

Longhawk Insurance Group Limited
Annual Report and Financial Statements
for the year ended 31 March 2017



Company Registration No. 05445532

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Officers and Advisers

Directors	Mr P J Jewell (appointed 01/01/2017) Mr C A Nathan (appointed 01/01/2017)
Secretary	Mr J C Orton
Principal bankers	HSBC Bank PLC 33 Park Row Leeds LS1 1LD
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Central Square 29 Wellington Street Leeds LS1 4DL
Tax advisors	Rawlinson & Hunter 6 New Street Square New Fetter Lane London EC4A 3AQ
Registered office	Cast House Gibraltar Island Road Old Mill Business Park Leeds West Yorkshire LS10 1RJ
Company Registration number	05445532
Parent Company	The immediate parent company is PBS Holdings Limited and the ultimate parent company is Primary Group Holdings 1 Limited.

Strategic Report for the year ended 31 March 2017**Principal activities**

The company was previously a parent company for companies that operate in the insurance industry providing underwriting agency, broking and service facilities. There are currently no plans for the company to acquire any new investments.

Review of the business

The results for the company as set out on page 9 shows a profit before taxation of £51,415 (2016: profit of £49,893). The equity of the company shows a surplus of £2,451,645 (2016: surplus of £2,405,535).

Future outlook

There are currently no plans for the company to acquire any new investments.

Principal risks and uncertainties

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by directors delegated with the appropriate responsibilities. Compliance with regulation, legal and ethical standards is a high priority for the company.

The Senior Management Team holds regular review meetings to review and report back to the Board on all risk related issues.

Principal risks arising from the competitive market place are:

- severe economic downturn;
- changes to the regulatory environment;
- entrance of significant competitors in our core markets;
- continued downward pressure on underwriting margins and a low interest rate environment; and,
- *current risk carriers terminate or significantly reduce capacity.*

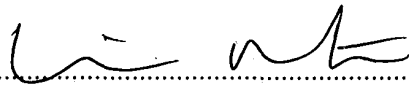
Strategic Report for the year ended 31 March 2017 (continued)**Financial Risk Management****Liquidity risk**

Liquidity risk is the risk that cash may not be available to pay obligations when due. The primary liquidity risk of the company was the obligation to pay suppliers. Regular forecasts were performed to ensure that the company maintained an appropriate level of liquidity.

Key performance indicators (KPI's)

The company is a non trading entity, therefore key performance indicators are not monitored on a regular basis.

Approved by the Board and signed on its behalf by:



.....
Mr C A Nathan

Director

Date: 28/12/17

Directors' Report for the year ended 31 March 2017

The directors present their report and the audited financial statements for the year ended 31 March 2017.

Dividends

An interim dividend of £nil (2016: £nil) was paid in the year. Directors do not recommend payment of a final dividend (2016: £nil).

Directors

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

Mr I Barclay (resigned 01/01/2017)
Mrs M L Leighton (resigned 01/01/2017)
Mr P J Jewell (appointed 01/01/2017)
Mr C A Nathan (appointed 01/01/2017)

Qualifying third-party indemnity provisions

The directors are protected by an indemnity insurance provision as defined by Section 234 of the Companies Act 2006. The indemnity cover has been in place for the last and current financial year and will still be in-force at the date of approval of the financial statements, with renewal due in April 2018.

Statement of disclosure of information to auditors

Each director at the date of approval of this report confirmed that there is no relevant audit information of which the company's auditors are unaware. The directors have taken all the steps that they ought to have taken as directors 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 the requirement to hold 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.

Statement of directors' responsibilities for the year ended 31 March 2017

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements (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 Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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;

Directors' Report for the year ended 31 March 2017 (continued)

- state whether FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" has been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board and signed on its behalf by:



.....
Mr C A Nathan

Director

Date:

28/12/17

Independent Auditors' Report to the members of Longhawk Insurance Group Limited**Report on the financial statements****Our opinion**

In our opinion, Longhawk Insurance Group 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 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.

What we have audited

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

- the statement of financial position as at 31 March 2017;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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

Opinions on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

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

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

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

We have no exceptions to report arising from this responsibility.

