

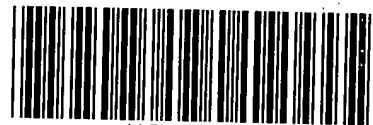
**REGISTERED NUMBER: 4659069**

**CSP HOLDING LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2016**

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## **CSP HOLDING LIMITED**

### **COMPANY INFORMATION**

<b>Directors</b>	K M Davidson J C Speers D Stirling R Rupal P Hayman	Non-Executive Chairman Managing Director
<b>Company secretary</b>	R Rupal	
<b>Registered number</b>	04659069	
<b>Registered office</b>	St Clare House 30-33 Minories London EC3N 1PE	
<b>Independent auditors</b>	PKF Littlejohn LLP Statutory Auditor 1 Westferry Circus Canary Wharf London E14 4HD	

**CSP HOLDING LIMITED**

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## **CSP HOLDING LIMITED**

### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2016**

#### **Introduction**

The directors present their strategic report for the year ended 31 March 2016.

#### **Principal Activities and Business Review**

CSP Holding Limited is the Group holding company, the principal activities of its subsidiary undertakings are the provision of both wholesale and retail insurance and reinsurance.

In an ever increasingly competitive marketplace, the Group continues to specialise in niche areas. It is well placed to take advantage of the opportunities for organic growth and acquisitions to grow both income and profits in the future.

At the end of the year, the Group had shareholders' funds of £13,086,123 (2015: £9,948,184) including retained profits of £12,047,494 (2015: £8,902,001). The directors therefore believe the Group's position to be satisfactory.

#### **Principal Risks and Uncertainties**

The management of the Group's business and the execution of the strategy are managed closely.

The major elements and risks revolve around key clients and markets:

- Clients are broadly distributed across varying classes of business, with around 91% generated from within the United Kingdom.
- Insurance and Reinsurance markets used are generally A-rated, including Lloyd's of London and other international markets.
- No one client, insurer or reinsurer directly represent more than 15% of the Group's income.

The management of the Group are very aware of the FCA requirements and mindful of ever changing insurance regulations. The staff are an important part of the Group's success and training and good client service is therefore even more relevant now than in the past.

#### **Key performance indicators**

##### **Financial**

Key performance indicators are:-

	2016 £'000	2015 £'000	% increase
Commission earned	22,539	18,496	21.9%
Profit before tax	4,704	3,013	56.1%
Shareholders' funds	13,109	9,963	31.6%
Profit as a % of commission	20.9%	16.3%	

**CSP HOLDING LIMITED**

**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2016**

**Future developments**

The directors are of the opinion that the Group will continue to grow its income and profit.

This report was approved by the board on 11 October 2016 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'R Rupal', with a horizontal line drawn underneath it.

**R Rupal**  
Director

## **CSP HOLDING LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2016**

The directors present their report and the financial statements for the year ended 31 March 2016.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies for the Group and Parent Company financial statements 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 Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Principal activity**

The principal activity of the company during the year continued to be that of a Group holding company. The principal activities of its subsidiary undertakings is the provision of both wholesale and retail insurance and reinsurance.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £3,641,599 (2015 - £2,355,960).

A dividend of £500,000 (2015: £400,000) was proposed and paid in the year.

#### **Directors**

The directors who served during the year were:

K M Davidson  
J C Speers  
D Stirling  
R Rupal  
P Hayman

#### **Future developments**

The future developments of the Company are disclosed within the Strategic Report.

## **CSP HOLDING LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016**

#### **Company's policy for payment of creditors**

It is the Company's intention to settle approved invoices from suppliers by the end of the month following the month of approval or in accordance with specific terms that have been agreed with the supplier.

#### **Qualifying third party indemnity provisions**

The Company has provided qualifying third party indemnities for the benefit of the directors.

#### **Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### **Post balance sheet events**

There have been no significant events affecting the Group since the year end.

#### **Auditors**

The auditors, PKF Littlejohn LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 11 October 2016 and signed on its behalf.



**R Rupal**  
Director

## **CSP HOLDING LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CSP HOLDING LIMITED**

We have audited the financial statements of CSP Holding Limited for the year ended 31 March 2016, set out on pages 7 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's shareholders, 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 shareholders those matters we are required to state to them in an Auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As explained more fully in the Directors' responsibilities statement, 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 Ethical Standards for Auditors.

### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group and Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- \* give a true and fair view of the state of the Group's and Parent Company's affairs as at 31 March 2016 and of the Group's 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.



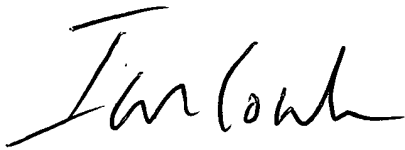
**CSP HOLDING LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CSP HOLDING LIMITED (CONTINUED)**

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- \* adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- \* the financial statements are not in agreement with the accounting records and returns; or
- \* certain disclosures of directors' remuneration specified by law are not made; or
- \* we have not received all the information and explanations we require for our audit.



Ian Cowan (Senior Statutory Auditor)

for and on behalf of  
**PKF Littlejohn LLP**

Statutory Auditor

1 Westferry Circus  
Canary Wharf  
London

E14 4HD

Date:

10 November 2016

**CSP HOLDING LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2016**

	<b>Note</b>	<b>2016 £</b>	<b>2015 £</b>
<b>Turnover</b>	4	22,539,048	18,496,347
Administration expenses		(17,859,926)	(15,520,942)
Operating profit	5	4,679,122	2,975,405
Interest receivable	7	25,020	37,599
Profit before tax		4,704,142	3,013,004
Tax on profit	8	(1,062,543)	(657,044)
<b>Profit for the year</b>		<b>£3,641,599</b>	<b>£2,355,960</b>
<b>Profit attributable to:</b>			
Non-controlling interests		(3,892)	(1,710)
Owners of the Parent Company		3,645,491	2,357,670
		<b>£3,641,599</b>	<b>£2,355,960</b>

The Group has no comprehensive income other than amounts recognised in the consolidated Statement of Comprehensive Income.

The notes on pages 13 to 28 form part of these financial statements.

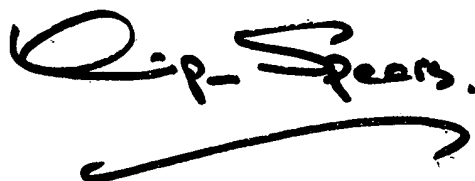
**CSP HOLDING LIMITED**

**CONSOLIDATED BALANCE SHEET  
AS AT 31 MARCH 2016**

	<b>Note</b>	<b>2016</b>	<b>2015</b>
<b>Fixed Assets</b>			
Intangible assets	10	566,244	707,805
Tangible assets	11	1,854,315	248,059
		<u>2,420,559</u>	<u>955,864</u>
<b>Current Assets</b>			
Debtors: amounts falling due within one year	13	20,307,201	15,004,241
Cash at bank and in hand	14	26,686,997	20,784,893
		<u>46,994,198</u>	<u>35,789,134</u>
<b>Creditors:</b> amounts falling due within one year	15	(34,937,758)	(26,796,814)
		<u>12,056,440</u>	<u>8,992,320</u>
<b>Net Current Assets</b>			
		<u>14,476,999</u>	<u>9,948,184</u>
<b>Total assets less current liabilities</b>			
<b>Provisions for liabilities</b>			
Other Provisions	16	(1,390,876)	-
		<u>£13,086,123</u>	<u>£9,948,184</u>
<b>Net Assets</b>			
<b>Capital and Reserves</b>			
Called-up share capital	17	448,874	448,874
Other reserves	18	612,437	612,437
Profit and loss account	18	12,047,494	8,902,001
		<u>13,108,805</u>	<u>9,963,312</u>
<b>Equity Shareholders' Funds</b>			
Minority interest		(22,682)	(15,128)
		<u>£13,086,123</u>	<u>£9,948,184</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11 October 2016.

**J C Speers**  
Director



The notes on pages 13 to 28 form part of these financial statements.

**CSP HOLDING LIMITED**

**COMPANY BALANCE SHEET  
AS AT 31 MARCH 2016**

	<b>Note</b>	<b>2016</b>	<b>2015</b>
<b>Fixed Assets</b>			
Tangible assets	11	116,915	64,398
Investments in subsidiary undertakings	12	1,923,363	1,923,362
		<u>2,040,278</u>	<u>1,987,760</u>
<b>Current Assets</b>			
Debtors	13	3,758,102	3,198,612
Cash at bank and in hand		933,044	321,983
		<u>4,691,146</u>	<u>3,520,595</u>
<b>Creditors:</b> amounts falling due within one year	15	(1,727,078)	(1,617,353)
		<u>2,964,068</u>	<u>1,903,242</u>
<b>Net Current Assets</b>			
		<u>5,004,346</u>	<u>3,891,002</u>
<b>Total assets less current liabilities</b>			
<b>Provisions for liabilities</b>			
Other Provisions	16	(120,000)	-
		<u>£4,884,346</u>	<u>£3,891,002</u>
<b>Net Assets</b>			
<b>Capital and Reserves</b>			
Called-up share capital	17	448,874	448,874
Share Premium Reserve	18	250,365	250,365
Capital redemption reserve	18	142,113	142,113
Profit and loss account	18	4,042,994	3,049,650
		<u>£4,884,346</u>	<u>£3,891,002</u>
<b>Equity Shareholders' Funds</b>			
		<u>£4,884,346</u>	<u>£3,891,002</u>

The Financial Statements were approved and authorised for issue by the Board of Directors on 11 October 2016, and were signed on its behalf by:

J C Speers  
Director



**CSP HOLDING LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2016 AND 31 MARCH 2015**

	Called up share capital	Share premium	Capital redemption	Merger reserve	Profit and Loss account	Minority Interest	TOTAL EQUITY
At 1 April 2015	448,874	250,365	142,113	219,959	8,902,003	(15,129)	9,948,185
<b>Comprehensive Income for the year</b>							
Profit for the year	-	-	-	-	3,645,491	(3,892)	3,641,599
<b>Total comprehensive Income for the year</b>	-	-	-	-	3,645,491	(3,892)	3,641,599
Dividends: Equity capital	-	-	-	-	(500,000)	-	(500,000)
Additional minority interest in the year	-	-	-	-	-	(3,661)	(3,661)
Total transactions with owners	-	-	-	-	(500,000)	(3,661)	(503,661)
At 31 March 2016	<u>£448,874</u>	<u>£250,365</u>	<u>£142,113</u>	<u>£219,959</u>	<u>£12,047,494</u>	<u>(£22,682)</u>	<u>£13,086,123</u>

	Called up share capital	Share premium	Capital redemption	Merger reserve	Profit and Loss account	Minority Interest	TOTAL EQUITY
At 1 April 2015	461,720	250,365	129,267	219,959	7,222,575	(13,420)	8,270,466
<b>Comprehensive Income for the year</b>							
Profit for the year	-	-	-	-	2,357,670	(1,709)	2,355,961
<b>Total comprehensive Income for the year</b>	-	-	-	-	2,357,670	(1,709)	2,355,961
Dividends: Equity capital	-	-	-	-	(400,000)	-	(400,000)
Share buyback	(12,846)	-	12,846	-	(278,242)	-	(278,242)
Total transactions with owners	(12,846)	-	12,846	-	(678,242)	-	(678,242)
At 31 March 2015	<u>£448,874</u>	<u>£250,365</u>	<u>£142,113</u>	<u>£219,959</u>	<u>£8,902,003</u>	<u>(£15,129)</u>	<u>£9,948,185</u>

**CSP HOLDING LIMITED**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2016 AND 31 MARCH 2015**

	<b>Called up share capital</b>	<b>Share premium</b>	<b>Capital redemption</b>	<b>Profit and Loss account</b>	<b>TOTAL EQUITY</b>
At 1 April 2015	448,874	250,365	142,113	3,049,650	3,891,002
<b>Comprehensive Income for the year</b>					
Profit for the year	-	-	-	1,493,344	1,493,344
<b>Total comprehensive Income for the year</b>	-	-	-	1,499,344	1,499,344
Dividends: Equity capital	-	-	-	(500,000)	(500,000)
Total transactions with owners	-	-	-	(500,000)	(500,000)
At 31 March 2016	<u>£448,874</u>	<u>£250,365</u>	<u>£142,113</u>	<u>£4,042,994</u>	<u>£4,884,346</u>

	<b>Called up share capital</b>	<b>Share premium</b>	<b>Capital redemption</b>	<b>Profit and Loss account</b>	<b>TOTAL EQUITY</b>
At 1 April 2014	461,720	250,365	129,267	2,051,568	2,892,920
<b>Comprehensive Income for the year</b>					
Profit for the year	-	-	-	1,676,325	1,676,325
<b>Total comprehensive Income for the year</b>	-	-	-	1,676,325	1,676,325
Dividends: Equity capital	-	-	-	(400,000)	(400,000)
Share buyback	(12,846)	-	12,846	(278,243)	(278,243)
Total transactions with owners	(12,846)	-	12,846	(678,243)	(678,243)
At 31 March 2015	<u>£448,874</u>	<u>£250,365</u>	<u>£142,113</u>	<u>£3,049,650</u>	<u>£3,891,002</u>

The Accounting Policies and Notes on pages 13 to 28 form part of these Financial Statements.

**CSP HOLDING LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2016**

	<b>Note</b>	<b>2016</b>	<b>2015</b>
<b>Cash from operating activities</b>	<b>20</b>	7,852,900	3,314,197
Taxation paid		(615,620)	(697,454)
		<hr/>	<hr/>
<b>Net cash generated from operating activities</b>		<b>£7,237,280</b>	<b>£2,616,743</b>
		<hr/>	<hr/>
<b>Cash flow from investment activities</b>			
Purchase of tangible assets		(860,196)	(157,358)
Purchase of subsidiary		(1)	(26,000)
Cash acquired with acquisition of subsidiary undertaking		-	42,783
Interest received		25,021	37,599
		<hr/>	<hr/>
<b>Net cash from investment activities</b>		<b>(£835,176)</b>	<b>(£102,976)</b>
		<hr/>	<hr/>
<b>Cash flow from financing activities</b>			
Proceeds from buy back of share capital		-	(278,243)
Dividends paid to owners of parent		(500,000)	(400,000)
		<hr/>	<hr/>
<b>Net cash from financing activities</b>		<b>(£500,000)</b>	<b>(£678,243)</b>
		<hr/>	<hr/>
<b>Net increase in cash and cash equivalents</b>		<b>£5,902,104</b>	<b>£1,835,524</b>
Cash and cash equivalents at the beginning of the year		£20,784,893	£18,949,369
		<hr/>	<hr/>
Cash and cash equivalents at the beginning of the year		£26,686,997	£20,784,893
		<hr/>	<hr/>
<b>Cash at bank and in hand</b>	<b>14</b>	<b>£26,686,997</b>	<b>£20,784,893</b>
		<hr/>	<hr/>

The Accounting Policies and Notes on pages 13 to 28 form part of these Financial Statements.

## **CSP HOLDING LIMITED**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

#### **1. General information**

The Company is a private company limited by shares and is incorporated and domiciled in England & Wales. The principal place of business is the same as the registered office.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Group's accounting policies (see note 3).

The policies applied under the entity's previous accounting framework are not materially different to FRS102 and have not impacted on equity or profit or loss.

No Profit and Loss Account is presented for the Company as permitted by Section 408 of the Companies Act 2006.

The following principal accounting policies have been applied:

##### **2.2 Basis of consolidation**

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings together with the Group's share of the results of associates made up to 31 March 2016

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

Where the Group owns less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors which give it control of the financial and operating policies of the entity it accounts for that entity as a subsidiary.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the Group's interest in the entity.

##### **2.3 Going concern**

The Directors believe the Group has adequate resources to continue in operational existence for the foreseeable future and therefore they continue to adopt the going concern basis of accounting in preparing the annual financial statements.



## **CSP HOLDING LIMITED**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

#### **2. Accounting policies (continued)**

##### **2.4 Revenue**

Turnover represents commissions and fee income arising on the handling of insurance contracts by the Company.

Commissions are recognised when the Group's contractual right to income is established, and to the extent that the Group's relevant obligations under the contracts concerned have been performed. For most of the Group's broking activities, this means that commission is recognised at the inception of the underlying contract of insurance concerned, subject to any deferral of commission in respect of post placement services that constitute obligations of the Group's under those contracts.

Profit commission arising from the placement of insurance contracts or the exercise of an underwriting agency by the Group is recognised when the right to such profit commission is established through a contract, but only to the extent that a reliable estimate of the amount due can be made. Such estimates are made on a prudent basis that reflects the level of uncertainty involved.

##### **2.5 Goodwill**

Business combinations are accounted for by applying the purchase 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 estimated amount where the consideration is probable and can be measured reliably. Where (i) the contingent consideration is not considered probable or cannot be reliably measured but subsequently becomes probable and measureable or (ii) contingent consideration 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, 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.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its expected useful life. Where the Group is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding 5 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**2. Accounting policies (continued)**

**2.6 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- 25%
Fixtures and fittings	- 25%
Office equipment	- 25%
Computer equipment	- 25%
Lease	- 20%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

**2.7 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment losses.

**2.8 Financial instruments**

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an 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.

## **CSP HOLDING LIMITED**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

#### **2. Accounting policies (continued)**

##### **2.9 Foreign currency translation**

###### **Functional and presentation currency**

The Group's functional and presentational currency is GBP.

###### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses are presented in administration expenses in the Consolidated Statement of Comprehensive Income.

##### **2.10 Dividends**

Equity dividends are recognised when they become payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting or approved by the shareholders.

##### **2.11 Operating leases**

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 1 April 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

##### **2.12 Pensions**

###### **Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

## **CSP HOLDING LIMITED**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

#### **2. Accounting policies (continued)**

##### **2.13 Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

##### **2.14 Provisions and contingencies**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income or added to the cost of an asset and depreciated in accordance with the relevant accounting policy in the year that the Group becomes aware of the obligation, and measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

##### **2.15 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

(a) the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and

(b) any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

## **CSP HOLDING LIMITED**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016**

#### **2. Accounting policies (continued)**

##### **2.16 Insurance assets and liabilities**

Insurance brokers usually act as agents in placing the insurable risk of their clients and, as such, generally are not liable as principals for amounts arising from such transactions. Notwithstanding the legal relationships with clients and insurers, insurance brokers are entitled to retain investment income on any cash flows arising from insurance broking transactions.

Debit and credit balances arising from insurance broking transactions are reported as separate assets or liabilities unless such balances are due to or from the same party and the offset would survive the insolvency of that party, in which case they are aggregated into a single net balance.

Underwriting agencies act as an agent placing the insurable risks of its clients with insurers and as such is not liable as principal for the amounts arising from such transactions. In recognition of this relationship, debtors from insurance transactions are not included as assets of the Company.

Other than amounts receivable for the fees and commissions earned on a transaction, any part of the insurance transaction is not recognised until cash is received in respect of premiums or claims. At that time a corresponding liability is established in favour of the insurer or client.

Cash at bank relating to insurance activities is held in a non-statutory trust.

#### **3. Judgments in applying accounting policies and key sources of estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### **(a) Critical judgements in applying the entities accounting policies**

No judgements have been made in applying the entity's accounting policies that would have a significant effect on the amounts recognised in these financial statements.

##### **(b) Critical accounting estimates and assumptions**

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

##### **Dilapidation provision**

The Group has made provisions for the cost of returning the leased property to its original state. Management believe that the provision made is adequate, but this estimate is based upon information available at the reporting date, and is subject to change as further information becomes available.

##### **Post placement activities provision**

The Group has an obligation to provide services following the placement of insurance policies under certain contracts, including the handling of claims arising on these contracts. The costs of these services depend on a number of factors, including the number, nature and complexity of claims received and anticipated cost base for handling such claims. In order to recognise the post placement obligation an amount of income is deferred. The amount of income deferred is estimated by management after taking into account the factors noted previously. The assumptions reflect historical experience, current trends and management's best estimate.

At 31 March 2016 the Group deferred £108,675 in respect of post placement activities; this amount is included within accruals and deferred income.

# CSP HOLDING LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

### 3. Judgments in applying accounting policies and key sources of estimation uncertainty (continued)

#### Accrued profit commission receivable

The Group is entitled to profit commission arising from the placement of insurance under certain contracts. The profit commission earned by the Group is dependent upon underlying profitability of the book of business written, which given the tail of claims arising may not be payable to the Company for a period of time following completion of the contract on which profit commission is earned. Due to the unexpired risk on those contracts, the uncertain assessment of any final losses, including an assessment of any IBNR, and the impact of any loss deficit clauses, the Directors are not able to reliably estimate profit commission due at 31 March 2016 and have therefore not recognised such income.

### 4. Turnover

Turnover is wholly attributable to the Group's principal activity and arose as follows:

	2016 %	2015 %
United Kingdom	95	91
North America	3	2
Europe	1	4
Rest of the World	1	3
	<hr/>	<hr/>
	100	100
	<hr/>	<hr/>

### 5. Operating Profit before exceptional item and interest

This is stated after charging:

	2016	2015
Auditors' remuneration - audit	£ 63,130	£ 69,120
Auditors' remuneration - non audit	£ 3,500	£ 3,500
Depreciation	£ 560,664	£ 133,744
Amortisation of intangible assets	£ 156,206	£ 33,047
Operating lease - buildings	£1,115,631	£ 616,919
Pension contributions	£ 396,704	£ 408,229
	<hr/>	<hr/>

### 6. Employees

#### Staff Costs (including Directors)

	2016	2015
Wages and salaries	9,257,369	8,916,533
Social security costs	970,650	905,430
Pension contributions	396,704	408,229
	<hr/>	<hr/>
	£10,624,723	£10,230,192
	<hr/>	<hr/>

**CSP HOLDING LIMITED**

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**6. Employees (continued)**

<b>Average number of employees during the year</b>	<b>No.</b>	<b>No.</b>
Office management and administration	188	148
Broking and production	89	93
	—	—
	277	241
	—	—
<b>Directors' Emoluments</b>		
Emoluments for qualifying services (including benefits)	538,810	497,963
Pension contributions to money purchase schemes	55,688	30,938
	—	—
	£594,498	£528,901
	—	—

The number of Directors for whom retirement benefits are accruing under pension schemes amounted to 2 (2015: 3).

<b>Highest Paid Director</b>	<b>2016</b>	<b>2015</b>
Emoluments for qualifying services (including benefits)	229,877	190,924
Pension contributions to money purchase schemes	30,938	30,938
	—	—
	£260,815	£221,862
	—	—

<b>7. Interest Receivable</b>	<b>2016</b>	<b>2015</b>
Bank interest receivable	£25,050	£37,599
	—	—

<b>8. Taxation</b>	<b>2016</b>	<b>2015</b>
Current tax on profits of the year	1,063,862	642,033
Adjustments in respect of prior year	(1,319)	15,011
	—	—
Total current tax	£1,062,543	£657,044
	—	—

## CSP HOLDING LIMITED

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

#### 8. Taxation (continued)

##### Factors affecting tax charge for year

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 21%). The differences are explained below:

Profit on ordinary activities before tax	£4,704,142	£3,013,004
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 21%)	940,828	632,731
Effects of:		
Expenses not deductible for tax purposes	123,275	32,732
Marginal rate relief	-	(136)
Consolidation adjustments not deductible for tax	(9,712)	(6,940)
Adjustments in respect of prior year	(1,319)	15,011
Utilisation of losses brought forward	-	(736)
Other differences	9,471	(15,618)
Total tax charge for the year	£1,062,543	£657,044

##### Factors that may affect future tax charges

Reductions to the UK Corporation tax rates were substantively enacted as part of the Finance Bill 2015 on 2 July 2015. These reduce the main rate to 19% from 1 April 2017.

#### 9. Dividends

Amounts recognised as distributions to equity holders in the year:

	2016	2015
Dividend paid	£500,000	£400,000



**CSP HOLDING LIMITED**

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**10. Intangible Fixed Assets**

<b>Group</b>			
<b>Cost</b>	<b>Goodwill</b>	<b>Purchased Brand</b>	<b>Total</b>
At 1 April 2015	2,018,931	150,000	2,168,931
Additions	14,645	-	14,645
	<hr/>	<hr/>	<hr/>
At 31 March 2016	2,033,576	150,000	2,183,576
	<hr/>	<hr/>	<hr/>
<b>Amortisation</b>			
At 1 April 2015	1,311,126	150,000	1,461,126
Charged during the year	156,206	-	156,206
	<hr/>	<hr/>	<hr/>
At 31 March 2016	1,467,332	150,000	1,617,332
	<hr/>	<hr/>	<hr/>
<b>Net Book Value</b>			
At 31 March 2016	£566,244	£ -	£566,244
	<hr/>	<hr/>	<hr/>
At 31 March 2015	£707,805	£ -	£707,805
	<hr/>	<hr/>	<hr/>

During the year, the goodwill figure increased due to the following transaction:

- Acquisition of 80% shareholding in Acumen Insurance Services Limited, as described below:

Consideration:	£1
Net liabilities acquired:	(£14,644)
	<hr/>
Goodwill arising:	£14,645
	<hr/>

**CSP HOLDING LIMITED**

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2016**

**11. Tangible Fixed Assets**

<b>Group</b>	<b>Short Leasehold property</b>	<b>Leasehold improvements</b>	<b>Computer hardware</b>	<b>Furniture and equipment</b>	<b>Total</b>
<b>Cost</b>					
At 1 April 2015	113,217	32,457	899,697	797,370	1,842,741
Additions	1,590,419	-	213,517	450,139	2,254,075
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2016	1,703,636	32,457	1,113,214	1,247,509	4,096,816
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>					
At 1 April 2015	113,217	32,457	710,996	738,012	1,594,682
Charged during the year	365,317	-	125,753	156,749	647,819
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2016	478,534	32,457	836,749	894,761	2,242,501
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net Book Value</b>					
At 31 March 2016	£1,225,102	£ -	£276,465	£352,748	£1,854,315
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2015	£ -	£ -	£188,701	£59,358	£248,059
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

<b>Company</b>	<b>Short Leasehold property</b>	<b>Property improvement</b>	<b>Computer hardware</b>	<b>Furniture and equipment</b>	<b>Total</b>
<b>Cost</b>					
At 1 April 2015	-	32,457	148,662	363,409	544,528
Additions	120,000	-	7,115	21,810	148,925
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2016	120,000	32,457	155,777	385,219	693,453
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>					
At 1 April 2015	-	32,457	102,356	345,317	480,130
Charged during the year-	60,000	-	19,550	16,859	96,409
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2016	60,000	32,457	121,906	362,176	576,539
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net Book Value</b>					
At 31 March 2016	£60,000	£ -	£33,871	£23,043	£116,914
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2015	£ -	£ -	£46,306	£18,092	£64,398
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**CSP HOLDING LIMITED****NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2016****12. Fixed Asset Investments****Company****Cost****Subsidiary  
undertaking**

At 1 April 2015

1,923,362

Additions

1

At 31 March 2016

1,923,363

**Impairment**

At 1 April 2015

-

Impairment

-

At 31 March 2016

-

**Net Book Value**

At 31 March 2016

£1,923,363

At 31 March 2015

£1,923,362

**CSP HOLDING LIMITED****NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2016****12. Fixed Asset Investments (continued)**

The Company's subsidiaries at 31 March 2016 are:

Name	Nature of business	Class	Shares held %	
			Indirectly	Directly
Crispin Speers and Partners Ltd	Lloyd's Insurance Broker	Ordinary	-	100
P J Hayman and Company Ltd	Insurance Broker	Ordinary	-	100
Apex Insurance Services Ltd	Insurance Broker	Ordinary	-	100
Travel Insurance Facilities Plc	Underwriting Agent	Ordinary	-	100
Infinity Insurance Solutions Ltd	Insurance Broker	Ordinary	100	-
St Clare Underwriting Agency Ltd	Underwriting Agent	Ordinary	-	80
Rothwell & Towler (2013) Ltd	Insurance Broker	Ordinary	-	100
Minorities (2010) Ltd	Intermediary	Ordinary	-	100
Acumen Insurance Services Ltd	Intermediary	Ordinary	-	80
Holiday Insurance Club Ltd	Dormant	Ordinary	100	-
Free Spirit Insurance Services Co Ltd	Dormant	Ordinary	100	-
Affinity Insurance Services Co Ltd	Dormant	Ordinary	100	-
P J Hayman Insurance Services Ltd	Dormant	Ordinary	100	-
Protect & Serve Ltd Insurance Services Ltd	Dormant	Ordinary	100	-
Crispin Speers and Partners (Ireland) Ltd	Dormant	Ordinary	-	100
Travellers Healthcheck Ltd	Dormant	Ordinary	100	-
Travel Claims Facilities Ltd	Dormant	Ordinary	100	-
Travel Administration Facilities Ltd	Dormant	Ordinary	100	-
Emergency Assistance Facilities Ltd	Dormant	Ordinary	100	-
Travel Insurance Facilities UK Ltd	Dormant	Ordinary	100	-

During the year, the Company made the following changes to its Investments in subsidiary undertakings:

- Acquisition of 80% shareholding in Acumen Insurance Services Limited for £1.

# CSP HOLDING LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

13. Debtors	2016	2015	2016	2015
	Group		Company	
Insurance debtors	16,838,514	12,311,725	-	-
Other debtors	2,965,655	2,223,998	2,160,321	1,606,264
Prepayments and accrued income	503,032	468,518	224,603	253,492
Amounts owed by group undertakings	-	-	1,373,178	1,338,856
	<u>£20,307,201</u>	<u>£15,004,241</u>	<u>£3,758,102</u>	<u>£3,198,612</u>

Amounts owed by group undertakings are unsecured, interest-free and are repayable on demand.

## 14. Cash and cash equivalents

	2016	2015
	Group	
Cash at bank and in hand	<u>£26,686,997</u>	<u>£20,784,893</u>

Cash at bank and in hand includes £18,742,427 (2015 - £14,522,837) held in bank accounts which is not available to the Group for working capital purposes.

## 15. Creditors: amounts falling due within one year

	2016	2015	2016	2015
	Group		Company	
Insurance creditors	30,992,916	23,694,604	-	-
Corporation tax	492,258	111,185	-	-
Other taxes and social security	224,343	192,957	88,022	79,247
Accruals and deferred income	1,705,794	1,178,566	1,217,053	927,063
Other creditors	1,522,447	1,619,502	296,777	372,275
Amounts owed to group undertakings	-	-	125,226	238,768
	<u>£34,937,758</u>	<u>£26,796,814</u>	<u>£1,727,078</u>	<u>£1,617,353</u>

Amounts owed to group undertakings are unsecured, interest-free and are repayable on demand.

## 16. Provisions

	2016	2015	2016	2015
	Group		Company	
<b>Dilapidations</b>				
Capitalised in the year	1,390,876	-	120,000	-
	<u>£1,390,876</u>	<u>£ -</u>	<u>£120,000</u>	<u>£ -</u>

# CSP HOLDING LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

17. Share Capital	2016	2015	2016	2015
	Number		Allotted, called-up and fully paid	
Ordinary shares of £1 each	448,874	448,874	£448,874	£448,874

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

## 18. Reserves

### Share premium

The Share Premium account includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

### Capital redemption reserve

The capital redemption reserve records the nominal value of shares repurchased and cancelled by the Company.

### Profit and loss account

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

## 19. Operating Lease Commitments

The Group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

Group	2016	2015
Payments due:	Land and buildings	
Not later than one year	385,824	238,979
Later than one year and not later than five years	2,079,856	410,150
	<u>£2,465,680</u>	<u>£649,129</u>
 Company	 2016	 2015
Payments due:	Land and buildings	
Later than one year and not later than five years	447,184	410,150
	<u>£447,184</u>	<u>£410,150</u>

## CSP HOLDING LIMITED

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

#### 20. Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	2016	2015
Operating profit	4,679,122	2,975,405
Depreciation charges	560,664	136,744
Amortisation of intangible assets	156,206	33,047
(Increase) / decrease in debtors	(5,302,963)	5,211,619
Increase / (decrease) in creditors	9,150,747	(5,042,618)
Increase of provisions	(1,390,876)	-
	<hr/>	<hr/>
<b>Net Cash Inflow from Operating Activities</b>	<b>£7,852,900</b>	<b>£3,314,197</b>
	<hr/>	<hr/>

#### 21. Related Parties and Transactions with Directors

The Davidson Partnership Limited provided consultancy services to Group companies during the year at a cost of £30,000 (2015: £67,482), the amount owed to The Davidson Partnership Limited at the year-end is £7,500 (2015: £7,500). Mr K M Davidson is a Director of The Davidson Partnership Limited.

R G Rupal Limited provided consultancy services to Group companies during the year at a cost £50,000 (2015: £81,457). The amount owed to R G Rupal Limited at the year-end is £133,394 (2015: £81,457). Mr R Rupal is a Director of R G Rupal Limited.

St Clare Underwriting Agency Limited owed to Crispin Speers and Partners Limited at the year-end £108,326 (2015: £108,326).

Acumen Insurance Services Limited owed to Crispin Speers and Partners Limited at the year-end £12,119.

During the year, dividends were paid to the following related parties:

	2016	2015
K M Davidson	£ -	£11,129
J C Speers	£226,558	£176,204
D Stirling	£214,421	£166,764
R Rupal	£26,778	£20,826
P J Hayman	£12,193	£9,483

#### 23. Profits Attributable to the Members of the Parent Company

The Parent company's profit for the year after taxation was £1,493,344 (2015: £1,676,325).

#### 24. Ultimate Controlling Party

In the opinion of the Board, there is no ultimate controlling party.