Registration number: 03016409

Managing Agents Reference Assistance Services Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2017

Contents

Managing Agents Reference Assistance Services Limited

Company Information

Directors	D C Ross A Erotocritou
Company secretary	G C Gouriet
Registered office	Towergate House Eclipse Park Sittingbourne Road Maidstone Kent ME14 3EN
Auditor	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL

Managing Agents Reference Assistance Services Limited

Strategic Report for the Year Ended 31 December 2017

The directors present their strategic report for the year ended 31 December 2017 for Managing Agents Reference Assistance Services 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 Ardonagh Group Limited ("the Group").

Principal activities and business review

The principal activity of the Company is the provision of products and services to the property letting industry.

In January 2018, the Company sold its rights to renewal book and running off legacy book of business. It has been in run-off from that date. It is the directors' intention to wind up the Company once the run-off process has been completed.

The results for the Company show turnover of £648,902 (2016: £728,022) and profit before tax of £74,015 (2016: loss £4,497) for the year. At 31 December 2017 the Company had net assets of £312,883 (2016: £316,045). The going concern note (part of accounting policies) on page 13 sets out the reasons why the directors believe that the preparation of the financial statements on the non-going concern basis is appropriate.

Outlook

From January 2018, following the disposal of its renewal business to Direct group, a group of entities under common control, the Company is in run-off in and any remaining obligations will continue to be settled. It is the directors intention to wind-up the Company once the run-off process has completed.

Key performance indicators

	Unit	2017	2016
Gross written premium (GWP)	£m	0.5	0.7
Turnover	£m	0.6	0.7
Administration expenses	£m	0.6	0.7
Turnover/GWP	%	120.0	100.0
Administrative expenses/turnover	%	100.0	100.0

Non-financial key performance indicators include staffing levels which have reduced by 35.7% throughout the period.

Managing Agents Reference Assistance Services Limited

Strategic Report for the Year Ended 31 December 2017

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 Group 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 Group 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.

As noted in the Outlook section the Company's operations are in run-off and the Company is managed on a non-going concern basis.

The principal risks and their mitigation are as follows:

Liquidity risk
Group Treasury monitors rolling forecasts of the Company's liquidity requirements.

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.

Approved by the Board on 11 September 2018 and signed on its behalf by:

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A Erotocritou
Director

Directors' Report for the Year Ended 31 December 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Directors' of the company

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

M S Mugge (resigned 2 March 2018)

D C Ross

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 31 December 2017 (2016: £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 (2016: £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

In January 2018, the Company sold its trading assets and was in run-off from that date. It is the directors' intentions to liquidate the Company. As a consequence, the financial statements have been prepared on a non-going concern basis.

Managing Agents Reference Assistance Services Limited

Directors' Report for the Year Ended 31 December 2017

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.

Disclosure of information to the auditors

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

At The Ardonagh Group Limited's Board meeting last year KPMG LLP were reappointed as the Group's statutory auditors. During the year, a formal tender process took place, led by The Ardonagh Group Limited Audit Committee.

As a result of this tender process the Audit Committee recommended, and The Ardonagh Group Limited Board approved on behalf of the Company, the proposed appointment of Deloitte LLP as external auditor for the financial year ending 31 December 2018. The appointment of Deloitte LLP is subject to finalisation of terms of engagement and KPMG LLP's completion of the audit for the year ending 31 December 2017 and resignation as auditor.

Approved by the Board on 11 September 2018 and signed on its behalf by:

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A Erotocritou
Director

Towergate House
Eclipse Park
Sittingbourne Road
Maidstone
Kent
ME14 3EN

Managing Agents Reference Assistance Services 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
- 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 (as explained in note 2, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

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 Managing Agents Reference Assistance Services Limited

Opinion

We have audited the financial statements of Managing Agents Reference Assistance Services Limited ("the Company") for the year ended 31 December 2017, which comprise the Statement of Financial Position, Statement of Comprehensive Income and Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; 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 have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Emphasis of matter

We draw attention to the disclosure made in note 2 to the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

Strategic report and directors' report

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 the strategic report and the directors' report;
- in our opinion the information given in those reports 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.

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, 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.

Independent Auditor's Report to the Members of Managing Agents Reference Assistance Services Limited

Directors' responsibilities

As explained more fully in the their statement set out on page 6 the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; and for such internal control as the directors 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 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 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 for the audit of the financial statements is located on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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.

....

Rajan Thakrar (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL

11 September 2018

Managing Agents Reference Assistance Services Limited

Statement of Comprehensive Income for the Year Ended 31 December 2017

	Note	2017 £	2016 £
Turnover	5	648,902	728,022
Amortisation	11	(5,608)	(42,760)
Administrative expenses		(569,279)	(689,759)
Operating profit/(loss)	6	74,015	(4,497)
Profit/(loss) before tax		74,015	(4,497)
Income tax expense	9	(77,177)	(19,136)
Total comprehensive loss for the year		(3,162)	(23,633)

The above results were derived from discontinued operations.

Managing Agents Reference Assistance Services Limited

(Registration number: 03016409)
Statement of Financial Position as at 31 December 2017

	Note	2017 £	2016 £
Assets			
Property, plant and equipment	10	240	899
Intangible assets	11	53,701	59,309
Deferred tax assets	9	-	76,406
		53,941	136,614
Trade and other receivables	13	780,674	753,262
Cash and cash equivalents	14	308,081	158,888
Other current financial assets	12	-	69,401
		1,088,755	981,551
Total assets		1,142,696	1,118,165
Equity and liabilities			
Equity			
Called up share capital	15	21,300	21,300
Retained earnings		291,583	294,745
		312,883	316,045
Trade and other payables	16	829,042	802,120
Income tax liability	9	771	-
		829,813	802,120
Total liabilities		829,813	802,120
Total equity and liabilities		1,142,696	1,118,165

Approved by the Board on 11 September 2018 and signed on its behalf by:

....

A Erotocritou

Director

Managing Agents Reference Assistance Services Limited

Statement of Changes in Equity for the Year Ended 31 December 2017

	Share capital £	Retained earnings £	Total £
At 1 January 2017	21,300	294,745	316,045
Total comprehensive loss for the year	-	(3,162)	(3,162)
At 31 December 2017	21,300	291,583	312,883

	Share capital £	Retained earnings £	Total £
At 1 January 2016	21,300	318,378	339,678
Total comprehensive loss for the year	-	(23,633)	(23,633)
At 31 December 2016	21,300	294,745	316,045

The notes on pages 12 to 25 form an integral part of these financial statements.

Managing Agents Reference Assistance Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

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 31 December 2017 were authorised for issue by the Board on 11 September 2018 and the statement of financial position was signed on the board's behalf by A Erotocritou.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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 taken advantage of the following disclosure exemptions under FRS 101 where relevant:

(a) 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;

(b) 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;

(c) 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;

(d) 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;

(e) 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;

(f) 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;

(g) 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.

2 Accounting policies (continued)

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

Judgements 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 policies and estimates disclosure on page 17.

Going Concern

At 31 December 2017 the Company had net assets of £312,883 (2016: £316,045) and net current assets of £258,943 (2016: net current assets of £179,431). In January 2018, the Company disposed of its trade. It is the directors' intention to wind up the Company once its liabilities have been settled. Consequently, the financial statements have been prepared on a non-going concern basis.

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) Tenant Referencing income
Revenue includes other non-regulated income from referencing and credit check services provided to estate agents. Income from services rendered is recognised at the sale point.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in statement of comprehensive income, 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.

2 Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position 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 statement of comprehensive income 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:

Asset class	**Depreciation method and rate**
Leasehold improvements	Over the remaining life of the lease
Computer hardware	25% per annum straight line

Intangible assets

(a) Goodwill

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 statement of comprehensive income on disposal.

(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.

2 Accounting policies (continued)

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:

Asset class	Amortisation method and rate
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.

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 fixed 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.

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.

2 Accounting policies (continued)

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 are initially classified as financial liabilities at fair value plus directly attributable transaction costs. The Company's financial liabilities include trade and other payables, and loans and borrowings. 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.

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 cost to sell and a value in use calculations 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.

4 Discontinued operations

As part of the wider group divisionalisation strategy the Company disposed of several operations to entity under common control.

Being common control transactions, these transfers are outside the scope of IFRS 3 Business Combinations. Assets and liabilities are transferred at book value using the predecessor accounting model in line with the group's policy.

The Company transferred out its rights to renewal book of business for the consideration of £535,987. There were no assets nor liabilities transferred as a result of disposal.

5 Turnover

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

	2017	2016
	£	£
Commission and fees	278,219	269,509
Tenant referencing income	370,683	458,513
	648,902	728,022

Turnover consists entirely of sales made in the United Kingdom.

6 Operating profit

Arrived at after charging

	2017	2016
	£	£
Depreciation expense	659	1,615
Amortisation expense	5,608	42,760
Auditor's remuneration: audit of these financial statements	10,800	6,436
Operating lease expense - property	9,376	-
Management charges paid to parent	177,128	96,224

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, The Ardonagh Group Limited.

Management fees of £177,128 relate to the central recharges. Centralised IT, property and staff costs are recharged across cost centres with the rest of the group.

7 Staff costs

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

	2017 £	2016 £
Wages and salaries	223,004	352,687
Social security costs	19,649	26,425
Pension costs, defined contribution scheme	2,650	4,503
	245,303	383,615

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

	2017 No.	2016 No.
Administration	3	4
Sales	6	10
	9	14

8 Directors' remuneration

Directors emoluments of £75,000 for services provided to this Company have been paid by other Group entities, which make no recharge to the Company.

9 Income tax

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

	2017 £	2016 £
Current taxation		
UK corporation tax	771	-
UK corporation tax adjustment to prior periods	-	22,629
	771	22,629
Deferred taxation		
Arising from origination and reversal of temporary differences	76,478	(3,493)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	(72)	-
Total deferred taxation	76,406	(3,493)
Tax expense in the statement of comprehensive income	77,177	19,136

9 Income tax (continued)

The differences are reconciled below:

	2017 £	2016 £
Profit/(loss) before tax	74,015	(4,497)
Corporation tax at standard rate	14,248	(899)
Corporation tax adjustment for prior periods	-	22,629
Increase in from effect of capital allowances depreciation	-	1,332
Increase from effect of different UK rates on some earnings	-	4,050
Effect of expenses not deductible in determining taxable profit (tax loss)	-	1,122
Increase from tax losses for which no deferred tax asset was recognised	64,576	-
Deferred tax credit from unrecognised temporary difference from a prior period	(72)	(9,098)
Deferred tax credit relating to changes in tax rates or laws	(1,575)	-
Total tax charge	77,177	19,136

Deferred tax

Deferred tax assets and liabilities

2017	**Asset** **£**
Accelerated tax depreciation	

2016	**Asset** **£**
Accelerated tax depreciation	76,406

Deferred tax movement during the year:

	At 1 January 2017 £	Recognised in income £	At 31 December 2017 £
Accelerated tax depreciation	76,406	(76,406)	-

Deferred tax movement during the prior year:

	At 1 January 2016 £	Recognised in income £	At 31 December 2016 £
Accelerated tax depreciation	72,913	3,493	76,406

9 Income tax (continued)

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

10 Property, plant and equipment

	Leasehold improvements £	Computer hardware £	Total £
Cost or valuation			
At 1 January 2017	4,814	4,681	9,495
At 31 December 2017	4,814	4,681	9,495
Depreciation			
At 1 January 2017	4,093	4,503	8,596
Charge for the year	481	178	659
At 31 December 2017	4,574	4,681	9,255
Carrying amount			
At 31 December 2017	240	-	240
At 31 December 2016	721	178	899

11 Intangible assets

	Goodwill £	Computer software £	Total £
Cost or valuation			
At 1 January 2017	49,100	361,349	410,449
At 31 December 2017	49,100	361,349	410,449
Amortisation			
At 1 January 2017	-	351,140	351,140
Amortisation charge	-	5,608	5,608
At 31 December 2017	-	356,748	356,748
Carrying amount			
At 31 December 2017	49,100	4,601	53,701
At 31 December 2016	49,100	10,209	59,309

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 the Company's accounting policy in note 2. For the year end 31 December 2017, FVLCS is deemed to be the appropriate valuation basis.

The Company has assessed its FVLCS as its proportion of the total Group FVLCS which was calculated on the basis of the recent share transactions in the Group. Value has been apportioned to the company on the basis of its proportion of 2018 revenue attributable to the Broking CGU in which its sits, as deemed from the 3 year plan. This most accurately reflects the perspective of external market participants as it incorporates the Company's future investment plans and strategic objectives in the value attributed to each CGU of the Company.

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 allocated to the Company is equal to, or in excess, of the respective carrying value and no impairment of goodwill is necessary for the year ended 31 December 2017.

12 Other financial assets

The available for sale financial assets are comprised of unlisted investments.

	2017 £	2016 £
Current financial assets		
Held to maturity investments	-	69,401

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

13 Trade and other receivables

	2017 £	2016 £
Trade receivables in relation to insurance transactions	20,716	35,847
Provision for impairment of trade receivables	-	(17,401)
Net trade receivables	20,716	18,446
Receivables from related parties	759,958	733,455
Prepayments	-	1,361
Total current trade and other receivables	780,674	753,262

14 Cash and cash equivalents

	2017 £	2016 £
Cash at bank	308,081	158,888

Cash at bank includes £204,617 (2016: £99,290) insurer money and £99,431 (2016: £29,806) 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

	2017 No.	2017 £	2016 No.	2016 £
'A' Ordinary shares of £1 each	-	-	18,105	18,105
'B' Ordinary shares of £1 each	-	-	3,195	3,195
Ordinary of £1 each	21,300	21,300	-	-
	21,300	21,300	21,300	21,300

The Company re-designated their share capital as at 7 December 2017 from 'A Ordinary shares' and 'B Ordinary shares' to 'Ordinary shares'. This is allowable under the articles once there is a sole shareholder. The number of shares and nominal capital remains the same.

16 Trade and other payables

	2017 £	2016 £
Current trade and other payables		
Trade payables in relation to insurance transactions	148,132	35,930
Accrued expenses	49,321	10,061
Amounts due to related parties	608,782	735,911
Social security and other taxes	22,807	20,218
	829,042	802,120

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 £2,650 (2016: £4,503).

18 Commitments

Guarantees

On 2 April 2015, Ardonagh Finco Plc, an indirect parent company, issued £425.0m of 8.75% Senior Secured Notes and £75.0m of Floating Rate Super Senior Secured Notes ("the Finco Notes").

The obligations of Ardonagh Finco Plc under the Finco 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:

Antur Insurance Services Limited

Arista Insurance Limited

Berkeley Alexander Limited

B.I.B (Darlington) Limited

Bishop Skinner Insurance Brokers Limited

Cullum Capital Ventures Limited

Dawson Whyte Limited

Four Counties Finance Limited

Four Counties Insurance Brokers Limited

Morgan Law Limited

Paymentshield Holdings Limited

Paymentshield Limited

Roundcroft Limited

Towergate London Market Limited

Townfrost Limited

CCV Risk Solutions Limited

Towergate Risk Solutions Limited

Broker Network Holdings Limited

18 Commitments (continued)

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

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

On 23 June 2017, the Finco Notes were repaid in full and from that date the Company no longer guaranteed the Finco debt.

19 Subsequent event

On 30 August 2018 250,000 Ordinary shares of £1 each were issued for a value of £0.25m.

20 Related party transactions

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

21 Parent and ultimate parent undertaking

The Group's majority shareholder is HPS Investment Partners LLC. At 31 December 2017, the ultimate parent company was The Ardonagh Group Limited (incorporated in Jersey, registered office address, 47 Esplanade, St Helier, Jersey, JE1 0BD). The Ardonagh Group Limited is the largest group in which the results are consolidated and its financial statements are available upon request from:

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Eclipse Park
Sittingbourne Road
Maidstone
Kent
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