

Company Registration No. 03479579 (England and Wales)

**FIRSTPORT INSURANCE SERVICES LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**



# FIRSTPORT INSURANCE SERVICES LIMITED

## COMPANY INFORMATION

---

<b>Directors</b>	J M Runciman D S Neave S D Muncer
<b>Secretary</b>	FirstPort Secretarial Limited
<b>Company number</b>	03479579
<b>Registered office</b>	Queensway House 11 Queensway New Milton Hampshire United Kingdom BH25 5NR
<b>Independent auditors</b>	PricewaterhouseCoopers LLP 10 Bricket Road St Albans Herts AL1 3JX
<b>Bankers</b>	Royal Bank of Scotland 12 High Street Southampton Hampshire S014 2BF

---

# **FIRSTPORT INSURANCE SERVICES LIMITED**

## **CONTENTS**

---

	<b>Page(s)</b>
<b>Strategic report</b>	<b>1 - 5</b>
<b>Directors' report</b>	<b>6 - 7</b>
<b>Independent auditors' report</b>	<b>8 - 9</b>
<b>Profit and loss account and statement of comprehensive income</b>	<b>10</b>
<b>Balance sheet</b>	<b>11</b>
<b>Statement of changes in equity</b>	<b>12</b>
<b>Notes to the financial statements</b>	<b>13 - 26</b>

---

# FIRSTPORT INSURANCE SERVICES LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2015**

---

FirstPort, of which FirstPort Insurance Services Limited is a substantial part, is the UK's largest residential property management group looking after approximately 3,700 residential developments nationwide with our core service offerings spanning across the whole residential sector including general and retirement properties, along with a bespoke service available to complex and luxury developments. We also provide specialist retirement estate agency services, residential lettings and a range of property related insurance products. FirstPort is a division of Knight Square Holdings Limited.

### Business Review

FirstPort Insurance Services Limited is an insurance broker operating in the niche market of insurance specifically for blocks of apartments. In addition the company provides contents insurance for those residing in retirement developments which has been designed for retirement living, and specific policies to meet the unique needs of Resident Management and Right-to-Manage Companies. FirstPort Insurance Services Limited is regulated by the Financial Conduct Authority.

2015 was a significant year for FirstPort as we finalised our decentralisation from the Knight Square Holdings Limited Group, enhanced our operational model and aligned our strategic goals to provide a strong platform for growth in 2016 and beyond. Stemming from the above was the embedding of our identity under our new brands, FirstPort Retirement, FirstPort Property Services, FirstPort Bespoke and FirstPort Insurance Services.

### Financial highlights

	2015	2014
Turnover (£'000)	2,099	1,818
EBITDA* (£'000)	1,465	1,266
EBITDA %	70%	70%
Cash at bank and in hand (£'000)	456	642
Net assets (£'000)	7,324	5,865

\*EBITDA is defined as profit before interest, tax, depreciation and amortisation and excludes one off exceptional items as disclosed in Note 4.

### Financial performance

Revenue for the year was £2.1m (2014: £1.8m) and EBITDA was £1.5m (2014: £1.3m) with margins remaining stable.

### Future developments

During 2016/2017 we will continue to focus on sustaining excellent customer service, well-trained teams and introducing technological innovation to support our staff and expanding into new growth areas of operation.

### Financial position

The company has increased shareholder's funds to £7.3m (2014: £5.9m) as a result of its profitable performance. Cash at bank and in hand reduced slightly to £0.5m at the end of 2015 (2014: £0.6m).

### Transition to FRS102

This is the first year that the company has presented its financial statements under FRS102. The transition to FRS102 has had no effect on the profit and loss account, net assets or equity of the company.

# **FIRSTPORT INSURANCE SERVICES LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2015***

---

### **Corporate Social Responsibility**

The Knight Square group of companies ("Knight Square"), of which FirstPort Insurance Services Limited is one, recognises the importance of the way in which its portfolio companies operate and understands that our business operations must be carried out with consideration for the safety and well-being of our people, customers, business partners and the local communities in which they exist and with whom they interact. and with whom they interact.

#### **Health and Safety**

Knight Square takes its obligations for safety at its office, operational, and development sites very seriously, along with the risks to staff travelling between locations. These obligations extend to staff, residents, visitors, contractors, and members of the public. The risk is mitigated by having a robust health and safety culture with a safety risk register, actions to eliminate or mitigate risks where possible, and monitoring and reporting of accidents and near misses.

We are committed to ensuring staff, customers, members of the public, and anyone who interacts with the Knight Square businesses remain safe and well. Safe working practices are a constant focus for all our teams and we invest in safety training.

Health and safety continues to be a central aspect of our service. FirstPort has recently been awarded a 4 Star rating from the British Safety Council which shows the significant focus we place on health and safety. Investment in compliance teams and databases is continuing, allowing us to remain up to date on current legislation and maintain high site standards across our portfolio, demonstrated through an accident rate of less than 0.1%.

#### **Employees**

The company's policy is to consult and discuss with employees, individually and collectively, on matters likely to affect employees' interests. Information on matters of concern to employees is given through news bulletins that seek to achieve a common awareness on the part of all employees, of all factors affecting the company's performance.

The company operates an active equal opportunities policy and we pride ourselves on our diverse workforce. Our success is a result of our employees working together with different competencies and skills, educational backgrounds, ethnicity, religious beliefs and physical abilities, and we judge performance without prejudice or discrimination.

The company's policy is to enable recruitment of disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled to enable them to perform work identified as appropriate.

Our employees' commitment, expertise and performance are among our greatest strengths, and we know that people only work at the top of their ability if they are fully motivated and engaged. FirstPort conducts an independent survey every year to measure our employees' satisfaction and pinpoint areas for further improvement. The 2015 survey showed continued strong levels of engagement across the business and that the vast majority of staff feel they make a contribution to the performance of their team and the delivery of high quality service. We take the survey's findings very seriously, and the results are reported to the Chief Executive and Executive Management Team, with each area of the business developing action plans to deliver improvements where they are required.

We launched a recognition programme in FirstPort during the year that has been hugely successful, with 874 nominations between July and December, two-thirds of which came from our customers, and 359 nominees going on to win an award.

# **FIRSTPORT INSURANCE SERVICES LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2015***

---

### **Corporate Social Responsibility (continued)**

This award is offered by a company called WOW! and every nomination is independently vetted by their panel of judges. The WOW! Awards are the only national awards that recognise excellent customer service based purely on customer and colleague nominations. They provide an opportunity for us to celebrate the good work that we do for our residents and each other – as told by our residents and customers or by a colleague.

FirstPort retained its Investors in People accreditation.

#### **Ethical standards and principles**

Ethics and transparency are the cornerstones of our corporate principles. We have strong corporate policies and safeguards in place and a history of abiding by and promoting high ethical standards. All employees are responsible for adhering to the business practices that follow the letter and spirit of the law, as well as our Code of Conduct, that reflects the highest standards of corporate and individual behaviour.

#### **Charity and community**

We have a responsibility to positively affect the quality of life of our employees, their families and the communities in which we operate. We continue to support and encourage everyone who is involved with both local and national charities and welfare initiatives.

# FIRSTPORT INSURANCE SERVICES LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

### Principal Risks & Uncertainties

Risk	Risk Description	Mitigation
Economic risks and changes in market dynamics	Failure to respond effectively to developments in the broader economy, competition and other market or fiscal dynamics	<ul style="list-style-type: none"> <li>Resilient business model</li> <li>Significant experience and expertise in chosen markets</li> <li>Frequent review of competition</li> <li>Market insight and intelligence</li> </ul>
Financial management	Failure to maintain appropriate financial controls throughout the business, including the management of credit risk, fraud risk and taxation	<ul style="list-style-type: none"> <li>Experienced finance team</li> <li>Financial control environment</li> <li>Close monitoring of financial performance and credit risk by senior management</li> <li>Board oversight of financial performance</li> </ul>
Systems dependence and business continuity	The risk associated with the delivery and future-proofing of our technology, including the potential impact of business interruption through systems and facilities	<ul style="list-style-type: none"> <li>Investment in appropriate technology and staff</li> <li>IT governance structure</li> <li>IT resilience and disaster recovery plans designed to restore service</li> <li>Business continuity plan for each business operational office</li> </ul>
Legal and regulatory compliance	The risk of failing to comply with relevant laws, regulations and standards	<ul style="list-style-type: none"> <li>Employment of qualified advisors both internally and externally who report regularly to the Board about all significant legislative changes in the UK</li> <li>Development of internal policies and procedures to ensure adequate capture of legal and regulatory compliance issues</li> <li>Training programmes for staff</li> </ul>
People risk	The risk that we fail to attract and retain high calibre employees in order to deliver on all aspects of our strategy	<ul style="list-style-type: none"> <li>HR strategy encompassing recruitment, reward, retention, talent development and performance management</li> <li>Succession planning for middle and senior management</li> </ul>
Data security and protection	The risk of the loss of customer or employee data	<ul style="list-style-type: none"> <li>Information security policies encompassing data protection</li> <li>Investment in appropriate technology and staff</li> <li>IT governance structure</li> </ul>
Health and safety ("H&S")	The risk of breaches of H&S legislation resulting in workplace injuries, environmental damage or physical damage to property leading to financial penalties, reputational damage and delays to site related activities	<ul style="list-style-type: none"> <li>Dedicated H&amp;S team managed independently from operational businesses under guidance of H&amp;S Director</li> <li>Robust H&amp;S culture with safety risk register</li> <li>Monitoring and reporting of accidents and near misses</li> </ul>
Contract retention	The risk associated to the dependency on key client contracts and the loss of contracts	<ul style="list-style-type: none"> <li>Delivery of high-quality customer service</li> <li>Maintaining a regular dialogue with individual and business customers.</li> <li>Commitment to the principles set out in its Customer Charter</li> <li>New contract assessment considering the business's core skills and our established supply chain</li> </ul>
Reputation	The risk of damage to brand name or reputation either through our people, our behaviours or third parties acting on our behalf	<ul style="list-style-type: none"> <li>Improvement in customer service and clear complaints processes reduce the risk of issues escalating</li> <li>Monitoring and responding to customer feedback</li> </ul>

# **FIRSTPORT INSURANCE SERVICES LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

---

### **Governance and risk management**

#### **The Board and management team**

FirstPort Insurance Services Limited has a board comprising of three directors and is ultimately owned and controlled by Knight Square Holdings Limited ("the Group"). The Group has policies in place that are applicable and adhered to by the company.

The company's board meets approximately four times per annum. Regulatory matters are reviewed and considered at Board meetings.

#### **Internal Control and Risk Management**

The Group's approach to internal audit is to agree a risk framework which is reviewed at Board meetings along with mitigating strategies and the latest status of the risks. KPMG provides internal audit support as required to plan and implement audit procedures to address those risk areas identified by the Board as part of its risk review. The Group also maintains and monitors a set of detailed policy documents across all areas of operations. Key areas in which such policies exist include health and safety, procurement, finance and governance (including competition and bribery).

#### **External auditors**

PricewaterhouseCoopers LLP act as external auditors of the company. The performance of the auditors is overseen by the Audit Committee of the Group.

#### **Financial Risk Management**

The company's operations expose it to a variety of financial risks that include the effects of credit, liquidity and cashflow risk. The company has in place robust controls that seek to limit the adverse effects in the financial performance of the company by monitoring potential financial risks to which the company is subject.

The company has a large base of UK residential customers which reduces the concentration of credit risk. Where we transact with corporate customers, credit control teams exist with strict processes being operated to manage and mitigate the risk of non-payment of charges.

The company is part of the Knight Square group's cash management and forecasting processes which are in place to manage cashflow and liquidity within the existing Group financing arrangements.

### **Approval of Strategic Report**

This Annual Report comprises a strategic report for the company which has been drawn up and presented in accordance with, and in reliance upon, applicable English company law, in particular Chapter 4A of the Companies Act 2006, and the liabilities of the directors in connection with this report shall be subject to the limitations and restrictions provided by such law.

Approved by the Board of Directors and signed on behalf of the Board.



S D Muncer  
Director

13 September 2016



# **FIRSTPORT INSURANCE SERVICES LIMITED**

## **DIRECTORS' REPORT**

***FOR THE YEAR ENDED 31 DECEMBER 2015***

---

The directors present their annual report and the audited financial statements for the year ended 31 December 2015.

### **Principal activities**

The principal activity of the company is the provision of insurance services. The company forms part of the FirstPort division of Knight Square Holdings Limited (the "Group").

### **Directors**

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

J M Runciman	
N Howell	(resigned 18 January 2016)
D S Neave	(appointed 1 July 2015)
S D Muncer	(appointed 18 January 2016)

### **Results and dividends**

The results for the year are set out in the profit and loss account on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend (2014: £nil).

### **Employees**

Information on employees is included in the Strategic report on page 2.

### **Future developments**

The future developments of the business are discussed in the Strategic report on page 1.

### **Financial Risk Management**

Information on financial risk management is included in the Strategic report on page 5.

### **Directors insurance**

The company maintains insurance policies on behalf of all the directors against liability arising from negligence, breach of duty and breach of trust in relation to the company.

# FIRSTPORT INSURANCE SERVICES LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2015**

---

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic report, 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" (FRS 102), and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing 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 comprising FRS102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

### **Statement of disclosure of information to auditors**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



S D Muncer

Director

23

September 2016

# **FIRSTPORT INSURANCE SERVICES LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF FIRSTPORT INSURANCE SERVICES LIMITED**

---

## **Report on the financial statements**

---

### **Our opinion**

In our opinion, FirstPort Insurance Services Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit 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.
- 

### **What we have audited**

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2015;
- the profit and loss account and statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

---

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

---

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

---

## **Other matters on which we are required to report by exception**

---

### **Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, 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.

We have no exceptions to report arising from this responsibility.

---

### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

---

# FIRSTPORT INSURANCE SERVICES LIMITED

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF FIRSTPORT INSURANCE SERVICES LIMITED (CONTINUED)

---

#### Responsibilities for the financial statements and the audit

---

##### Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

---

##### What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Tim Broadway (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
St Albans  
23 September 2016

# FIRSTPORT INSURANCE SERVICES LIMITED

## PROFIT AND LOSS ACCOUNT AND STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

### PROFIT AND LOSS ACCOUNT

	Note	2015 £	2014 £
Turnover	3	2,099,328	1,818,378
Administrative expenses		(634,664)	(553,052)
Exceptional items	4	(10,000)	-
<b>Operating profit</b>	<b>5</b>	<b>1,454,664</b>	<b>1,265,326</b>
Interest receivable and similar income		8,346	9,689
<b>Profit on ordinary activities before taxation</b>		<b>1,463,010</b>	<b>1,275,015</b>
Tax on profit on ordinary activities	8	(3,596)	(3,576)
<b>Profit for the financial year</b>		<b>1,459,414</b>	<b>1,271,439</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

### STATEMENT OF COMPREHENSIVE INCOME

	2015 £	2014 £
Profit for the financial year	1,459,414	1,271,439
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>1,459,414</b>	<b>1,271,439</b>

# FIRSTPORT INSURANCE SERVICES LIMITED

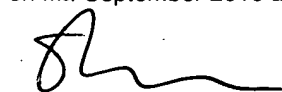
## BALANCE SHEET

AS AT 31 DECEMBER 2015

	Note	2015 £	£	2014 £	£
<b>Fixed assets</b>					
Tangible assets	9		513		854
Investments	10		-		-
			<u>513</u>		<u>854</u>
<b>Current assets</b>					
Debtors	12	8,417,756		6,764,582	
Cash at bank and in hand		455,536		641,612	
		<u>8,873,292</u>		<u>7,406,194</u>	
<b>Creditors: amounts falling due within one year</b>	13	(1,549,471)		(1,542,128)	
Net current assets			7,323,821		5,864,066
<b>Net assets</b>			<u>7,324,334</u>		<u>5,864,920</u>
<b>Capital and reserves</b>					
Called up share capital	16		100,000		100,000
Profit and loss account			7,224,334		5,764,920
<b>Total equity - wholly attributable to the owners of the parent</b>			<u>7,324,334</u>		<u>5,864,920</u>

The notes on pages 13 to 26 are an integral part of the financial statements.

The financial statements on pages 10 to 26 were approved by the board of directors and authorised for issue on 23 September 2016 and are signed on its behalf by:



S D Muncer  
Director

Company Registration No. 03479579

# FIRSTPORT INSURANCE SERVICES LIMITED

## STATEMENT OF CHANGES IN EQUITY

**FOR THE YEAR ENDED 31 DECEMBER 2015**

---

	Called up share capital £	Profit and loss account £	Total equity £
<b>Balance at 1 January 2014</b>	100,000	4,493,481	4,593,481
<b>Year ended 31 December 2014</b>			
Total comprehensive income for the financial year	-	1,271,439	1,271,439
<b>Balance at 31 December 2014</b>	100,000	5,764,920	5,864,920
<b>Year ended 31 December 2015</b>			
Total comprehensive income for the financial year	-	1,459,414	1,459,414
<b>Balance at 31 December 2015</b>	100,000	7,224,334	7,324,334

---

# FIRSTPORT INSURANCE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2015**

---

### **1 Accounting policies**

#### **General information**

FirstPort Insurance Services Limited is a limited company domiciled and incorporated in England and Wales. The registered office is Queensway House, 11 Queensway, New Milton, Hampshire, United Kingdom, BH25 5NR.

The company provides insurance services within the UK.

#### **1.1 Statement of compliance**

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

#### **1.2 Summary of significant accounting policies**

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. The company has adopted FRS 102 for the first time in these financial statements.

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

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group financial statements as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a wholly owned subsidiary of Knight Square Holdings Limited and its results are included in the consolidated financial statements of that entity.

These financial statements are prepared on a going concern basis and under the historical cost convention. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

#### **1.4 Going concern**

The company is funded via the Knight Square Group's bank facilities and therefore manages its day-to-day working capital requirements in line with the Group's facilities. The ability of the group to service its debt obligations is critical to the ongoing trading of the business and we have considered the key factors that could have an impact on trading and whether an adverse change in these factors could affect our ability to meet our liabilities. The Group has a considerable number of on-going management contracts and accordingly the forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and for at least the period of twelve months following the date of approval of these financial statements. The company therefore continues to adopt the going concern basis in preparing its financial statements.



# FIRSTPORT INSURANCE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

---

### 1 Accounting policies

(Continued)

#### 1.5 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders. The company has taken advantage of the following exemptions:

(i) from preparing a statement of cash flows required under FRS 102 paragraph 3.17(d), on the basis that it is a qualifying entity and a consolidated statement of cash flows is included in the consolidated financial statements of the company's ultimate parent, Knight Square Holdings Limited, which includes any cash flows of the company;

(ii) from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information, to the extent required, is provided in the consolidated financial statement disclosures of Knight Square Holdings Limited;

(iii) from disclosing the company key management personnel compensation, required by FRS 102 paragraph 33.7, as the information is provided in the consolidated financial statement disclosures of Knight Square Holdings Limited; and

(iv) from disclosing related party transactions, required under FRS 102 paragraph 33.9, on the basis that Knight Square Holdings Limited has control, joint control or significant influence over both the company and the related entities.

#### 1.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of discounts and rebates allowed by the company and value added taxes.

The company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the company retains no continuing involvement in or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to the type of revenue have been met as described below.

##### (i) Insurance commission

Commissions earned on the placing of insurance products on behalf of third parties are recognised when the company has completed its services under the arrangements which is the inception date of the underlying insurance policy. Any commission adjustments for additional and return premiums are recognised as they occur.

#### 1.7 Exceptional items

The company classifies certain non-recurring charges or credits that have a material impact on the company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the company.

# FIRSTPORT INSURANCE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

---

### 1 Accounting policies

(Continued)

#### 1.8 Employee benefits

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

##### (i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received. An accrual is recognised at the balance sheet date for any material remaining obligations to employees.

##### (ii) Defined contribution pension plans

The company operates a defined contribution plans for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are payable in accordance with the rules of the scheme. Amounts due but not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

##### (iii) Annual bonus plan

The Group operates annual bonus plans for employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

# FIRSTPORT INSURANCE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

---

### 1 Accounting policies

(Continued)

#### 1.9 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity in which case the related tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred tax assets and liabilities are not discounted.

##### (i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### (ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is also recognised in relation to assets and liabilities acquired in a business combination where the amount that will be deducted or assessed for tax differs to the fair value at which the asset or liability is recognised on acquisition in the financial statements. The tax base of an asset or liability is determined based on the expected manner of recovery.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax assets and liabilities arise from income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an ability and intention to settle the balances at the same time.

# FIRSTPORT INSURANCE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

---

### 1 Accounting policies

(Continued)

#### 1.10 Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Depreciation is calculated, using the straight-line method, to allocate the depreciable amount to their residual values over their estimated useful lives, as follows:

Office fixtures & fittings	Straight line over 3 to 5 years
----------------------------	---------------------------------

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Subsequent costs, including major inspections, are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the company and the cost can be measured reliably.

Repairs, maintenance and minor inspection costs are expensed as incurred.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit and loss account and included in other operating income.

#### 1.11 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

# **FIRSTPORT INSURANCE SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

---

### **1 Accounting policies**

**(Continued)**

#### **1.12 Impairment of non-financial assets**

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

#### **1.13 Insurance broking assets and liabilities**

Insurance broking debtors and creditors are recorded in the balance sheet at their gross amount unless net settlement is legally enforceable.

Fiduciary cash arising from insurance broking activities is included within cash and cash equivalents.

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

Cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts.

# FIRSTPORT INSURANCE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2015

---

#### 1 Accounting policies

(Continued)

##### 1.15 Financial instruments

The company has elected to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

###### (i) Financial assets

Basic financial assets, including trade and other receivables, and cash and bank balances, are initially recognised at transaction price. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment with any impairment being charged to profit and loss. If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled, or substantially all the risks and rewards of the ownership of the asset are transferred to another party.

###### (ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank and shareholder loans, amounts owed to fellow Group companies and bank overdrafts, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

###### (iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

###### (iv) Client monies held

The property management services performed by the company include services provided to residential management companies and which involve arranging and holding cash from levies and charges paid by residents to the residential management companies. The cash held at any point in time is held under Statutory Trust as set out in the Landlord & Tenant Act 1987. Accordingly, the company does not include these cash balances in its balance sheet.

##### 1.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

##### 1.17 Related parties

The company discloses transactions with related parties not wholly owned by Knight Square Holdings Limited. It does not disclose transactions with other group companies wholly owned by Knight Square Holdings Limited.

# FIRSTPORT INSURANCE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

### 2 Critical accounting judgements and estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### (a) Critical accounting judgements in applying the company's accounting policies

There are no areas within the financial statements where management has been required to apply a critical judgment.

#### (b) Key accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

### 3 Turnover

The company's turnover is all derived from its principal activity in the UK, that being the provision of insurance services.

### 4 Exceptional items

	2015 £	2014 £
Restructuring costs	10,000	-

Exceptional charges relate to business review and improvement costs, legal fees and other costs including redundancy and other staff related costs associated with the restructuring of the Knight Square Holdings Limited group of companies.

### 5 Operating profit

	2015 £	2014 £
Operating profit for the year is stated after charging:		
Depreciation of tangible assets	341	344

The cost of auditing these financial statements for the year was £11,750 (2014: £7,370). These costs have been borne by Knight Square Limited.

There were £31,500 audit related assurance services in the year (2014: £40,000). There were no other non-audit costs in the year (2014: £nil).

# FIRSTPORT INSURANCE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

### 6 Employees

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

	2015 Number	2014 Number
Office and management	12	10

Their aggregate remuneration comprised:

	2015 £	2014 £
Wages and salaries	318,045	274,960
Social security costs	23,174	23,192
Other pension costs	7,727	8,193
	<u>348,946</u>	<u>306,345</u>

### 7 Director's remuneration

	2015 £	2014 £
Aggregate emoluments	97,008	83,570
	<u>97,008</u>	<u>83,570</u>

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 1 (2014: 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2015 £	2014 £
Aggregate emoluments	82,004	83,570
	<u>82,004</u>	<u>83,570</u>

Two directors (2014: one director) were remunerated by the company. The remaining directors are remunerated by FirstPort Limited as their services to the company are merely incidental to their services of other Knight Square group companies.



# FIRSTPORT INSURANCE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2015

#### 8 Tax on profit on ordinary activities

	2015 £	2014 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	-
Total current tax	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	639	3,843
Changes in tax rates	2,957	(267)
Total deferred tax	3,596	3,576
Total tax charge for the year	3,596	3,576

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2015 £	2014 £
Profit on ordinary activities before taxation	1,463,010	1,275,015
Expected tax charge based on a corporation tax rate of 20.25% (2014: 21.50%)	296,259	274,128
Group relief	(350,258)	(290,084)
Transfer pricing adjustments	56,956	19,886
Effect of changes in tax rates and laws	639	(267)
Other tax adjustments	-	(87)
Total tax charge for the year	3,596	3,576

From 1 April 2015, the UK corporation tax rate reduced from 21% to 20%. In October 2015, the UK corporation tax rate for the financial year commencing 1 April 2017 was set at 19% and for the financial year commencing on 1 April 2020 was set at 18%. Deferred tax balances at 31 December 2015 were measured at 20% (2014: 20.25%) for items that are expected to be charged or credited to the profit and loss account in the next financial year.

# FIRSTPORT INSURANCE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

### 9 Tangible assets

#### Office fixtures & fittings

	£
<b>Cost</b>	
At 1 January 2015	350,131
At 31 December 2015	350,131
<b>Accumulated depreciation</b>	
At 1 January 2015	349,277
Depreciation charged in the year	341
At 31 December 2015	349,618
<b>Carrying amount</b>	
At 31 December 2015	513
At 31 December 2014	854

### 10 Fixed asset investments

	2015 £	2014 £
Investments in subsidiaries (note 20)	-	-

The cost shown above represents both the opening and closing cost and carrying amount balances for both 2014 and 2015.

### 11 Cash and cash equivalents

Included in cash and cash equivalents are monies held on behalf of clients and insurers in statutory trust accounts totalling £318,147 (2014: £523,017).

# FIRSTPORT INSURANCE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

### 12 Debtors

	2015 £	2014 £
Trade debtors	511,579	967,188
Deferred tax asset (note 14)	12,834	16,430
Amounts due from fellow group undertakings	7,164,022	5,746,335
Other debtors	688,003	-
Prepayments and accrued income	41,318	34,629
	<u>8,417,756</u>	<u>6,764,582</u>

Amounts due from Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

### 13 Creditors

	2015 £	2014 £
Trade creditors	959,103	1,460,999
Amounts due to fellow group undertakings	60,000	60,000
Other creditors	511,153	273
Accruals and deferred income	19,215	20,856
	<u>1,549,471</u>	<u>1,542,128</u>

Amounts due to fellow Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

# FIRSTPORT INSURANCE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2015

#### 14 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is an analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Asset 2015 £	Asset 2014 £
<b>Balances:</b>		
Fixed asset timing differences	12,834	16,430
<b>Movements in the year:</b>		2015 £
Asset at 1 January 2015		16,430
Charge to profit and loss account		(3,596)
Asset at 31 December 2015		12,834

The company has an unrecognised deferred tax asset of £nil (2014: £nil).

The net deferred tax asset expected to be utilised in 2016 is £12,834. This primarily relates to the unwinding of timing differences on capital allowances.

#### 15 Retirement benefit schemes

##### Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees.

The charge to profit and loss in respect of the defined contribution scheme was £7,727 (2014: £8,193).

#### 16 Share capital

	2015 £	2014 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
100,000 (2014: 100,000) shares of £1 each	100,000	100,000

#### 17 Contingent liabilities

The company is party to a composite mortgage debenture secured over all of its assets in favour of the Royal Bank of Scotland. The borrower is Knight Square Limited, a fellow group company. The loan and deferred interest payable outstanding in the books of Knight Square Limited at the Balance Sheet date was £29,500,000 (2014: £33,315,000) and £94,485 (2014: £200,438) respectively.

# FIRSTPORT INSURANCE SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2015**

---

### **18 Controlling party**

The immediate parent undertaking is Knight Square Limited.

The ultimate parent undertaking and controlling party of the company is Knight Square Holdings Limited, a company registered in England and Wales under registration number 07925023 which is the smallest and largest group for which group financials are prepared and are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

### **19 Related party transactions**

There are no transactions with related parties not wholly owned by the group headed by Knight Square Holdings Limited.

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned by the group headed by Knight Square Holdings Limited.

### **20 Subsidiaries**

Details of the company's subsidiaries at 31 December 2015 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held	
			Direct	Indirect
Sonata Insurance Services Limited	England & Wales No. 06704179	Dormant	Ordinary shares	100.00

### **21 Transition to FRS 102**

This is the first year that the company has presented its financial statements under FRS 102. The last financial statements under UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014.

The details of the basis of preparation, accounting policies applied and the qualifying exemptions utilised are included in note 1.

The transition to FRS 102 has had no effect on the profit and loss account, net assets or equity.