Registered number: 05639290

ASTON SCOTT GROUP LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Barnes Roffe LLP, Chartered Accountants
Charles Lake House, Claire Causeway, Crossways Business Park, Dartford, Kent, DA2 6QA
16 January 2018

ASTON SCOTT GROUP LIMITED

COMPANY INFORMATION

Directors	P W Blanc C W Brown (appointed 18 September 2017) H J Carslaw (resigned 9 November 2016) T M Holland (appointed 23 December 2016) S J S Lark (appointed 18 September 2017) S P Rootham (appointed 19 October 2016)
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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CEO'S STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017

I have pleasure in presenting the results for the 2017 financial year, enclosed herewith, for the Aston Scott trading group.

Foundations

Aston Scott continues to demonstrate strong financial performance. There is no better demonstration of our success than continued organic growth from our strong client retention rates.

We continue to invest in the development of our staff, maintaining a low turnover year on year. Across the business we ensure that as we grow we recognise the importance of our staff, being those responsible for providing our high quality services to clients. We aim to have all client facing staff undertaking professional training to obtain their appropriate professional qualifications from the Chartered Insurance Institute (CII) and the opportunity to progress to FCII and chartered status. Continuing professional development ensures that we can deliver the very best client service, including keeping our clients up to date with all relevant regulatory and industry developments.

Development of our business

We have completed a number of acquisitions, including A H Bell & Co, a well respected chartered broker based in Derby. We retain their excellent office that has splendid views out over the Derby county cricket ground, with the Derby office forming the hub of our Midlands operation. In addition, we completed the purchase of a number of books of business, including Starsure Limited which has joined our Glasgow office.

Our acquisition pipeline remains strong, with our focus committed to excellent quality brokers with continuity of senior management. We continue to offer other UK corporate brokers a compelling proposition in joining the Aston Scott Group, which provides an opportunity for vendor management to realise their investment, whilst continuing their corporate development and investment in their staff.

Our digitalisation also continues to progress with the completion of our new IT infrastructure in place and the conversion to our chosen broking platform, Acturis, rolled out to our offices across Q1 2017.

I have pleasure in reporting that on 30 June 17, Aston Scott announced the merger with Lark (Group) Limited and its subsidiary companies (the "Lark Group"). This is a tremendous opportunity for two very similar Chartered UK brokers to bring together the very best of client service. FCA approval was received in September, and the transaction was formally completed on 18 September 2017.

Acquisition opportunities

There remain well over 2,000 small broking businesses in the UK and many will be looking to realise shareholder value over the coming years. The enlarged group following the merger of Aston Scott and Lark (Group) Limited will be in a strong position to facilitate the acquisition of brokers looking to join a business with core values of integrity and expertise that mirror those of their own. We continue to offer genuinely fulfilling career opportunities to our staff and have taken the opportunity as part of the merger to increase our funding available to facilitate these acquisitions.

Next steps

The merger offers the opportunity to fully integrate the two businesses, strengthening the service offering to clients and building on the already strong client service culture. The integration activity is well underway with the completion of the merger expected in 2018.

We will continue to strive towards our goal of becoming the UK's most trusted Charted Insurance broker, delivering for our clients with passion, integrity and expertise and am confident that the enlarged group will go from strength to strength.

P W Blanc
Group CEO

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2017

Introduction

The directors present their group strategic report accompanying the financial statements for the year ended 30 June 2017.

Business review

At the end of the year, the group contained two trading subsidiaries; Aston Scott Ltd, and A H Bell (Insurance Brokers) Limited along with other associated holding companies. The group continues to produce excellent results and the directors are confident that this will continue. The turnover for the group increased by 9.6% to £21,277,870 (2016: £19,414,112). Operating profit has increased by 43.3% to £1,889,266 (2016: £1,318,474) having taken steps to invest in the underlying systems, governance and infrastructure to support the business going forward, which is progressing well.

During the year the group made a number of strategic acquisitions, including that of A H Bell & Co. (Insurance Brokers) Limited.

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.

This report was approved by the board on 16/01/18 and signed on its behalf.

T Holland

T M Holland
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2017

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

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 to 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 £1,602,232 *(2016 - £1,162,295)*.

The directors do not recommend the payment of a final dividend (2016 - £Nil).

Directors

The directors who served during the year were:

P W Blanc
H J Carslaw (resigned 9 November 2016)
T M Holland (appointed 23 December 2016)
S P Rootham (appointed 19 October 2016)

Future developments

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

Employee involvement

Consultation with employees has taken place at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests. All employees are aware of the financial and economic performance of their business units and of the Aston Scott group as a whole.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2017

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.

Post balance sheet events

Subsequent to the year end the group, of which Aston Scott Group Limited is a member, and Lark Group were jointly acquired by Augusta (Bidco) Limited. The acquisition has no impact on the financial statements for the year ended 30 June 2017.

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 16/01/18 and signed on its behalf.

T Holland

T M Holland
Director

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

Opinion

We have audited the financial statements of Aston Scott Group Limited for the year ended 30 June 2017, set out on pages 9 to 31. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 June 2017 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters 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 Group 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 Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The description forms part of our Auditors' report.

Mario Cientanni (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: 24 January 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 £	*As restated* *2016* *£*
Turnover	4	**21,227,870**	*19,414,112*
Gross profit		**21,227,870**	*19,414,112*
Administrative expenses		**(19,338,604)**	*(18,095,638)*
Operating profit	5	**1,889,266**	*1,318,474*
Income from shares in group undertakings		**1**	-
Interest receivable and similar income	9	**13,513**	*14,403*
Profit before taxation		**1,902,780**	*1,332,877*
Tax on profit	10	**(300,548)**	*(170,582)*
Profit for the financial year		**1,602,232**	*1,162,295*
Unrealised surplus on revaluation of intangible assets		-	*249,429*
Other comprehensive income for the year		-	*249,429*
Total comprehensive income for the year		**1,602,232**	*1,411,724*
Profit for the year attributable to:			
Owners of the parent company		**1,602,232**	*1,162,295*
		1,602,232	*1,162,295*

There were no recognised gains and losses for 2017 or 2016 other than those included in the consolidated statement of comprehensive income.

The notes on pages 15 to 31 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2017

	Note		2017 £		*As restated* *2016* £
Fixed assets					
Intangible assets	12		**9,656,103**		*6,401,820*
Tangible assets	13		**322,204**		*356,383*
			9,978,307		*6,758,203*
Current assets					
Debtors: amounts falling due within one year	15	**5,754,367**		*3,754,546*	
Cash at bank and in hand	16	**10,665,510**		*10,584,732*	
		16,419,877		*14,339,278*	
Creditors: amounts falling due within one year	17	**(18,067,608)**		*(14,578,998)*	
Net current liabilities			**(1,647,731)**		*(239,720)*
Total assets less current liabilities			**8,330,576**		*6,518,483*
Provisions for liabilities					
Deferred taxation	18	**(41,109)**		*(12,965)*	
Other provisions	19	**(1,858,894)**		*(1,677,177)*	
			(1,900,003)		*(1,690,142)*
Net assets			**6,430,573**		*4,828,341*
Capital and reserves					
Called up share capital	20		**50,000**		*50,000*
Share premium account			**1,488,961**		*1,488,961*
Other reserves			**5,555**		*5,555*
Profit and loss account			**4,886,057**		*3,283,825*
Equity attributable to owners of the parent company			**6,430,573**		*4,828,341*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16/01/18

T Holland

T M Holland
Director

The notes on pages 15 to 31 form part of these financial statements.

COMPANY BALANCE SHEET
AS AT 30 JUNE 2017

	Note		2017 £		2016 £
Fixed assets					
Investments	14		**3,593,839**		*2,516,511*
Current assets					
Debtors: amounts falling due within one year	15	**53,663**		*53,663*	
Creditors: amounts falling due within one year	17	**(750,030)**		*(30)*	
Net current (liabilities)/assets			**(696,367)**		*53,633*
Total assets less current liabilities			**2,897,472**		*2,570,144*
Provisions for liabilities					
Other provisions	19		**(327,328)**		-
Net assets			**2,570,144**		*2,570,144*
Capital and reserves					
Called up share capital	20		**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*
			2,570,144		*2,570,144*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16/01/18

T M Holland
Director

The notes on pages 15 to 31 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 July 2016 (as previously stated)	50,000	1,488,961	5,555	3,024,516	4,569,032
Prior year adjustment	-	-	-	259,309	259,309
At 1 July 2016 (as restated)	50,000	1,488,961	5,555	3,283,825	4,828,341
Profit for the year	-	-	-	1,602,232	1,602,232
At 30 June 2017	50,000	1,488,961	5,555	4,886,057	6,430,573

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
	£	£	£	£	£
At 1 July 2015	50,000	1,488,961	249,429	5,555	1,872,121
Profit for the year	-	-	-	-	1,162,295
Transfer from consolidated reserve	-	-	(249,429)	-	-
Transfer to profit and loss reserve	-	-	-	-	249,429
Purchase of own shares	-	-	-	-	(20)
At 30 June 2016	50,000	1,488,961	-	5,555	3,283,825

	Total equity
	£
At 1 July 2015	3,666,066
Profit for the year	1,162,295
Transfer from consolidated reserve	(249,429)
Transfer to profit and loss reserve	249,429
Purchase of own shares	(20)
At 30 June 2016	4,828,341

The notes on pages 15 to 31 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 July 2016	50,000	1,488,961	5,555	1,025,628	2,570,144
At 30 June 2017	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 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

The notes on pages 15 to 31 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	2017 £	*2016 £*
Cash flows from operating activities		
Profit for the financial year	**1,602,232**	*1,162,295*
Adjustments for:		
Amortisation of intangible assets	**2,929,712**	*3,713,302*
Depreciation of tangible assets	**211,380**	*287,448*
Loss on disposal of tangible assets	**(6,182)**	*37,579*
Interest received	**(13,513)**	*(14,403)*
Taxation charge	**300,548**	*170,582*
(Increase) in debtors	**(2,098,772)**	*(953,272)*
Decrease/(increase) in amounts owed by groups	**-**	*(327,960)*
Increase in creditors	**2,271,615**	*1,486,404*
Increase/(decrease) in provisions	**181,717**	*(103,116)*
Corporation tax (paid)/received	**(236,392)**	*82,276*
Net cash generated from operating activities	**5,142,345**	*5,541,135*
Cash flows from investing activities		
Purchase of intangible fixed assets	**(1,428,191)**	*(2,298,479)*
Purchase of tangible fixed assets	**(242,083)**	*(310,822)*
Sale of tangible fixed assets	**13,801**	*-*
Purchase of fixed asset investments	**(3,418,607)**	*-*
Interest received	**13,513**	*14,403*
Net cash from investing activities	**(5,061,567)**	*(2,594,898)*
Net increase in cash and cash equivalents	**80,778**	*2,946,237*
Cash and cash equivalents at beginning of year	**10,584,732**	*7,638,495*
Cash and cash equivalents at the end of year	**10,665,510**	*10,584,732*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**10,665,510**	*10,584,732*
	10,665,510	*10,584,732*

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. The principal activity of the group during the year was that of risk management and insurance broking.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group'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 company 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.

2.3 Turnover

Turnover represents amounts receivable from fees and commission. Commission and fees are recognised on the later of the debit note issue date and the effective date of the policy.

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. Accounting policies (continued)

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 ten 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.

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:

Plant & Machinery	- 20% reducing balance
Motor Vehicles	- 25% straight line
Fixtures & Fittings	- 20 - 33% straight line
Computer Equipment	- 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. Accounting policies (continued)

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.

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 Group's cash management.

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 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 lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2. Accounting policies (continued)

2.12 Pensions

Defined contribution pension plan

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

2.13 Interest income

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

2.14 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. Accounting policies (continued)

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, except that a charge 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.

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 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

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	268,824	287,448
Amortisation of intangible assets, including goodwill	2,929,712	3,713,304
Other operating lease rentals	557,575	471,192
Defined contribution pension cost	331,372	291,664

6. Auditors' remuneration

	2017 £	2016 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	58,407	43,446
Fees payable to the Group's auditor and its associates in respect of:		
All other services	11,773	21,902

7. Employees

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

	2017 £	2016 £
Wages and salaries	9,521,093	8,469,379
Social security costs	938,738	873,279
Cost of defined contribution scheme	331,372	291,664
	10,791,203	9,634,322

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

	2017 No.	2016 No.
	256	240

8. Directors' remuneration

	2017 £	*2016 £*
Directors' emoluments	**570,871**	*379,410*
Group contributions to defined contribution pension schemes	**10,262**	*8,151*
	581,133	*387,561*

During the year retirement benefits were accruing to 4 directors *(2016 - 2)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £193,380 *(2016 - £191,830)*.

The value of the group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £5,481 *(2016 - £5,434)*.

9. Interest receivable

	2017 £	*2016 £*
Other interest receivable	**13,513**	*14,403*

10. Taxation

	2017 £	*2016 £*
Corporation tax		
Current tax on profits for the year	**290,390**	*169,210*
Adjustments in respect of previous periods	**(13,938)**	-
Total current tax	**276,452**	*169,210*
Deferred tax		
Origination and reversal of timing differences	**24,096**	*1,372*
Total deferred tax	**24,096**	*1,372*
Taxation on profit on ordinary activities	**300,548**	*170,582*

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2016 - lower than)* the standard rate of corporation tax in the UK of 19% *(2016 - 20%)*. The differences are explained below:

	2017 £	*2016 £*
Profit on ordinary activities before tax	**1,902,780**	*1,332,877*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19/20% (2016 - 20%)	**380,496**	*266,575*
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	**148,342**	*158,371*
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**94,155**	*21,730*
Capital allowances for year in excess of depreciation	**(73,223)**	*8,656*
Adjustments to tax charge in respect of prior periods	**(13,938)**	*(73,665)*
Other timing differences leading to an increase (decrease) in taxation	**-**	*(5,852)*
Change in tax rate	**(3,666)**	*-*
Group relief	**(255,714)**	*(206,605)*
Deferred tax increase (decrease)	**24,096**	*1,372*
Total tax charge for the year	**300,548**	*170,582*

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.

11. 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 *(2016 - £NIL)*.

12. *Intangible assets*

Group

	Website improvements £	Software £	Goodwill £	Total £
Cost				
At 1 July 2016	-	-	23,927,281	23,927,281
Additions	9,480	1,278,548	4,839,353	6,127,381
Revaluation surplus	-	-	56,614	56,614
At 30 June 2017	9,480	1,278,548	28,823,248	30,111,276
Amortisation				
At 1 July 2016	-	-	17,525,461	17,525,461
Charge for the year	1,580	53,977	2,874,155	2,929,712
At 30 June 2017	1,580	53,977	20,399,616	20,455,173
Net book value				
At 30 June 2017	7,900	1,224,571	8,423,632	9,656,103
At 30 June 2016	*-*	*-*	*6,401,820*	*6,401,820*

Company

	Goodwill £
Additions	1,077,328
Intra group transfers	(1,077,328)
Net book value	
At 30 June 2017	-
At 30 June 2016	*-*

13. Tangible fixed assets

Group

	Plant & Machinery £	Motor Vehicles £	Fixtures & fittings £	Computer Equipment £	Total £
Cost or valuation					
At 1 July 2016	39,651	30,257	1,308,319	109,623	1,487,850
Additions	1,338	-	240,745	-	242,083
Disposals	-	(30,257)	-	-	(30,257)
At 30 June 2017	40,989	-	1,549,064	109,623	1,699,676
Depreciation					
At 1 July 2016	-	17,618	1,004,226	109,623	1,131,467
Charge for the year on owned assets	15,212	5,201	248,411	-	268,824
Disposals	-	(22,819)	-	-	(22,819)
At 30 June 2017	15,212	-	1,252,637	109,623	1,377,472
Net book value					
At 30 June 2017	25,777	-	296,427	-	322,204
At 30 June 2016	*39,651*	*12,639*	*304,093*	-	*356,383*

14. Fixed asset investments

Direct subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
ASG Risk Management Limited	Ordinary	100 %	Risk management

Indirect Subsidiary undertakings

The following were subsidiary undertakings of the company held via ASG Risk Management Limited:

Name	Class of shares	Holding	Principal activity
Aston Scott Limited	Ordinary	100 %	Insurance broking
First Commercial Insurance Brokers Limited	Ordinary	100 %	Insurance broking
A H Bell (Insurance Brokers) Limited	Ordinary	100 %	Insurance broking
Salt Risk Management Limited	Ordinary	100 %	Risk management

The aggregate of the share capital and reserves as at 30 June 2017 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	(6,111,048)	(2,062,450)
Aston Scott Limited	17,708,985	3,741,563
First Commercial Insurance Brokers Limited	66,428	303,000
A H Bell (Insurance Brokers) Limited	1,521,007	360,270
Salt Risk Management Limited	1,677,460	-

14. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 July 2016	**2,516,511**
Additions	**1,077,328**
At 30 June 2017	**3,593,839**
Net book value	
At 30 June 2017	**3,593,839**
At 30 June 2016	*2,516,511*

15. Debtors

	Group 2017 £	*Group As restated 2016 £*	Company 2017 £	*Company As restated 2016 £*
Trade debtors	**4,716,369**	*2,665,748*	-	-
Amounts owed by group undertakings	-	-	**53,663**	*53,663*
Other debtors	**50,077**	*104,845*	-	-
Prepayments and accrued income	**987,921**	*983,953*	-	-
	5,754,367	*3,754,546*	**53,663**	*53,663*

16. Cash and cash equivalents

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash at bank and in hand	10,665,510	10,584,732	-	-
Less: bank overdrafts	-	-	(30)	(30)
	10,665,510	10,584,732	(30)	(30)

Included within cash at bank and in hand are client monies held in the sum of £6,033,591 *(2016: £5,473,753).*

17. Creditors: Amounts falling due within one year

	Group 2017 £	Group As restated 2016 £	Company 2017 £	Company As restated 2016 £
Bank overdrafts	-	-	30	30
Trade creditors	9,586,528	7,342,100	-	-
Amounts owed to group undertakings	6,293,026	5,672,862	750,000	-
Corporation tax	316,717	134,352	-	-
Other taxation and social security	296,908	277,097	-	-
Other creditors	23,281	15,905	-	-
Accruals and deferred income	1,551,148	1,136,682	-	-
	18,067,608	14,578,998	750,030	30

Included within trade creditors are insurance broker account creditors in the sum of £8,567,580 *(2016: £7,124,255).*

18. Deferred taxation

Group

	2017 £	*2016* *£*
At beginning of year	**12,965**	*11,593*
Charged to profit or loss	**35,180**	*1,372*
Utilised in year	**(7,036)**	*-*
At end of year	**41,109**	*12,965*

The provision for deferred taxation is made up as follows:

	Group 2017 £	*Group* *2016* *£*
Accelerated capital allowances	**41,109**	*12,965*

19. Provisions

Group

	Contingent deferred consideration £
At 1 July 2016	**1,677,177**
Additions	**1,377,328**
Revision of contingent consideration	**56,614**
Paid	**(1,252,225)**
At 30 June 2017	**1,858,894**

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 £685,000 *(2016: £1,053,367)* is payable in more than one year.

20. Share capital

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	**50,000**	*50,000*

21. Business combinations

Acquisition of Salt Risk Management Limited

	Book value £	Fair value £
Tangible	**15,176**	*15,176*
	15,176	*15,176*
Debtors	**52,669**	*52,669*
Cash at bank and in hand	**1,640,886**	*1,640,886*
Total assets	**1,708,731**	*1,708,731*
Due within one year	**(547,994)**	*(547,994)*
Fair value of net assets	**1,160,737**	*1,160,737*
Goodwill	**3,612,361**	*3,612,361*
Total purchase consideration	**4,773,098**	*4,773,098*
Purchase consideration settled in cash	**3,552,082**	*3,552,082*
Deferred consideration	**1,050,000**	*1,050,000*
Costs associated with the acquisition	**171,016**	*171,016*
Cash outflow on acquisition	**4,773,098**	*4,773,098*

21. Business combinations (continued)

The results of Salt Risk Management Limited since its acquisition are as follows:

	Current period since acquisition £
Turnover	**621,935**
Profit for the year	**198,092**

22. Prior year adjustment

During the year, the group identified a more accurate method to calculate accrued overrider income which had resulted in the understatement of prior year accrued income by £324,136. As a result, a prior year adjustment has been made resulting in an increase in reserve at 30 June 2016 of £259,309.

23. 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 2017 the potential exposure in respect of this guarantee was £19,989,000 *(2016: £14,985,000)*. This figure is in respect of gross borrowings and does not take into account the underlying assets of Antelope (Midco) Ltd. On 18 September 2017 the above loans were settled in full.

24. Pension commitments

Defined contribution pension schemes are operated on behalf of the employees of the group. The assets are held seperately from those of the group in independently adminstered funds. The pension charge represents contributions payable by the group to various pension funds amounting to £331,372 *(2016: £291,664)*.

25. Commitments under operating leases

At 30 June 2017 the Group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £	*Group 2016 £*
Not later than 1 year	**465,476**	*447,465*
Later than 1 year and not later than 5 years	**1,181,931**	*1,144,314*
Later than 5 years	**520,529**	*529,706*
	2,167,936	*2,121,485*

26. Post balance sheet events

Subsequent to the year end the group, of which Aston Scott Group Limited is a member, and Lark Group were jointly acquired by Augusta (Bidco) Limited. The acquisition has no impact on the financial statements for the year ended 30 June 2017.

27. Controlling party

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

Subsequent to the year end, on 18 September 2017, Antelope (Topco) Limited was acquired by Augusta (Bidco) Limited. The ultimate parent undertaking is now Augusta (Topco) Limited, a company controlled by Bowmark Capital LLP, which is the ultimate controlling party of the group.