

Rural Insurance Group Limited
Annual Report and Financial Statements
for the year ended 31 March 2018



Company Registration No. 2207611

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Officers and Advisers

Directors	Mr M P Smith Mr L D Harvey Mr R M Skingle Mr A C A Gribben (appointed 23/05/2017) Mr D Cahoon (appointed 27/09/2017) Mr T Smyth (appointed 23/02/2018)
Secretary	Miss L Brophy
Principal bankers	Santander UK Corporate Bank 44 Merrion Street Leeds LS2 8JQ
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Central Square 29 Wellington Street Leeds LS1 4DL
Tax advisors	Rawlinson & Hunter 6 New Street Square New Fetter Lane London EC4A 3AQ
Registered office	The Hamlet Hornbeam Park Harrrogate North Yorkshire HG2 8RE
Company Registration number	2207611
Parent Company	The immediate parent company is PBS Holdings Limited and the ultimate parent company is Primary Group Holdings 1 Limited.

Strategic Report for the year ended 31 March 2018

Principal activities

The company's principal activities are that of an insurance underwriting agent.

Review of the business

The results for the company as set out on page 10 show a profit on ordinary activities before taxation of £44,092 (2017: loss of £63,119) and operating profit of £5,279 (2017: loss of £71,481). Total equity of the company shows a surplus of £1,844,144 (2017: £1,776,912).

Future outlook

The company remains confident that the business will continue to produce profitable returns from new and existing business streams.

Principal risks and uncertainties

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by directors delegated with the appropriate responsibilities. Compliance with regulation, legal and ethical standards is a high priority for the company.

The Senior management team holds regular review meetings to review and report back to the Board on all risk related issues.

Principal risks arising from the competitive market place are:

- severe economic downturn;
- changes to the regulatory environment;
- entrance of significant competitors in our core markets;
- continued downward pressure on underwriting margins and a low interest rate environment; and
- current risk carriers terminate or significantly reduce capacity.

Financial Risk Management

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the company is exposed to credit risk are amounts due from insurers and insurance intermediaries.

The company manages the levels of credit risk it accepts by placing limits on its exposure to a single counterparty. Such risks are subject to regular review. Management assesses the creditworthiness of all insurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information. Each account is closely monitored by the credit control function.

Strategic Report for the year ended 31 March 2018 (continued)**Financial Risk Management (continued)****Liquidity risk**

Liquidity risk is the risk that cash may not be available to pay obligations when due. The primary liquidity risk of the company is the obligation to pay insurers. All insurance related monies are held in non-statutory trust accounts for the sole benefit of the relevant insurers. Regular forecasts are performed to ensure that the company maintains an appropriate level of liquidity.

Interest rate risk

Interest rate risk arises primarily from borrowing from group companies. The company monitors interest rates on a monthly basis and reviews the materiality of the impact of any changes.

Key performance indicators

Financial key performance indicators include gross written premium, gross margin, expense ratio, trading performance and underwriting loss ratios. These are monitored on a regular basis by the company and form part of the monthly reporting cycle.

Approved by the Board and signed on its behalf by:

.....
Mr R M Skingle
Director

Date: 3/10/18

Directors' Report for the year ended 31 March 2018

The directors present their report and the audited financial statements for the year ended 31 March 2018.

Dividends

The directors do not recommend the payment of a dividend for the year ended 31 March 2018 (year ended 31 March 2017: £nil).

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were as follows:

Mr I J Barclay	(resigned 11/7/2017)
Mr M P Smith	
Mr L D Harvey	
Mr C A Nathan	(resigned 23/05/2017)
Mr R Skingle	
Mr A C A Gribben	(appointed 23/05/2017)
Mr D Cahoon	(appointed 27/09/2017)
Mr T Smyth	(appointed 12/04/2018)

Qualifying third-party indemnity provisions

The directors are protected by an indemnity insurance provision as defined by Section 234 of the Companies Act 2006. The indemnity cover has been in place for the last and current financial year.

Employees

The company's employees represent a wide variety of skills and abilities. The directors endeavour to provide training, safe and pleasant working conditions, good communication and teamwork, and a sense of pride and purpose that enables each individual to flourish. Recruitment and promotion is undertaken without prejudice to age, sex or race and, in particular, the company recognises the contribution which can be made by disabled employees and gives them consideration for employment equal to that of the able-bodied, taking account of job requirements and the practical accommodations which can be made.

Statement of disclosure of information to auditors

Each director at the date of approval of this report confirmed that there is no relevant audit information of which the company's auditors are unaware. The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Directors' Report for the year ended 31 March 2018 (continued)**Independent auditors**

The company has elected to dispense with the requirement to hold an Annual General Meeting and reappoint auditors annually. Accordingly, PricewaterhouseCoopers LLP, having indicated their willingness to do so, will continue as the company's auditors.

Statement of directors' responsibilities for the year ended 31 March 2018

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Board and signed on its behalf by:


.....
Mr R M Skingle
Director

Date: 3/10/18

Independent auditors' report to the members of Rural Insurance Group Limited**Report on the audit of the financial statements****Opinion**

In our opinion, Rural Insurance Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 March 2018; the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent auditors' to the members of Rural Insurance Group Limited (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit***Responsibilities of the directors for the financial statements***

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Independent auditors' report to the members of Rural Insurance Group Limited (continued)*Use of this report*

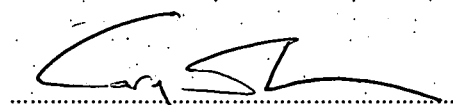
This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting*Companies Act 2006 exception reporting*

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Gary Shaw (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

Date: 8 October 2018

Statement of Comprehensive Income for the year ended 31 March 2018

	Note	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Turnover	4	5,903,971	7,283,007
Administrative expenses		(5,898,692)	(7,354,488)
Operating profit/(loss)	5	5,279	(71,481)
Interest receivable and similar income	7	52,345	43,202
Interest payable and similar charges	8	(13,532)	(34,840)
Profit/(loss) on ordinary activities before taxation		44,092	(63,119)
Tax on profit/(loss) on ordinary activities	9	23,140	66,743
Profit for the financial year		67,232	3,624

The notes to the financial statements on pages 13 to 22 form an integral part of these financial statements.

The company has no comprehensive income other than those included in the results above, and therefore no separate statement of total comprehensive income has been presented.

Statement of Financial Position as at 31 March 2018

	Note	31 March 2018 £	31 March 2017 £
Fixed assets			
Intangible assets	10	1,395,786	1,520,006
Tangible assets	11	264,585	443,576
		1,660,371	1,963,582
Current assets			
Debtors	12	1,725,263	2,496,818
Cash at bank and in hand	13	236,929	222,639
		1,962,192	2,719,457
Creditors: amounts falling due within one year	14	(1,758,515)	(2,861,077)
Net current assets/(liabilities)		203,677	(141,620)
Total assets less current liabilities		1,864,048	1,821,962
Creditors: amounts falling due after more than one year	15	(19,904)	(45,050)
Net assets		1,844,144	1,776,912
Capital and reserves			
Called up share capital		1,000	1,000
Retained Earnings		1,843,144	1,775,912
Total shareholders' funds		1,844,144	1,776,912

The notes to the financial statements on pages 13 to 22 form an integral part of these financial statements and where approved by the Board of Directors *31/03/18* and signed on its behalf by:

.....
Mr R M Skingle
 Director

Rural Insurance Group Limited
 Company registration number: 2207611

Statement of Changes in Equity for the year ended 31 March 2018

	Called up share capital £	Retained Earnings £	Total Equity £
Balance as at 1 April 2016	<u>1,000</u>	<u>1,772,288</u>	<u>1,773,288</u>
Profit for the Financial Year	-	3,624	3,624
Other comprehensive Income for the year	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year	-	3,624	3,624
Balance as at 31 March 2017	<u>1,000</u>	<u>1,775,912</u>	<u>1,776,912</u>
Balance as at 1 April 2017	<u>1,000</u>	<u>1,775,912</u>	<u>1,776,912</u>
Profit for the Financial Year	-	67,232	67,232
Other comprehensive Income for the year	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year	-	67,232	67,232
Balance as at 31 March 2018	<u>1,000</u>	<u>1,843,144</u>	<u>1,844,144</u>

The notes to the financial statements on pages 13 to 22 form an integral part of these financial statements.

