

**LORICA INSURANCE BROKERS HOLDINGS LIMITED**

**Report and Financial Statements  
for the year ended 31 March 2015**



**Company Registration No. 04878623**

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## **Directors and Professional Advisers**

### **Directors**

The directors at the date of this report were as follows:

Mr M D Bray  
Mr B J Clements  
Mr C D Marelli

### **Company Secretary**

The company secretary is Mr B J Clements.

### **Independent Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Benson House,  
33 Wellington Street,  
Leeds LS1 4JP

### **Principal Lawyers**

Clark Holt Commercial Solicitors  
Hardwick House  
Prospect Place  
Swindon SN1 3LJ

### **Registered Office**

Clark Holt Commercial Solicitors  
Hardwick House  
Prospect Place  
Swindon SN1 3LJ

### **Company Registration Number**

04878623

## Directors' Report

The directors present their annual report together with the audited financial statements of the company for the year ended 31 March 2015.

## Principal activities

The principal activity of the company is that of a holding company and investment in predominantly commercial insurance brokers within the UK. The main trading entity within the group is Lorica Insurance Brokers Limited, of which Lorica Insurance Brokers Holdings Limited is the immediate parent.

## Business Review

### Results and dividend

The loss for the financial year ended 31 March 2015 was £1.2m (2014: Loss of £0.8m) after a tax credit of £0.2m (2014: £0.3m).

The directors do not recommend the payment of a dividend for the year ended 31 March 2015 (2014: £nil).

### Principal Risks and Uncertainties

The principal risks that the company faces in terms of business impact are:-

- Reduction in investment value
- Increase in interest payable

The company regularly monitors performance of the underlying investments to confirm investment values remain appropriate. Interest charges are determined by interest rates in accordance with loan facility agreements.

The directors have considered the loss and the balance sheet position and, having received written confirmation from Primary Group (UK) Limited that it will not demand repayment of any inter group loans within the next 12 months unless the Company is in a position to repay, are comfortable that the Company will have sufficient resources to continue as a going concern.

### Key Performance Indicators

The key performance indicators utilised by the directors in respect of the company's performance are:

- Outstanding loan balance
- Interest payable rates
- Annual impairment assessment

## Future Developments

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, Primary Group (UK) Limited. The directors, having received written confirmation from Primary Group (UK) Limited that it will not demand repayment of any inter group loans until the Company is in a position to repay and are comfortable that the Company will have sufficient resources to continue as a going concern for the foreseeable future.

## Directors

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

Mr M D Bray  
Mr B J Clements  
Mr C D Marelli  
Mrs P J Sherman (resigned 2 March 2015)

**Directors' Report (continued)****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 prepared 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 of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

**Disclosure of information to auditors**

In accordance with Section 418 of the Companies Act 2006, each director in office at the date the directors' report is approved, confirms that:

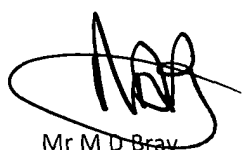
- (a) so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) each director has taken all steps that ought to have been taken as a director in order to make themselves aware of any relevant audit information and to establish that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

**Independent Auditors**

The company has elected to dispense with holding an Annual General Meeting and reappoint auditors annually. Accordingly, PricewaterhouseCoopers LLP, having indicated their willingness to do so, will continue as the company's auditors.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the Board



Mr M D Bray  
Director

02 December 2015

**Independent auditors' report to the members of Lorica Insurance Brokers Holdings Limited****Report on the financial statements****Our Opinion**

In our opinion, Lorica Insurance Brokers Holdings Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**What we have audited**

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

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

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

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

**Other matters on which we are required to report by exception****Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

- Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report.

We have no exceptions to report arising from this responsibility.

**Directors' remuneration**

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

**Independent auditors' report to the members of Lorica Insurance Brokers Holdings Limited (continued)****Responsibilities for the financial statements and the audit****Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

**What an audit of financial statements involves**

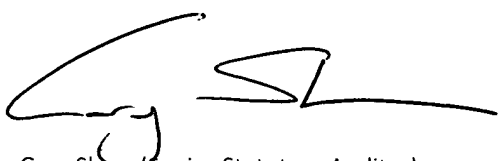
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.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

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

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

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

In addition, we read all the financial and non-financial information in the Report and Financial Statements 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.



Gary Shaw (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Leeds  
02 December 2015

**Profit and Loss Account**  
for the year ended 31 March 2015

	Note	31 March 2015 £	31 March 2014 £
Administrative expenses		(119,617)	
<b>Operating (loss) / result</b>		<b>(119,617)</b>	
Interest payable and similar charges	3	(1,585,238)	(1,109,463)
<b>Loss on ordinary activities before taxation</b>	2	<b>(1,704,855)</b>	<b>(1,109,463)</b>
Dividend Income	4	376,587	-
<b>Loss before taxation</b>	2	<b>(1,328,268)</b>	<b>(1,109,463)</b>
Tax credit on loss on ordinary activities	5	152,621	264,793
<b>Loss for the financial year</b>	10, 11	<b>(1,175,647)</b>	<b>(844,670)</b>

All activities derive from continuing operations.

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial years stated above and their historical costs equivalents.

There are no recognised gains or losses, other than those reflected in the loss for the financial years. Accordingly, no statement of total recognised gains and losses is given.

The notes to the financial statements on pages 8 to 13 form an integral part of these financial statements.

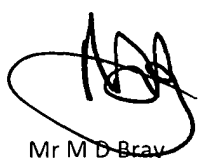


**Balance Sheet**  
as at 31 March 2015

	Note	31 March 2015 £	31 March 2014 £
<b>Fixed assets</b>			
Investments	7	20,658,480	18,802,742
<b>Current assets</b>			
Debtors	8	2,740,954	943,115
<b>Creditors: amounts falling due within one year</b>	9	(27,287,180)	(22,457,956)
<b>Net current liabilities</b>		(24,546,226)	(21,514,841)
<b>Net liabilities</b>		(3,887,746)	(2,712,099)
<b>Capital and reserves</b>			
Called up share capital	10	1,000,000	1,000,000
Profit and loss account	11	(4,887,746)	(3,712,099)
<b>Total shareholders' deficit</b>	12	(3,887,746)	(2,712,099)

The notes to the financial statements on pages 8 to 13 form an integral part of these financial statements.

The financial statements on pages 6 to 13 were approved by the Board of directors on 02 December 2015 and signed on its behalf by Mr M D Bray.



Mr M D Bray  
Director

02 December 2015

Company Registration No. 04878623

**Notes to the financial statements for the year ended 31 March 2015****1. Accounting policies****Basis of accounting**

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies which have been applied consistently throughout the year are set out below.

**Going concern**

The balance sheet shows net current liabilities of £24,546,226 (2014: £21,514,841) including net amounts due to group undertakings of £24,546,226 (2014: £21,634,458). The directors, having received written confirmation from Primary Group (UK) Limited that it will not demand repayment of any inter group loans within the next 12 months unless the company is in a position to repay, are comfortable that the Company will have sufficient resources to continue as a going concern.

**Consolidation**

The company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about it as a group.

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements. Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis. Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

**Investments**

The directors consider the value of the investments to be supported by their underlying assets. Investments held as fixed assets are stated at cost less provisions for any impairment. The directors perform an annual review to assess the value of investments and to determine if a provision for impairment may be necessary.

**Cash flow statement and related party transactions**

The company is a wholly owned subsidiary of Lorica Insurance Brokers Group Limited and is included in the consolidated financial statements of Lorica Insurance Brokers Group Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard No. 1 (revised 1996) 'Cash flow statements'.

The company is also exempt under the terms of Financial Reporting Standard No. 8 'Related party disclosures' from disclosing related party transactions with entities that are part of the Primary Group Limited group or investors of Primary Group Limited.

Notes to the financial statements for the year ended 31 March 2015

2. Loss on ordinary activities before Taxation

The auditors' remuneration of £2,000 for the year has been borne by Lorica Insurance Brokers Limited.

3. Interest payable and similar charges

	31 March 2015 £	31 March 2014 £
Interest payable on intercompany loans (see Note 9)	1,585,238	1,109,463

4. Dividend income

Dividend declared on 27 March 2015 by the Company's subsidiary, The Thomson Rudd Group Limited, for £376,587 (2014: £nil).

5. Tax on loss on ordinary activities

(a) Analysis of Tax credit in the year

	31 March 2015 £	31 March 2014 £
Current tax based on loss for the year at 21% (2014: 23%)	(152,621)	(243,655)
Adjustment to tax in respect of prior years	-	(21,138)
Current tax credit for the year (note 5(b))	(152,621)	(264,793)

(b) Factors affecting tax credit for the year

The tax assessed for the year on the loss on ordinary activities differs from the standard rate of corporation tax in the UK of 21% (2014: 23%)

	31 March 2015 £	31 March 2014 £
The differences are explained below:		
Loss on ordinary activities before taxation	(1,328,268)	(1,109,463)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2014: 23%)	(278,936)	(255,176)
Effects of:		
Permanent differences	41,942	11,652
Income not taxable	(79,083)	
Depreciation in excess of capital allowances	(98)	(131)
Tax losses carried forward	163,554	
Adjustment to tax in respect of prior years	-	(21,138)
Current tax charge for the year (note 5(a))	(152,621)	(264,793)

## Notes to the financial statements for the year ended 31 March 2015

## 5. Tax on loss on ordinary activities (continued)

## (c) Deferred tax

In view of the loss made by the company, the directors are of the opinion that no deferred tax asset should be recognised on the balance sheet at 31 March 2015. The value of the deferred tax asset if recognised in full would have been £273,600 (2014: £117,900) at the expected tax rate of 20% (2014: 20%).

The UK tax rate will reduce to 20% from 1 April 2015. The change has been substantively enacted at the balance sheet date and, therefore, is recognised in these financial statements. Further reductions to 19% in 2017 and 18% in 2020 were announced by the government on 8 July 2015. These reductions have not been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements.

## 6. Directors and employees

The aggregate emoluments of the directors of the Lorica Insurance Brokers Holdings Limited borne by the Group during the year ended 31 March 2015 were as follows:

	31 March 2015 £	31 March 2014 £
Emoluments	734,597	759,258
Contributions to money purchase pension schemes	32,293	31,575
Total emoluments	766,890	790,833

The number of directors for the benefit of whom the Group made contributions to money purchase pension schemes during the year was 4.

The emoluments of the highest paid director of the Group for the year ended 31 March 2015 were as follows:

	31 March 2015 £	31 March 2014 £
Emoluments	317,163	333,264
Contributions to money purchase pension schemes	15,045	14,750
Total emoluments	332,208	348,014

Number of employees

31 March 2015	31 March 2014
Nil	Nil

## Notes to the financial statements for the year ended 31 March 2015

## 7. Fixed asset investments

## (a) Analysis of movement in value in the year

Cost	Shares in subsidiary undertakings
	£
At 1 April 2014	18,802,742
Write down share capital of dormant subsidiary undertakings (see Note 7(b))	(269,262)
Additions in the year	2,125,000
At 31 March 2015	20,658,480

Additions represent the subscriptions for 2,125,000 ordinary shares in Lorica Insurance Brokers Limited.

Additional information on principal subsidiary undertakings is as follows:

Company name	Class of shares held	Percentage of shares held	Country of incorporation	Nature of business
Lorica Insurance Brokers Limited	Ordinary	100%	United Kingdom	Insurance Broking
The Thompson Rudd Group Limited	Ordinary	100%	United Kingdom	Not trading
Parkwood Sinclair Insurance Brokers Limited	Ordinary	100%	United Kingdom	Not trading
Jobson James and Associates Limited	Ordinary	100%	United Kingdom	Not trading

The directors believe that the carrying value of the investments is supported by the future profits that they are expected to generate.

## (b) Capital reduction of subsidiaries

On 27 March 2015 the share capital and net assets of subsidiaries The Thompson Rudd Group Limited, Parkwood Sinclair Insurance Brokers Limited and Jobson James and Associates Limited were each reduced to £1 and consequently the investment by Lorica Insurance Brokers Holdings Limited in each subsidiary was reduced to £1.

## Notes to the financial statements for the year ended 31 March 2014

## 8. Debtors

Debtors due within one year	31 March 2015 £	31 March 2014 £
Amounts owed by group undertakings	2,740,954	823,498
Other debtors	-	119,617
	<u>2,740,954</u>	<u>943,115</u>

All amounts are due within twelve months of the balance sheet date.

Amounts owed by group undertakings comprise a series of temporary loans or cash sweep agreements and are repayable on demand.

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

	31 March 2015 £	31 March 2014 £
Amounts owed to group undertakings	27,287,180	22,457,956
	<u>27,287,180</u>	<u>22,457,956</u>

As at the year end amounts due to Group undertakings are unsecured and repayable on demand.

## 10. Called up share capital

Allotted, issued & fully paid:	31 March 2015	31 March 2014
Number of ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, issued & fully paid:	31 March 2015 £	31 March 2014 £
Value of ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

## Notes to the financial statements for the year ended 31 March 2015

## 11. Profit and loss account

	Profit and loss account
	£
At 1 April 2014	(3,712,099)
Loss for the financial year	(1,175,647)
At 31 March 2015	(4,887,746)

## 12. Reconciliation of movements in shareholders' deficit

	31 March 2015	31 March 2014
	£	£
Opening shareholders' deficit	(2,712,099)	(1,867,429)
Loss for the financial year	(1,175,647)	(844,670)
Closing shareholders' deficit	(3,887,746)	(2,712,099)

## 13. Ultimate holding company

The immediate parent company as at 31 March 2015 is Lorica Insurance Brokers Group Limited, a company incorporated in the United Kingdom.

Primary Group Limited, incorporated in Bermuda, is regarded by the directors of the company as the company's ultimate parent company.

At the date on which the financial statements were approved by the directors, the ultimate controlling party is R&H Trust Co. Ltd as trustee for two trusts established in the Cayman Islands for the benefit of Mr P W H James and his family.

The largest group in which the results of the company are consolidated is that of which Primary Group Limited is the parent company.

The smallest such group is that of which Lorica Insurance Brokers Group Limited is the parent company. The consolidated financial statements of Lorica Insurance Brokers Group Limited can be obtained from Hardwick House, Prospect Place, Swindon, SN1 3LJ.