

THE EXCELSIOR INSURANCE COMPANY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

30 SEPTEMBER 2015

REGISTERED NUMBER: 2396184



DIRECTORS AND OFFICERS

DIRECTORS

Kate Dunham (appointed 3 December 2015)
Nigel Palmer
Mark White

SECRETARY

Compass Secretaries Limited

AUDITORS

KPMG LLP

BANKERS

Barclays Bank plc

MANAGERS

Capita Commercial Insurance Services Limited

REGISTERED OFFICE

Compass House
Guildford Street
Chertsey
Surrey
KT16 9BQ

**DIRECTORS' REPORT FOR THE YEAR ENDED
30 SEPTEMBER 2015**

The Directors present their Report together with the audited financial statements of the Company for the year ended 30 September 2015. Comparative amounts are for the year ended 30 September 2014.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The Company is a wholly owned subsidiary of Hospitality Holdings Limited and the ultimate parent company is Compass Group PLC.

The principal activity of the Company is the run-off of its general insurance business. The Company underwrote a proportion of the insurance risks of Forte Limited and its subsidiary companies at which time it was a wholly owned subsidiary of the Forte group of companies. The Company requested that its authorisation to write new insurance business be withdrawn under Section 11 of the Insurance Companies Act 1982. This was effected on 10 July 1998.

The results for the period are set out on pages 7 and 8. No new or renewal business has been underwritten in the year ended 30 September 2015. There are no outstanding claims.

RESULTS, DIVIDENDS AND TRANSFERS TO RESERVES

The pre tax loss for the period is (£36,778), (2014: (£34,622)). The loss after taxation amounted to (£29,238) (2014: (£27,005)) has been transferred to reserves.

Dividends of £Nil have been paid during the year (2014: £Nil).

DIRECTORS

The Directors of the Company are shown on page 1. Kate Dunham was appointed as a director on 3 December 2015.

DIRECTORS' INTERESTS

None of the Directors had a direct interest in the issued share capital of the Company.

No Director is or was materially interested in any contract of significance subsisting during or at the end of the financial year in relation to the Company's business.

FINANCIAL RISK MANAGEMENT

The Board is responsible for the Company's system of internal financial control. Whilst no system of internal financial control can provide absolute assurance against material misstatement or loss, the Company's system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

The Company is also exposed to the principal risks of the group which are managed centrally. Group risks are discussed in the group's Annual Report which does not form part of this Report.

**DIRECTORS' REPORT FOR THE YEAR ENDED
30 SEPTEMBER 2015 (CONTINUED)****CREDITOR PAYMENT POLICY**

The Company is in run-off and is administered by Capita Commercial Insurance Services Limited (Capita). All creditors are paid within the terms of settlement provided by the supplier. At the year end there were nil days (2014: nil days) purchases included in trade creditors.

SOLVENCY REQUIREMENTS

In line with the requirements under PRA rules (GENPRU 2.1.9) to have capital resources equal to or in excess of its Capital Resources Requirement (CRR) at all times, the Directors have assets sufficiently diversified that their admissibility is not restricted by counterparty exposure limits, except for the period 25 September to 6 November 2015.

For the financial period in question, solvency position is as follows:

	£000s	
Capital Resources	3,210	
Less: admissible assets held in excess of counterparty limits	(1,225)	
Admissible assets	1,985	
Capital Resources Requirement (CRR)	<u>(2,902)</u>	(Euros 3.7m)
Deficiency of capital resources	<u>(917)</u>	

The Company maintained the Capital Resource Requirements throughout the period up to 25 September 2015. On that day the Company omitted to roll over an investment with a credit institution which led to a breach of counterparty limits for the purposes of calculating the Solvency position as at 30 September 2015. Subsequent to the year end, the investment was reinstated on 6 November 2015 and the Capital Resources Requirements are now met.

DISCLOSURE OF INFORMATION TO AUDITORS

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The Directors, having prepared the Financial Statements, have permitted the auditors to take whatever steps and undertake whatever inspections they consider to be appropriate for the purpose of enabling them to give their audit opinion.

AUDITORS

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board



Nigel Palmer
Director

CHERTSEY

11 December 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 judgments 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE EXCELSIOR INSURANCE COMPANY LIMITED**

We have audited the financial statements of The Excelsior Insurance Company Limited for the year ended 30 September 2015 which comprise Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF
THE EXCELSIOR INSURANCE COMPANY LIMITED (CONTINUED)**

Matters on which we are required to report by exception

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

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



S Tharani (Senior Statutory Auditor)

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

100 Temple Street
Bristol
BS1 6AG

11 December 2015

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

Technical Account - General Business

	<u>Notes</u>	Year to 30.09.15 £	Year to 30.09.14 £
Claims incurred, net of reinsurance			
Claims paid			
- gross amount		_____ -	_____ -
Change in the provision for claims			
- gross amount		_____ -	_____ -
Claims incurred, net of reinsurance	2	_____ -	_____ -
Operating expenses - administrative expenses	2	(52,592)	(53,028)
Balance on the technical account for general business	2	<u>(52,592)</u>	<u>(53,028)</u>

**PROFIT AND LOSS ACCOUNT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

Non-Technical Account

	<u>Notes</u>	<u>Year to 30.09.15 £</u>	<u>Year to 30.09.14 £</u>
Balance on the general business technical account		(52,592)	(53,028)
Investment income	4	15,815	18,406
Loss on ordinary activities before tax		<u>(36,777)</u>	<u>(34,622)</u>
Tax on loss on ordinary activities	7	7,539	7,617
Loss for the financial year		<u>(29,238)</u>	<u>(27,005)</u>
Retained loss for the financial year		<u>(29,238)</u>	<u>(27,005)</u>

Statement of recognised gains and losses

The Company had no recognised gains or losses during either year, other than those reflected in the above Profit and Loss Account.

Note of historical cost profits and losses

There is no material difference between the results for the current year and the previous year as described in the profit and loss account and the results on an unmodified historical cost basis. Accordingly, a note of the historical cost profits and losses for the year is not given.

The notes on pages 11 to 15 form part of these financial statements

**BALANCE SHEET
AS AT 30 SEPTEMBER 2015**

	<u>Notes</u>	<u>As at 30.09.15 £</u>	<u>As at 30.09.14 £</u>
ASSETS			
Investments			
Other financial investments	8	-	<u>1,975,135</u>
Debtors			
Other debtors		-	-
Amounts owed by parent undertaking		<u>1,166,331</u>	<u>1,152,377</u>
		<u>1,166,331</u>	<u>1,152,377</u>
Other assets			
Cash at bank and in hand		<u>3,225,206</u>	<u>1,292,413</u>
Total Assets		<u>4,391,537</u>	<u>4,419,925</u>

The notes on pages 11 to 15 form part of these financial statements

BALANCE SHEET (CONTINUED)
AS AT 30 SEPTEMBER 2015

	<u>Notes</u>	As at <u>30.09.15</u> £	As at <u>30.09.14</u> £
LIABILITIES			
Capital and reserves			
Called up share capital	9	3,500,000	3,500,000
Profit and loss account	10	<u>876,287</u>	<u>905,525</u>
Shareholders funds - equity interests		4,376,287	4,405,525
Accruals and deferred income		15,250	14,400
Total Liabilities		<u>4,391,537</u>	<u>4,419,925</u>

APPROVED ON BEHALF OF THE BOARD ON 11 DECEMBER 2015 BY



NIGEL PALMER
DIRECTOR

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 2015

1 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

(a) Basis of preparation

The financial statements have been prepared in accordance with the special provisions relating to insurance companies of Schedule 3 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to the Companies Act 2006.

The financial statements have been prepared in accordance with applicable accounting standards and with the revised Association of British Insurers' Statement of Recommended Practice on Accounting for Insurance Business ("ABI SORP") dated 2005, updated on 21 December 2006.

(b) Basis of Technical Accounting

Full provision is made for all claims incurred and outstanding, including claims incurred but not reported (IBNR), at the balance sheet date. Paid claims include collection expenses and loss adjusters' fees.

(c) Claims

Claims outstanding represents the ultimate cost of settling all claims (including direct and indirect claims settlement costs) arising from events which have occurred up to the balance sheet date including a provision for claims incurred but not yet reported less any amounts paid in respect of these liabilities. Claims outstanding is reduced by anticipated salvage and other recoveries.

(d) Investment Income

Investment income represents interest receivable for the period and is credited to the Profit and Loss account on an accruals basis.

(e) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

(f) Cash Flow Statements

As more than 90% of the voting rights in the Company are controlled within the group headed by Compass Group PLC, whose consolidated financial statements in which the Company is consolidated are publicly available, under Financial Reporting Standard 1 (revised 1996), the Company is exempt from the requirement to prepare a cashflow statement.

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 2015 (CONTINUED)

(g) **Going Concern**

The Financial Statements have been prepared on a going concern basis, since having made relevant enquiries, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and is able to manage an orderly run-off of its liabilities.

(h) **Financial Instruments Disclosure**

The Company holds investments defined by FRS 26 as loans and receivables. It has determined that they are accounted for at the effective interest method through the profit and loss account.

Purchases and sales of investments are accounted for at trade date.

(i) **Credit Risk**

Credit risk is the risk of financial loss to the Company if a counterparty fails to meet its contractual obligations, and arises from the loan to its Parent Company and investment securities. The Parent Company loan is payable on demand, and the Directors' have no reason to believe it will not be paid. The Company limits its exposure to risk by only investing in approved credit institutions by way of short term deposits.

2 PARTICULARS OF BUSINESS

Gross claims incurred and operating expenses

	<u>Gross claims incurred</u>		<u>Operating expenses</u>	
	<u>12 months</u> <u>to 30.09.15</u>	<u>12 months</u> <u>to 30.09.14</u>	<u>12 months</u> <u>to 30.09.15</u>	<u>12 months</u> <u>to 30.09.14</u>
	£	£	£	£
Direct insurance				
Third party liability	—	—	(52,592)	(53,028)
	<u>—</u>	<u>—</u>	<u>(52,592)</u>	<u>(53,028)</u>

Other segmental information

	<u>Reinsurance balance</u>		<u>Balance on the technical account</u>		<u>Gross technical provisions</u>	
	<u>12 months</u> <u>to 30.09.15</u>	<u>12 months</u> <u>to 30.09.14</u>	<u>12 months</u> <u>to 30.09.15</u>	<u>12 months</u> <u>to 30.09.14</u>	<u>As at</u> <u>30.09.15</u>	<u>As at</u> <u>30.09.14</u>
	£	£	£	£	£	£
Direct insurance						
Third party liability	—	—	(52,592)	(53,028)	—	—
	<u>—</u>	<u>—</u>	<u>(52,592)</u>	<u>(53,028)</u>	<u>—</u>	<u>—</u>

3 PRIOR YEARS' NET CLAIMS PROVISIONS

In accordance with the provisions of Financial Reporting Standard 3 and the ABI SORP (paragraphs 134-137), the Directors have considered the need for a provision for the future costs of running off the business. No provision has been made as the future costs are expected to be immaterial in relation to the expected future investment income of the Company.

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 2015 (CONTINUED)

4 INVESTMENT INCOME

	Year to 30.09.15 £	Year to 30.09.14 £
Income from other investments:		
Short term deposits	9,400	12,864
Loan interest receivable	<u>6,415</u>	<u>5,542</u>
Total investment income	<u>15,815</u>	<u>18,406</u>

5 AUDITORS' REMUNERATION

The remuneration of the auditor for audit services during the year amounted to £15,240 (2014: £14,400).

