
ASTON SCOTT GROUP LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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Barnes Roffe LLP, Chartered Accountants
Charles Lake House, Claire Causeway, Crossways Business Park, Dartford, Kent, DA2 6QA
21 March 2017

ASTON SCOTT GROUP LIMITED

COMPANY INFORMATION

Directors	P W Blanc H J Carslaw (resigned 9 November 2016) S P Rootham (appointed 19 October 2016) T M Holland (appointed 23 December 2016)
Company secretary	S E Locke
Registered number	05639290
Registered office	Malling House Town Hill West Malling Kent ME19 6QL
Independent auditors	Barnes Roffe LLP Chartered Accountants & Statutory Auditor Charles Lake House Claire Causeway Crossways Business Park Dartford Kent DA2 6QA

ASTON SCOTT GROUP LIMITED

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ASTON SCOTT GROUP LIMITED

CEO'S STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

I am pleased to present the results for the 2016 financial year for the Aston Scott trading Group, an invigorative period following the Group being acquired in 2015 by Bowmark Capital Partners LLP.

Nigel Robertson joined the Board as Chairman during 2016, enabling me to fully take on the role of Group Chief Executive. Stuart Rootham also joined us in 2016 as Group Managing Director. Stuart will prove to be an invaluable asset with a wealth of experience across UK Insurance broking.

Foundations

Aston Scott continues to demonstrate impressive foundations. Once again customer retention rates remain in the 90's combined with a very loyal workforce. We have finished the financial year demonstrating year on year growth - once again the business has grown in each consecutive year for the last 6 years. Organic growth of 3% is a fantastic achievement in the competitive industry in which we operate.

Development of our business

The acquisition of First Commercial Insurance Brokers Limited was completed on 31 December 2015 and the First Commercial team have settled in well, forming our Burnham Office. Their leading property renovation insurance product has been developed with the launch of Renovation Plan Plus – www.renovationplan.co.uk.

There has been strong investment towards our digital change programme and significant strides towards developing a sound and robust IT infrastructure. This combined with a switch to a more dynamic single broking platform in 2017 will maximise operational efficiency and provide a single platform for the benefit of all our acquisitions going forward.

We continue to develop a market leading panel of insurers that share our brand values around customer care our reputation depends on the quality of our insurer partners.

Acquisition opportunities

There remain well over 2,000 small broking businesses in the UK and many will be looking to exit over the coming years. Aston Scott offers a proposition where brokers joining us will feel part of a family, rather than being subsumed within a large corporate environment. We continue to offer genuinely fulfilling career opportunities to our staff and have funding in place to make these acquisitions happen.

Next steps

The coming year will enable us to continue to focus on our client service and continue to seek acquisitions which are both an equal strategic and cultural fit with our business. I have full confidence and optimism that the Aston Scott Group will go from strength to strength.



P W Blanc
Group Chief Executive

ASTON SCOTT GROUP LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2016

Introduction

The directors present their group strategic report accompanying the financial statements for the year ended 30 June 2016.

Business review

At the end of the year, the group contained three trading subsidiaries; First Commercial Insurance Brokers Ltd, Aston Scott Ltd and ASG Risk Management Ltd. The group continues to produce excellent results and the directors are confident that this will continue. The turnover for the group increased by 6.9% to £19,089,976 (2015: £17,859,989). Operating profit has decreased by 42% to £994,338 (2015: £1,713,429 before exceptional items) having taken steps to invest in the underlying systems, governance and infrastructure to support the business going forward, which is progressing well.

Principal risks and uncertainties

The board conducts a formal review of the risks and uncertainties facing the business.

The board recognises that as parent company of an insurance broker the business is sensitive to the following changes, which are to an extent outside of the group's direct control:

- the insolvency of a major insurer;
- regulatory changes implemented by the Financial Conduct Authority;
- potential decisions from insurers to trade directly with clients; and,
- changes in commission rates receivable from insurers.

Financial key performance indicators

The board uses a range of financial and non-financial performance indicators, including net retained income, growth year on year, client satisfaction surveys, performance versus budget, and regulatory compliance indicators.

Financial risk management

The directors regularly review the financial requirements of the group and the risks associated therewith.

The group manages cash flow as part of its day to day control procedures and appropriate facilities are made available to draw as necessary.

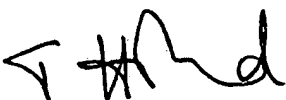
The group's policy in respect of credit risk is to require appropriate credit checks on new clients. The group's policy in respect of liquidity risk is to maintain readily accessible bank deposits to ensure the group has sufficient funds for operations. The cash deposits are predominantly held in current accounts.

Principal activity

The Group's principal activities are risk management and insurance broking.

This report was approved by the board on 20 March 2017 and signed on its behalf.

T M Holland
Director



ASTON SCOTT GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2016

The directors present their report and the financial statements for the year ended 30 June 2016.

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 Company and the Group 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's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £902,986 (2015 - loss £2,459,216).

The directors do not recommend the payment of a final dividend (2015 - £Nil).

Directors

The directors who served during the year were:

P W Blanc

H J Carslaw (resigned 9 November 2016)

Future developments

The group continues to trade profitably and to pursue opportunities to improve its performance and financial position.

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 the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the 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 and the Group's auditors are aware of that information.

ASTON SCOTT GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2016**

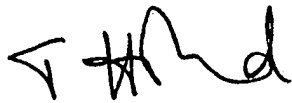
Post balance sheet events

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

Auditors

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

This report was approved by the board on **20 March 2017** and signed on its behalf.



T M Holland
Director

ASTON SCOTT GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ASTON SCOTT GROUP LIMITED

We have audited the financial statements of Aston Scott Group Limited for the year ended 30 June 2016, set out on pages 7 to 28. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the 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'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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 members 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 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). Those standards require us to comply with the Financial Reporting Council'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's and the 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 Group 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 the parent Company's affairs as at 30 June 2016 and of the Group's profit or 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements.

ASTON SCOTT GROUP LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ASTON SCOTT GROUP 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.



Mario Ciantanni (Senior statutory auditor)
for and on behalf of
Barnes Roffe LLP
Chartered Accountants
Statutory Auditor
Charles Lake House
Claire Causeway
Crossways Business Park
Dartford
Kent
DA2 6QA

Date: 11 March 2017.

ASTON SCOTT GROUP LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2016 £	2015 £
Turnover	4	19,089,976	17,859,989
Gross profit		19,089,976	17,859,989
Administrative expenses		(18,095,638)	(16,146,560)
Exceptional administrative expenses		-	(4,199,220)
Operating profit/(loss)	5	994,338	(2,485,791)
Interest receivable and similar income	9	14,403	39,174
Interest payable and expenses	10	-	(69,896)
Profit/(loss) before taxation		1,008,741	(2,516,513)
Tax on profit/(loss)	11	(105,755)	57,297
Profit/(loss) for the year		902,986	(2,459,216)
Unrealised surplus on revaluation of intangible assets		249,429	398,088
Other comprehensive income for the year		249,429	398,088
Total comprehensive income/(loss) for the year		1,152,415	(2,061,128)
Owners of the parent Company		1,152,415	(2,061,128)
		1,152,415	(2,061,128)

There were no recognised gains and losses for 2016 or 2015 other than those included in the consolidated statement of comprehensive income.

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

ASTON SCOTT GROUP LIMITED
REGISTERED NUMBER: 05639290

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2016

	Note	2016 £	2016 £	As restated 2015 £	As restated 2015 £
Fixed assets					
Intangible assets	14		6,401,820		7,809,226
Tangible assets	15		356,383		370,588
			<u>6,758,203</u>		<u>8,179,814</u>
Current assets					
Debtors: amounts falling due within one year	17	3,495,238		2,918,796	
Cash at bank and in hand	18	10,584,732		7,638,495	
		<u>14,079,970</u>		<u>10,557,291</u>	
Creditors: amounts falling due within one year	19	(14,578,998)		(13,286,571)	
Net current liabilities			<u>(499,028)</u>		<u>(2,729,280)</u>
Total assets less current liabilities			<u>6,259,175</u>		<u>5,450,534</u>
Provisions for liabilities					
Deferred taxation	20	(12,965)		(11,593)	
Other provisions	21	(1,677,177)		(1,772,874)	
			<u>(1,690,142)</u>		<u>(1,784,467)</u>
Net assets			<u><u>4,569,033</u></u>		<u><u>3,666,067</u></u>
Capital and reserves					
Called up share capital	22		50,000		50,000
Share premium account			1,488,961		1,488,961
Consolidated reserve			-		249,429
Other reserves			5,555		5,555
Profit and loss account			3,024,517		1,872,122
Equity attributable to owners of the parent Company			<u><u>4,569,033</u></u>		<u><u>3,666,067</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 March 2017

T M Holland



Director

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

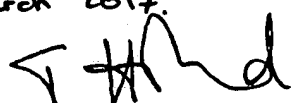
ASTON SCOTT GROUP LIMITED
REGISTERED NUMBER: 05639290

COMPANY BALANCE SHEET
AS AT 30 JUNE 2016

	Note	2016 £	2015 £
Fixed assets			
Investments	16	2,516,511	2,516,511
		<u>2,516,511</u>	<u>2,516,511</u>
Current assets			
Debtors: amounts falling due within one year	17	53,663	53,663
		<u>53,663</u>	<u>53,663</u>
Creditors: amounts falling due within one year	19	(30)	(30)
		<u>(30)</u>	<u>(30)</u>
Net current assets		<u>53,633</u>	<u>53,633</u>
Total assets less current liabilities		<u>2,570,144</u>	<u>2,570,144</u>
Net assets excluding pension asset		<u>2,570,144</u>	<u>2,570,144</u>
Net assets		<u><u>2,570,144</u></u>	<u><u>2,570,144</u></u>
Capital and reserves			
Called up share capital	22	50,000	50,000
Share premium account		1,488,961	1,488,961
Other reserves		5,555	5,555
Profit and loss account		1,025,628	1,025,628
		<u>2,570,144</u>	<u>2,570,144</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 March 2017.

T M Holland
Director



ASTON SCOTT GROUP LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016**

	Called up share capital	Share premium account	Consolidated reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 July 2015	50,000	1,488,961	249,429	5,555	1,872,122	3,666,067
Profit for the year	-	-	-	-	902,986	902,986
Transfer between reserves	-	-	(249,429)	-	249,429	-
Purchase of own shares	-	-	-	-	(20)	(20)
At 30 June 2016	50,000	1,488,961	-	5,555	3,024,517	4,569,033

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015**

	Called up share capital	Share premium account	Consolidated reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 July 2014 (as previously stated)	50,000	1,488,961	647,517	5,555	4,301,580	6,493,613
Prior year adjustment	-	-	-	-	(368,330)	(368,330)
At 1 July 2014 (as restated)	50,000	1,488,961	647,517	5,555	3,933,250	6,125,283
Loss for the year	-	-	-	-	(2,459,216)	(2,459,216)
Transfer between reserves	-	-	(398,088)	-	398,088	-
At 30 June 2015	50,000	1,488,961	249,429	5,555	1,872,122	3,666,067

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

ASTON SCOTT GROUP LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016**

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total equity £
At 1 July 2015	50,000	1,488,961	5,555	1,025,628	2,570,144
At 30 June 2016	50,000	1,488,961	5,555	1,025,628	2,570,144

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015**

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total equity £
At 1 July 2014	50,000	1,488,961	5,555	25,458	1,569,974
Profit for the year	-	-	-	1,000,170	1,000,170
At 30 June 2015	50,000	1,488,961	5,555	1,025,628	2,570,144

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

ASTON SCOTT GROUP LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016**

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	902,986	(2,459,216)
Adjustments for:		
Amortisation of intangible fixed assets	3,713,302	3,336,552
Depreciation of tangible fixed assets	287,448	313,065
Loss on disposal of tangible fixed assets	37,579	(8,167)
Interest paid	-	69,896
Interest received	(14,403)	(39,174)
Taxation	105,755	(57,297)
(Increase) in debtors	(629,136)	(216,715)
Increase/(decrease) in creditors	1,486,404	(358,417)
Increase in amounts owed to groups	(327,960)	6,000,822
Increase in provisions	(103,116)	(1,060,060)
Corporation tax	82,276	(184,916)
Net cash generated from operating activities	5,541,135	5,336,373
Cash flows from investing activities		
Purchase of intangible fixed assets	(2,298,479)	(1,275,000)
Purchase of tangible fixed assets	(310,822)	(128,430)
Sale of tangible fixed assets	-	21,001
Interest received	14,403	39,174
Net cash from investing activities	(2,594,898)	(1,343,255)
Cash flows from financing activities		
Issue of ordinary shares	-	14,998
Repayment of loans	-	(5,171,242)
Interest paid	-	(69,896)
Net cash used in financing activities	-	(5,226,140)
Cash and cash equivalents at beginning of year	7,638,495	8,871,517
Cash and cash equivalents at the end of year	10,584,732	7,638,495
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	10,584,732	7,638,495

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

ASTON SCOTT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1. General information

Aston Scott Group Limited is a limited company, registered in England and Wales (company number 05639290). The address of the registered office is Malling House, Town Hill, West Malling, Kent, ME19 6QL.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of goodwill 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.

Information on the impact of first-time adoption of FRS 102 is given in note 28.

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Group and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 July 2014.

ASTON SCOTT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

2. Accounting policies (continued)

2.3 Turnover

Turnover represents amounts receivable from fees and commission. Commission and fees are recognised on the issue of a debit note to a client for a policy in respect of new business and mid term adjustment where the inception date falls within the accounting period.

During the year the Company reviewed its accounting policy in respect of Renewal debit notes. In previous years these had been recognised once paid by the client, however it was felt that in order to better reflect the substance of the transaction, Renewal debit notes should be recognised at the effective date of the policy. The effect of this change in accounting policy has been disclosed at Note 23 to these financial statements.

It is normal practice for insurance brokers to settle accounts with other intermediaries, clients and insurers on a net basis. Thus large changes in both insurance broker debtors and creditors can result from comparatively small cash settlements. For this reason, the totals of insurance broking debtors and creditors give no indication of future cash flows.

The legal status of this practice of net settlement is uncertain and in the event of an insolvency it is generally abandoned. FRS 102 requires that offset of assets and liabilities should be recognised in the financial statements where and only where, the offset would survive the insolvency of either party to the transactions. Accordingly, only such offsets have been recognised in calculating insurance broking debtors and creditors.

2.4 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

2.5 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.

ASTON SCOTT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

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 and reducing balance method.

Depreciation is provided on the following basis:

Motor Vehicles	- 25% straight line
Fixtures & Fittings	- 20 - 33% straight line

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.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

ASTON SCOTT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

2. Accounting policies (continued)

2.9 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 debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.12 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

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 01 July 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.13 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 payment 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.

2.14 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

ASTON SCOTT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

2. Accounting policies (continued)

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are 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.

2.16 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 by the balance sheet date in the countries where the Company and the Group operate and generate 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:

- 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.17 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

ASTON SCOTT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

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

The directors have made a key assumption in determining the useful economic life of goodwill on the acquisition of insurance books. The directors, in making their assessment have used an average customer retention rate across the ASG Risk Management Limited group, including the subsidiary companies, to assess the useful economic life of goodwill at an average of ten years.

4. Turnover

All turnover arose within the United Kingdom.

5. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	287,448	313,065
Amortisation of intangible assets, including goodwill	3,713,304	3,336,552
Other operating lease rentals	471,192	451,140
Defined contribution pension cost	291,664	283,458
	<u> </u>	<u> </u>

6. Auditors' remuneration

	2016 £	2015 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	43,446	34,730
	<u> </u>	<u> </u>
Fees payable to the Group's auditor and its associates in respect of:		
All other services	21,902	5,972
	<u> </u>	<u> </u>

ASTON SCOTT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	8,469,379	7,602,255
Social security costs	873,279	799,670
Cost of defined contribution scheme	291,664	283,458
	<u>9,634,322</u>	<u>8,685,383</u>

The average monthly number of employees, including the directors, during the year was as follows:

2016 No.	2015 No.
<u>240</u>	<u>237</u>

8. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	379,410	2,715,379
Company contributions to defined contribution pension schemes	8,151	10,000
	<u>387,561</u>	<u>2,725,379</u>

During the year retirement benefits were accruing to 2 directors (2015 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £191,830 (2015 - £NIL).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £5,434 (2015 - £NIL).

9. Interest receivable

	2016 £	2015 £
Other interest receivable	<u>14,403</u>	<u>39,174</u>

ASTON SCOTT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

10. Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	-	69,896
	<u> </u>	<u> </u>

11. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	104,383	-
Adjustments in respect of previous periods	-	(21,890)
Total current tax	<u>104,383</u>	<u>(21,890)</u>
Deferred tax		
Origination and reversal of timing differences	1,372	(35,407)
Total deferred tax	<u>1,372</u>	<u>(35,407)</u>
Taxation on profit/(loss) on ordinary activities	<u>105,755</u>	<u>(57,297)</u>

ASTON SCOTT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

11. Taxation (continued)

Factors affecting tax charge for the year

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

	2016 £	2015 £
Profit on ordinary activities before tax	1,008,741	(2,516,513)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 21%)	201,748	(528,468)
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	158,371	140,730
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	21,730	5,483
Depreciation for year in excess of capital allowances	8,656	38,801
Adjustments to tax charge in respect of prior periods	(73,665)	(21,890)
Other timing differences leading to an increase (decrease) in taxation	(5,852)	-
Unrelieved tax losses carried forward	-	324,417
Change in tax rates / other timing differences	-	19,037
Group relief	(206,605)	-
Deferred tax increase (decrease)	1,372	(35,407)
Total tax charge for the year	105,755	(57,297)

Factors that may affect future tax charges

There are unrelieved tax losses brought forward and carried forward of £1,622,805 in ASG Risk Management Limited.

12. Exceptional items

	2016 £	2015 £
Bonus payments to staff	-	1,190,000
Bonus payments to directors	-	2,500,000
National insurance on bonus payments	-	509,220
	-	4,199,220

ASTON SCOTT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

13. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the year was £Nil (2015 - £1,000,170).

14. Intangible assets

Group and Company

	Goodwill £
Cost	
At 1 July 2015	21,611,383
Additions	2,298,479
On acquisition of subsidiaries	10,000
Revaluation surplus	7,419
At 30 June 2016	<u>23,927,281</u>
Amortisation	
At 1 July 2015	13,802,157
Charge for the year	3,713,304
Foreign exchange movement	10,000
At 30 June 2016	<u>17,525,461</u>
Net book value	
At 30 June 2016	<u>6,401,820</u>
At 30 June 2015	<u>7,809,226</u>

ASTON SCOTT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

15. Tangible fixed assets

Group

	Motor Vehicles £	Office Equipment £	Total £
Cost or valuation			
At 1 July 2015	86,625	1,146,771	1,233,396
Additions	-	310,822	310,822
Disposals	(56,368)	-	(56,368)
At 30 June 2016	<u>30,257</u>	<u>1,457,593</u>	<u>1,487,850</u>
Depreciation			
At 1 July 2015	21,797	841,011	862,808
Charge for period on owned assets	14,610	272,838	287,448
Disposals	(18,789)	-	(18,789)
At 30 June 2016	<u>17,618</u>	<u>1,113,849</u>	<u>1,131,467</u>
Net book value			
At 30 June 2016	<u><u>12,639</u></u>	<u><u>343,744</u></u>	<u><u>356,383</u></u>
At 30 June 2015	<u><u>64,828</u></u>	<u><u>305,760</u></u>	<u><u>370,588</u></u>

ASTON SCOTT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

16. Fixed asset investments

Direct subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
ASG Risk Management Limited	England and Wales	Ordinary	100 %	Risk management

Indirect Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Aston Scott Limited	England and Wales	Ordinary	100 %	Insurance broking
First Commercial Insurance Brokers Limited	England and Wales	Ordinary	100 %	Insurance broking

The aggregate of the share capital and reserves as at 30 June 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves	Profit/(loss)
	£	£
ASG Risk Management Limited	(5,125,926)	(3,177,023)
Aston Scott Limited	9,293,870	4,222,445
First Commercial Insurance Brokers Limited	901,308	520,457
Company		

	Investments in Subsidiary Companies £
Cost or valuation	
At 1 July 2015	2,516,511
At 30 June 2016	2,516,511

ASTON SCOTT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

16. Fixed asset investments (continued)

Net book value

At 30 June 2016	2,516,511
	<u><u>2,516,511</u></u>
At 30 June 2015	<u><u>2,516,511</u></u>

17. Debtors

	Group	<i>Group As restated</i>	Company	<i>Company</i>
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	2,665,748	2,098,115	-	-
Amounts owed by group undertakings	-	-	53,663	53,663
Other debtors	169,673	213,299	-	-
Prepayments and accrued income	659,817	607,382	-	-
	<u>3,495,238</u>	<u>2,918,796</u>	<u>53,663</u>	<u>53,663</u>

18. Cash and cash equivalents

	Group	<i>Group</i>	Company	<i>Company</i>
	2016	2015	2016	2015
	£	£	£	£
Cash at bank and in hand	10,584,732	7,638,495	-	-
Less: bank overdrafts	-	-	(30)	(30)
	<u>10,584,732</u>	<u>7,638,495</u>	<u>(30)</u>	<u>(30)</u>

Included within cash at bank and in hand are client monies held in the sum of £5,063,027 (2015 - £4,712,160).

ASTON SCOTT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

19. Creditors: Amounts falling due within one year

	Group	<i>Group As restated</i>	Company	<i>Company</i>
	2016	2015	2016	2015
	£	£	£	£
Bank overdrafts	-	-	30	30
Trade creditors	7,342,100	5,969,440	-	-
Amounts owed to group undertakings	5,672,862	6,000,822	-	-
Corporation tax	134,352	387	-	-
Taxation and social security	277,097	228,071	-	-
Other creditors	15,905	77,141	-	-
Accruals and deferred income	1,136,682	1,010,710	-	-
	14,578,998	13,286,571	30	30

Included within trade creditors are IBA creditors in the sum of £7,124,255 (2015 - £5,573,051).

20. Deferred taxation

Group

	2016
	£
At beginning of year	(11,593)
Charged to the profit or loss	(1,372)
At end of year	(12,965)

The provision for deferred taxation is made up as follows:

	2016
	£
Accelerated capital allowances	12,965

ASTON SCOTT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

21 Provisions

Group

	Contingent deferred consideration £
At 1 July 2015	1,772,874
Additions	1,041,909
Revision of deferred contingent consideration (note 14)	7,419
Paid in year	(1,145,025)
At 30 June 2016	1,677,177

The deferred consideration relates to the purchase of the trade of a number of businesses. It is based on the directors' best estimate of future payments and is dependent on the level of future income generated.

Of the deferred consideration £1,053,367 (2015 - £638,000) is payable in more than one year.

22. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

23. Prior year adjustment

Following a change in accounting policy in respect of revenue recognition, as disclosed at Note 2.3, a prior year adjustment has been processed, the net effect being a reduction in reserves at 30 June 2014 of £368,330.

24. Contingent liabilities

Bank borrowings of Antelope (Midco) Ltd and certain of its subsidiaries are secured via a fixed and floating charge over the assets of Antelope (Bidco) Ltd, Aston Scott Group Ltd, ASG Risk Management Ltd and Aston Scott Ltd. At 30 June 2016 the potential exposure in respect of this guarantee was £14,985,000 (2015: £14,000,000). This figure is in respect of gross borrowings and does not take into account the underlying assets of Antelope (Midco) Ltd. The directors consider the possibility of a liability arising from this guarantee to be remote and no provision has therefore been made.

ASTON SCOTT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

25. Pension commitments

Defined contribution pension schemes are operated on behalf of the employees of the Group. The assets are held separately from those of the Group in independently administered funds. The pension charge represents contributions payable by the Group to various pension funds amounting to £291,664 (2015 - £283,458).

26. Commitments under operating leases

At 30 June 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £	Group 2015 £
Not later than 1 year	411,031	423,364
Later than 1 year and not later than 5 years	1,119,844	1,122,589
Later than 5 years	529,706	558,854
Total	2,060,581	2,104,807

27. Controlling party

The immediate parent undertaking of the company is Antelope (Bidco) Limited. The ultimate parent undertaking is Antelope (Topco) Limited, a company controlled by funds controlled by Bowmark Capital LLP, which is the ultimate controlling party of the group.

28. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.