Independent Auditors' Report to the members of Longhawk Insurance Group Limited (continued)**Directors' remuneration**

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

Responsibilities for the financial statements and the audit**Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

What an audit of financial statements involves

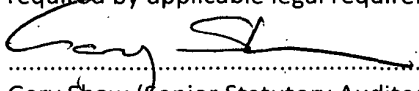
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.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

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

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

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

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.


.....
Gary Shaw (Senior Statutory Auditor) for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors, Leeds

21 December 2017

Statement of Comprehensive Income for the year ended 31 March 2017

	Note	Year ended 31 March 2017 £	Year ended 31 March 2016 £
Turnover		-	-
Administrative expenses		(5,251)	(4,140)
Operating loss	4	<u>(5,251)</u>	<u>(4,140)</u>
Interest receivable and similar income	5	56,666	65,470
Interest payable and similar charges	6	-	(11,437)
Profit on ordinary activities before taxation		<u>51,415</u>	<u>49,893</u>
Tax (charge)/credit on profit on ordinary activities	7	(5,305)	5,305
Profit for the financial year		<u><u>46,110</u></u>	<u><u>55,198</u></u>

The notes to the financial statements on pages 12 to 15 form an integral part of these financial statements.

There were no gains or losses other than those reflected in the profit for the financial year.

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.



Statement of Financial Position as at 31 March 2017

		Year ended	Year ended
	Not e	31 March	31 March
		2017	2016
		£	£
Current assets			
Debtors	8	2,455,477	2,408,307
Creditors: amounts falling due within one year	9	(3,832)	(2,772)
Net current assets		<u>2,451,645</u>	<u>2,405,535</u>
Total assets less current liabilities		<u>2,451,645</u>	<u>2,405,535</u>
Net assets		<u>2,451,645</u>	<u>2,405,535</u>
Capital and reserves			
Called up share capital	10	2,300,001	2,300,001
Retained Earnings		<u>151,644</u>	<u>105,534</u>
Total shareholders' funds		<u>2,451,645</u>	<u>2,405,535</u>

The notes to the financial statements on pages 12 to 15 form an integral part of these financial statements.

The financial statements on pages 9 to 15 were approved by the Board of Directors on

..... and signed on its behalf by:



21/12/17

.....

Mr C A Nathan
Director

Longhawk Insurance Group Limited
Company registration number: 05445532

Statement of Changes in Equity for the year ended 31 March 2017

	Called up share capital £	Retained Earnings £	Shareholders Deficit £
Balance as at 1 April 2015	- 2,300,001	50,336	2,350,337
Profit for the Financial Year	-	55,198	55,198
Balance as at 31 March 2016	2,300,001	105,534	2,405,535
 Balance as at 1 April 2016	 2,300,001	 105,534	 2,405,535
Profit for the Financial Year	-	46,110	46,110
Balance as at 31 March 2017	2,300,001	151,644	2,451,645

Notes to the Financial Statements for the year ended 31 March 2017**1. General Information**

Longhawk Insurance Group Limited ("the Company") operated to act as a parent company for companies that operate in the insurance industry. The Company sold these investments to UK General Insurance Limited in December 2014, and there are currently no plans for the company to acquire any new investments.

The Company is a private company, limited by shares, and is incorporated and domiciled in England. The address of its registered office is Cast House, Old Mill Business Park, Gibraltar Island Road, Leeds, West Yorkshire, LS10 1RJ.

2. Statement of Compliance

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

3. Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared on the going concern basis, under the historical cost convention.

The financial statements contain information about Longhawk Insurance Group Limited as an individual company and do not contain consolidated financial information as the parent of a group. Information on parent companies can be found in note 12.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

Turnover

The company generated revenue principally from Interest received from other Group Companies.

Taxation

Taxation for the period comprises current and deferred tax recognised in the reporting period. Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Notes to the Financial Statements for the year ended 31 March 2017 (continued)**3. Accounting Policies (continued)****Taxation (continued)****(ii) Deferred tax**

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Exemptions for qualifying entities under FRS 102

The company is a subsidiary of Rural & Commercial Holdings Limited and is included in the consolidated financial statements of Rural & Commercial Holdings Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement and from disclosing related party transactions with entities that are part of the Primary Group Limited group or investors of Primary Group Limited.

4. Operating Loss

Fees payable to the Company's auditors for the audit of the Company financial statements at 31 March 2017 were £2,894 (2016: £2,060).

No employees were employed by the Company in the year (2016: nil) other than the directors listed. No emoluments were paid to the directors for their services to the Company during the year (2016: £nil). The charge for directors' emoluments and contributions to money purchase pension schemes totaling £8,182 (2016: £21,320) was borne by another group company, in respect of their services to the group as a whole.

5. Other Interest receivable and similar income

	31 March 2017	31 March 2016
	£	£
Interest receivable from group undertakings	<u>56,666</u>	<u>65,470</u>

6. Interest payable and similar charges

	Year ended 31 March 2017	Year ended 31 March 2016
	£	£
Interest payable on loan from group companies	<u>-</u>	<u>11,437</u>

Notes to the Financial Statements for the year ended 31 March 2017 (continued)**7. Tax on Profit**

(a) Analysis of credit in the year	Year ended 31 March 2017 £	Year ended 31 March 2016 £
Group relief and similar payments/(credits)	-	(5,305)
Adjustments to tax in respect of prior years	5,305	-
Total tax charge/(credit) for the period (note 7b)	5,305	(5,305)

(b) Factors affecting total tax charge/(credit) for the year:

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are explained below:

	Year ended 31 March 2017 £	Year ended 31 March 2016 £
Profit on ordinary activities before taxation	51,415	49,893
Profit on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 20% (2016: 20%)	10,283	9,979
<u>Effects of:</u>		
Permanent Differences	(1,718)	(4,477)
Unrecognised deferred tax	(8,565)	(10,807)
Adjustment to tax in respect of prior periods – group relief	5,305	-
Total tax charge/(credit) for the year (Note 7a)	5,305	(5,305)

(c) Tax rates

The main rate of corporation tax will reduce to 19% from 01 April 2017. This change was substantively enacted as part of Finance Act (No.2) 2015.

Further reductions to the UK Corporation tax rates were substantively enacted as part of the Finance Act 2016. These reduce the main rate to 17% from 1 April 2020.

The deferred tax assets and liabilities reflect the above substantively enacted rates as at the balance sheet date.

(d) Deferred tax

There is an unrecognised deferred tax asset of £40,518 at 17% (2016: £45,835 at 18%) in respect of carried forward tax losses.

Notes to the Financial Statements for the year ended 31 March 2017 (continued)**8. Debtors**

	31 March 2017	31 March 2016
	£	£
Amounts owed by group undertakings	<u>2,455,477</u>	<u>2,408,307</u>

9. Creditors: amounts falling due within one year

	2017	2016
	£	£
Accruals and deferred income	<u>3,832</u>	<u>2,772</u>
	<u>3,832</u>	<u>2,772</u>

10. Called up share capital

	Year ended 31 March 2017	Year ended 31 March 2016
	£	£
Allotted, called up and fully paid		
2,300,001,000 (2016: 2,300,001,000) Ordinary shares of 0.1 pence each (2016: 0.1 pence each)	<u>2,300,001</u>	<u>2,300,001</u>
	<u>2,300,001</u>	<u>2,300,001</u>

11. Related party disclosures

As permitted under FRS 102, paragraph 33.1A, transactions between group companies which are wholly owned have not been disclosed.

12. Ultimate parent undertaking

The ultimate holding company is Primary Group Limited, a company incorporated in Bermuda.

The ultimate parent company is Primary Group Holdings 1 Limited, which is a company incorporated in Bermuda. At 31 March 2017 the ultimate parent undertaking and controlling party during the year was R&H Trust Co. Ltd. as trustee for two trusts established in the Cayman Islands for the benefit of Mr P James and his family. Due to a group restructure, at the date of signing the ultimate controlling party is Mr P James.

Primary Group Limited, incorporated in Bermuda, is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 March 2017. The registered address of Primary Group Limited is Canon's Court, 22 Victoria Street, Hamilton, HM EX, Bermuda.

Rural & Commercial Holdings Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements.