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The Collinson Group Limited

Annual report and financial statements

For the year ended 30 April 2017

Registered number: 02577557

Strategic Report

Chairman's Statement

Revenue growth reaches new high
This year has been another period of record growth for Collinson, with revenue up 49% to £626m. This continues the trend we have seen over the last six years of significant growth across our key markets and in particular our market leading airport lounge products, where we now provide access to over 1,000 lounges. This growth is against a background of significant global change externally and within Collinson itself.

The UK's decision to leave the European Union has increased the level of economic and consumer uncertainty and we are continuing to monitor the potential impact Brexit may have, whilst anticipating that any associated risk will be mitigated by our global presence across 17 countries. Within Collinson we have also taken time this year to review our operating model to ensure we have the right structure in place to deliver our strategy as the business grows. As a result during the year we commenced on our journey to a new organisational structure which we anticipate will drive benefits for our clients, our business and our people.

Ongoing investment in technology
Technology continues to be fundamental to the performance of the group and in meeting our customer needs, and during the year we have made significant investment in systems and infrastructure. With the speed of change in technology our strategy has a strong focus on digital and data, and during the year we established *dedicated teams to accelerate our capability to innovate in these areas across the group. We have also signed a* deal with service providers to consolidate group infrastructure, which we anticipate will drive efficiencies and increased performance across our estate. A further highlight for the business was the implementation of a platform that controls flexible offers across globally distributed and diverse merchants. A focus on the use of API's (Application Programme Interface) has stepped up our approach in delivering accessible interfaces for our clients, partners and developers, and to deliver this we are now leveraging on the Google Apigee API management platform.

Our culture and people
Together with updating our technology platforms, we have invested in innovative programmes in the year to support and grow our talent. This includes our flagship Leadership and Managing Excellence Programme which is endorsed by the Institute of Leadership and Management. This has been a stepped change in aiding not only the development of professional talent but aligning our cultural values and collaboration ethic throughout the organisation. Communication has become a key focus and as we develop our global operation we have used innovative ways to communicate and encourage involvement from all of our people round the globe. As the business continues to grow our investment in Human Resources, management and employees' careers across the business reinforces our values and we believe will provide solid foundations for sustainable growth.

Strategic Report

Chairman's Statement (continued)

Business transformation

As we have grown as a company we have seen a need for greater focus of our business on a country and regional basis to get closer to customers and their local needs. As a result a new organisation structure was developed during the year that we believe will enable us to have the right strategic focus, accelerate growth and improve the way we work and collaborate together internationally. This will also allow us to give our clients increased and easier access to our breadth of expertise to increase the value we can deliver to them; support delivery of our growth plans and roll out of capabilities internationally; and provide more opportunities to enhance career development for our people with the opportunity to work across capabilities. We started on the journey to this new structure during the year and embedding it will continue to be a key focus across the business in the year ahead.

Well positioned for future growth

We remain confident in our ability to deliver sustained revenue growth in the years ahead. Our investment in the development of our people and technology across the group has been vital in driving the success of our business to date and will continue to be fundamental in the anticipated growth of the business going forward. We anticipate that as our new organisation structure is fully embedded across the business that it will put us in a good position to capitalise on potential regional opportunities, particularly those in emerging markets.

Strategic Report

Our Strategic Framework

Our strategy is designed to deliver our mission to be a global leader in shaping and influencing customer behaviour. As our business transformation continues in the year ahead we are reviewing and refreshing our strategic framework to ensure it continues to support our next phase of growth. Our strategic objectives are described below.

Strength in breadth: Collaboration across the group is a lynchpin to our success along with investment in an operating model that will support our teams in leveraging benefits from our diverse breadth of capabilities and expertise in order to add value to our client relationships and drive growth.

Focus on robust market fundamentals: The key sectors of travel and financial services constitute over three quarters of our revenues and the global market for both of these sectors largely grows in line with an increasing mass affluent or middle class population. The demand from businesses to influence the behaviour of their customers similarly continues to evolve, with technology enabling greater capacity to capture, analyse and respond to consumer data. The evolution of the global market for both the travel and financial services areas provides opportunities for growing our business.

Leverage our global footprint: Our global footprint and expertise is a fundamental asset to the business, *providing economic stability, exposure to growth opportunities and unique access to insight from leading* markets. Our global perspective enables us to sustain top line growth amidst regional economic challenges, and provides a platform to expand reach of existing companies into new territories to target emerging growth economies.

Retain financial independence: As a privately owned business we believe our lack of dependence on external investors allows us to be flexible in moulding and developing our offerings to meet our clients' needs, unhindered by the pressures of public ownership. This ability to invest with a long-term view, and have the freedom to invest and move quickly when opportunities are identified, underpin our long-term success.

Strategic Report

Managing Risks

The risk profile of the Group differs across our diverse range of businesses. Our geographic reach also exposes us to a wide range of political and economic environments. In managing our risks we do not intend to eliminate the risk but to provide a structure where we are able to identify and respond effectively and appropriately to current and emerging risks. The following list highlights some of the principal risks identified by the Group. Additional risks that are considered to be less material or that are not currently known, may also have an adverse effect on the Group.

Risk	***Mitigation***
Currency Volatility in foreign exchange rates impacts on cash flows and assets held in currencies other than sterling	Foreign exchange volatility is partially mitigated through the Group's geographic and sector diversification. Group Treasury monitors currency movements and where appropriate hedges are put in place to minimise the impact of these fluctuations. Our current policy is to hedge approximately 50% of forecasted currency requirements on a monthly basis up to a maximum of 1 year forward.
Brexit UK's decision to leave the EU increases the level of economic and consumer uncertainty	The Group continues to monitor the potential impact of Brexit but it is too early to conclude how this will fully affect the Group's businesses. We anticipate any impact will be partially mitigated by our geographic diversity.
People Inability to attract, retain and develop the right people and skills required to deliver our strategic objectives	The Group takes active steps to identify and retain key talent and ensure we have the right levels and experience to manage our businesses. This is supported by a culture of employee engagement to strengthen the commitment of our people.
Cyber security Threat of hacking, viruses or unauthorised data breaches; and unintentional loss of controlled data by authorised users	A dedicated information security team monitor our information security risk and conduct regular employee awareness training. The ongoing upgrade of our infrastructure also helps mitigate these risks.
Insurance Inadequate pricing and/or underwriting of insurance policies, and of claims being materially different to expectations	The insurance business has a diversified portfolio by type of risk accepted in order to reduce the variability of expected outcome. The majority of claims are in the personal health and assistance market, which tend to be low severity, and we also have control mechanisms to mitigate against the risk of higher than expected claims costs.
Business transformation Transformation programme is not adequately planned or managed; failure to deliver aspects of transformation that are of strategic importance; excessive management stretch	The Group has a defined roadmap in place for the business transformation, which is reviewed regularly by senior leadership in the businesses.

Strategic Report

CFO Report

The Group has seen another year of strong performance, delivering record growth in revenue of 49% to £626m and underlying operating profit increasing by 28% to £12.3m. Growth continues to come from organic expansion within our existing businesses, and whilst we have achieved revenue growth across the majority of our businesses, the most significant increase was again delivered by the Lifestyle Benefits division where the growth of our airport lounge access programs continue to exceed our expectations.

Statutory profit before tax increased by £7.9m in the year to £16.7m. This reflects our strong trading performance and our continued investment in the year on the development of our people and infrastructure in line with our strategy to support future growth. Our ability to invest with this long-term view and to be able to move at pace continues to be one of our core strengthens. This year our focus has been on investing in our existing businesses and offerings, and ensuring the two acquisitions made in the previous year are fully embedded into the group allowing us to access new markets and continue to build our capabilities.

Underlying operating profit

To present trading performance in a consistent manner year-on-year our statutory operating profit has been adjusted to exclude a number of non-trading items, including fluctuations in realised and unrealised foreign exchange movements and other one-off costs.

Underlying operating profit	2016-17 £'000	2015-16 £'000	2014-15[1] £'000
Operating profit (as reported)	**16,486**	8,010	5,657
Non-underlying profit items			
Negative goodwill amortisation	-	-	(1,010)
Foreign exchange (gain)/loss	**(4,449)**	1,562	3,068
Release of contingent consideration	**227**	-	-
Restructuring costs	-	-	432
Underlying operating profit	**12,264**	9,572	8,147
	%	%	%
Reported operating margin	**2.6**	1.9	1.6
Underlying operating margin	**2.0**	2.3	2.3

[1] *FY 14-15 has been restated for FRS102 requirements.*

Impact of Brexit

Following the result of the referendum on the UK's membership of the EU, sterling has depreciated considerably against the US dollar and Hong Kong dollar, which are two of our major operational currencies. As a large portion of our revenue is generated outside of the UK, and specifically in these territories, we have seen a positive impact on revenues and operating profit following the Brexit decision. These favourable foreign exchange movements are also reflected in our net cash generated from operating activities which has more than doubled from the previous year to £37.9m (2016: £15.4m). We will continue to assess the implications of Brexit on the Group, and the associated impact on foreign exchange rates on our global customer and supplier bases. With over 80% of our customers based outside of continental Europe we believe we are mitigating any potential risks through our global diversification. Going forward we are expecting fluctuations in foreign

Strategic Report

CFO Report (continued)

Impact of Brexit (continued)
exchange rates to stabilise with the UK governments two-year exit plan, but foresee that interest rates may gradually increase; we do not expect this to have a significant impact on the Group.

Cash flows
Cash and cash equivalents increased 27% to £92.2m. Net cash generated from operating activities remained strong reflecting our growth in revenues, the favourable impact of foreign exchange and a significant positive movement in working capital driven from the growth in our airport lounge access brands over the year. Cash used in investing activities decreased by £7.9m due to our decision to utilise cash to fund business growth rather than investing in longer term deposits. This is partly offset by our increased capital investment in technology infrastructure. Cash outflows from financing activities increased by £4.1m as payments were made during the period to fully settle the outstanding balance on the Revolving Credit Facility by the year end.

Financing
In 2015 we entered into a £20million three-year Multicurrency Revolving Credit Facility to provide standby funding for the Group. This Facility is underwritten by two of our core banks and will allow the business to fund additional working capital requirements as we continue to grow and provide immediate funding for further expansion where required to support our long-term strategy. Borrowing under the Facility is subject to typical financial and non-financial covenants applied to this form of debt that are tested on quarterly basis. We monitor actual and prospective compliance with these on a regular basis and we are confident of retaining significant operating headroom under these covenants.

Future outlook
The Group ends the year in a strong position, having achieved exceptional revenue growth, improved cash flows and reduced our leverage. We have the financial resources in place to support our ambitions to continue to grow and develop our businesses across the group. Our focus in the year ahead will continue to be investing in innovation and our people who will deliver that growth, and in identifying synergies and development opportunities under our new organisational structure.

Five year performance	2016-17 £'000	2015-16 £'000	2014-15[1] £'000	2013-14 £'000	2012-13 £'000
Revenue	**626,833**	419,407	352,417	279,630	229,378
Gross profit	**118,080**	97,629	91,279	69,694	52,310
Operating Margin	**16,486**	8,010	5,657	2,768	4,928
Foreign exchange gain/(loss)[2]	**4,449**	(1,562)	(3,068)	(1,475)	(978)
EBITDA	**21,949**	12,544	9,424	5,603	7,413
Cash and cash equivalents	**92,218**	72,368	74,229	66,914	49,638
	%	**%**	**%**	**%**	**%**
Gross Margin	**19**	23	26	25	23
Operating Margin	**2.6**	1.9	1.6	1.0	2.1

[1] *FY 14-15 has been restated for FRS102 requirements.*
[2] *Included in operating margin*

Strategic Report

Our Capabilities

Loyalty

Collinson Latitude, our loyalty commerce function continues to grow. The best in class earn and redemption platforms have seen a number of market first developments and enhancements that has resulted in the already established platforms gaining further traction through new client launches and significant organic growth amongst key clients.

The period has seen new launches including Japanese based airline All Nippon Airways (ANA), hotel chain Melia Hotels and low cost airline Norwegian Air. The ANA and Melia launches were delivered in conjunction with our strategic partner, Points International, enabling us to collectively bring to market an integrated loyalty commerce proposition offering a unique combination of Hotel, Car Hire and Shopping mall solutions.

The e-commerce earn and redemption activity is supported by global expertise in driving and optimising online transactional performance and remains a core capability and focus. We added to this with the extension of a new Card Linked proposition, enabling program members to register a range of payment cards to earn on their in store spend with selected retailers. This was launched in the UK for Avios, British Airways and Virgin Atlantic with a range of retail partners, and represents a significant area of further investment, evolution and convergence of our combined global earn and redemption vision and strategy.

Clients have also been able to access and utilise the broader data capabilities from within the group Loyalty function, delivering strategic analysis and insight to evaluate member engagement, commercial performance and lifetime value based on their behaviour and transactional and non-transactional activities. This capability further informs our product development plans and enables clients to access the combined expertise and value we are uniquely placed to deliver, whilst demonstrating long term ROI and commercial performance.

Welcome Real Time, now fully embedded within the group as a key solution capabilities, won both the Niche Solutions Provider of the Year – Retail Banking – Global at the M&A Awards as well as taking the most innovative solution award again at the PayForum Awards for our XLS mPOS solution, as well as being named one of the 25 Most Promising Banking Technology Solutions Providers of 2016 - APAC CIO. In addition to these awards, WRT have launched major new projects in both FS and the retail space, delivering real-time earning and redemption capability at the point of sale with an ability to run SKU-level rules and promotions.

