136)</u>	<u>(3,853)</u>
Total tax (credit)/charge	<u><u>(82,522)</u></u>	<u><u>8,219</u></u>

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. These reductions will reduce the Company's future current tax charge / credit accordingly.

The deferred tax asset at 30 December 2016 has been calculated based on the rates disclosed in the above paragraph.

# **B.I.B. (Darlington) Limited**

## **Notes to the Financial Statements for the Year Ended 30 December 2016**

### **9 Income tax (continued)**

#### **Deferred tax**

Deferred tax assets and liabilities

	Asset £
<b>2016</b>	
Accelerated tax depreciation	<u>17,310</u>
<b>2015</b>	Asset £
Accelerated tax depreciation	<u>9,937</u>

Deferred tax movement during the year:

	At 31 December 2015 £	Recognised in other comprehensive income £	At 30 December 2016 £
Accelerated tax depreciation	<u>9,937</u>	<u>7,373</u>	<u>17,310</u>

Deferred tax movement during the prior year:

	At 31 December 2014 £	Recognised in income £	At 30 December 2015 £
Accelerated tax depreciation	<u>16,530</u>	<u>(6,593)</u>	<u>9,937</u>

It is anticipated that the Company will have sufficient profitability in future years to ensure the utilisation of the capital allowances claim.

# B.I.B. (Darlington) Limited

## Notes to the Financial Statements for the Year Ended 30 December 2016

### 10 Property, plant and equipment

	Leasehold improvements £	Fixtures and fittings £	Motor vehicles £	Furniture and office equipment £	Computer hardware £	Total £
<b>Cost or valuation</b>						
At 31 December 2014	-	62,769	17,886	171,039	182,960	434,654
Additions	-	-	-	-	(80)	(80)
Disposals	-	(41,660)	(17,886)	(122,660)	(55,087)	(237,293)
At 30 December 2015	-	21,109	-	48,379	127,793	197,281
At 31 December 2015	-	21,109	-	48,379	127,793	197,281
Additions	1,558	-	-	-	363	1,921
At 30 December 2016	1,558	21,109	-	48,379	128,156	199,202
<b>Depreciation</b>						
At 31 December 2014	-	52,593	10,063	160,431	166,036	389,123
Charge for year	-	2,880	3,351	6,113	6,364	18,708
Eliminated on disposal	-	(40,800)	(13,414)	(121,502)	(52,411)	(228,127)
At 30 December 2015	-	14,673	-	45,042	119,989	179,704
At 31 December 2015	-	14,673	-	45,042	119,989	179,704
Charge for the year	-	2,837	-	3,288	4,791	10,916
At 30 December 2016	-	17,510	-	48,330	124,780	190,620
<b>Carrying amount</b>						
At 30 December 2016	1,558	3,599	-	49	3,376	8,582
At 30 December 2015	-	6,436	-	3,337	7,804	17,577
At 30 December 2014	-	10,176	7,823	10,608	16,924	45,531

# **B.I.B. (Darlington) Limited**

## **Notes to the Financial Statements for the Year Ended 30 December 2016**

### **11 Intangible assets**

	<b>Goodwill £</b>	<b>Computer software £</b>	<b>Total £</b>
<b>Cost or valuation</b>			
At 31 December 2014	980,000	35,332	1,015,332
Additions	-	7,471	7,471
Disposals	-	(18,366)	(18,366)
At 30 December 2015	980,000	24,437	1,004,437
At 31 December 2015	980,000	24,437	1,004,437
At 30 December 2016	980,000	24,437	1,004,437
<b>Amortisation</b>			
At 31 December 2014	36,750	33,779	70,529
Amortisation charge	-	2,940	2,940
Amortisation eliminated on disposals	-	(15,783)	(15,783)
At 30 December 2015	36,750	20,936	57,686
At 31 December 2015	36,750	20,936	57,686
Amortisation charge	-	1,063	1,063
At 30 December 2016	36,750	21,999	58,749
<b>Carrying amount</b>			
At 30 December 2016	943,250	2,438	945,688
At 30 December 2015	943,250	3,501	946,751
At 30 December 2014	943,250	1,553	944,803

## B.I.B. (Darlington) Limited

### Notes to the Financial Statements for the Year Ended 30 December 2016

#### 11 Intangible assets (continued)

##### Impairment testing

The recoverable value of the Company is determined as the higher of fair value less costs to sell (FVLCS) or value in use (VIU), in accordance with its accounting policy. For the year ended 30 December 2016, FVLCS is deemed to be the appropriate valuation basis.

The Company has assessed its FVLCS as its proportion of the total Group FVLCS which is calculated on the basis of the recent share transactions in the Group. Prior to these transactions the value-in-use basis was used.

The FVLCS is considered to be a level 3 valuation in the fair value hierarchy, as it is not based on observable market data.

The FVLCS of the Company is in excess of its carrying value and no impairment of goodwill is required in the year ending 30 December 2016.

Period ended 30 December 2015

The year ending 30 December 2015 valuation was based on the Group's value-in-use (VIU) calculation. The VIU calculations were carried out based on the business plan prepared for the Group and approved by the Group Board. The VIU was calculated using post-tax cash flows and applying a post-tax discount rate. The post-tax VIU was then used to determine the pre-tax discount rate required on pre-tax cash flows to return the same VIU.

The post-tax WACC, pre-tax discount rate and terminal growth rates used in the prior year are set out in the table below:

Post-tax discount rate	Pre-tax discount rate	Terminal growth value
2015	2015	2015
11.0%	13.0%	2.3%

#### 12 Other financial assets

	2016 £	2015 £
<b>Current financial assets</b>		
Held to maturity investments	119,323	-

Held to maturity assets represent cash placed on 12 month fixed term deposits during 2016. The cash placed on deposit represents restricted own funds.

In 2015, all the Company's restricted funds were held within the cash and cash equivalents, however in 2016 due to the nature of the fixed term deposits these balances no longer met the definition of cash and cash equivalents and are shown separately within current assets on the statement of financial position.

# **B.I.B. (Darlington) Limited**

## **Notes to the Financial Statements for the Year Ended 30 December 2016**

### **13 Trade and other receivables**

	2016 £	2015 £
Trade receivables	107,213	138,224
Provision for impairment of trade receivables	<u>(2,208)</u>	<u>(27,497)</u>
Net trade receivables	105,005	110,727
Receivables from related parties	7,146,280	5,695,205
Prepayments	<u>1,557</u>	<u>22,950</u>
Total current trade and other receivables	<u><u>7,252,842</u></u>	<u><u>5,828,882</u></u>

### **14 Cash and cash equivalents**

	2016 £	2015 £
Cash on hand	82	82
Cash at bank	<u>787,402</u>	<u>494,755</u>
	<u><u>787,484</u></u>	<u><u>494,837</u></u>

Cash at bank includes £643,645 (2015: £316,659) which constitutes restricted client money and insurer money and £51,250 (2015: £170,356) in office accounts which are considered restricted and not available to pay the general debts of the Company.

### **15 Share capital**

#### **Allotted, called up and fully paid shares**

	No.	2016 £	No.	2015 £
Ordinary Shares of £1 each	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>

## B.I.B. (Darlington) Limited

### Notes to the Financial Statements for the Year Ended 30 December 2016

#### 16 Obligations under leases

##### Operating leases

The total future value of minimum lease payments is as follows:

	2016 £	2015 £
Within one year	49,680	-
In two to five years	20,553	-
	<u>70,233</u>	<u>-</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £43,200 (2015: £35,429)

#### 17 Pension and other schemes

##### Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £33,345 (2015: £38,959).

#### 18 Provisions

	Long term incentive plan £	Dilapidations £	Other provisions £	Total £
At 31 December 2015	-	65,796	2,821	68,617
Additional provisions	548	1,558	-	2,106
Provisions used	-	(35,968)	(2,821)	(38,789)
Increase due to passage of time or unwinding of discount	-	2,617	-	2,617
At 30 December 2016	<u>548</u>	<u>34,003</u>	<u>-</u>	<u>34,551</u>
Non-current liabilities	<u>548</u>	<u>34,003</u>	<u>-</u>	<u>34,551</u>



## **B.I.B. (Darlington) Limited**

### **Notes to the Financial Statements for the Year Ended 30 December 2016**

#### **18 Provisions (continued)**

Dilapidation provision - provides for the estimated amounts payable for dilapidation on each property at the end of the lease term.

Long term incentive plan provision - provided for the long-term incentive plan costs triggered by the Group acquisition in 2015, all amounts have been settled under this scheme during 2016. Three new LTIP schemes were established in 2016; the amounts which will ultimately vest are dependent on achievement against various performance measures (including Group EBITDA and individual Contribution targets) and/or service conditions. The incentives are paid to participants at the end of the relevant performance and/or service period, for one scheme this is in 2018 and for the other two schemes an interim payment is due in 2017, the amount of which will be deducted from the final payments due in 2019.

Other provision - provides for the estimated onerous cost in relation to a single contract for commercial electronic comparison platform.

Over 1 year provisions are discounted at the rate of 8.75%. The finance charge relating to unwinding of the discount has been charged to the income statement.

#### **19 Trade and other payables**

	2016 £	2015 £
<b>Current trade and other payables</b>		
Trade payables	604,355	432,793
Accrued expenses	43,558	42,335
Amounts due to related parties	5,461,281	3,957,477
Other payables	-	889
Deferred income	37,149	50,023
	<u>6,146,343</u>	<u>4,483,517</u>

## **B.I.B. (Darlington) Limited**

### **Notes to the Financial Statements for the Year Ended 30 December 2016**

#### **20 Commitments**

##### **Guarantees**

On 2 April 2015, Ardonagh Finco Plc issued £425.0m of 8.75% Senior Secured Notes and £75.0m of Floating Rate Super Senior Secured Notes. The obligations of Ardonagh Finco Plc under the 8.75% Senior Secured Notes and the Floating Rate Super Senior Secured Notes are guaranteed by Ardonagh Midco 1 Limited (formerly TIG Midco Limited), the immediate parent company of Ardonagh Finco Plc and all its material and certain other subsidiaries. These companies are listed below:

Berkeley Alexander Limited	Protectagroup Limited
Capital & County Insurance Brokers Limited	Richard V Wallis & Co Limited
Countrywide Insurance Management Limited	Roundcroft Limited
Cox Lee & Co Limited	T F Bell Holdings Limited
Crawford Davis Insurance Consultants Limited	T L Risk Solutions Limited
Cullum Capital Ventures Limited	Towergate Insurance Limited
Four Counties Finance Limited	The T F Bell Group Limited
Fusion Insurance Holdings Limited	Three Counties Insurance Brokers Limited
Fusion Insurance Services Limited	Towergate London Market Limited
HLI (UK) Limited	Townfrost Limited
Just Insurance Brokers Limited	CCV Risk Solutions Limited
Managing Agents Reference Assistance Services Limited	Eclipse Park Acquisitions Limited
Moffatt & Co Limited	Towergate Risk Solutions Limited
Paymentshield Holdings Limited	Broker Network Holdings Limited
Paymentshield Limited	Oyster Risk Solutions Limited
Portishead Insurance Management Limited	The Broker Network Limited
Protectagroup Holdings Limited	Paymentshield Group Holdings Limited
Protectagroup Acquisitions Limited	Towergate Underwriting Group Limited

Some of the companies noted above have ceased trading since 2 April 2015 and other companies in the Group have commenced trading or have become material subsidiaries. Due to these changes on 4 November 2016 the Group companies comprising the entities which guarantee and secure the obligations of Ardonagh Finco Plc under the 8.75% Senior Secured Notes and the Floating Rate Super Senior Secured Notes were amended in order to ensure that the guarantor / chargor group reflected the material entities within the Group.

Antur Insurance Services Limited	Morgan Law Limited
Arista Insurance Limited	Paymentshield Holdings Limited
Berkeley Alexander Limited	Paymentshield Limited
B.I.B (Darlington) Limited	Roundcroft Limited

## B.I.B. (Darlington) Limited

### Notes to the Financial Statements for the Year Ended 30 December 2016

#### 20 Commitments (continued)

Bishop Skinner Insurance Brokers Limited	Bishopsgate Insurance Brokers Limited (previously Towergate London Market Limited)
Cullum Capital Ventures Limited	Townfrost Limited
Dawson Whyte Limited	CCV Risk Solutions Limited
Four Counties Finance Limited	Towergate Risk Solutions Limited
Four Counties Insurance Brokers Limited	Broker Network Holdings Limited
Fusion Insurance Holdings Limited	Oyster Risk Solutions Limited
Fusion Insurance Services Limited	Paymentshield Group Holdings Limited
Managing Agents Reference Assistance Services Limited	Towergate Underwriting Group Limited
Moffatt & Co Limited	Towergate Insurance Limited

On 23 June 2017, the £425.0m of 8.75% Senior Secured Notes and £75.0m of Floating Rate Super Senior Secured Notes issued by Ardonagh Finco Plc were repaid in full.

These guarantees have been treated under IFRS 4 in line with the accounting policy described in note 2.

#### 21 Related party transactions

During the year the Company entered into transactions, in the ordinary course of business, with a number of related parties within the Sentry holdings Limited Group of companies. The Company has taken the exemptions under FRS 101 not to disclose transactions with fellow wholly owned subsidiaries or key management personnel.

The table below shows the transactions and balances with entities that form part of the group but are not wholly owned by Sentry Holdings Limited.

	2016	2016	2016	2015	2015	2015
			(Due to)			(Due to)
	Paid to	Received	/receivable	Paid to	Received	/receivable
	£	from	from at year	£	from	from at year
		£	end		£	end
			£			£
B.I.B. Underwriters Limited	3,600	-	39,720	6,712	-	36,120

## **B.I.B. (Darlington) Limited**

### **Notes to the Financial Statements for the Year Ended 30 December 2016**

#### **22 Ultimate parent company**

On 2 April 2015, HPS Investment Partners LLC, formerly known as Highbridge Principal Strategies LLC became the Group's majority shareholder when its investment in Sentry Holdings Limited (incorporated in Jersey, registered office 22 Grenville Street, St Helier, Jersey, JE4 8PX) acquired a direct interest in The Ardonagh Group Limited (incorporated in Jersey, registered office address, 47 Esplanade, St Helier, Jersey, JE1 0BD) and indirect interests in Towergate Insurance Limited and its subsidiaries. At 30 December 2016, the ultimate parent company was Sentry Holdings Limited. Sentry Holdings Limited is the largest group in which the results are consolidated. These financial statement are available upon request from:

Towergate House  
Eclipse Park  
Sittingbourne Road  
Maidstone  
Kent  
ME14 3EN

#### **23 Subsequent event**

On 23 June 2017, the £425.0m of 8.75% Senior Secured Notes and £75.0m of Floating Rate Super Senior Secured Notes issued by Ardonagh Finco Plc were repaid in full, therefore the Company no longer guarantees the debt.

## B.I.B. (Darlington) Limited

### Notes to the Financial Statements for the Year Ended 30 December 2016

#### 24 Transition to FRS 101

##### Balance sheet at 31 December 2014

	As originally reported £	Reclassification £	Remeasurement £	As restated £
Intangible assets	943,250	1,553	-	944,803
Tangible fixed assets	47,084	(1,553)	-	45,531
Deferred tax asset	-	12,221	4,309	16,530
	<u>990,334</u>	<u>12,221</u>	<u>4,309</u>	<u>1,006,864</u>
<b>Current assets</b>				
Debtors	4,479,261	(310,528)	-	4,168,733
Cash at bank and in hand	826,085	-	-	826,085
	5,305,346	(310,528)	-	4,994,818
Creditors: Amounts falling due within one year	(3,516,393)	298,307	(21,279)	(3,239,365)
Net current assets	<u>1,788,953</u>	<u>(12,221)</u>	<u>(21,279)</u>	<u>1,755,453</u>
Net assets	<u><u>2,779,287</u></u>	<u><u>-</u></u>	<u><u>(16,970)</u></u>	<u><u>2,762,317</u></u>
<b>Capital and reserves</b>				
Share capital	(7,000)	-	-	(7,000)
Capital contribution reserve	(3,000)	-	-	(3,000)
Profit and loss account	(2,769,287)	-	16,970	(2,752,317)
Shareholders' funds	<u><u>(2,779,287)</u></u>	<u><u>-</u></u>	<u><u>16,970</u></u>	<u><u>(2,762,317)</u></u>

Adjustments shown in the above table during the transition from UK GAAP to FRS 101 consist of (i) reclassification of computer software from tangible assets to intangible assets of £1,533, (ii) reclassification of deferred tax asset from current assets to non current assets of £12,221 (iii) netting of IBA balances £298,307 (iv) remeasurement of holiday pay accrual of £21,279 and (v) remeasurement of associated deferred tax of £4,309.

# B.I.B. (Darlington) Limited

## Notes to the Financial Statements for the Year Ended 30 December 2016

### 24 Transition to FRS 101 (continued)

#### Balance sheet at 30 December 2015

	As originally reported £	Reclassification £	Remeasurement £	As restated £
Intangible assets	894,250	3,501	49,000	946,751
Tangible fixed assets	21,078	(3,501)	-	17,577
Deferred tax asset	-	16,073	(6,136)	9,937
	<u>915,328</u>	<u>16,073</u>	<u>42,864</u>	<u>974,265</u>
<b>Current assets</b>				
Debtors	6,163,256	(334,374)	-	5,828,882
Cash at bank and in hand	<u>494,837</u>	<u>-</u>	<u>-</u>	<u>494,837</u>
	6,658,093	(334,374)	-	6,323,719
Creditors: Amounts falling due within one year	<u>(4,786,241)</u>	<u>318,301</u>	<u>(18,697)</u>	<u>(4,486,637)</u>
Net current assets	<u>1,871,852</u>	<u>(16,073)</u>	<u>(18,697)</u>	<u>1,837,082</u>
Total assets less current liabilities	2,787,180	-	24,167	2,811,347
Provisions for liabilities	<u>(68,617)</u>	<u>-</u>	<u>-</u>	<u>(68,617)</u>
Net assets	<u>2,718,563</u>	<u>-</u>	<u>24,167</u>	<u>2,742,730</u>
<b>Capital and reserves</b>				
Share capital	(7,000)	-	-	(7,000)
Capital contribution reserve	(3,000)	-	-	(3,000)
Profit and loss account	<u>(2,708,563)</u>	<u>-</u>	<u>(24,167)</u>	<u>(2,732,730)</u>
Shareholders' funds	<u>(2,718,563)</u>	<u>-</u>	<u>(24,167)</u>	<u>(2,742,730)</u>

Adjustments shown in the above table during the transition from UK GAAP to FRS 101 consist of (i) reclassification of computer software from tangible assets to intangible assets of £3,501, (ii) reclassification of deferred tax asset from current assets to non current assets of £16,073, (iii) netting of IBA balances £318,301, (iv) remeasurement of Goodwill amortisation of £49,000, (v) remeasurement of holiday pay accrual of £18,697 and (vi) remeasurement of associated deferred tax of £6,136.

## B.I.B. (Darlington) Limited

### Notes to the Financial Statements for the Year Ended 30 December 2016

#### 24 Transition to FRS 101 (continued)

##### Profit and loss account for the financial year ended 30 December 2015

	As originally reported £	Remeasurement £	As restated £
Turnover	1,746,529	-	1,746,529
Administrative expenses	<u>(1,808,245)</u>	<u>51,583</u>	<u>(1,756,662)</u>
Operating profit/(loss)	(61,716)	51,583	(10,133)
Interest payable and similar charges	<u>(1,235)</u>	<u>-</u>	<u>(1,235)</u>
Profit/(loss) before tax	(62,951)	51,583	(11,368)
Tax on profit on ordinary activities	<u>2,227</u>	<u>(10,446)</u>	<u>(8,219)</u>
Loss for the financial year	<u><u>(60,724)</u></u>	<u><u>41,137</u></u>	<u><u>(19,587)</u></u>

Adjustments shown in the above table during the transition from UK GAAP to FRS 101 consist of (i) reclassification of Goodwill amortisation of £49,000, (ii) remeasurement of holiday pay accrual of £2,583 and (iii) remeasurement of associated deferred tax of £10,446.