

THE EXCELSIOR INSURANCE COMPANY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

30 SEPTEMBER 2017

REGISTERED NUMBER: 2396184

WEDNESDAY



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COMPANIES HOUSE

DIRECTORS AND OFFICERS

DIRECTORS

Mr Mark White
Ms Kate Dunham – resigned 20 December 2017
Mrs Laura Carr – appointed 23 June 2017

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 2017**

The Directors present their Report together with the audited financial statements of the Company for the year ended 30 September 2017. Comparative amounts are for the year ended 30 September 2016.

RESULTS, DIVIDENDS AND TRANSFERS TO RESERVES

The pre-tax profit for the period is £10,752, (2016: £45,854 loss). The profit after taxation amounted to £8,655 (2016: £36,683 loss) has been transferred to reserves.

Dividends of £Nil have been paid during the year (2016: £Nil).

DIRECTORS

The Directors of the Company are shown on page 1.

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.

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 (2016: nil days) purchases included in trade creditors.

EMPLOYEES

The Company had no employees during the year.

SOLVENCY REQUIREMENTS

In line with the requirements under PRA rules to have capital resources equal to or in excess of minimum capital requirements the solvency position is as follows:

	£000s	
Capital Resources	4,348	
Minimum capital requirement	<u>(3,332)</u>	(Euros 3.7m)
Surplus	1,016	

**DIRECTORS' REPORT FOR THE YEAR ENDED
30 SEPTEMBER 2017 (CONTINUED)****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.

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 they are required to prepare the financial statements in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 its profit or loss 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 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 its financial statements comply with the Companies Act 2006. They are 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, and 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.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
- the directors' report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

We consider the directors' report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.



L Carr
Director

CHERTSEY

2 February 2018

STRATEGIC REPORT

The Directors present their Strategic Report in accordance with S172 Companies Act 2006 for the year ended 30 September 2017.

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 Trusthouse Forte PLC 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 10 and 11. No new or renewal business has been underwritten in the year ended 30 September 2017. There are no outstanding claims.

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.

By order of the Board



L Carr
Director

CHERTSEY

2 February 2018

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE EXCELSIOR INSURANCE COMPANY LIMITED ONLY****1 Our opinion is unmodified**

We have audited the financial statements of The Excelsior Insurance Company Limited ("the Company") for the year ended 30 September 2017 which comprise the Income Statement, the Statement of Changes in Equity and the Statement of Financial Position, and the related notes, including the accounting policies in note [1].

In our opinion the financial statements:

- give a true and fair view of the state of Company's affairs as at 30 September 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were appointed as auditor by the directors for the audit year ending 31 September 1997 and re-appointed as part of the Compass Group plc audit on the 14 March 2014. The period of total uninterrupted engagement is for the 20 financial years ended 30 September 2017. We have fulfilled our ethical responsibilities under, and we remain independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE EXCELSIOR INSURANCE COMPANY LIMITED ONLY (CONTINUED)**

	The risk	Our response
Unrecorded Insurance Liabilities (Significant Risk and Key Audit Matter) Refer to page 15 (accounting policy) and pages 16 - 20 (financial disclosures).	The company wrote a range of insurance, including general liability, accident, property damage and suretyship until the year ended 30 September 1994. Since then, the company has written no new insurance policies, but has continued to process claims from policyholders. No valid claims have been received since the year ended 30 September 2004, and the company is not currently dealing with any unsettled claims. There is a risk that there are further claims that were incurred but have not been reported to the company and hence have not been recorded in the financial statements as insurance liabilities.	Our procedures included: <ul style="list-style-type: none"> – Making enquiries of management to ascertain if there are any claims that should be considered for provision, challenging them on how they have assured themselves of this position; – Assessing minutes of key management meetings for any indication of possible claims; – Review communications with the regulators and with the policyholders to assess whether there is any indication of unrecorded liabilities; – Examine publically available information to determine if this indicates a need for a provision based on the risk profile of the business written. Our results: <ul style="list-style-type: none"> – We have not identified any evidence which would support the need for an additional liability,

3 Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £22,000 (2016: £22,000), determined with reference to a benchmark of total assets, of which it represents 0.5% (2016: 0.5%).

We agreed to report to the Directors any corrected or uncorrected identified misstatements exceeding £16,000 (2016: £16,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the company was undertaken to the materiality level specified above and was performed remotely from the Bristol KPMG Office.

4 We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

We have nothing to report in these respects.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE EXCELSIOR INSURANCE COMPANY LIMITED ONLY (CONTINUED)****5 We have nothing to report on the other information in the Financial Statements**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon. Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in those reports;
- in our opinion the information given in the strategic report the directors' report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

6 We have nothing to report on the other matters on which we are required to report by exception

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

- 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
- 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.

We have nothing to report in these respects.

7 Respective responsibilities***Directors' responsibilities***

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 other irregularities (see below), or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Irregularities – ability to detect

In planning and performing our audit we considered the impact of laws and regulations in core areas such as financial reporting, and company and taxation legislation.

We considered the extent of compliance with those laws and regulations that directly affect the financial statements, as part of our procedures on the related financial statement items. For the remaining laws and regulations, we made enquiries of directors and other management (as required by auditing standards), and inspected correspondence with regulatory and licensing authorities, as well as legal correspondence.

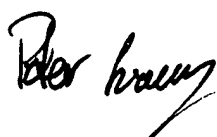
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE EXCELSIOR INSURANCE COMPANY LIMITED ONLY (CONTINUED)**

We communicated identified laws and regulations throughout our team including actuarial specialists who were informed of the specific laws and regulations adhered to in our audit work and remained alert to any indications of non-compliance throughout the audit.

As with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

8 The purpose of our audit work and to whom we owe our responsibilities

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.



Peter Lomax (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE
2 February 2018

**INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2017**
Technical Account - General Business

	<u>Notes</u>	<u>Year to 30.09.17 £</u>	<u>Year to 30.09.16 £</u>
Claims incurred, net of reinsurance			
Claims paid			
- gross amount		<u>-</u>	<u>-</u>
Change in the provision for claims			
- gross amount		<u>-</u>	<u>-</u>
Claims incurred, net of reinsurance	2	<u>-</u>	<u>-</u>
Operating expenses - administrative expenses	2	<u>(80,107)</u>	<u>(62,222)</u>
Balance on the technical account for general business	2	<u>(80,107)</u>	<u>(62,222)</u>

The notes on pages 15 to 20 form part of these financial statements

INCOME STATEMENT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2017

Non-Technical Account

	<u>Notes</u>	<u>Year to 30.09.17 £</u>	<u>Year to 30.09.16 £</u>
Balance on the general business technical account		(80,107)	(62,222)
Investment income	4	90,859	16,368
Profit / (Loss) on ordinary activities before tax		<u>10,752</u>	<u>(45,854)</u>
Tax on (profit) / loss on ordinary activities	7	(2,097)	9,171
Profit / (Loss) for the financial year		<u>8,655</u>	<u>(36,683)</u>
Retained profit / (loss) for the financial year		<u>8,655</u>	<u>(36,683)</u>

There are no gains and losses to be reported in a Statement of Comprehensive income other than those shown in the Income Statement for the current and preceding year.

The notes on pages 15 to 20 form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

2017

	Called up share capital £	Profit and loss account £	Total £
At 1 October 2016	3,500,000	839,604	4,339,604
Total comprehensive income for the year	-	8,655	8,655
At 30 September 2017	3,500,000	848,259	4,348,259

2016

	Called up share capital £	Profit and loss account £	Total £
At 1 October 2015	3,500,000	876,287	4,376,287
Total comprehensive income for the year	-	(36,683)	(36,683)
At 30 September 2016	3,500,000	839,604	4,339,604

The notes on pages 15 to 20 form part of these financial statements

**STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017**

	<u>Notes</u>	<u>As at 30.09.17 £</u>	<u>As at 30.09.16 £</u>
ASSETS			
Amounts owed by parent undertaking	8	<u>4,371,855</u>	<u>4,333,093</u>
Other assets			
Cash at bank and in hand		<u>6,404</u>	<u>14,911</u>
Total Assets		<u>4,378,259</u>	<u>4,348,004</u>

The notes on pages 15 to 20 form part of these financial statements

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 SEPTEMBER 2017

	<u>Notes</u>	<u>As at</u> <u>30.09.17</u> <u>£</u>	<u>As at</u> <u>30.09.16</u> <u>£</u>
Current Liabilities			
Accruals and deferred income		30,000	8,400
Capital and reserves			
Called up share capital	9	3,500,000	3,500,000
Profit and loss account	10	<u>848,259</u>	<u>839,604</u>
Shareholders funds - equity interests		4,348,259	4,339,604
Total Liabilities and Equity		<u>4,378,259</u>	<u>4,348,004</u>

APPROVED ON BEHALF OF THE BOARD ON 2 FEBRUARY 2018 BY

L Carr
DIRECTOR

The notes on pages 15 to 20 form part of these financial statements

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 2017

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 compliance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", being applicable UK GAAP accounting standards, and in accordance with the provisions of Schedule 3 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations relating to insurance companies and the Companies Act 2006.

The Company's ultimate parent undertaking, Compass Group PLC, includes the Company in its consolidated financial statements. The consolidated financial statements of Compass Group PLC are prepared in accordance with FRS 101 and are publicly available. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation; and
- Related party transactions

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

(b) Basis of Technical Accounting

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.

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 2017 (CONTINUED)

(f) Cash Flow Statements

The Company's parent undertaking, Compass Group PLC, includes the Company in its consolidated financial statements. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from the Registered Office. In these financial statements, the company is considered to be a qualifying entity and has applied the exemptions available under FRS 102 in respect of a Cash Flow Statement and related notes.

(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 held investments defined by Section 11 of FRS 102 – Basic Financial Instruments; Trade and Other Debtors: Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

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

	Gross claims incurred		Operating expenses	
	12 months to 30.09.17	12 months to 30.09.16	12 months to 30.09.17	12 months to 30.09.16
	£	£	£	£
Direct insurance				
Third party liability	-	-	(80,107)	(62,222)
	<u>-</u>	<u>-</u>	<u>(80,107)</u>	<u>(62,222)</u>

Other segmental information

	Reinsurance balance		Balance on the technical account		Gross technical provisions	
	12 months to 30.09.17	12 months to 30.09.16	12 months to 30.09.17	12 months to 30.09.16	As at 30.09.17	As at 30.09.16
	£	£	£	£	£	£
Direct insurance						
Third party liability	-	-	(80,107)	(62,222)	-	-
	<u>-</u>	<u>-</u>	<u>(80,107)</u>	<u>(62,222)</u>	<u>-</u>	<u>-</u>

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 2017 (CONTINUED)

3 PRIOR YEARS' NET CLAIMS PROVISIONS

In accordance with the provisions of Section 21 of FRS 102, 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.

4 INVESTMENT INCOME

	Year to 30.09.17 £	Year to 30.09.16 £
Income from other investments:		
Short term deposits	-	7,108
Loan interest receivable	90,548	4,613
Interest on Deposit Agreement	311	4,553
Interest on Cash on Deposit	-	94
	<hr/>	<hr/>
Total investment income	90,859	16,368
	<hr/>	<hr/>

5 AUDITORS' REMUNERATION

	Year to 30.09.17 £	Year to 30.09.16 £
Audit of these financial statements	15,000	8,040
Solvency II Audit-related Services	15,000	-
	<hr/>	<hr/>
	30,000	8,040
	<hr/>	<hr/>

6 STAFF COSTS

The Company employed no staff during the year ended 30 September 2017 (2016: 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 30.09.17 £	Year to 30.09.16 £
Current year:		
- UK Corporation tax debit at 19.5% (2016: 20%)	2,097	(9,171)
	<hr/>	<hr/>

The current tax debit for the period is equal to the applicable rate of corporation tax in the UK (19.5%, 2016: 20%). The differences are explained below:

	Year to 30.09.17 £	Year to 30.09.16 £
Current tax reconciliation		
Profit on ordinary activities before tax	10,752	(45,854)
	<hr/>	<hr/>
Current tax debit at the statutory rate of 19.5% (2016: 20%)	2,097	(9,171)
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 2017 (CONTINUED)

8 AMOUNTS OWED BY PARENT UNDERTAKING

	As at 30.09.17 £	As at 30.09.16 £
Loan	4,054,678	4,000,000
Deposit Agreement	269,477	333,093
Accrued Interest	40,625	-
Intercompany Debtor	7,075	-
Total amounts owed by Parent Undertaking		
- all due within one year	4,371,855	4,333,093

Loan and Deposit Agreements were executed between the Company and Hospitality Holdings Limited on 5th August 2016, following confirmation of non objection from the PRA.

The Loan together with interest that has been accrued but not paid, will be repaid on 30 September 2021 the Maturity Date. The loan may be repaid or withdraw prior to the maturity date if notification is provided by one party to the other as specified in the agreement.

A Deposit Agreement is in place for surplus funds to be held by Hospitality Holdings Limited, and for interest to be paid on the amount of the Deposit at the interest rate. Interest is calculated as One Month LIBOR less 15 basis points.

9 SHARE CAPITAL

	As at 30.09.17 £	As at 30.09.16 £
Authorised: Ordinary Shares of £1 each	4,000,000	4,000,000
Issued, allotted, called-up and fully paid: Ordinary Shares of £1 each	3,500,000	3,500,000

10 PROFIT AND LOSS ACCOUNT

	£
Balance at 1 October 2016	839,604
Retained profit for the period	8,655
Balance at 30 September 2017	848,259

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 2017 (CONTINUED)

11 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	As at <u>30.09.17</u> £	As at <u>30.09.16</u> £
Profit for the period	8,655	(36,683)
Net increase / (reduction) to shareholders' funds	8,655	(36,683)
Opening shareholders' funds	4,339,604	4,376,287
Closing equity shareholders' funds	<u>4,348,259</u>	<u>4,339,604</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 section 33 of FRS 102 to disclose transactions with those undertakings that are part of the Group or investees of that Group qualifying as related parties.

13 CLAIM RESERVES

As noted on page 5, 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. The Directors do not believe that any claim liability for the Company will arise 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 Limited, 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.

NOTES TO THE ACCOUNTS - 30 SEPTEMBER 2017 (CONTINUED)

15 RISK MANAGEMENT

The Directors are responsible for approving and implementing the risk management policies to protect the Company's shareholders. Management are comfortable that the insurance risk is appropriately reflected in the financial statements. The credit risk is with banks in respect of cash held and amounts owed by the parent entity. None of these amounts are past due or impaired. Credit ratings according to Fitch Agency for Barclays are A for Long Term and F1 for Short Term with a stable outlook. The amounts owed by the parent entity are receivable on demand, so liquidity risk is considered to be appropriately managed. The Directors review the credit risk on amounts due from the Parent Company on an annual basis.

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.