ICLP's proprietary cloud based data solution has been used with several clients to enable highly complex, high volume, big data analysis and modelling. Data analytics will remain a strong growth area for the group over the coming years and we will continue strategic investment in both tools and expertise. Beyond data, ICLP has designed several innovative loyalty programmes based around customer experiences, harnessing not only our own technology but using our deep understanding of customer behaviours in social media and on other platforms to guide and stimulate loyalty and devotion for clients like FWD and Reliance in addition to continuing to manage and optimise key programmes already in house.

Strategic Report

Our Capabilities (continued)

Loyalty (continued)
The combined strengths of WRT, ICLP and Latitude have enabled us design and launch new solutions that draw upon the range of expertise and technology in house - such as iRewardSpend, a proprietary solution that enables banks and card networks to rapidly deploy an end-to-end customer loyalty solution. At its core is the highly regarded WRT loyalty platform, XLS, now coupled with the best-in-class redemption capability from Collinson Latitude. This is a powerful combination and enables our clients to deliver more ways to engage and reward their customers and respond to the rising demand for a more personalised approach from today's consumers.

This has led us to a decision to re-organise our capabilities (beginning next fiscal year) to create a combined specialist Loyalty practice consisting of our Loyalty Commerce, Welcome Real-Time and our ICLP teams. This will offer Clients Global best in class Loyalty Strategic Services and Technology Solutions.

This will help us deliver a broader range of services to our existing clients as well as help us win new business. Our expectation is that technology change will continue to transform the loyalty sector, particularly with regards to customer behaviours and expectations.. Collinson Group with its deep expertise in customer behaviour, loyalty and loyalty technology is well placed to meet these changes and will continue to innovate and invest to keep pace with market demands to drive brand devotion and increase customer value for our clients.

Lifestyle Benefits
Lifestyle Benefits has experienced yet another year of record performance driven by organic growth of as well as rapid take up and expansion of our more recently introduced LoungeKey.

The period took Lifestyle Benefits into the third year of a major digital transformation, with continued activity to overhaul the lounge access proposition, focussing on refining core functionalities offered to members through the Priority Pass website and iOS / Android apps – which include access to lounges via a Digital Membership Card, plus various additional travel-related information services. A significant success, the on-going product overhaul is continuing with extensive input from our existing clients as we continue an on-going alignment with their focuses on digital channels and new technologies – and we have seen a growth in revenue of 26% over the period.

LoungeKey, our 'bank card entry' lounge program has continued to grow spectacularly, and has been a key focus with interest from the key global payment networks and a number of the leading banking groups. Significantly, we partnered with MasterCard to launch MasterCard Airport Experiences, a global program available to any MasterCard Issuer who chooses to participate, which will offer lounge access and affiliated offers upon presentation of an eligible card. A dedicated website and app was developed and launched across six regions in 20 languages to support the launch, with functionalities including a digital access card that can be

Strategic Report

Our Capabilities (continued)

Lifestyle Benefits (continued)

accessed via the app or a compatible 'digital wallet', access to airport and retail-themed offers, plus the ability for a program member to access and track their program benefits in real-time, as they travel. Moving forward, a number of additional program enhancements are planned.

The enhancements and growth in take-up across both Priority Pass and LoungeKey has continued to occur alongside a continued expansion of acceptance within airport lounges across all our products.

An additional 165 lounges were added over the year, with Priority Pass now accepted in over 1,100 lounges worldwide, while available lounges now exceed over 900 for LoungeKey.

Revenues remain dominated by Priority Pass, supported by the successful retention of several major financial services clients as well as on-boarding of new clients including VTB Bank and Sberbank within the financial services as well as emerging sectors of telco, tourism and automotive.

Moving forward, our focus is on the continued rollout of Lifestyle Benefits' digital transformation programme, with a comprehensive roadmap of new functionality enhancements to both Priority Pass and LoungeKey , aligned with the continued focus on digital innovation and need for differentiation we are observing among our clients as they continue to develop their service and product portfolios.

Insurance

Our insurance business continues to make significant progress in pursuing its strategy to align with the Collinson Group's focus on travel and financial services. The priority during this period has been on the continued delivery of the first phases of our transformation agenda to support significant anticipated growth in the 2017-18 financial year.

The first phase of our new insurance trading platform and broader finance transformation are now live with future phases planned to support the broader delivery of our Transformation Agenda within the previously agreed 2020 horizon. We expect to begin to see some of the expected efficiency gains and improvements in the end to end client experience in the forthcoming financial year.

Our renewed focus on the travel sector with a particular emphasis on developing insurance and assistance relationships with airlines has delivered a significant client win. Alongside our global insurance partner Zurich, Collinson has been appointed as the insurance distribution partner for one of the world's leading airlines in 14 territories across Europe to provide claims, assistance and insurance solutions. This represents a major step on delivering significant growth within the insurance and assistance from a global perspective. In addition, Collinson has also signed a significant global deal to provide motor related ancillary insurance coverage linked to car hire across a range of global territories for the world's largest car hire provider.

Strategic Report

Our Capabilities (continued)

Insurance (continued)
In the UK Collinson continues to have a very healthy pipeline of opportunities to drive insurance growth with travel insurance featuring prominently as we benefit from some of our more innovative customer propositions. International healthcare remains a key product line and we expect to place further emphasis on growing the international healthcare insurance business in selected global territories during the next financial year.

Assistance
Collinson announced the launch of Intana Global in July 2016 - the first truly integrated medical and security assistance provider serving the London Market. The year has seen us continue to drive significant investment in the global network, strengthening our assistance proposition and taking the final steps on fully integrating previous acquisitions into a single operating model to improve performance. This, together with the delivery of the first phase of the new insurance and assistance platform will begin to generate the initial stages of efficiencies and improvements in the customer experience which are linked to the objectives within our broader transformation agenda.

Collinson has also taken significant steps to enhance its assistance proposition via a telemedicine application delivering a truly digital health platform which forms part of Collinson's broader digital roadmap of activities. The application will deliver a value added service and integrate with our systems to provide unrivalled access to GP's providing specialist advice/clinical excellence and governance all delivered through a key strategic partnership. The application has been piloted via Collinson's Columbus brand and is expected to have multiple applications across our Travel and Health business lines as we roll out across our client base.

Strategic Report

Our People and Culture

We have over 2,000 talented and passionate people across 26 offices in 18 key locations around the world. Investing in our people and the continuous evolution of our culture represents a significant focus and a key source of our continuous success.

As our aspirations continue to grow, so too has the need to build upon our high performance culture, where we provide a motivating and rewarding experience that helps our people to unlock their full potential.

People development
Our investment in the development of people has taken a step change this year as we have rolled out a range of innovative programmes to support personal and professional growth. For the first time, we have delivered face to face development across all of our regions including our flagship Managing Excellence Programme for all people managers, which has been externally endorsed by the Institute of Leadership & Management. Managers play a critical role in driving our culture and nurturing the talents and capabilities of our people. Our dedication to ensuring we provide them with the knowledge, tools and understanding of what makes a great modern day manager has been demonstrated through the delivery of this flagship programme to all. We introduced a leadership programme to support the transition of many of our most senior leaders into newer, bigger or different roles and continue to offer our e-learning platform to all employees, which offers unlimited access to over 4,000 training courses.

Collinson Group continues to deliver specific training on compliance and product training to minimise our business risk and increase ability to deliver a great customer experience. Our investment in a new Learning Management System, represents an opportunity to better manage our global learning activity and knowledge sharing of great practice and expertise around the world, wherever that might exist.

Engaging the whole business
We continue to innovate on our approach to communicating with and engaging our people on business updates that matter. Our company intranet has expanded significantly and now serves as a central communications platform for connecting with our people all around the world. We have introduced blogs and online forums to facilitate communities of practice and interest, and aside from our quarterly newsletters, now run quarterly business update presentations to ensure everyone is clear about where we are on our company journey.

Best practice resource management
We have now launched our HR system in every one of our locations, giving us the ability to track and report on our key people metrics as well providing our people with the opportunity to access a self-service approach to utilising their employee data. We have made some positive shifts in our reward and remuneration structure creating alignment with our values and a more effective approach to recognising individual and collective contribution. Our business vision has led to the transformation of a traditional HR approach, which is now a more contemporary focus on our People and Culture. We have introduced a new global team structure responsible for driving continuous improvement across this area and ensuring that we continue to build, rather than lose the important aspects of our culture that continue to make us so unique.

Strategic Report

Our World

Collinson Group culture

Since its inception, Collinson Group has been an international business and celebrates the diversity of our workforce, today employing people in every continent. The success of the business is driven by our ability to influence the behaviour of our clients' most valuable consumers, and this understanding of people lies at the heart of how we care for our own employees. With an underlying entrepreneurial mind-set comes integrity and collaboration: working together across languages and cultures to achieve what is best for the business. Our assistance teams provide valuable help to people in the direst of circumstances; our insurance business shares the catastrophes experienced by people every day. Confidence in our commercial success is tempered by our innate appreciation of what is important to the people and communities around us, and this understanding pervades all we do.

Protecting the environment

Travel is a strategic industry for the business, and with customers including the world's largest airlines, we are always mindful of the environmental impacts of our clients, suppliers and our own activity. Our offices operate in very different environments, politically, socially and ecologically, and such concerns are always a consideration in our working practices. Whilst the scale of our own business is a fraction of those we serve, we take the environmental impact of how we operate ourselves very seriously. With innovation and technology core to our success, we are responsive to new tools and practices that can help us manage our ecological footprint and improve the world around us.

Supporting charitable activity

Collinson Group supports and embraces a wide spectrum of charitable activity across the business, encouraging employees to fundraise and volunteer for causes close to their heart. As of 2016, the Group is proud to confirm a three year agreement to support The Royal Foundation with a particular focus on Coach Core, an initiative supporting young people between 16 and 24, who have had a challenging start in life, to become the next generation of inspirational coaches. Our employees will have a chance to get involved directly with the programme as well as a number of other charities supported globally by the Royal Foundation. Supporting national causes and local communities, is invaluable to sustaining the group's ethos and is the first step in what will be a more structured approach to how we can better help others in the communities we work and live across the globe.

Modern Slavery Act 2015

The Group has issued a statement in compliance with the Modern Slavery Act which is available at www.collinsongroup.com. The statement sets out our policies for assessing the risk of modern slavery within our supply chain and the steps taken to improve transparency.

Strategic Report

The Board

Colin Evans, Chairman

Colin is the founder of Collinson Group. In a career that spans over 35 years he has launched a number of successful start-ups, overseen strategic acquisitions and advised some of the world's leading brands. In 2017 he was awarded Personality of the Year by Loyalty Magazine, recognising his wealth of experience over the last 40 years and his ongoing dedication to remaining at the forefront of loyalty development.

Mark Hampton, COO / CFO

Mark is responsible for the financial management of our operations supporting all areas of the business, providing the governance and acumen necessary to deliver our strategic goals.

Mignon Buckingham, Managing Director ICLP

Mignon is responsible for 600 talented individuals in 16 offices. Under her leadership, the group maintains an unrivalled breadth and depth of loyalty expertise at a global, regional and local level.

Steve Pinches, Managing Director, Lifestyle Benefits

Steve holds responsibility for our international lounge partner network and our own airport infrastructure business, Airport Lounge Development, delivering world leading membership travel enhancement products and services.

Strategic Report

The Board (continued)

David Evans, Managing Director, Insurance and Assistance

David has responsibility for our insurance and assistance capabilities. This includes our retail, partnership and underwriting insurance businesses and leads the provision of global assistance and claims servicing to clients across multiple segments.

Christopher Evans, Director

Christopher is responsible for Collinson Latitude, which combines advanced earning, redemption and ancillary revenue platforms with global content and e-commerce expertise. He also leads research, product development, technology and marketing across the group

Non-executive director

Denise Evans

On behalf of the board

C R Evans
Director

Cutlers Exchange
123 Houndsditch
London
EC3A 7BU
18 October 2017

Directors' Report

The directors present their report and audited financial statements for the year ended 30 April 2017.

The Strategic Report on pages 3 to 16 forms part of this report. The group's principal risks and uncertainties, along with a description of how the group manages these, are set out within the Managing Risks section of the Strategic Report.

Results and dividends
The audited Financial Statements are presented from page 22. The Company has paid a dividend of £1,260k for the year (2016: £2,015k).

Board of Directors
The directors are responsible for the good standing of the company, the management of its assets, including the management of risk, and the strategy for its future development. There are 11 board meetings each year and other meetings convened as needed. Biographical details of the directors who currently hold office are set out on pages 15 to 16.

The directors who held office during the year, and to the date of this report, were as follows:

C R Evans (Chairman)
M L Buckingham
C J Evans
D Evans
D M Evans
M R Hampton
S J Pinches

Financial instruments
The group's principal financial instruments comprise bank balances, trade receivables and payables and bank loans. The main purpose of these instruments is to raise funds to finance the group's operations. In respect of bank balances, liquidity risk is managed by actively monitoring balances and ensuring that funds are in place to meet liabilities as and when they fall due.

Trade receivables are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade payables' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Research and development
The group is engaged in a programme of research and development in support of the products and services that it provides to its customers. Note 6 to the Financial Statements details the amount spent on research and development.

Directors' Report

Post balance sheet events
There are no post balance sheet events.

Going concern
The directors confirm that they are satisfied that the group has adequate resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing the financial statements.

Employees
Employee participation is encouraged at all levels within the group. The directors appreciate the work of all our employees around the world and acknowledge their huge contribution to the success of the group.

Applications for employment by disabled persons are fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of a disabled person should, so far as possible, be identical to that of a person who does not have a disability.

Disclosure of information to auditor
The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor
The auditors, Grant Thornton UK LLP, have indicated their willingness to continue in office and a resolution will be proposed concerning their re-appointment for the ensuing year.

On behalf of the board

C R Evans
Director

Cutlers Exchange
123 Houndsditch
London
EC3A 7BU
18 October 2017

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of The Collinson Group Limited

We have audited the financial statements of The Collinson Group Limited (the Group) for the year ended 30 April 2017, which comprise the consolidated statement of comprehensive Income, the consolidated and parent company statement of financial position, the consolidated and parent statement of changes in shareholders equity, the consolidated statements of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the statement of Directors' Responsibilities set out on page 19, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2017 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.

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.

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.

Independent auditor's report (continued)

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

Grant Thornton UK LLP

Nicholas Page (Senior Statutory Auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

18 October 2017

Consolidated Statement of Comprehensive Income

For the year ended 30 April 2017

	Note	2017 £'000	2016 £'000
Revenues	3	625,833	419,407
Cost of sales		(507,753)	(321,778)
Gross profit		118,080	97,629
Administrative expenses		(101,594)	(89,619)
Operating profit		16,486	8,010
Share of profit of joint venture	14	321	-
Profit on ordinary activities before interest		16,807	8,010
Interest receivable and similar income	4	282	230
Interest payable and similar charges	5	(423)	(388)
Gain on sale of business	6	-	879
Profit on ordinary activities before taxation	6	16,666	8,731
Taxation	10	(5,900)	(4,042)
Profit for the year		10,766	4,689
Attributable to:			
Owners of the parent		10,623	4,640
Non-controlling interest		143	49
Profit for the year		10,766	4,689
Other comprehensive income:			
Net loss on hedge of net investment in overseas subsidiary companies		(4,311)	-
Other foreign exchange translation differences		3,552	1,035
Total comprehensive income for the year		10,007	5,724
Attributable to:			
Owners of the parent		9,864	5,675
Non-controlling interest		143	49
Total comprehensive income for the year		10,007	5,724

The notes on pages 26 to 67 are an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 30 April 2017

	Note	2017 £'000	2016 £'000
Non-current assets			
Intangible assets	12	**11,396**	7,363
Property, plant and equipment	13	**7,830**	7,640
Investment in joint ventures	14	**1,711**	600
		20,937	15,603
Current assets			
Investments – Deposits with credit institutions	15	**21,000**	20,500
Trade and other receivables	16	**191,648**	126,305
Cash and cash equivalents	17	**92,218**	72,368
		304,866	219,173
Current liabilities			
Trade and other payables	18	**(284,485)**	(199,026)
Loans and borrowings	19	**(975)**	(3,200)
		(285,460)	(202,226)
Net current assets		**19,406**	16,947
Total assets less current liabilities		**40,343**	32,550
Non-current liabilities			
Loans and borrowings	19	**-**	(625)
Provision for liabilities	20	**-**	(329)
Net assets		**40,343**	31,596
Capital and reserves			
Share capital	23	**100**	100
Retained earnings		**40,015**	31,411
Equity attributable to the owners of the parent		**40,115**	31,511
Equity attributable to non-controlling interest		**228**	85
Total equity		**40,343**	31,596

These financial statements were approved by the board of directors and authorised for issue on 18 October 2017.

Director
C R Evans

The notes on pages 26 to 67 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 April 2017

	Share capital £'000	Retained earnings £'000	Total attributable to the owners of the parent £'000	Non-controlling interest £'000	Total £'000
At 1 May 2016	100	31,411	31,511	85	31,596
Profit for the year	-	10,623	10,623	143	10,766
Other comprehensive income for the year	-	(759)	(759)	-	(759)
Total comprehensive income for the year	-	9,864	9,864	143	10,007
Dividends paid	-	(1,260)	(1,260)	-	(1,260)
At 30 April 2017	**100**	**40,015**	**40,115**	**228**	**40,343**

At 1 May 2015	100	27,751	27,851	36	27,887
Profit for the year	-	4,640	4,640	49	4,689
Other comprehensive income for the year	-	1,035	1,035	-	1,035
Total comprehensive income for the year	-	5,675	5,675	49	5,724
Dividends paid	-	(2,015)	(2,015)	-	(2,015)
At 30 April 2016	100	31,411	31,511	85	31,596

The notes on pages 26 to 67 are an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 April 2017

	Note	2017 £'000	2016 £'000
Operating activities			
Profit before interest and taxation		16,486	8,010
Adjustments for:			
Depreciation and amortisation		5,144	4,580
Other non-cash items		2,030	2,518
Changes in working capital:			
Increase in trade and other receivables		(59,367)	(7,581)
Increase in trade and other payables		74,087	10,450
Cash generated from operations		38,380	17,977
Income taxation paid		(4,259)	(2,534)
Net cash generated from operating activities		34,121	15,443
Cash flows from investing activities			
Acquisition of subsidiary companies	22	-	(1,449)
Disposal of subsidiary companies, net of cash disposed of		-	774
Increase in investment in joint venture	14	(790)	
Purchase of intangible assets	12	(6,189)	(3,801)
Purchase of property, plant and equipment	13	(2,541)	(4,451)
Cash deposited with credit institutions		(500)	(8,513)
Net cash used in investing activities		(10,020)	(17,440)
Cash flows from financing activities			
Interest received	4	282	230
Interest paid	5	(423)	(300)
Transaction costs incurred on new loans		-	(453)
Proceeds received on new loans and borrowings		32,000	3,250
Repayment of loans and borrowings		(34,850)	(850)
Dividends paid	11	(1,260)	(2,015)
Net cash used in financing activities		(4,251)	(138)
Net increase/(decrease) in cash and cash equivalents		19,850	(2,135)
Cash and cash equivalents at the beginning of the year		72,368	74,229
Cash acquired with subsidiary companies	22	-	274
Cash and cash equivalents at end of the year	17	92,218	72,368

The notes on pages 26 to 67 are an integral part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2017

1 **Accounting policies**

1.1 General Information

The Collinson Group Limited is a private limited company incorporated in the United Kingdom. The address of its registered office and principal place of business is Cutlers Exchange, 123 Houndsditch, London, EC3A 7BU.

The Collinson Group Limited ('the Company') is a parent undertaking and therefore these consolidated financial statements present the financial information of the Company and its subsidiary undertakings (together referred to as 'the Group'). The Company's separate financial statements are set out from page 68.

The financial statements have been presented in sterling as this is the Group's functional currency, being the primary economic environment in which the Group operates.

1.2 Basis of preparation

These financial statements have been prepared in accordance with FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland ("FRS 102") and applicable legislation, as set out in the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. These financial statements have been prepared under the historical costs convention.

1.3 Going Concern

The directors have assessed that the Group has adequate resources to continue in operational existence for a minimum of 12 months from the date of signing the financial statements. For this reason the financial statements have been prepared on a going concern basis which presumes the realisation of assets and liabilities in the normal course of business.

1.4 Basis of consolidation

The consolidated financial statements incorporate the results of the Company and its subsidiary undertakings for the year ended 30 April 2017. Subsidiaries are included within the consolidation where the Company has control over such entities, thereby having the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The financial statements of subsidiaries that are acquired or disposed of within the financial year are included within, or excluded from, the consolidation from the date that the Company obtains, or loses, control.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. The accounting years of subsidiaries are coterminous with those of the Company. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity.

The details of the subsidiaries within the Group are set out in note 34.

Entities in which the Group holds an interest and which are jointly controlled by the Group and one or more other venturers under a contractual arrangement are treated as joint ventures in the consolidated financial statements and are accounted for using the equity method.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2017

1 Accounting policies (continued)

1.5 Foreign currencies

(i) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date the transactions took place. Income and expense items are translated using an average exchange rate for the year where there are limited fluctuations in foreign exchange rates.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are reported at the rates of exchange prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting date of monetary assets and liabilities are reported in profit or loss. Foreign exchange gains and losses that arise on the translation of monetary items that form part of a net investment hedge in a foreign operation are recognised in other comprehensive income and accumulated in equity.

(ii) Translation

The results of Group undertakings are translated into sterling at the average exchange rate for the year. The assets and liabilities of overseas entities are translated at the exchange rates ruling at the year end and exchange adjustments arising on retranslation are recognised in other comprehensive income.

1.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts for the sale of goods and the rendering of services in the normal course of business, net of discounts and other sales-related taxes. When the outcome of a transaction involving the rendering of services can be estimated reliably, the Group recognises revenue associated with the transaction by reference to the stage of completion of the transaction at the end of the reporting year. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied (a) the amount of revenue can be measured reliably; (b) it is probable that the economic benefits associated with the transaction will flow to the Group; (c) the stage of completion of the transaction at the end of the reporting year can be measured reliably; and (d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

The Group recognises income from the provision of its principal services as set out below:

(i) Revenue from lounge visits is recognised at the point in time when the visit occurs.

(ii) Membership fees provide benefits to the customer evenly throughout the membership period. Consequently revenue from membership fees is recognised on a time basis, straight line over the membership term.

(iii) Project revenue is recognised based on the level of work that has been performed to date under the project; thereby reflecting the progress of the project and the value of the work performed.

(iv) Insurance intermediary commission is recognised at the later of the inception date of the coverage or when the placement has been completed and confirmed. Where there is an expectation of future servicing requirements an element of income relating to the policy is deferred to cover the associated contractual obligation. The Group also generates income from insurance contract premium, refer to policy 1.17.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2017

1 Accounting policies (continued)

1.7 Interest receivable and interest payable

Interest income is recognised as it accrues, using the effective interest rate method. Interest payable on loans is calculated using the effective interest rate method.

1.8 Taxation

Taxation expense for the year comprises current and deferred taxation. Current taxation is recognised for the amount of income taxation payable in respect of the taxable profit for the current or past reporting periods using the taxation rates and laws that have been enacted or substantively enacted as at the reporting date.

Deferred taxation is recognised on all timing differences that have originated but not reversed at the reporting date. Transactions or events that result in an obligation to pay more taxation in the future or a right to pay less taxation in the future give rise to a deferred taxation liability or asset. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in taxable assessments in years different from those in which they are recognised in the financial statements.

Deferred taxation is recognised when income or expenses from an interest in a joint venture have been recognised in the financial statements, and will be assessed to or allowed for taxation in a future period, except where: (a) the Company is able to control the reversal of the timing difference; and (b) it is probable that the timing difference will not reverse in the foreseeable future.

Deferred taxation is measured using the taxation rates and laws that have been enacted, or substantively enacted as at the reporting date, that are expected to apply to the reversal of the timing difference. The taxation expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Deferred income taxation assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Current and deferred taxation assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and there is the intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.9 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages, the cost is the consideration at the date of each transaction.

Contingent consideration is initially recognised at the estimated amount where the consideration is probable and can be measured reliably. Where the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measureable, or contingent consideration

Notes to the Consolidated Financial Statements

For the year ended 30 April 2017

1 Accounting policies (continued)

1.9 Business Combinations and goodwill (continued)

previously measured is adjusted, the amounts are recognised as an adjustment to the cost of the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, including separately identifiable intangible assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Fair value is the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction.

Goodwill recognised represents the excess of the consideration and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is amortised over its expected useful life (see policy 1.10). Negative goodwill is amortised in the period in which the non-monetary assets acquired are recovered. In the case of fixed assets this is the period over which they are depreciated and in the case of current assets, the period over which they are sold or otherwise realised. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged immediately to profit or loss.

In the Company's separate financial statements investment in subsidiaries are stated at cost less accumulated impairment.

1.10 Intangible assets

Intangible assets are initially recognised at cost, being the purchase price plus any directly attributable costs, and are subsequently measured at cost less any accumulated amortisation and impairment losses.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale;
- The intention to complete the software and use or sell it;
- The ability to use the software or to sell it;
- How the software will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software; and
- The ability to measure reliably the expenditure attributable to the software during its development.

Other development costs that do not meet these criteria are recognised as an expense as incurred.

Amortisation is charged on a straight line basis to administrative expenses in profit or loss over the shorter of the useful life of the asset or the contractual or legal rights arising on acquisition. The useful lives are as follows:

Goodwill	5-10 years
Membership lists	10 years
Software Development costs	3-5 years
Acquired software	3-5 years

Intangible assets are tested for impairment where indication of impairment exists at the reporting date.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2017

1 Accounting policies (continued)

1.11 Property, plant and equipment

Property, plant and equipment are initially recognised at cost which is the purchase price plus any directly attributable costs. Subsequently property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Depreciation is charged so as to allocate the asset's cost, less its estimated residual value, over its estimated useful life using a straight line basis as follows:

Leasehold improvements	over the remaining term of the lease
Computer equipment	2-3 years
Furniture, fittings and equipment	5 years
Motor vehicles	4 years

Property, plant and equipment are tested for impairment where indication of impairment exists at the reporting date.

1.12 Leases

Lease arrangements are classified as a finance lease where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other lease arrangements are classified as an operating lease.

The Group does not hold any assets under finance leases.

Payments made under operating lease arrangements are charged to profit or loss on a straight-line basis over the lease term. Benefits receivable as operating lease incentives are recognised within profit or loss on a straight-line basis over the lease term.

1.13 Impairment of assets

At each reporting date the Group reviews the carrying value of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

The recoverable amount of an asset is the higher of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset, or cash generating unit. The present value calculation involves estimating the future cash inflows and outflows to be derived from continuing use of the asset, and from its ultimate disposal, applying an appropriate discount rate to those future cash flows.

Where the recoverable amount of an asset is less than the carrying amount an impairment loss is recognised immediately in profit or loss. An impairment loss recognised for all assets is reversed in a subsequent year if, and only if, the reasons for the impairment loss have ceased to apply.

1.14 Financial instruments

Financial assets and liabilities are recognised when the Group becomes party to the contractual provisions of the financial instrument. 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. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2017

1 Accounting policies (continued)

1.14 Financial instruments (continued)

Where a financial asset or financial liability constitutes a financing transaction it is initially and subsequently measured at the present value of the future payments, discounted at a market rate of interest.

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.

The Group holds only basic financial instruments, which comprise investments, cash and cash equivalents, trade and other receivables, trade and other payables and loans and borrowings. The Group has chosen to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments' in full.

Financial assets – classified as basic financial instruments

(i) Investments

Investments comprise deposits with credit institutions. Investments are initially recognised at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Amounts that are receivable within one year are measured at the undiscounted amount of the cash expected to be received, net of any impairment.

(ii) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

(iii) Trade and other receivables

Trade and other receivables are initially recognised at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Amounts that are receivable within one year are measured at the undiscounted amount of the cash expected to be received, net of any impairment.

At the end of each reporting period, the Group assesses whether there is objective evidence that any receivable amount may be impaired. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised immediately in profit or loss.

Financial liabilities – classified as basic financial instruments

(i) Trade and other payables

Trade and other payables are initially measured at the transaction price, including any transaction costs, and subsequently measured at amortised cost using the effective interest method. Amounts that are payable within one year are measured at the undiscounted amount of the cash expected to be paid.

(ii) Loans and borrowings

Loans and borrowings comprise bank overdrafts and loans from related parties. These are initially recognised at the transaction price, including any transaction costs, and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Amounts that are payable within one year are measured at the undiscounted amount of the cash expected to be paid.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2017

1 Accounting policies (continued)

1.15 Provisions

A provision is recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that the obligation will be settled, and when that obligation can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the obligation at the end of the reporting year, taking into account the risks and uncertainties surrounding the obligation.

1.16 Retirement benefits

The Group operates a defined contribution pension plan for its employees. Contributions to the defined contribution pension plan are recognised as an expense when they are due. Obligations not paid are included within accrued expenses in the balance sheet. The assets of the plan are held separately from the Group in an independently administered fund.

1.17 Insurance contracts

Premiums written

Premiums written relate to business incepted during the year and due for payment, together with any differences between booked premiums for prior years and those previously accrued, and include estimates of premiums due but not yet receivable or notified, less an allowance for cancellation. Written premiums exclude taxes or duties levied with premiums. Written premiums are reported gross of any commission payable to intermediaries, regardless of how that commission is remitted, reflecting the contractual arrangements in force.

Unearned premiums

Unearned premiums represent the proportion of premiums written in the year that relate to unexpired terms of policies in force at the balance sheet date, calculated on a time apportionment basis.

Deferred acquisition costs

The Group's acquisition costs comprise commissions payable and other related expenses and are deferred over the period to which the related premiums are earned.

Claims incurred

Claims incurred comprise claims and related expense paid in the year and changes in the provision for outstanding claims, including provisions for claims incurred but not reported and related expenses, together with any other adjustments to claims from previous years.

Claims provisions and related reinsurance recoveries

Provision is made at the year-end for the estimated cost of claims incurred but not settled at the balance sheet date, including the cost of claims incurred but not yet reported to the Group. The estimated cost of claims includes expenses to be incurred in settling claims. In calculating the estimated cost of unpaid claims the Group uses a variety of estimation techniques, generally based on statistical analysis of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience. Allowance is made, however, for changes or uncertainties which may create distortions in the underlying statistics or which might cause the cost of unsettled claims to increase or reduce when compared to the cost of previously settled claims. A component of these estimation techniques is usually the estimated cost of notified but not paid claims. Large claims are generally assessed separately, being measured on a case by case basis or projected separately in order to allow for the possible distortive effect of the development and incidence of these large claims. Provisions are calculated gross of any reinsurance recoveries.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2017

1 Accounting policies (continued)

1.17 Insurance contracts (continued)

Reinsurance

The Group assumes and cedes reinsurance in the normal course of business, with retention limits varying by line of business.

Premiums on reinsurance assumed are recognised as revenue in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date.

Premiums on reinsurance ceded are expensed over the period that the reinsurance cover is provided based on the expected pattern of the reinsured risks. The unexpired portion of ceded reinsurance premiums is included in reinsurance assets. Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2017

2 Critical accounting judgements and key sources of estimation uncertainty

In preparation of the financial statements the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectively involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

2.1 Critical judgements in applying the Group's accounting policies

The critical judgements that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

(i) Assessing indicators of impairment

In assessing whether there have been any indicators of impairment assets, management have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

(ii) Provisions and contingent liabilities

The Group exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation. Judgement is necessary to assess the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of any financial settlement. The inherent uncertainty of such matters means that actual losses may materially differ from estimates. Details of provisions and contingent liabilities are set out in notes 20 and 25 to the financial statements.

(iii) Recognition of separately acquired intangible assets within a business combination

When the Group completes a business combination, the fair values of the identifiable assets and liabilities acquired, including intangible assets, are recognised. The determination of the fair values of acquired assets and liabilities is based, to a considerable extent, on management's judgement. If the purchase consideration exceeds the fair value of the net assets acquired then the incremental amount paid is recognised as goodwill. There were no business combinations in the current year, details of business combinations in the year ended 30 April 2016 are set out in note 22 to the financial statements.

(iv) Development expenditure

Development costs are capitalised when they meet the criteria set out in the accounting policy 1.10. Capitalisation of costs is based on management's judgement that technical and economic feasibility of completing the software development is confirmed, which is usually when a project has reached a defined milestone. In determining the amounts to be capitalised management makes assumptions regarding the expected future value and period of economic benefits of the assets and the discount rates to be applied. Development expenditure that has not met the criteria to be capitalised is included in note 6 to the financial statements.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2017

2 Critical accounting judgements and key sources of estimation uncertainty (continued)

2.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Determining insurance contract liabilities

Estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred, but not yet reported, at the reporting date (IBNR). It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies, IBNR claims form the majority of the liability in the statement of financial position. Further details on the recognition of insurance contract liabilities are set out in note 32 to the financial statements.

(ii) Estimation of useful life

The depreciation charge for property, plant and equipment and amortisation charge for intangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful life and residual values of assets are reviewed annually by management and have been amended as appropriate to reflect management's current estimate of economic utilisation and for property, plant and equipment, the physical condition of the assets., Refer to accounting policies 1.10 and 1.11 for the useful economic lives for each class of assets and to note 12 and note 13 for the carrying value of intangible assets and property, plant and equipment respectively.

(iii) Recoverability of receivables

Management estimates the recoverable value of receivables and establishes a provision for the amount that is estimated not to be recoverable. In assessing recoverability management considers the aging of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers. Refer to note 16 for the carrying value of receivables.

(iv) Contingent consideration

An element of consideration associated with the acquisition of ID Alerts, during the year ended 30 April 2016, is contingent on the achievement of certain revenue and profit targets. Management estimate the outcome of achieving these targets using forecasting models and the projections obtained from these models are the result of a number of inputs and assumptions, as such actual results may vary from the estimate. At 30 April 2016 management assessed that it was probable that the contingent consideration would be payable and a provision was recognised in the statement of financial position. During the year 30 April 2017 the assumptions used in the forecasting model were updated and at the reporting date management have assessed that it is not probable that the contingent consideration will be payable and the provision has been released to the income statement. Refer to note 20 for details of the contingent consideration.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2017

3 Revenue

An analysis of the Group's revenue by class and category of business is as follows:

	2017 £'000	2016 £'000
Rendering of services	575,243	372,617
Gross earned premiums (note 32.2)	50,590	46,790
	625,833	419,407

An analysis of the Company's revenue by geographical market is as follows:

	2017 £'000	2016 £'000
United Kingdom	104,404	70,631
Rest of Europe	99,174	67,901
North and South America	288,539	172,413
Asia including Middle East	128,479	101,476
Africa	2,423	4,017
Australia	2,814	2,969
	625,833	419,407

4 Interest receivable and similar income

	2017 £'000	2016 £'000
Interest receivable on cash and cash equivalents	98	9
Interest receivable on deposits with credit institutions	184	221
	282	230

5 Interest payable and similar charges

	2017 £'000	2016 £'000
Interest payable on bank loans and overdrafts	338	294
Interest payable on loans from related parties (note 28)	85	94
	423	388

Notes to the Consolidated Financial Statements

For the year ended 30 April 2017

6 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2017 £'000	2016 £'000
Profit on disposal of business	-	(879)
Amortisation of intangible assets	2,220	2,155
Depreciation of property, plant and equipment	2,924	2,429
Loss on disposal of property, plant and equipment	2	107
Operating lease rentals	6,051	4,335
Research and development expense	3,342	2,116
Foreign exchange (gain)/loss	(4,449)	1,562

7 Auditor remuneration

An analysis of the auditor's remuneration is as follows:

	2017 £'000	2016 £'000
Fees payable to the Company's auditors for the audit of its annual accounts	100	98
Fees payable to the Company's auditors and their associates for:		
- The audit of the Company's subsidiaries	494	478
- All other non-audit services	66	54
	660	630

Notes to the Consolidated Financial Statements

For the year ended 30 April 2017

8 Staff costs

The average monthly number of employees (including executive directors) was:

	2017	2016
Production	673	768
Sales and marketing	317	309
Administration	871	769
	1,861	1,846

Their aggregate remuneration comprised:

	2017 £'000	2016 £'000
Wages and salaries	78,337	67,331
Social security costs	6,668	6,109
Other pension costs	3,039	2,656
	88,044	76,096

9 Directors' remuneration

	2017 £'000	2016 £'000
Emoluments	2,906	2,438
Pension scheme contributions	46	311
	2,952	2,749

The number of directors who:

Are accruing benefits under members of a money purchase pension scheme	2	5

	2017 £000	2016 £000
Remuneration of the highest paid director:		
Emoluments	715	327
Pension scheme contributions	-	137
	715	464

Notes to the Consolidated Financial Statements

For the year ended 30 April 2017

10 Taxation on profit on ordinary activities

The taxation charge comprises:

	2017 £'000	2016 £'000
Current taxation on profit on ordinary activities		
UK corporation taxation	618	(375)
Adjustments in respect of prior years	(129)	482
Overseas corporation taxation	5,150	4,593
Adjustment in respect of prior years	348	(820)
Total current taxation	5,987	3,880
Deferred taxation		
Origination and reversal of timing differences	(76)	379
Adjustments in respect of prior years	(11)	(217)
Total deferred taxation	(87)	162
Total taxation on profit on ordinary activities	5,900	4,042

Taxation on profit on ordinary activities for the year is higher (2016: higher) than the standard rate of corporation tax in the UK of 19% (2016: 20%). The differences are reconciled below:

	2017 £'000	2016 £'000
Profit on ordinary activities before taxation	16,665	8,731
Income tax calculated at 19.92 % (2016: 20%)	3,320	1,746
Expenses not deductible for tax purposes	578	336
Capital allowances in excess of depreciation	61	108
Income not subject to tax	(1,849)	65
Adjustment in respect of prior years	1,207	(814)
Branch, withholding taxes, local, state, trade and similar taxes	(978)	455
Excess of overseas tax over UK corporation tax	296	176
Deferred taxation not recognised	4,294	2,106
Utilisation of tax losses on which deferred tax was not previously recognised	(945)	(136)
Other timing differences	(84)	-
Taxation expense for year	5,900	4,042

No deferred tax asset has been recognised in respect of unutilised tax losses amounting to £107.5 m (2016: £88.8m). Relief for these losses will only be obtained if there is suitable taxable income arising in future years.

Factors affecting the tax charge

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 17% (effective from 1 April 2020) was substantively enacted in September 2016.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2017

11 Dividends

Amounts recognised as distributions to equity holders in the year:

	2017 £'000	2016 £'000
Dividends paid for year	**1,260**	2,015

12 Intangible assets

	Goodwill £'000	Membership lists £'000	Software £'000	Total £'000
Cost				
At beginning of year	12,118	3,151	8,994	24,263
Additions	-	-	6,189	6,189
Disposals	-	-	(952)	(952)
Foreign exchange	-	-	279	279
At end of year	12,118	3,151	14,510	29,779
Amortisation				
At beginning of year	9,267	3,151	4,482	16,900
Amortisation charge	671	-	1,549	2,220
Disposals	-	-	(952)	(952)
Foreign exchange	-	-	215	215
At end of year	9,938	3,151	5,294	18,383
Net book value				
At 30 April 2017	**2,180**	-	**9,216**	**11,396**
At 30 April 2016	2,851	-	4,512	7,363

Notes to the Consolidated Financial Statements

For the year ended 30 April 2017

13 Property, plant and equipment

	Leasehold improvements £'000	Computer equipment £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At beginning of year	5,700	11,615	3,994	214	21,523
Additions	1,435	504	602	-	2,541
Disposals	(414)	(4,552)	(721)	-	(5,687)
Foreign exchange	526	333	302	2	1,164
At end of year	7,247	7,900	4,177	216	19,540
Depreciation					
At beginning of year	2,251	9,403	2,042	187	13,883
Depreciation charge	752	1,425	720	27	2,924
Disposals	(414)	(4,550)	(707)	-	(5,685)
Foreign exchange	195	240	137	2	589
At end of year	2,784	6,518	2,192	216	11,710
Net book value					
At 30 April 2017	**4,463**	**1,382**	**1,985**	**-**	**7,830**
At 30 April 2016	3,449	2,212	1,952	27	7,640

Notes to the Consolidated Financial Statements

For the year ended 30 April 2017

14 Investment in joint ventures

The Group owns 49 B Ordinary shares of Swissportald Limited (the "JV company"), a company incorporated in England. The ownership of the JV Company is held via the Group's wholly owned subsidiary Airport Lounge Development Limited. The JV company's business includes the development and operation of private VIP airport lounges within the United Kingdom. Concurrent with the share subscription the Group entered into a joint venture agreement between Servisair UK Limited and the JV company. The terms of the joint venture agreement are such that joint control exists equally between the Group and Servisair.

	2017 £'000	2016 £'000
At beginning of year	600	600
Increase in investment	790	-
Share of profit for year	321	-
At end of year	1,711	600

During 2017, capital injections of £790k were made into the JV company to maintain the existing shareholding. At the reporting date the Group had £nil capital commitments to joint ventures (2016: £nil).

The fair value of the investment has not been disclosed as published price quotations are not available for the shares of the JV company.

15 Investments

	2017 £'000	2016 £'000
Deposits with credit institutions	21,000	20,500

The deposits with credit institutions have a maturity of between three months and one year, and attract interest rates of between 0.37% to 1.00%.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2017

16 Trade and other receivables

	2017 £'000	2016 £'000
Due within one year		
Trade receivables	110,735	74,900
Receivables arising out of direct insurance operations (note 32.1)	16,836	15,191
Receivables arising out of reinsurance operations (note 32.1)	1,682	397
Other receivables	5,281	3,683
Corporation taxation	952	269
Prepayments and accrued income	55,657	31,486
Deferred taxation	505	379
	191,648	126,305

17 Cash and cash equivalents

	2017 £'000	2016 £'000
Cash at bank and in hand	90,214	69,868
Short term deposits	2,004	2,500
	92,218	72,368

Own funds	70,820	57,234
Fiduciary funds	21,398	15,134
	92,218	72,368

18 Trade and other payables

	2017 £'000	2016 £'000
Due within one year		
Trade payables	84,523	48,658
Payables arising out of direct insurance operations (note 32.1)	8,628	9,263
Payables arising out of reinsurance operations (note 32.1)	1,824	5,994
Other payables	18,188	18,528
Claims payable (note 32.1)	8,375	8,612
Social security and other taxes	7,146	5,071
Accruals and deferred income	148,300	98,610
Taxation	7,501	4,290
	284,485	199,026

Notes to the Consolidated Financial Statements

For the year ended 30 April 2017

19 Loans and borrowings

	2017 £'000	2016 £'000
Due within one year		
Bank loans and overdrafts	-	2,250
Loan from related party (note 28)	975	950
Total due within one year	975	3,200
Due in more than one year		
Loan from related party (note 28)	-	625
Total loans and borrowings	975	3,825

On 2 October 2015 the Group entered into a £20m standby multi-currency revolving credit facility with Barclays Bank plc and HSBC Bank plc (the Lenders). The term of the facility is for a period of 3 years from that date. Interest on borrowings under the facility is charged at LIBOR plus a margin ranging from 1.75% to 2.5%, depending on the financial condition of the Group. This condition is reported on through quarterly compliance certificates provided to the Lenders by the Group. A commitment fee of 40% of the applicable margin is payable on the unused portion of the facility. As at 30 April 2017, the total amount drawn down under the facility was £nil (2016: £2.25m).

20 Provisions for liabilities

	Contingent consideration £'000
At beginning of year	329
Paid during year	(118)
Released during year	(227)
Foreign exchange	16
At end of year	-

Contingent consideration recognised at the beginning of the year related to earn-out payments on acquisitions of IdAlerts Canada Inc. and Bienvenue Financiere. During the year the earn-out targets for Bienvenue Financiere were achieved and consideration payments of £118k were paid. Consideration paid that exceeded the provision recognised at the beginning of the year was recorded in the income statement. At the end of the reporting period management reviewed the contingent consideration recognised for IdAlerts Canada Inc., and as payment is not considered probable the provision has been released to the income statement.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2017

21 Deferred taxation

	Unutilised tax losses £'000	Capital allowances £'000	Provisions £'000	Fair Value Adjustments £'000	Goodwill £'000	Total £'000
At beginning of year	121	(195)	815	(368)	6	379
Charged in year	227	66	269	(493)	-	69
Foreign exchange	20	(26)	81	(36)	-	39
Prior year adjustment	10	180	(182)	10	-	18
At end of year	378	25	983	(887)	6	505
Comprising of:						
Deferred taxation assets	378	765	983	-	6	2,123
Deferred taxation liabilities	-	(740)	-	(887)	-	(1,627)
	378	25	983	(887)	6	505

The Group has unrecognised taxation losses amounting to £107.5m (2016: £88.8m).

The Group has a legally enforceable right to set off current taxation assets against current taxation liabilities, and the deferred taxation assets and deferred taxation liabilities relate to income taxes levied by the same taxation authority. Therefore deferred taxes are presented on a net basis in the statement of financial position.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2017

22 Business combinations

The Group has not undertaken any business combinations during the current financial year. Details of business combinations during the financial year ended 30 April 2016 are included below.

2016 business combinations

On 29 October 2015 the Group acquired 100% of the ordinary share capital of idAlerts Canada Inc. (idAlerts), a company offering identity theft detection, protection and recovery services to the customers of many of Canada's highest profile organisations. A portion of the acquisition consideration was contingent on certain revenue and profit related targets and at the reporting date the amount of £199,000 (CAD $400,000) was deemed by the directors as probable and payable in the near future. Refer to note 20 for details of the contingent consideration.

On 8 May 2015 the Group acquired 100% of the ordinary share capital of Specialty Assist Limited ('Speciality') a company offering emergency medical assistance and claims management services. On 6 June 2016, Speciality was renamed to Intana Global Limited.

(i) Consideration and assets acquired

The tables below set out the acquisition consideration, book and fair value of assets acquired and resulting goodwill of the above mentioned acquisitions:

Consideration

	idAlerts £'000	Speciality £'000	Total £'000
Cash	423	977	1,400
Deferred consideration	-	105	105
Contingent consideration	199	-	199
Directly attributable costs	26	22	48
Total consideration	648	1,104	1,752

Book and fair value of net assets acquired

	idAlerts £'000	Speciality £'000	Total £'000
Property, plant and equipment	3	10	13
Cash and cash equivalents	60	214	274
Trade and other receivables	27	1,644	1,671
Trade and other payables	(142)	(1,640)	(1,782)
Total identifiable net assets acquired	(52)	228	176
Goodwill	700	876	1,576
Total	648	1,104	1,752

Notes to the Consolidated Financial Statements

For the year ended 30 April 2017

22 Business combinations (continued)

(ii) Operating results of business combinations

In 2016 the operating results of the acquired companies were included in the consolidated statement of comprehensive income from the date of acquisition. The acquired companies results recognised for that period were £1,472k revenues and £603k operating loss.

23 Share capital

	2017 £'000	2016 £'000
Allotted, called-up and fully paid		
Ordinary shares of £1 each	100	100

The Company has one class of ordinary shares; each share carries one voting right per share with no right to fixed income.

24 Commitments

The Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases as at the reporting date as follows:

	Land and buildings	
	2017 £'000	2016 £'000
Not later than one year	4,563	3,472
Later than one year and not later than five years	11,514	11,403
Later than five years	4,204	4,928
Total future minimum lease payments	20,281	19,803

The Group had capital commitments for computer software totalling £5,106K at 30 April 2017 (2016: £1,878k).

25 Contingent liabilities

There is a fixed and floating charge over all assets of the Group whereby the Group guarantees all amounts due to Barclays Bank Plc by the Group. As at the reporting date the amount due to Barclays Bank Plc by certain group companies was £nil (2016: £nil). Under the group banking offset arrangement the Group had no liability to Barclays Bank Plc at the reporting date.

26 Off balance sheet arrangements

The Group has not entered into any off balance sheet arrangements.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2017

27 Post-retirement benefits

The Group operates a defined contribution pension plan for its employees. The pension cost charged represents contributions payable by the Group and amounted to £3,039k (2016: £2,656k). Contributions amounting to £227k (2016: £219k) were outstanding at the reporting date.

28 Related party transactions

During the year the company entered into trading transactions with International Customer Loyalty Programmes Plc (ICLP plc) a fellow subsidiary that is not wholly owned by the Group. In respect of ICLP plc the company had sales of £43,633 (2016: £35,238) and a net payable of £502,872 (2016: net payable of £336,946).

The Group also had borrowings from Mr C R Evans, the Chairman and ultimate controlling party. Variable rate interest was charged on the loan at 5% above the Bank of England base rate. The loan is unsecured and is repayable in 3 months.

	2017 £'000	2016 £'000
Interest paid in year	85	94
Balance outstanding at end of year	975	1,575

29 Key management personnel

The directors consider the key management personnel of the Group to be the board of directors and the executive management committee. During the year the total remuneration of the key management personnel was £3,802k (2016: £3,600k).

30 Parent undertaking and ultimate controlling party

The directors regard Parminder Limited, a company incorporated in the Isle of Man, to be the Group's ultimate parent undertaking. The ultimate controlling parties identified by the directors are the Trustees of the Colin Evans 1987 Settlement, established under the laws of the Isle of Man, the beneficiary of which is Mr C R Evans.

31 Post balance sheet events

There are no post balance sheet events.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2017

32 Insurance contracts

The Group enters into insurance contracts as part of its activities through its wholly owned subsidiaries Astrenska Insurance Limited (AIL) and PTI Insurance Company Limited (PTI) referred to collectively as the 'insurance companies'. As such the Group is required to apply the provisions of FRS 103 'Insurance Contracts' and the provisions of FRS 102 Section 34 'Specialised Activities' in relation to the financial instruments of the insurance companies within the Group. The following section addresses these requirements for the relevant items included within the consolidated financial statements. Where appropriate intercompany transactions between the insurance companies have been eliminated.

During 2015, PTI ceased writing new business and received approval from the Gibraltar regulator to enter into a Whole Account Reinsurance Agreement (WARA) with AIL. As part of the agreement, effective from 1 May 2015, PTI reinsured 100% of its technical provisions to AIL, paid for by way of cash and the transfer of other assets. The business associated with PTI was not materially dissimilar to that conducted by AIL. Accordingly, a number of the disclosures within this note for both 2016 and 2017 relate solely to AIL.

32.1 Summary results

A summary of the results arising from insurance contracts included within the consolidated financial statements is set out below:

	2017 £'000	2016 £'000
Gross premiums written	**51,819**	45,487
Earned premiums, net of reinsurance	**38,745**	28,100
Claims incurred, net of reinsurance	**(20,471)**	(12,334)
Net operating expense	**(16,596)**	(16,558)
Consolidated result from the technical accounts of insurance companies	**1,678**	(792)

Notes to the Consolidated Financial Statements

For the year ended 30 April 2017

32 Insurance contracts (continued)

32.1 Summary results (continued)

A summary of the assets and liabilities of the insurance companies as included in the consolidated financial statements is set out below:

	2017 £'000	2016 £'000
Assets		
Investments	**21,000**	20,500
Reinsurers share of technical provisions	**10,476**	10,513
Receivables arising out of direct insurance operations	**16,836**	15,191
Receivables arising out of reinsurance operations	**1,682**	397
Other receivables	**2,705**	2,474
Cash and cash equivalents	**6,469**	11,235
Deferred acquisition costs	**7,088**	8,734
Prepayments and accrued income	**6,434**	1,513
Total assets	**72,690**	70,557
Liabilities		
Provision for unearned premiums	**21,543**	20,314
Claims outstanding	**8,702**	8,612
Payables arising from direct insurance operations	**8,628**	9,263
Payables arising from reinsurance operations	**1,824**	5,994
Other payables	**4,217**	832
Accruals and deferred income	**3,179**	3,462
Total liabilities	**48,093**	48,477

Notes to the Consolidated Financial Statements

For the year ended 30 April 2017

32 Insurance contracts (continued)

32.2 Particulars of business written

An analysis of the consolidated technical accounts of AIL is set out below:

2017	Gross premiums written £'000	Gross premiums earned £'000	Gross claims incurred £'000	Gross operating expenses £'000	Reinsurance balance £'000	Total £'000
Accident and health	35,605	34,287	(17,440)	(18,589)	(1,864)	(3,606)
Assistance	16,214	16,303	(5,980)	(5,673)	(426)	4,224
Total	**51,819**	**50,590**	**(23,420)**	**(24,262)**	**(2,290)**	**618**

2016	Gross premiums written £'000	Gross premiums earned £'000	Gross claims incurred £'000	Gross operating expenses £'000	Reinsurance balance £'000	Total £'000
Accident and health	29,111	28,721	(12,807)	(17,372)	(1,000)	(2,458)
Assistance	16,376	18,069	(9,424)	(5,453)	(1,073)	2,119
Total	45,487	46,790	(22,231)	(22,825)	(2,073)	(339)

Notes to the Consolidated Financial Statements

For the year ended 30 April 2017

32 *Insurance contracts (continued)*

32.3 Insurance contract liabilities and reinsurance assets

The reconciliation of changes in balances within this section relate solely to the insurance contracts and reinsurance assets of AIL.

The movement in the unearned premium provision during the year was as follows:

	2017		2016	
	Gross provision £'000	Reinsurance asset £'000	Gross provision £'000	Reinsurance asset £'000
At beginning of year	20,314	8,344	16,887	8,001
Increase/(decrease) in provision	1,229	(892)	3,427	343
At end of year	**21,543**	**7,452**	20,314	8,344

The movement in the provision for claims outstanding during the year was as follows:

	2017		2016	
	Gross provision £'000	Reinsurance asset £'000	Gross provision £'000	Reinsurance asset £'000
At beginning of year	8,551	2,165	4,538	2,113
Claims incurred in current year	20,958	9,169	24,664	13,019
Adjustment to claims incurred in prior years	2,379	931	2,799	325
Claims paid during year	(23,596)	(9,457)	(23,539)	(13,296)
Prior year claims	83	4	89	4
At end of year	**8,375**	**2,812**	8,551	2,165

The movement in the deferred acquisition costs during the year is as follows:

	2017		2016	
	Gross asset £'000	Reinsurance liability £'000	Gross asset £'000	Reinsurance liability £'000
At beginning of year	8,734	2,385	7,922	(2,152)
Deferred	17,800	6,593	21,925	(5,646)
Amortisation	(16,699)	(6,457)	(21,113)	5,413
At end of year	**9,835**	**2,521**	8,734	(2,385)

Notes to the Consolidated Financial Statements

For the year ended 30 April 2017

32 Insurance contracts (continued)

32.4 Management of insurance risks

Insurance risk arises from the inherent uncertainties as to the occurrence, amount and timing of insured events. The primary risk associated with insurance contracts in force at the end of fiscal year 2017 reside within AIL. The AIL Board is responsible for setting the overall underwriting strategy and defining the risk appetite, with monitoring delegated to the AIL Reserving Committee. AIL uses both quota share reinsurance and excess of loss reinsurance contracts to mitigate insurance risk, essentially by reducing exposure to large individual claims or aggregated losses from a single event.

Insurance risks
The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that AIL faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. AIL has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk and geographical location.

Frequency and severity of claims
Health and travel assistance claims are predominately in the personal sector and tend to be high frequency with low severity. Higher value claims can arise where the insured event results in severe personal injury or severe and complex health issues. Estimated inflation is often a significant factor due to the long period typically required to settle these cases. AIL applies underwriting criteria to the book to limit the number of older individuals and/or individuals with pre-existing medical conditions, where health issues are more likely.

For travel products, climatic changes give rise to more frequent and severe extreme weather events (for example, river flooding, hurricanes and typhoons) and their consequences (for example, flight delays, stranding and personal injury claims). For certain contracts, AIL has limited the number of claims that can be paid in any policy year or introduced a maximum amount payable for claims in any policy year.

AIL has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. The insurance risk arising from these contracts is not concentrated in any of the territories in which AIL operates.

AIL's reinsurance arrangements include quota share and excess of loss coverage. The effect of such reinsurance is to limit net insurance losses on any particular claim to £197k for medical expense claims and £100k for assistance claims.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2017

32 Insurance contracts (continued)

32.4 Management of insurance risks (continued)

Motor breakdown claims are predominately high frequency with low severity. The frequency and severity of claims can be affected by the age and type of vehicle insured. AIL manages these risks through its underwriting strategy and proactive claims handling. AIL has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim.

Estimation of future claims payments

Claims on health, travel assistance and breakdown cover contracts are payable on a claims-occurrence basis. AIL is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time, and a large element of the claims provision relates to incurred but not reported claims (IBNR). The compensation paid on these contracts is the monetary awards granted for medical care or assistance in relation to insured events suffered. Such awards are lump-sum payments that are calculated as the present value of the rehabilitation expenses that the insured party will incur as a result of the incident.

The estimated cost of claims includes direct expenses to be incurred in settling claims. AIL takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprises a provision for IBNR and a provision for reported claims not yet paid. The amount of personal injury claims is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort.

In calculating the estimated cost of unpaid claims (both reported and not), AIL's estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a particular financial year in relation to such claims) and an estimate based upon actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes. An allowance for risk and uncertainty is made within claims outstanding.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to AIL, where information about the claim event is available. IBNR claims may not be apparent to the insured until many years after the event that gave rise to the claims. For large personal injury claims the IBNR will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities.

In estimating the liability for the cost of reported claims not yet paid, AIL considers any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

Where possible, AIL adopts multiple techniques to estimate the required level of provisions. This provides a greater understanding of the trends inherent in the experience being projected. The projections given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each year.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2017

32 Insurance contracts (continued)

32.4 Management of insurance risks (continued)

A development of the estimate of ultimate claim cost for claims notified in a given year is presented later in this note. This gives an indication of the accuracy of AIL's estimation technique for claims payments.

Sensitivity to changes in the value of insurance liabilities

AIL uses assumptions based mainly on internal data to measure its claims liabilities. Internal data is derived mostly from quarterly claims reports. AIL uses several statistical methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The two methods most commonly used are the chain ladder and Bornhuetter-Ferguson methods. Chain-ladder methods may be applied to premiums, paid claims or incurred claims (for example, paid claims plus case estimates). The basic technique involves the analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to cumulative claims data for each year that is not yet fully developed to produce an estimated ultimate claims cost for each year.

Chain-ladder techniques are most appropriate for those years and classes of business that have reached a relatively stable development pattern. Chain-ladder techniques are less suitable in cases in which the insurer does not have a developed claims history for a particular class of business.

The Bornhuetter-Ferguson method uses a combination of a benchmark or market- based estimate and an estimate based on claims experience. The former is based on a measure of exposure such as premiums; the latter is based on the paid or incurred claims to date. The two estimates are combined using a formula that gives more weight to the experience-based estimate as time passes. This technique has been used in situations in which developed claims experience was not available for the projection (such as more recent years).

During 2017, AIL's estimation model for claims had been updated to reflect minor changes in claims experience during the year. There were no other significant changes to assumptions.

The table below shows the sensitivity of the value of AIL's insurance liabilities to movements in the assumptions used in the estimation of insurance liabilities, and the impact this would have on the profit or loss and equity of AIL. To calculate the sensitivity the loss ratio was changed by increasing or decreasing it by 5% with all other variables remaining constant.

		2017		2016
	5% increase £'000	5% decrease £'000	5% increase £'000	5% decrease £'000
Accident and health	(927)	927	(640)	640
Assistance	(244)	244	(471)	471
Total impact on gross claims liabilities	(1,171)	1,171	(1,111)	1,111
Total impact on profit after tax and equity	(1,171)	1,171	(1,111)	1,111

Notes to the Consolidated Financial Statements

For the year ended 30 April 2017

32 Insurance contracts (continued)

32.4 Risks arising from insurance contracts (continued)

Claims development tables

The development of insurance liabilities provides a measure of AIL's ability to estimate the ultimate value of claims. The table below illustrates how AIL's estimate of total claims outstanding for each accident year has changed at successive year-ends and reconciles the cumulative claims to the amount appearing in the statement of financial position. AIL has taken the transition exemption under FRS 103 paragraph 6.3 not to disclose information about claims development that occurred earlier than five years before the end of the first financial year in which it applied FRS 103.

(a) Claims outstanding - gross

Underwriting year	2013 £'000	2014 £'000	2015 £'000	2016 £'000	2017 £'000	Total £'000
Estimate of ultimate claims costs:						
- At end of reporting period	*1,485*	*1,277*	*667*	*1,338*	*1,840*	*6,607*
- One year later	9.209	9,879	12,483	17,448	-	49,019
- Two years later	12,659	25,451	22,130	-	-	60,240
- Three years later	12,441	21,389	-	-	-	33,830
- Four years later	12,346	-	-	-	-	12,346
Current estimate of cumulative claims	12,346	21,839	22,130	17,448	24,664	75,153
Cumulative payments to date	(12,330)	(21,407)	(20,634)	(13,249)	(20,921)	(67,838)
Liability recognised at the reporting date	**16**	**342**	**1,496**	**4,199**	**1,262**	**7,315**
Provision in respect of prior years						187
Provisions for adverse deviation and shock loss						873
Total provision included in statement of financial position						**8,375**

(b) Claims outstanding – net

Underwriting year	2013 £'000	2014 £'000	2015 £'000	2016 £'000	2017 £'000	Total £'000
Estimate of ultimate claims costs:						
- At end of reporting period	987	1,129	516	781	1,360	4,773
- One year later	3,920	4,750	6,611	11,721	-	27,002
- Two years later	4,920	17,457	10,800	-	-	33,177
- Three years later	4,694	13,772	-	-	-	18,466
- Four years later	4,724	-	-	-	-	4,724
Current estimate of cumulative claims	4,724	13,772	10,800	11,721	1,360	42,377
Cumulative payments to date	(4,717)	(13,454)	(10,486)	(8,791)	(423)	(37,871)
Liability recognised at the reporting date	**7**	**318**	**314**	**2,930**	**937**	**4,506**
Provision in respect of prior years						184
Provisions for adverse deviation and shock loss						873
Total provision included in statement of financial position						**5,563**

Notes to the Consolidated Financial Statements

For the year ended 30 April 2017

32 Insurance contracts (continued)

32.5 Financial instruments of the insurance companies

The insurance companies hold the following financial instruments, other than those arising from insurance contracts:

	2017 £'000	2016 £'000
Financial assets that are debt instruments measured at amortised cost		
Deposits with credit institutions	**21,000**	20,500
Cash and cash equivalents	**6,469**	11,235
Other receivables	**50**	104
Amounts owed by group undertakings	**2,655**	3,311
Accrued interest	**56**	34

	2017 £'000	2016 £'000
Financial liabilities measured at amortised cost		
Other creditors excluding taxation and social security	**182**	684
Amounts owed to group undertakings	**3,642**	4

The carrying value of these financial instruments is considered to approximate to their fair value at the reporting dates.

32.6 Financial risk management of the insurance companies

The insurance companies are exposed to a range of financial risks, in particular, the key financial risk is that the processed from financial assets are not sufficient to fund the obligations arising from insurance policies as they fall due. The most important components of this financial risk are market risk (including interest rate risk, equity price risk and currency risk), credit risk and liquidity risk. The specific risks that AIL faces due to the nature of its investments and liabilities are currency risk, credit risk and liquidity risk.

(i) Market risk

Interest rate risk

AIL holds deposits with credit institutions which have fixed rates of interest over varying durations. AIL regularly compares the returns and the duration of the fixed term deposits with the average duration of the liabilities to policyholders under insurance contracts. Any gap between the duration of the assets and the estimated average duration of the liabilities is managed by maintaining short term deposits and cash.at bank and in hand.

Due to the fact that fixed rates of interest are earned on all deposits with credit institutions, investment returns will not fluctuate because of changes in market interest rates.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2017

32.6 Financial risk management of the insurance companies (continued)

Currency risk

AIL manages its foreign exchange risk against its functional currency. Foreign exchange arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

AIL is exposed to currency risk in respect of liabilities under policies of insurance denominated in currencies other than sterling. The most significant foreign currency to which AIL is exposed is the Euro as illustrated in the table below which shows the financial assets and liabilities of AIL by currency.

	2017 £'000	2016 £'000
Financial assets		
Sterling	**19,970**	23,955
Euro	**17,320**	13,449
US dollar	**5,430**	2,656
Emirati dirham	**2,631**	3,317
Other	**(28)**	60
	45,323	43,437
Financial liabilities		
Sterling	**15,603**	17,466
Euros	**6,478**	6,198
US dollar	**683**	190
Emirati dirham	**(103)**	886
Other	**(10)**	34
	22,651	24,774

AIL seeks to mitigate the risk by matching the estimated foreign currency denominated liabilities with assets denominated in the same currency. AIL has no designated hedging contracts. As at 30 April 2017, if the pound had weakened/strengthened by 10% against other currencies, with all other variances held constant, profit for the year and equity would have been lower/higher as illustrated below.

	2017 £'000	2016 £'000
Sterling increases by 10%		
Euro	**(985)**	(989)
US dollar	**(432)**	(224)
Emirati dirham	**(249)**	(221)
Other	**(6)**	(29)
	(1,672)	(1,463)
Sterling decreases by 10%		
Euro	**1,204**	1,208
US dollar	**528**	274
Emirati dirham	**304**	270
Other	**7**	35
	2,043	1,787

Notes to the Consolidated Financial Statements

For the year ended 30 April 2017

32.6 Financial risk management of the insurance companies (continued)

The table below considers PTI's financial assets and financial liabilities denominated in the currencies of the insurance companies' principal foreign exchange exposures in aggregate:

	2017 £'000	2016 £'000
Financial assets		
Euro	3,108	2,102
US dollar	115	107
	3,223	2,209
Financial liabilities		
Euro	-	1
US dollar	-	-
	-	1

The impact to PTI's reported profit given a 15% increase or decrease in the foreign exchange rate in respect of PTI's net foreign exchange exposure to the Euro would be £466,000 (2016: £315,000). A similar 15% increase or decrease in the foreign exchange rate of PTI's net USD exposure would be £17,000 (2016: £16,000)

(ii) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where AIL is exposed to credit risk are reinsurers' share of insurance liabilities; amounts due from reinsurers in respect of claims already paid; amounts due from insurance contract holders; amounts due from insurance intermediaries; and counterparty risk with respect to cash deposits.

AIL manages the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparty, and to geographical and industry segments. Such risks are subject to regular review.

Reinsurance is used to manage insurance risk. This does not, however, discharge the AIL's liability as primary insurer. If a reinsurer fails to pay a claim, AIL remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract. In addition, management assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information. The recent payment history of reinsurers is also used to update the reinsurance purchasing strategy. AIL currently has concentrations of credit risk in respect of reinsurance assets held with Munich Re which represent 82% (2016: 93%) of reinsurance assets.

Exposure to credit risk in respect of amounts due from policyholders is mitigated by the AIL's large customer base and the low average level of balances outstanding. AIL is not exposed to concentrations of credit risk in respect of policyholders. There is also mitigation by the operation of controls in this area, including payment on policy acceptance and automated cancellation procedures for policies in default. The assets bearing credit risk are summarised below, together with an analysis by credit rating, which were sourced from Fitch Ratings.

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For the year ended 30 April 2017

32.6 Financial risk management of the insurance companies (continued)

	AA £'000	A £'000	BBB £'000	Not rated £'000	Total £'000
2017					
Deposits with credit institutions	-	14,000	7,000	-	21,000
Cash and cash equivalents	3,001	-	-	-	3,001
Intermediaries	-	-	-	16,722	16,722
Policy holders	-	-	-	64	64
Arising out of reinsurance operations	-	-	-	1,666	1,666
Other receivables	-	-	-	50	50
Amounts owed by group undertakings	-	-	-	2,714	2,714
Accrued interest	-	-	-	56	56
	3,001	14,000	7,000	21,322	45,323

	AA £'000	A £'000	BBB £'000	Not rated £'000	Total £'000
2016					
Deposits with credit institutions	-	16,500	4,000	-	20,500
Cash and cash equivalents	5,247	2,500	-	-	7,747
Intermediaries	-	-	-	15,015	15,015
Policy holders	-	-	-	176	176
Arising out of reinsurance operations	-	-	-	397	397
Other receivables	-	-	-	38	38
Amounts owed by group undertakings	-	-	-	2,608	2,608
Accrued interest	-	-	-	34	34
	5,247	19,000	4,000	18,268	46,515

PTI had deposits with credit institutions £nil (2016: nil) with credit quality rated A (2016: rating of A). It also had cash and cash equivalents of £3,468k (2016: £3,488k) at banks with credit rating of A. Other financial assets of PTI in 2017 primarily related to amounts owed by fellow group companies.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2017

32 Insurance contracts (continued)

32.6 Financial risk management of the insurance companies (continued)

An analysis of AIL's insurance receivables that were past due but not impaired is set out below.

	Total £'000	Neither past due nor impaired £'000	Past due but not impaired < 60 days £'000	60-120 days £'000	> 120 days £'000
2017					
Intermediaries	**16,722**	**6,756**	**6,970**	**1,480**	**1,566**
Policy holders	**64**	**3**	**-**	**-**	**61**
Receivables arising out of reinsurance operations	**1,666**	**1,580**	**7**	**11**	**68**
Other receivables	**50**	**50**	**-**	**-**	**-**
Amounts owed by group undertakings	**2,714**	**623**	**1,172**	**20**	**899**
Accrued interest	**56**	**56**	**-**	**-**	**-**
	21,322	**9,068**	**8,149**	**1,511**	**2,594**
2016					
Intermediaries	15,015	11,094	374	2,811	736
Policy holders	176	16	111	11	38
Receivables arising out of reinsurance operations	397	397	-	-	-
Sundry receivables	38	38	-	-	-
Amounts owed by group undertakings	2,608	2,608	-	-	-
Accrued interest	34	34	-	-	-
	18,268	14,187	485	2,822	774

An allowance has been made for estimated irrecoverable amounts from AIL's insurance customers, determined by reference to past default experience. All amounts that have not been provided for are expected to be recoverable. The table below shows the movement in the impairment allowance during the year.

	2017 £'000	2016 £'000
At beginning of year	908	19
Provision released in year	(162)	889
At end of year	746	908

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32.6 Financial risk management of the insurance companies (continued)

*(iii) **Liquidity risk***

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The primary liquidity risk of AIL is the obligation to pay claims to policyholders as they fall due.

The projected settlement of these liabilities is modelled, on a regular basis, using actuarial techniques. The AIL Board sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of borrowing facilities that should be in place to cover anticipated liabilities and unexpected levels of demand. The table below analyses the maturity of AIL's financial liabilities and outstanding claims. All liabilities are presented on a contractual cash flow basis except for the insurance liabilities, which are presented with their expected cash flows. The amounts disclosed in the table represent undiscounted cash flows. PTI's remaining claim obligations have been fully reinsured with AIL which have been factored in the tables below in respect of 2017 and 2016.

	Timing of cash flows				
	Within one year £'000	Between one and two years £'000	Between two and five years £'000	More than five years £'000	Total £'000
2017					
Provision for unearned premiums	21,543	-	-	-	21,543
Claims outstanding	7,689	617	69	-	8,375
Payables arising from direct insurance operations	8,628	-	-	-	8,628
Payables arising from reinsurance operations	1,824	-	-	-	1,824
Other payables excluding taxation and social security	182	-	-	-	182
Amounts owing to group undertakings	3,642	-	-	-	3,642
	43,508	617	69	-	44,194

	Timing of cash flows				
	Within one year £'000	Between one and two years £'000	Between two and five years £'000	More than five years £'000	Total £'000
2016					
Provision for unearned premiums	20,173	141	-	-	20,314
Claims outstanding	7,851	630	70	-	8,551
Payables arising from direct insurance operations	9,249	-	-	-	9,249
Payables arising from reinsurance operations	5,972	-	-	-	5,972
Other payables excluding taxation and social security	684	-	-	-	684
Amounts owing to group undertakings	396	-	-	-	396
	44,325	771	70	-	45,166

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For the year ended 30 April 2017

32 Insurance contracts (continued)

32.7 Capital management of the insurance companies

AIL is regulated by the Prudential Regulation Authority and is subject to insurance solvency regulations which specify the minimum amount and type of capital that must be held in addition to the insurance liabilities.

AIL's objectives in managing its capital are to match the profile of its assets and liabilities, taking account of the risks inherent in the business; to maintain financial strength to support new business growth; to satisfy the requirements of its policyholders, regulators and rating agencies; to retain financial flexibility by maintaining strong liquidity and access to a range of capital markets; to allocate capital efficiently to support growth; and to manage exposures to movement in exchange rates.

AIL manages its capital in accordance with its Capital Management Policy which sets AIL's objectives, policy and processes, which includes capital planning to ensure AIL holds the right amount of capital to meet its objectives; and capital allocation to ensure AIL maximises its capital returns.

AIL's capital consists of ordinary share capital and retained earnings, but AIL has a number of sources of capital available to it. AIL considers not only the traditional sources of capital funding but the alternative sources of capital including reinsurance and securitisation, as appropriate, when assessing its deployment and usage of capital. AIL manages as capital all items that are eligible to be treated as capital for regulatory purposes.

The Solvency II regime has been effective from 1 January 2016 and establishes a new set of EU-wide capital requirements, risk management and disclosure standards. AIL is now subject to these regulations. AIL is required to meet a Solvency Capital Requirement (SCR) which is calibrated to seek to ensure a 99.5% confidence of the ability to meet obligations over a 12 month time horizon. AIL calculates its SCR in accordance with the standard formula prescribed in the Solvency II regulations as the assumptions underlying the standard formula are considered to be a good fit for the AIL's risk profile.

AIL aims to maintain capital at a level of 200% of the Solvency Capital Requirement. At 30 April 2017, under Solvency II the total unaudited capital available to meet this requirement is approximately £21,511k which exceeds this 200% target. AIL has complied with all externally imposed capital requirements throughout the year.

PTI's operations are regulated by the Gibraltar Financial Services Commission and are subject to insurance solvency regulations which specify the minimum amount of capital that must be held in addition to its insurance liabilities. PTI manages its capital in accordance with these rules and has embedded in its processes the necessary tests to ensure continuous and full compliance with such regulations. PTI has complied with all regulatory requirements in the current and prior year.

Notes to the Consolidated Financial Statements

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33 Investment in subsidiary undertakings

The Group has the following investments in subsidiary undertakings:

Name	Country of incorporation	Class of shares held	Percentage of equity shares and voting rights held %
Investment Companies			
Bienvenue Financiere	France	Ordinary	100
Collinson Digital (Holdings) Limited	England	Ordinary	100
Collinson Finance Limited	England	Ordinary	100
Collinson Group (Asia) Pte Limited	Singapore	Ordinary	100
Collinson Group (Trademarks) Limited	England	Ordinary	100
Collinson Group (USA) Inc	USA	Ordinary	100
Collinson Group Australia Pty Limited	Australia	Ordinary	100
Collinson Insurance (Holdings) Limited	England	Ordinary	100
Collinson Insurance Group Limited	England	Ordinary	100
IAPA (Holdings) Limited	England	Ordinary	100
ICLP Worldwide Limited	England	Ordinary	100
International Customer Loyalty Programmes (Holdings) Limited	England	Ordinary	100
International Customer Loyalty Programmes (Overseas Holdings) Limited	England	Ordinary	100
Partnership Marketing (Holdings) Limited	England	Ordinary	100
Partnership Marketing (Overseas Holdings) Limited	England	Ordinary	100
Partnership Marketing (UK Holdings) Limited	England	Ordinary	100
Preferential Group Holdings Limited	England	Ordinary	100
Preferential Group Limited	England	Ordinary	100
Preferential Holdings Limited	England	Ordinary	100
Priority Pass (Holdings) Limited	England	Ordinary	100
Priority Pass (Overseas Holdings) Limited	England	Ordinary	100
Priority Pass (UK Holdings) Limited	England	Ordinary	100
Priority Travel Group (Holdings) Limited	England	Ordinary	100
Talon Services Limited	Guernsey	Ordinary	100
The Collinson Group (IT) Limited	England	Ordinary	100
The Collinson Group (Overseas Holdings) Limited	England	Ordinary	100
Travel and membership services			
Airport Lounge Development Limited	England	Ordinary	100
Airport Lounge Developments Inc	USA	Ordinary	100
Airport Lounge Operations LLC	USA	Ordinary	80
ALD Development Corp	USA	Ordinary	100
Frequent Flyer Club Inc	USA	Ordinary	100
Frequent Flyer Club Of America Inc	USA	Ordinary	100
Global Membership Services Limited	Gibraltar	Ordinary	100
IAPA (Global) Limited	Gibraltar	Ordinary	100

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34 Investment in subsidiary undertakings (continued)

IAPA (Travel Services) Inc	USA	Ordinary	100
IAPA Limited	Gibraltar	Ordinary	100
International Airline Passengers Association (EAME) Limited	England	Ordinary	100
International Airline Passengers Association (Far East) Limited	Hong Kong	Ordinary	100
International Airline Passengers Association (Group Publications) Limited	England	Ordinary	100
International Airline Passengers Association Services (EAME) Limited	England	Ordinary	100
Lounge Access Inc	USA	Ordinary	100
Lounge Access Limited	England	Ordinary	100
Lounge Gateway Limited	England	Ordinary	100
Lounge Key AP Limited	Hong Kong	Ordinary	100
Lounge Key Inc	USA	Ordinary	100
Lounge Key Limited	England	Ordinary	100
Priority Pass (Far East) Limited	England	Ordinary	100
Priority Collection (Asia) Limited	Hong Kong	Ordinary	100
Priority Collection Limited	England	Ordinary	100
Priority Pass (AP) Limited	Hong Kong	Ordinary	100
Priority Pass (Asia) Pte Limited	Singapore	Ordinary	100
Priority Pass Inc	USA	Ordinary	100
Priority Pass KK Limited	Japan	Ordinary	100
Priority Pass Limited	England	Ordinary	100
Priority Travel Group (Asia) Limited	Hong Kong	Ordinary	100
Priority Travel Group Inc	USA	Ordinary	100
The Club At Phx Inc	USA	Ordinary	100
The Executive Club International Limited	England	Ordinary	100

Insurance and assistance services

Astrenska Insurance Limited	England	Ordinary	100
Astrenska Limited	England	Ordinary	100
Astrenska Pty Limited	Australia	Ordinary	100
Club Direct (UK) Limited	England	Ordinary	100
Collinson IG (Management) Limited	England	Ordinary	100
Collinson Insurance Brokers Inc	USA	Ordinary	100
Collinson Insurance Brokers Limited	England	Ordinary	100
Collinson Insurance Services Limited	England	Ordinary	100
Columbus Direct Limited	Hong Kong	Ordinary	100
Columbus Direct Pte Limited	Singapore	Ordinary	100
Columbus Direct Travel Insurance Pty Limited	Australia	Ordinary	100
Columbus Insurance Services Limited	England	Ordinary	100
Columbus Travel Insurance Services Limited	England	Ordinary	100
Global Claims Services Limited	England	Ordinary	100
Global Insurance Solutions Limited	England	Ordinary	100
Intana Global Limited	England	Ordinary	100
Mediquote Limited	England	Ordinary	100
One Claims Limited	England	Ordinary	100

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34 Investment in subsidiary undertakings (continued)

Optimum Underwriting Limited	England	Ordinary	100
Preferential Direct Limited	*England*	*Ordinary*	*100*
Preferential Insurance Services Limited	England	Ordinary	100
PTI Insurance Company Limited	Gibraltar	Ordinary	100

Loyalty, marketing and related services

Aero24 (Pty) Limited	South Africa	Ordinary	100
Aero24 Inc	USA	Ordinary	100
Aero24 Limited	England	Ordinary	100
CCS Consumer And Communication Services Gmbh	Germany	Ordinary	100
Chase Response (Management Services) Limited	England	Ordinary	100
Chase Response Limited	England	Ordinary	100
Cogent Analytics Limited	England	Ordinary	100
Collinson Latitude FZ LLC	UAE	Ordinary	100
Collinson (Latitude) Inc	USA	Ordinary	100
Collinson (Latitude) Limited	England	Ordinary	100
Collinson (Latitude) Pte Limited	Singapore	Ordinary	100
Collinson (Product Innovation) Limited	*England*	*Ordinary*	*100*
Collinson Group South Africa (Pty) Limited	South Africa	Ordinary	100
Collinson Latitude (AP) Limited	Hong Kong	Ordinary	100
Collinson Technology Services Limited	England	Ordinary	100
Core8 Limited	England	Ordinary	100
Global Marketing Software Limited	England	Ordinary	100
idAlerts Canada Inc	Canada	Ordinary	100
International Customer Loyalty Programmes (AP) Pte Limited	Singapore	Ordinary	100
International Customer Loyalty Programmes (Shanghai) Limited	China	Ordinary	100
International Customer Loyalty Programmes AG Limited	Switzerland	Ordinary	100
International Customer Loyalty Programmes Brasil Limiteda	Brazil	Ordinary	100
International Customer Loyalty Programmes Inc	USA	Ordinary	100
International Customer Loyalty Programmes KK Limited	Japan	Ordinary	100
International Customer Loyalty Programmes Limited	Hong Kong	Ordinary	100
International Customer Loyalty Programmes Loyalty Systems (Asia) Pte Limited	*Singapore*	*Ordinary*	*100*
International Customer Loyalty Programmes Plc	England	Ordinary	99
International Customer Loyalty Programmes Pty Limited	Australia	Ordinary	100
International Customer Loyalty Programmes Pvt Limited	India	Ordinary	100
Partnership Marketing Agency (Asia) Pte Limited	Singapore	Ordinary	100
Partnership Marketing Agency Limited	England	Ordinary	100
Partnership Marketing Agency Limited	Hong Kong	Ordinary	100
Partnership Marketing Limited	England	Ordinary	100
Partnership Marketing Network (Asia) Pte Limited	Singapore	Ordinary	100
Partnership Marketing Network Limited	England	Ordinary	100
Travel Information Services Bv	Netherlands	Ordinary	100
Vivid Lime Limited	England	Ordinary	100
Welcome Real Time	Brazil	Ordinary	100
Welcome Real Time ASPAC	*Singapore*	*Ordinary*	*100*

Notes to the Consolidated Financial Statements

For the year ended 30 April 2017

34 Investment in subsidiary undertakings (continued)

Welcome Real Time Inc	USA	Ordinary	100
Welcome Real Time SAS	France	Ordinary	100
Worldwide Travel Concierge Limited	England	Ordinary	100

Shared and administration services

Collinson (Central Services) Limited	England	Ordinary	100

For the year ended 30 April 2017 certain subsidiary undertakings were entitled to exemption from audit under section 479A of the Companies Act 2006 relating to the audit of accounts. The members of the following subsidiary undertakings have not required them to obtain an audit of their financial statements for the year ended 30 April 2017.

Subsidiary undertaking	Registered number
Astrenska Limited	03924813
Astrenska Insurance Holdings Limited	10330418
Club Direct (UK) Limited	04573579
Collinson Insurance Group	06312711
Collinson Insurance Holdings Limited	06311859
Collinson Service Solutions Limited	02474708
Global Claims Service Limited	02943792
International Customer Loyalty Programmes (Holdings) Limited	06311788
International Customer Loyalty Programmes (Overseas Holdings) Limited	06312662
Mediquote Limited	06346553
Optimum Underwriting Limited	03805719
Preferential Insurance Services Limited	03190412

Company Statement of Financial Position

As at 30 April 2017

	Note	2017 £'000	2016 £'000
Non-current assets			
Intangible assets	4	-	87
Property, plant and equipment	5	-	26
Investments in subsidiary undertakings	6	**33,310**	33,206
		33,310	33,319
Current assets			
Receivables	7	**38,974**	35,863
Cash and cash equivalents		**8**	199
		38,982	36,062
Current liabilities			
Trade and other payables	8	**(23,776)**	(21,766)
Loans and borrowings	9	**(975)**	(950)
		(24,751)	(22,716)
Net current assets		**14,231**	13,346
Total assets less current liabilities		**47,541**	46,665
Non-current liabilities			
Loans and borrowings	9	-	(625)
Net assets		**47,541**	46,040
Capital and reserves			
Share capital	11	**100**	100
Retained earnings		**47,441**	45,940
Total equity		**47,541**	46,040

These financial statements were approved by the board of directors and authorised for issue on 18 October 2017.

Director
C R Evans

The notes on pages 70 to 77 are an integral part of these financial statements.

Company Statement of Changes in Equity

For the year ended 30 April 2017

	Share capital £'000	Retained earnings £'000	Total £'000
At 1 May 2016	100	45,940	46,040
Profit for the year	-	2,761	2,761
Other comprehensive income	-	-	-
Total comprehensive income	-	2,761	2,761
Dividends paid	-	(1,260)	(1,260)
At 30 April 2017	**100**	**47,441**	**47,541**
At 1 May 2015	100	39,005	39,105
Profit for the year	-	8,950	8,950
Other comprehensive income	-	-	-
Total comprehensive income	-	8,950	8,950
Dividends paid	-	(2,015)	(2,015)
At 30 April 2016	100	45,940	46,040

The notes on pages 70 to 77 are an integral part of these financial statements.

Notes to the Company Financial Statements

For the year ended 30 April 2017

1 Accounting policies

1.1 General information

The Collinson Group Limited ('the Company') is a limited company incorporated in the United Kingdom. The address of its registered office and principal place of business is Cutlers Exchange, 123 Houndsditch, London, EC3A 7BU.

The principal activity of the Company is that of a group holding company.

The financial statements have been presented in Pounds Sterling as this is the Company's functional currency, being the primary economic environment in which the Company operates.

1.2 Basis of preparation

These financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' ('FRS 102') and applicable legislation, as set out in the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. These financial statements have been prepared under the historical costs convention.

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 is included in the consolidated financial statements of its parent undertaking, The Collinson Group Limited. Note 15 provides details of where those consolidated financial statements may be obtained from.

In preparing these financial statements, the Company has taken advantage of the following exemptions:

I. from presenting a statement of cash flows, as required by Section 7 'Statement of Cash Flows';

II. from disclosing key management personnel compensation, as required by FRS 102 paragraph 33.7; and

III. from presenting a reconciliation of the number of shares outstanding at the beginning and end of the year, as required by FRS 102 paragraph 4.12.

On the basis that equivalent disclosures are given in the consolidated financial statements the Company has also taken advantage of the exemption not to provide:

IV. the disclosure requirements of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues'.

The Company has taken advantage of the exemption available under Section 408 of the Companies Act 2006 not to present its individual statement of comprehensive income.

1.3 Accounting policies

The accounting policies applied by the Company are set out within the accounting policies of the consolidated financial statements presented on pages 26 to 33.

Notes to the Company Financial Statements

For the year ended 30 April 2017

2 Critical accounting judgements and key sources of estimation uncertainty

In applying the Company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

2.1 Critical judgements in applying the Company's accounting policies

(i) Assessing indicators of impairment

In assessing whether there have been any indicators of impairment assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit rating s and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

2.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimating value in use

Where an indication of impairment exists the directors will carry out an impairment review to determine the recoverable amount, which is the higher of fair value less cost to sell and value in use. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the asset or the cash generating unit and a suitable discount rate in order to calculate present value.

(ii) Recoverability of receivables

The Company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the directors consider factors such as the aging of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

(iii) Contingent consideration

Where the consideration for a business combination is contingent on the outcome of future events, there is a requirement to recognise the estimated adjustment to the cost of the business combination as a result of those future events. The directors estimate the outcome of future events using forecasting models. The projections obtained from these models are the result of a number of inputs and assumptions and the actual results may vary from the estimate.

Notes to the Company Financial Statements

For the year ended 30 April 2017

3 Profit for year

	2017 £'000	2016 £'000
Profit for year	**2,761**	8,950

4 Intangible assets

	Acquired software £'000
Cost	
At beginning of year	306
Disposals	(306)
At end of year	-
Amortisation	
At beginning of year	219
Amortisation charge	16
Disposals	(235)
At end of year	-
Net book value	
At 30 April 2017	**-**
At 30 April 2016	87

Notes to the Company Financial Statements

For the year ended 30 April 2017

5 Property, plant and equipment

	Computer equipment	Furniture, fittings & equipment	Motor Vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At beginning and end of year	42	2	196	240
Disposals	(42)	(2)		(44)
At end of year	-	-	196	196
Depreciation and impairment				
At beginning of year	41	2	171	214
Depreciation charge			25	25
Disposals	(41)	(2)	-	(43)
At end of year	-	-	196	196
Net book value				
At 30 April 2017	-	-	-	-
At 30 April 2016	1	-	25	26

Notes to the Company Financial Statements

For the year ended 30 April 2017

6 Investments in subsidiary undertakings

	£'000
Cost	
At beginning of year	33,206
Additions	104
At end of year	**33,310**

The Company has the following investments in subsidiary undertakings:

Name	Country of incorporation	Class of shares held	Percentage of equity shares and voting rights held %
Priority Travel Group (Holdings) Limited	United Kingdom	Ordinary	100
ICLP Worldwide Limited	United Kingdom	Ordinary	100
Bienvenue Financiere SAS	France	Ordinary	100
Collinson Group South Africa (Pty) Ltd	South Africa	Ordinary	100
The Collinson Insurance (Holdings) Limited	United Kingdom	Ordinary	100
The Collinson Group (IT) Limited	United Kingdom	Ordinary	100
The Collinson Group (Overseas Holdings) Limited	United Kingdom	Ordinary	100
Collinson (Central Services Ltd)	*United Kingdom*	*Ordinary*	*100*
Collinson Finance Limited	United Kingdom	Ordinary	100
idAlerts Canada Inc.	Canada	Ordinary	100

Notes to the Company Financial Statements

For the year ended 30 April 2017

7 Receivables

	2017 £'000	2016 £'000
Amounts owed by group undertakings	38,151	35,045
Corporation taxation	-	102
Other receivables	712	586
Prepayments and accrued income	111	93
Deferred taxation	-	37
	38,974	35,863

8 Trade and other payables

	2017 £'000	2016 £'000
Trade payables	3	233
Amounts owing to group undertakings	20,677	19,172
Other payables	40	38
Social security and other taxes	92	-
Accruals and deferred income	2,964	1,776
Corporation taxation	-	218
Contingent consideration	-	329
	23,776	21,766

9 Loans and borrowings

	2017 £'000	2016 £'000
Due within one year		
Loan from related party (note 14)	975	950
Due after one year		
Loan from related party (note 14)	-	625
Total loans and borrowings	975	1,575

Notes to the Company Financial Statements

For the year ended 30 April 2017

10 Deferred taxation

	Capital allowances £'000
At beginning of year	37
Charged in year	(37)
At end of year	-
Comprising of:	
Deferred taxation assets	-
Deferred taxation liabilities	-

The Company does not have any unrecognised taxation losses.

11 Share capital

	2017 £'000	2016 £'000
Allotted, called-up and fully paid		
100,000 Ordinary shares of £1 each	**100**	100

The Company has one class of ordinary shares which carry voting rights but no right to fixed income.

12 *Contingent liabilities*

There is a fixed and floating charge over all assets of the Company whereby the Company guarantees all amounts due to Barclays Bank Plc by the Group. As at the reporting date the amount due to Barclays Bank Plc by certain group companies was £nil (2016: £nil). Under the group banking offset arrangement the Company had no liability to Barclays Bank Plc at the reporting date.

13 Off balance sheet arrangements

The Company has not entered into any off balance sheet arrangements.

Notes to the Company Financial Statements

For the year ended 30 April 2017

14 Related party transactions

The Company has taken advantage of the exemption available under FRS 102 Section 33.1A not to disclose related party transactions with other wholly owned group companies.

During the year the Company entered into trading transactions with International Customer Loyalty Programmes Plc (ICLP Plc) and Expat Network Limited (Expat) which are fellow subsidiaries and not wholly owned by the Group. In respect of ICLP Plc the company had sales of £43,633 (2016: £35,238) and a net payable of £502,872 (2016: net payable of £336,946). In respect of Expat the company had purchases of £nil (2016: £nil) and trade receivables of £nil (2016: £128,972).

The Company also had borrowings from Mr C R Evans, the Chairman and ultimate controlling party. Variable rate interest was charged on the loan at 5% above the Bank of England base rate. The loan is unsecured and is repayable in 2 years.

	2017 £'000	2016 £'000
Interest paid in year	85	94
Balance outstanding at end of year	975	1,575

15 Parent undertaking and ultimate controlling party

The directors regard Parminder Limited, a company incorporated in the Isle of Man, to be the Company's ultimate parent undertaking. Parminder Limited does not prepare consolidated financial statements. The ultimate controlling parties identified by the directors are the Trustees of the Colin Evans 1987 Settlement, established under the laws of the Isle of Man, the beneficiary of which is Mr C R Evans.

16 Post balance sheet events

There are no post balance sheet events.