6 STAFF COSTS

The Company employed no staff during the year ended 30 September 2015 (2014: Nil). As in the prior year, none of the Company's Directors received any remuneration in respect of their services to the Company.

7 TAXATION

	Year to 30.09.15 £	Year to 30.09.14 £
Current year:		
- UK Corporation tax credit at 20.5% (2014: 22.0%)	<u>(7,539)</u>	<u>(7,617)</u>

The current tax credit for the period is equal to the applicable rate of corporation tax in the UK (20.5%, 2014: 22.0%). The differences are explained below:

	Year to 30.09.15 £	Year to 30.09.14 £
Current tax reconciliation		
Loss on ordinary activities before tax	<u>(36,777)</u>	<u>(34,622)</u>
Current tax credit at the statutory rate of 20.5% (2014: 22.0%)	<u>(7,539)</u>	<u>(7,617)</u>

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 2015 (CONTINUED)

8 INVESTMENTS

	As at 30.09.15 £	As at 30.09.14 £
Deposits with Credit Institutions	-	<u>1,975,135</u>

The Company holds investments defined by FRS 26 as loans and receivables. They are accounted for using the effective interest rate method, and are accounted for at the date of trade.

The investments when held are two and three months in duration.

9 SHARE CAPITAL

	As at 30.09.15 £	As at 30.09.14 £
Authorised: Ordinary Shares of £1 each	4,000,000	4,000,000
Issued, allotted, called-up and fully paid: Ordinary Shares of £1 each	<u>3,500,000</u>	<u>3,500,000</u>

10 PROFIT AND LOSS ACCOUNT

	£
Balance at 1 October 2014	905,525
Retained loss for the period	<u>(29,238)</u>
Balance at 30 September 2015	<u>876,287</u>

11 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	As at 30.09.15 £	As at 30.09.14 £
Loss for the period	<u>(29,238)</u>	<u>(27,005)</u>
Net additions/reductions to shareholders' funds	(29,238)	(27,005)
Opening shareholders' funds	4,405,525	4,432,530
Closing equity shareholders' funds	<u>4,376,287</u>	<u>4,405,525</u>

12 RELATED PARTY TRANSACTIONS

The ultimate controlling party is Compass Group PLC.

As 100% of the Company's voting rights are controlled within the group headed by Compass Group PLC, and the Company is included within the publicly available consolidated financial statements of Compass Group PLC, the Company is exempt from the requirement of Financial Reporting Standard 8 to disclose transactions with those undertakings that are part of the group or investees of that group qualifying as related parties.

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 2015 (CONTINUED)

13 CLAIM RESERVES

As noted on page 2, the Company ceased to write new business in 1998. The last known claim was paid during the year ended 30 September 2004 and since then no new claims have been notified to the Company. In the prior year, the directors were made aware of some potential claims that may or may not be reported, however, no such claims have been reported in the current year. The directors do not believe that any liability for the Company will arise from these and therefore do not believe that it is necessary to hold any claims reserves. Nevertheless, it remains a possibility that a claim or claims exist which are currently 'incurred but not reported' and this may result in additional liabilities to the Company and potentially the need for additional capital. Compass Group PLC has confirmed that it will continue to support the Company in these circumstances.

14 ULTIMATE PARENT COMPANY AND IMMEDIATE PARENT COMPANY

The Company is a subsidiary undertaking of Compass Group PLC which is the ultimate parent company, and is incorporated in the United Kingdom and registered in England and Wales. The Company's immediate parent company is Hospitality Holdings Ltd, which is also incorporated in the United Kingdom and registered in England and Wales. The largest group in which the results of the Company are consolidated is that headed by Compass Group PLC. This is also the smallest group in which the results of the Company are consolidated. The consolidated financial statements of the group are available to the public and may be obtained from:

Compass House
Guildford Street
Chertsey
Surrey
KT16 9BQ

or on the Compass Group PLC website at www.compass-group.com/ar15.