

Company Registration No. 03479579 (England and Wales)

FIRSTPORT INSURANCE SERVICES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

TUESDAY



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FIRSTPORT INSURANCE SERVICES LIMITED

COMPANY INFORMATION

Directors	J Runciman D Neave S Muncer
Secretary	FirstPort Secretarial Limited
Company number	03479579
Registered office	Queensway House 11 Queensway New Milton Hampshire United Kingdom BH25 5NR
Independent auditors	PricewaterhouseCoopers LLP 10 Bricket Road St Albans Herts AL1 3JX
Bankers	Royal Bank of Scotland 12 High Street Southampton Hampshire SO14 2BF

FIRSTPORT INSURANCE SERVICES LIMITED

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FIRSTPORT INSURANCE SERVICES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

FirstPort, of which FirstPort Insurance Services Limited is a substantial part, is the UK's largest residential property management group looking after more than 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.

Financial highlights

	2016	2015
Turnover (£'000)	1,814	2,099
EBITDA* (£'000)	1,246	1,465
EBITDA %	69%	70%
Cash at bank and in hand (£'000)	977	456
Net assets (£'000)	8,571	7,324

*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 £1.8m (2015: £2.1m) and EBITDA was £1.2m (2015: £1.5m) with margins remaining stable.

Future developments

During 2017/2018 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 £8.6m (2015: £7.3m) as a result of its profitable performance. Cash at bank and in hand increased to £977k at the end of 2016 (2015: £456k).

FIRSTPORT INSURANCE SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

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.

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.

The pinnacle of the year for FirstPort was achieving a 5-star Health and Safety rating from the British Safety Council. Health and Safety is our first priority and the 5-star rating is a pleasing testament to the hard work expended in revising our Health and Safety policies, procedures and processes. We recognise that accidents can happen in homes so we remain vigilant in maintaining and promoting a safety culture.

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 people are integral to the way we deliver our customer and client service and what our brand stands for. In 2016 we have continued to engage with our internal stakeholders to understand their views. The result of this engagement has driven positive change through investment in learning and development and infrastructure. We continue to provide the best available tools for all our people so FirstPort achieves its goal of being the industry leader in residential property management. As a result of continued commitment to our people we have retained our Silver status in the acclaimed Investor In People (IIP) accreditation.

The FirstPort "Employee recognition programme" (WoW Awards), launched in 2015, went from strength to strength in 2016 with 1,631 nominations, 968 of which were driven by recommendations and plaudits from external customers. Of the total nominations 377 went on to win awards for customer service. As a business, FirstPort also won most empowering employer of the year.

FIRSTPORT INSURANCE SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Corporate Social Responsibility (continued)

The WOW! Awards is an organisation which recognises outstanding customer service based purely on customer nominations. The awards are used by a wide variety of UK organisations in both public and private sectors as an independent evaluation tool for employees. Another motivating force is the need for employee engagement. Each award highlights how enthusiastic customers are to praise good service. The nominations can be used for benchmarking, identifying key characteristics of best practice and as a basis for future training.

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

As part of our structured approach to CSR, we launched our first charity partnership with Emmaus. Its focus is on enabling the homeless to not only have a bed for the night but also to gain a sense of self-esteem, wellbeing and the opportunity to undertake work placements. With 28 communities nationwide the charity mirrors FirstPort's regional presence and, with 750 rooms, has a target of increasing numbers to 1,000 by 2020.

During 2016 FirstPort raised £20,000 for the charity by fundraising events and plans for 2017 include participation in the London Marathon, Prudential Ride London, members of the executive board skydiving and some of the 2017 graduates taking on a challenge to climb Snowdonia as well as ongoing monthly fundraising events at various company locations.

FIRSTPORT INSURANCE SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

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"> Resilient business model Significant experience and expertise in chosen markets Frequent review of competition Market insight and intelligence
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"> Experienced finance team Financial control environment Close monitoring of financial performance and credit risk by senior management Board oversight of financial performance
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"> Investment in appropriate technology and staff IT governance structure IT resilience and disaster recovery plans designed to restore service Business continuity plan for each business operational office
Legal and regulatory compliance	The risk of failing to comply with relevant laws, regulations and standards	<ul style="list-style-type: none"> Employment of qualified advisors both internally and externally who report regularly to the Board about all significant legislative changes in the UK Development of internal policies and procedures to ensure adequate capture of legal and regulatory compliance issues Training programmes for staff
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"> HR strategy encompassing recruitment, reward, retention, talent development and performance management Succession planning for middle and senior management
Data security and protection	The risk of the loss of customer or employee data	<ul style="list-style-type: none"> Information security policies encompassing data protection Investment in appropriate technology and staff IT governance structure
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"> Dedicated H&S team managed independently from operational businesses under guidance of H&S Director Robust H&S culture with safety risk register Monitoring and reporting of accidents and near misses
Contract retention	The risk associated to the dependency on key client contracts and the loss of contracts	<ul style="list-style-type: none"> Delivery of high-quality customer service Maintaining a regular dialogue with individual and business customers. Commitment to the principles set out in its Customer Charter New contract assessment considering the business's core skills and our established supply chain
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"> Improvement in customer service and clear complaints processes reduce the risk of issues escalating Monitoring and responding to customer feedback

FIRSTPORT INSURANCE SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

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 Muncer

Director

18 August 2017

FIRSTPORT INSURANCE SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their annual report and the audited financial statements for the year ended 31 December 2016.

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 Runciman	
N Howell	(resigned 18 January 2016)
D Neave	
S Muncer	(appointed 18 January 2016)

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.

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 (2015: £nil).

Employees

Information on employees is included in the Strategic report on pages 2 and 3.

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.

Going concern

Refer to the accounting policies (note 1.4) for a review of going concern.

FIRSTPORT INSURANCE SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Statement of directors' responsibilities in respect of the financial statements

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

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

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

The directors are 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.

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

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

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

On behalf of the board



S Muncer

Director

15 August 2017

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 2016 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 2016;
- 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

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.

FIRSTPORT INSURANCE SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FIRSTPORT INSURANCE SERVICES LIMITED (CONTINUED)

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.

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 in respect of the financial statements 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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Tim Broadway (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
18 August 2017

FIRSTPORT INSURANCE SERVICES LIMITED

PROFIT AND LOSS ACCOUNT AND STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

PROFIT AND LOSS ACCOUNT

	Note	2016 £	2015 £
Turnover	3	1,814,228	2,099,328
Administrative expenses		(569,493)	(634,664)
Exceptional items	4	-	(10,000)
Operating profit	5	1,244,735	1,454,664
Interest receivable and similar income		2,797	8,346
Profit before taxation		1,247,532	1,463,010
Tax on profit	8	(1,259)	(3,596)
Profit for the financial year		1,246,273	1,459,414

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

STATEMENT OF COMPREHENSIVE INCOME

	2016 £	2015 £
Profit for the financial year	1,246,273	1,459,414
Other comprehensive income	-	-
Total comprehensive income for the year	1,246,273	1,459,414

FIRSTPORT INSURANCE SERVICES LIMITED

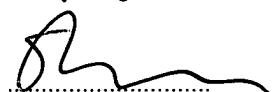
BALANCE SHEET

AS AT 31 DECEMBER 2016

	Note	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	9		1,279		513
Investments	10		-		-
			<u>1,279</u>		<u>513</u>
Current assets					
Debtors	12	8,358,019		8,417,756	
Cash at bank and in hand		977,112		455,536	
		<u>9,335,131</u>		<u>8,873,292</u>	
Creditors: amounts falling due within one year	13	(765,803)		(1,549,471)	
Net current assets			<u>8,569,328</u>		<u>7,323,821</u>
Net assets			<u>8,570,607</u>		<u>7,324,334</u>
Capital and reserves					
Called up share capital	16	100,000		100,000	
Profit and loss account		8,470,607		7,224,334	
Total equity			<u>8,570,607</u>		<u>7,324,334</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 11 August 2017 and are signed on its behalf by:



S Muncer
Director

Company Registration No. 03479579

FIRSTPORT INSURANCE SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2015	100,000	5,764,920	5,864,920
Year ended 31 December 2015			
Total comprehensive income for the financial year	-	1,459,414	1,459,414
Balance at 31 December 2015	100,000	7,224,334	7,324,334
Year ended 31 December 2016			
Total comprehensive income for the financial year	-	1,246,273	1,246,273
Balance at 31 December 2016	100,000	8,470,607	8,570,607

FIRSTPORT INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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.

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 2016

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 2016

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 2016

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 2016

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 2016

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 2016

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 2016

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 judgement.

(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.

(i) Deferred tax assets

The recognition of deferred tax assets, particularly relating to previously incurred losses, requires judgement, including in relation to the future taxable profits of the entities that incurred the losses, the types of losses and future income, the utilisation of capital allowances in any year, and the extent of group relief transfers to be made across the Group.

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

	2016 £	2015 £
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.

FIRSTPORT INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

5 Operating profit

	2016	2015
	£	£
Operating profit for the year is stated after charging:		
Depreciation of tangible assets	830	341

The cost of auditing these financial statements for the year was £12,000 (2015: £11,750). These costs have been borne by Knight Square Limited.

There were £50,000 audit related assurance services in the year (2015: £31,500). There were no other non-audit costs in the year (2015: £nil).

6 Employees

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

	2016 Number	2015 Number
Office and management	13	12

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	338,201	318,045
Social security costs	31,479	23,174
Other pension costs	6,411	7,727
	376,091	348,946

FIRSTPORT INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

7 Director's remuneration

	2016 £	2015 £
Aggregate emoluments	106,187	97,008
	<u>106,187</u>	<u>97,008</u>

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to one (2015: one).

Two directors (2015: two directors) were remunerated by the company. The other director is remunerated by Knight Square Limited as their services to the company are merely incidental to their employment in other Knight Square divisional companies.

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

	2016 £	2015 £
Aggregate emoluments	88,187	82,004
	<u>88,187</u>	<u>82,004</u>

8 Tax on profit

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	2,880	639
Changes in tax rates	1,218	2,957
Adjustments in respect of prior periods	(2,839)	-
Total deferred tax	<u>1,259</u>	<u>3,596</u>
Total tax charge for the year	<u>1,259</u>	<u>3,596</u>

FIRSTPORT INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

8 Tax on profit

(Continued)

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

	2016 £	2015 £
Profit before taxation	1,247,532	1,463,010
Expected tax charge based on a corporation tax rate of 20% (2015: 20.25%)	249,506	296,259
Group relief	(314,114)	(350,258)
Adjustments in respect of prior periods	(2,839)	-
Transfer pricing adjustments	67,488	56,956
Effect of changes in tax rates and laws	1,218	639
Total tax charge for the year	1,259	3,596

The July 2015 Budget Statement announced changes (which were subsequently enacted) to the UK Corporation Tax regime which will reduce the main rate of Corporation Tax to 19% from 1 April 2017 and 18% from 1 April 2020. A further change was announced in the March 2016 Budget to further reduce the Corporation Tax Rate to 17% by 1 April 2020, which has now been substantively enacted.

Deferred tax balances at 31 December 2016 were measured at 19% (2015: 20%) for items that are expected to be charged or credited to the profit and loss account in the next financial year.

9 Tangible assets

Office fixtures & fittings

	£
Cost	
At 1 January 2016	350,131
Additions	1,596
At 31 December 2016	351,727
Accumulated depreciation	
At 1 January 2016	349,618
Depreciation charged in the year	830
At 31 December 2016	350,448
Carrying amount	
At 31 December 2016	1,279
At 31 December 2015	513

FIRSTPORT INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

10 Fixed asset investments

	2016 £	2015 £
Investments in subsidiaries (note 20)	-	-

The cost shown above represents both the opening and closing cost and carrying amount balances for both 2015 and 2016.

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 £430,300 (2015: £318,147).

12 Debtors

	2016 £	2015 £
Trade debtors	294,351	511,579
Deferred tax asset (note 14)	11,575	12,834
Amounts owed by group undertakings	8,002,673	7,164,022
Other debtors	2,878	688,003
Prepayments and accrued income	46,542	41,318
	<u>8,358,019</u>	<u>8,417,756</u>

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

13 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	701,787	959,103
Amounts owed to group undertakings	60,000	60,000
Other creditors	-	511,153
Accruals and deferred income	4,016	19,215
	<u>765,803</u>	<u>1,549,471</u>

Amounts owed to 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 2016

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 2016 £	Asset 2015 £
Balances:		
Fixed asset timing differences	<u>11,575</u>	<u>12,834</u>
Movements in the year:		2016 £
Asset at 1 January 2016		12,834
Charge to profit and loss account		(1,259)
Asset at 31 December 2016		<u>11,575</u>

The company has an unrecognised deferred tax asset of £nil (2015: £nil).

The net deferred tax asset expected to be utilised in 2017 is £11,575. 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 £6,411 (2015: £7,727).

16 Share capital

	2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
100,000 (2015: 100,000) shares of £1 each	<u>100,000</u>	<u>100,000</u>

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 £26,500,000 (2015: £29,500,000) and £65,917 (2015: £94,485) respectively.

FIRSTPORT INSURANCE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

18 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.

19 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.

20 Subsidiaries

Details of the company's subsidiaries at 31 December 2016 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. 6704179	Dormant	Ordinary shares	100.00

The registered address for Sonata Insurance Services Limited is Queensway House, 11 Queensway, New Milton, Hampshire, UK, BH25 5NR.