Notes to the Financial Statements for the year ended 31 March 2018**1. General Information**

Rural Insurance Group Limited ("the Company") operates as an insurance underwriting agent. The Company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is The Hamlet, Hornbeam Park, Harrogate.

2. Statement of Compliance

The financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting policies

These financial statements have been prepared on the going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value and applied consistently.

Insurance Balances

Insurance balances, being amounts receivable from policyholders in respect of net written premiums ("NWP") and payable to the insurer and insurance monies held in designated insurance money accounts are only recognised to the extent that the company retains the risks and rewards of ownership. Following consideration by management, amounts receivable from the policy holder in respect of net written premiums ('NWP') and payable to the insurer are not included as an asset or liability as they do not meet the criteria for recognition of a financial asset or liability. In addition insurance monies held in designated insurance money accounts are not recognised on the balance sheet as the Group is not legally entitled to these funds.

Turnover

The company generates revenue principally from commissions and fees associated with operating as an insurance underwriting agent. Revenues from brokerage, commissions and fees from insurance intermediary businesses are recognised when the policy is inception.

Profit or volume based commission, which is received periodically, is recognised when the amount can be measured with reasonable certainty.

Depreciation

Tangible fixed assets are written off on a straight line basis over their estimated useful lives being; Computer Equipment & Fixtures; 4 years, Leasehold Improvements; period of the lease.

Notes to the Financial Statements for the year ended 31 March 2018 (continued)**3. Accounting policies (continued)****Operating Leases**

Rentals payable under operating leases, which are those in which a significant proportion of the risks and rewards of ownership are retained by the lessor, are charged on a straight-line basis over the term of the lease.

Assets held under finance leases, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and are depreciated over the shorter of their useful lives and the lease term. The capital elements of the related lease obligations are included in the liabilities. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease.

Taxation

Taxation for the period comprises current and deferred tax recognised in the reporting period. Current or deferred taxation assets and liabilities are not discounted.

- (i) **Current Tax**
Current tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.
- (ii) **Deferred Tax**
Deferred tax is recognized on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Cash flow statement and related party

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders. The company has taken advantage of the exemptions in its individual financial statements from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in the consolidated financial statements of Rural & Commercial Holdings Limited, includes the company's cash flows. The company is also exempt under the terms of FRS 102 from disclosing related party transactions with entities that are part of the Primary Group Limited group or investors of Primary Group Limited.

Pensions

The company operates non-contributory defined contribution grouped personal pension plans covering the majority of permanent employees where subsidiaries have elected to participate. The assets of the plans are held separately from those of the group in independently administered funds for individual members of staff. The plans are funded by contributions that are charged to the profit and loss account as incurred in accordance with the employment contract of each director or employee.

Notes to the Financial Statements for the year ended 31 March 2018 (continued)**4. Turnover**

All turnover and profit before taxation is derived from the company's principal activities of an underwriting agency carried on in the UK.

5. Operating profit

The operating profit is stated after charging:

	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Fees payable to group undertaking	82,442	99,395
Auditor's remuneration	25,363	22,763
Amortisation & Depreciation of owned assets	636,702	281,333
Operating lease payment - land & buildings	<u>101,475</u>	<u>101,475</u>

6. Information regarding directors and employees

Emoluments for five (2017: five) directors were paid by the company for the year as follows:

	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Emoluments	349,071	465,752
Contributions to money purchase schemes	17,624	23,076
Total emoluments	<u>366,695</u>	<u>488,828</u>

The emoluments of the highest paid director included in the amounts shown are:

	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Emoluments	127,538	299,318
Contributions to money purchase schemes	2,796	14,121
Total emoluments	<u>130,334</u>	<u>313,439</u>

Employee costs for the Company were as follows:

	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Wages and salaries	3,220,806	3,308,849
Social security costs	308,070	303,241
Other pension costs	183,169	197,113
	<u>3,712,045</u>	<u>3,809,203</u>

Notes to the Financial Statements for the year ended 31 March 2018 (continued)**6. Information regarding directors and employees (continued)**

The average monthly number of persons employed by the company (including directors) during the year was as follows:

Year ended 31 March 2018 No.	Year ended 31 March 2017 No.
91	102

7. Interest receivable and similar income

	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Loan interest receivable	50,189	40,414
Bank interest receivable	2,156	2,788
	<u>52,345</u>	<u>43,202</u>

8. Interest payable and similar charges

	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Interest payable on bank loan	11,740	34,459
Bank Interest Payable	1,792	-
Interest payable on finance leases	-	381
	<u>13,532</u>	<u>34,840</u>

9. Tax on profit**(a) Analysis of current year tax credit**

	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Current tax:		
Based on the profit for the year at 19% (2017: 20%)		
Group relief and similar payments	1,880	-
Current tax charge for the year	<u>1,880</u>	<u>-</u>
Deferred tax:		
Deferred tax credit for the year (Note 9d)	(35,545)	(94,984)
Adjustments in respect of previous years (Note 9d)	6,783	7,328
Adjustments due to change in tax rate (Note 9d)	3,742	20,913
Total tax credit for the year (Note 9b)	<u>(23,140)</u>	<u>(66,743)</u>

Notes to the Financial Statements for the year ended 31 March 2018 (continued)**9. Tax on profit on ordinary activities (continued)****(b) Factors affecting current tax credit for the year:**

The tax assessed for the period differs from the standard rate of corporation tax in the UK at 19% (2017 – 20%). The differences are reconciled below:

	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Profit/(Loss) on ordinary activities before taxation	44,092	(63,119)
Profit/(Loss) on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 19% (2017: 20%)	8,377	(12,624)
Effects of:		
Permanent Differences	(42,042)	(34,035)
Unrecognised deferred tax and deferred tax of group transfer of assets	-	(48,325)
Adjustment to tax in respect of prior periods – deferred tax	6,783	7,328
Remeasurement of deferred tax – change in UK tax rate	3,742	20,913
Total tax credit for the year (Note 9a)	(23,140)	(66,743)

(c) Tax rate change

The main rate of corporation tax reduced to 19% from 01 April 2017. This change was substantively enacted as part of Finance Act (No. 2) 2015.

Further reductions to the UK Corporation tax rates were substantively enacted as part of the Finance Act 2016. These reduce the main rate to 17% from 1 April 2020.

The deferred tax assets and liabilities reflect the above substantively enacted rates as at the balance sheet date.

Notes to the Financial Statements for the year ended 31 March 2018 (continued)

9. Tax on profit on ordinary activities (continued)

(d) Deferred tax asset

	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Accelerated capital allowances	62,258	30,454
Carried forward tax losses	156,815	163,599
Undiscounted deferred tax asset	<u>219,073</u>	<u>194,053</u>
Deferred tax asset at the start of the year	194,053	127,310
Deferred tax credit in profit and loss account for the year (Note 9(a))	35,545	94,984
Prior year adjustment (Note 9(a))	(6,783)	(7,328)
Rate change impact (Note 9(a))	(3,742)	(20,913)
Deferred tax asset at the end of the year (Note 12)	<u>219,073</u>	<u>194,053</u>

Deferred tax is calculated on temporary differences under the liability method using the rate of 17% (2017: 17%).

Deferred tax assets have been recognised to the extent that they are deemed more likely than not to be recovered, based on forecasts of future taxable profits, resulting in an asset of £219,073 recognised as 17% in relation to depreciation in excess of capital allowances and carried forward tax losses.

Notes to the Financial Statements for the year ended 31 March 2018 (continued)**10. Intangible assets**

	Software £	Total £
Cost		
As at 1 April 2017	1,647,588	1,647,588
Additions	328,690	328,690
As at 31 March 2018	1,976,278	1,976,278
Accumulated amortisation		
As at 1 April 2017	127,582	127,582
Charge for the year	452,910	452,910
As at 31 March 2018	580,492	580,492
Net book value		
As at 31 March 2017	1,520,006	1,520,006
As at 31 March 2018	1,395,786	1,395,786

11. Tangible fixed assets

	Computer Equipment & Fixtures £	Total £
Cost		
As at 1 April 2017	745,689	745,689
Additions	4,801	4,801
As at 31 March 2018	750,490	750,490
Accumulated depreciation		
As at 1 April 2017	302,113	302,113
Charge for the year	183,792	183,792
As at 31 March 2018	485,905	485,905
Net book value		
As at 31 March 2017	443,576	443,576
As at 31 March 2018	264,585	264,585

Included in the above are assets held under finance lease, with a net book value of £25,931 (2017: £55,480). Depreciation charged in the year relating to these assets was £29,549 (2017: £28,947).

Notes to the Financial Statements for the year ended 31 March 2018 (continued)**12. Debtors**

	31 March 2018 £	31 March 2017 £
Insurance debtors	401,506	489,436
Amounts owed by group undertakings	883,214	1,486,479
Deferred tax asset (Note 9 (d))	219,073	194,053
Prepayments and accrued income	221,470	326,850
	<u>1,725,263</u>	<u>2,496,818</u>

The insurance debtors amount noted above is after the FRS 102 de-recognition of financial assets and liabilities and represents that amount of commission income outstanding.

13. Cash at bank and in hand

The cash at bank and in hand balance of £236,929 (2017: £222,639), represents an amount of commission income collected and office account cash.

£3,313,103 (2017: £1,723,745) is held in designated underwriter accounts under risk transfer agreements with the relevant insurers and the cash legally cannot be used for any other purpose than settlement of claims to policy holders, pay premiums to underwriters and commissions and other income to group undertakings. These balances have not been recognised on the Statement of Financial Position in full due to their nature as they do not meet the criteria for recognition of a financial asset under FRS 102.

14. Creditors: amounts falling due within one year

	31 March 2018 £	31 March 2017 £
Bank loans	-	500,000
Trade creditors	288,421	216,191
Finance Lease	25,146	23,555
Other creditors	270,000	736,321
Accruals and deferred income	1,174,948	1,385,010
	<u>1,758,515</u>	<u>2,861,077</u>

Notes to the Financial Statements for the year ended 31 March 2018 (continued)**15. Creditors: amounts falling due after more than one year**

	31 March 2018 £	31 March 2017 £
Finance Lease	19,904	45,050
	<u>19,904</u>	<u>45,050</u>

16. Finance lease

Future minimum payments under finance leases are as follows:

	31 March 2018 £	31 March 2017 £
Within one year	27,334	27,334
In more than one year, but not more than five year	<u>20,501</u>	<u>47,835</u>
Total gross payments	47,835	75,169
Less finance charges included above	<u>(2,785)</u>	<u>(6,564)</u>
	<u>45,050</u>	<u>68,605</u>

17. Bank loans

	31 March 2018 £	31 March 2017 £
Due within one year or on demand	-	500,000
	<u>-</u>	<u>500,000</u>

A bank loan of £1,000,000 was secured with Clydesdale Bank plc on 2 March 2016, which has now been fully paid up. The loan was repayable over two years, with interest paid on a quarterly basis and accrued at a rate of LIBOR + 3.75%.

18. Pension commitments

The group operates non-contributory defined contribution grouped personal pension plans. The assets of the plans are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the company to the plans and the amount contributed during the year to the 31 March 2018 was £183,169 (2017: £197,113).

Notes to the Financial Statements for the year ended 31 March 2018 (continued)**19. Commitments under operating leases**

As at 31 March the company had annual land and buildings operating lease commitments as follows:

	Year ended 31 March 2018 £	Year ended 31 March 2017 £
Operating leases which expires		
In less than 1 year	101,475	101,475
Between 2 - 5 years	405,900	405,900
Later than 5 years	245,231	346,706
	<u>752,606</u>	<u>854,081</u>

20. Related party disclosures

As permitted under FRS 102/ paragraph 33.1A, transactions between group companies which are wholly owned have not been disclosed.

21. Ultimate parent undertaking

The immediate parent undertaking is PBS Holdings Limited.

The ultimate parent company is Primary Group Holdings 1 Limited, which is a company incorporated in Bermuda. In the opinion of the directors, at the date on which the financial statements were approved, the ultimate controlling party is Mr P W H James.

Primary Group Limited, incorporated in Bermuda, is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 March 2018. The registered address of Primary Group Limited is Canon's Court, 22 Victoria Street, Hamilton, HM EX, Bermuda.

Rural & Commercial Holdings Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements.