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HYPERION
INSURANCE GROUP

HYPERION INSURANCE GROUP LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2013

Company Number 2937398

Registered Office:
16 Eastcheap
London EC3M 1BD

HYPERION
INSURANCE GROUP

HYPERION INSURANCE GROUP LIMITED

YEAR ENDED 30 SEPTEMBER 2013

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HYPERION INSURANCE GROUP LIMITED

DIRECTORS' REPORT

Group directors' report for the year ended 30 September 2013

The directors submit their report and audited financial statements for Hyperion Insurance Group Limited ("the Company") together with the consolidated financial statements of the Group for the year ended 30 September 2013

Principal activities

The principal activity of the Company during the year was that of a holding and investment company for a group of insurance intermediaries The Group's trading operations comprise wholesale and retail insurance broking, reinsurance broking and underwriting agencies

Dividends

The profit of the Group for the year after taxation and attributable to shareholders amounted to £7.1m (2012 £18 4m). Equity dividends were paid during the year amounting to £2 0m (2012 £1 2m)

Significant changes in shareholding, and repurchase of shares

On 8 July 2013, General Atlantic Hawthorn B V ("General Atlantic") purchased shares representing in total 28 85% of the share capital of the Company, in a transaction involving the sale of shares held by two of the Company's major shareholders 3i Group plc (including certain of its investment vehicles) ("3i") and BP Marsh & Company Limited ("BP Marsh") Prior to the transaction, 3i and BP Marsh held 22 42% and 13 61% respectively in the share capital of the Company 3i sold 100% and BP Marsh sold 80% of their respective shareholdings in the Company in the transaction BP Marsh sold 80% of its shareholding in the Company to General Atlantic and granted an option to General Atlantic to purchase the remaining 20% of its shareholding As of the date of this report, this option has not yet been exercised

The transaction also involved the Company buying back from 3i shares representing 5 5% of its total share capital Subsequent to this the Company issued new shares representing 1 88% of its total share capital (following the repurchase) to certain current employees and/or shareholders The balance of the shares sold by 3i in the transaction was purchased by General Atlantic

Events after the reporting period

On 17 October 2013, the Company and its subsidiaries HIG Finance Limited and Hyperion Finance S à r l entered into an agreement (the "Credit Agreement") with J P. Morgan Europe Limited, J P Morgan Chase Bank N A , J P Morgan Limited, HSBC Securities (USA) Inc , Lloyds Securities, Inc , and the Lenders listed in the Credit Agreement, for a Senior Secured Term Loan of US$250 million (the "Term Loan") and a Revolving Credit Facility of £25 million (together, the "Loans") The purpose of these Loans is to refinance existing indebtedness and to provide a more diversified source of funding for the future expansion and growth of the Group Further terms and conditions of the Term Loan are disclosed in the notes to the financial statements

On 24 October 2013, the Group, through its subsidiary DUAL International Limited, acquired a controlling interest in Primary Group Inc. ("PGI"), an established property and casualty programme manager which operates underwriting offices in California, Florida, Georgia, Maryland, New Jersey and New York This acquisition will significantly expand the Group's presence in the United States of America

HYPERION INSURANCE GROUP

The Board

The Board is responsible for maintaining effective control over the Group's significant strategic, financial, organisational, legal and regulatory matters It meets at least six times a year Management supply the Board with appropriate and timely information and the directors are free to seek any further information they consider necessary

Directors

The directors who served during the year are listed below

J P de Blocq van Kuffeler	Chairman
D P Howden	Chief Executive
E R M Fady	Finance Director
L I Muñoz-Rojas Entrecanales	
J D Bernstein	(appointed 8 July 2013)
D C Hodgson	(appointed 25 July 2013)
E H Woolf	
Lord Forsyth	
J S Newman	(resigned 8 July 2013)
D A Whileman	(resigned 8 July 2013)

Directors' Indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Corporate governance

The Board is committed to maintaining high standards of corporate governance We recognise that good governance helps the business to deliver our strategy and safeguard shareholders' long-term interests We believe that the UK Corporate Governance Code provides a useful guide and we apply these principles as appropriate to a group of our size

The Board has a schedule of matters specifically reserved for its decision.

Matters requiring Board approval include Group strategy and planning, structure and capital, financial reporting and controls, key business policies (including the remuneration policy), Board membership and other appointments

The Board currently comprises two executive directors and six non-executive directors (including the Chairman) with an appropriate balance of experience and knowledge As a result, the Board's decision-making processes cannot be dominated by an individual or small group

Mr Bernstein and Mr Hodgson represent on the Company's Board the shareholding interests of the Group's largest shareholder General Atlantic Hawthorn B V The Board believes that the presence of Mr Bernstein and Mr Hodgson on the Board is appropriate and in the interests of shareholders generally and does not detract from their independence on any relevant issue Mr de Blocq van Kuffeler (the Chairman of the Board) and Mr. Woolf (the senior independent non-executive director) are independent of any of the Company's major shareholders While Mr Woolf has been a director of the Company since 1999, the Board believes that his presence on the Board and as Chairman of the Audit Committee continues to be appropriate and in the interests of shareholders generally, having regard to his particular expertise and relevant experience in relation to his role.

The directors have access to independent professional advice at the Company's expense, where deemed necessary, to discharge their responsibilities as directors The directors also have access to the advice and services of the Company Secretary

Accountability and audit

The Board has overall responsibility for the Group's systems of internal control and for reviewing their effectiveness

The implementation and maintenance of the risk management and internal control systems are the responsibility of the executive directors and senior management The systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide reasonable, but not absolute, assurance against material misstatement or loss

Relations with shareholders

The Board ensures that a satisfactory dialogue with major investors and employee shareholders takes place Each of the Company's major investors is represented on the Board by a director

Conflicts of interest

The Company's Articles of Association permit the Board to authorise potential conflicts of interest. Authorisation of any such conflicts may only be given by directors who have no interest in the matter being considered The Board has procedures in place to review actual and potential conflicts of interest

Messrs Howden, Muñoz-Rojas Entrecanales, Bernstein and Hodgson represent the interests of the Company's three largest shareholders and their interests have been notified to the Company

Board Committees

The Board has delegated certain responsibilities to Committees that are described below, all of which have formally constituted terms of reference

(i) Audit Committee

The Audit Committee comprises three non-executive directors and is chaired by Emile Woolf The Committee meets at least four times a year Meetings are attended, by invitation, by the Company's external auditor, the Finance Director and members of his staff, compliance officers and Internal Audit The Audit Committee, through its Chairman, formally reports to the Board on its activities

The Committee's role is to assist the Boards of the Company and its subsidiaries in fulfilling their responsibilities with regard to accounting policies, internal control, financial reporting functions, risk management, compliance and related matters

Membership

E H Woolf	(Chairman)
Lord Forsyth	
J D Bernstein	(alternate A J Given)

External auditor

The Committee is responsible for overseeing the relationship with the external auditor During the year, the Committee reviewed the external auditor's terms of engagement, assessed its independence and reviewed its audit findings

The formal policy on auditor independence was adopted by the Committee in December 2010. Among other things, this sets out the circumstances under which the external group auditor can provide non-audit services in a manner that does not conflict with its independence

Internal Audit

The Audit Committee is required to assist the Board to fulfil its responsibilities relating to the adequacy of the resourcing and plans of the Internal Audit department To fulfil these duties, the Committee

- reviewed and assessed the annual internal audit plan,
- reviewed all reports on the Group from the internal auditors,
- reviewed the co-ordination between internal and external auditors,
- reviewed and monitored management's responsiveness to the findings and recommendations of the internal auditor; and
- discussed with Internal Audit, without management being present, its remit and any issues arising from the internal audits carried out

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DIRECTORS' REPORT (continued)

(ii) Remuneration Committee

The Remuneration Committee comprises four non-executive directors and is chaired by John de Blocq van Kuffeler The Committee normally meets four times a year. Meetings are attended by the Chief Executive and by the Group Human Resources manager. Other individuals and external advisers may be invited to attend for all or part of any meeting as and when appropriate The Remuneration Committee, through its Chairman, formally reports to the Board on its activities

The Committee's overall responsibility is to balance the various interests of shareholders, the Group and its employees, with the aim of ensuring that the Group, through its remuneration policy, is able to attract, retain and motivate management and senior staff of appropriate experience and expertise Further details on the activities of the Remuneration Committee are included in the directors' remuneration report on page 9.

Membership

J P de Blocq van Kuffeler (Chairman)
E H Woolf
Lord Forsyth
J D Bernstein

(iii) Nomination Committee

The Nomination Committee comprises four non-executive directors and the Chief Executive Officer, and is chaired by John de Blocq van Kuffeler The Committee normally meets twice a year The Committee's overall responsibility is to review regularly and to evaluate the balance of skills, experience, independence and knowledge on the Board and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment, making recommendations to the Board with regard to any changes

Membership

J P de Blocq van Kuffeler (Chairman)
E H Woolf
DP Howden
J D Bernstein
Lord Forsyth

Board and committee attendance 2013

	Board	Audit Committee	Remuneration Committee	Nomination Committee
E R M Fady	6	-	-	-
D P Howden	6	-	-	1
J P de Blocq van Kuffeler	6	-	4	1
L I Muñoz-Rojas Entrecanales	6	-	-	-
J D Bernstein	2†	2*†	1†	1†
D C Hodgson	2†	-	-	-
J S Newman	4‡	2‡	3‡	-
D A Whiteman	3‡	2‡	3‡	-
E H Woolf	6	4	4	1
Lord Forsyth	6	2†	3†	1†
Total meetings	**6**	**4**	**4**	**1**

* Including attendance by Alternate
† Appointed during the year
‡ Resigned during the year

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DIRECTORS' REPORT (continued)

Directors' interests

	At 30 September 2013 No of A Ordinary Shares	At 30 September 2013 No of B Ordinary Shares	At 30 September 2012 No of A Ordinary Shares	At 30 September 2012 No of B Ordinary Shares
E R M Fady [1]	-	668,600	-	668,600
D P Howden [2]	6,216,900	-	6,264,600	-
J P de Blocq van Kuffeler [1]	-	424,400	-	424,400
L I Muñoz-Rojas Entrecanales [3]	8,643,900	-	8,643,900	-
J S Newman	-	-	-	-
D A Whileman	-	-	-	-
E H Woolf [4]	-	20,000	-	-
Lord Forsyth [1]	-	20,000	-	20,000
J D Bernstein	-	-	-	-
D C Hodgson	-	-	-	-

	At 30 September 2013 No of C Ordinary Shares	At 30 September 2012 No of C Ordinary Shares
E R M Fady [4]	70,000	70,000
D P Howden	105,600	105,600
J P de Blocq van Kuffeler	-	-
L I Muñoz-Rojas Entrecanales	-	-
J S Newman	-	-
D A Whileman	-	-
E H Woolf	-	-
Lord Forsyth	-	-
J D Bernstein	-	-
D C Hodgson	-	-

1 Shareholding includes shares held in SIPP
2 Shareholding includes shares held in family trust and in SIPP
3 Shares held through investor companies in which the director has an interest
4 Shares held in wife s name

Note All the shares listed above were acquired by each Director (or their connected persons) at the current price for the class of shares acquired at the date of acquisition

Disclosure of information to the auditor

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the directors are aware, there is no relevant audit information of which the Group's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006

Auditor

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be reappointed as auditor at the Annual General Meeting.

Approved by the Board and signed on its behalf by

H G Pallot
Secretary

16 December 2013

HYPERION INSURANCE GROUP

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STRATEGIC REPORT

Group strategic report for the year ended 30 September 2013

Financial review

The financial statements include a consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position and consolidated cash flow statement for the year ended 30 September 2013, together with comparative figures for the year ended 30 September 2012

The Group has adopted International Financial Reporting Standards ("IFRS") as the basis of preparation of its consolidated accounts The statutory accounts of individual companies within the Group continue to be prepared in accordance with local accounting standards and in this regard the balance sheet for the parent company, Hyperion Insurance Group Limited, has been prepared in accordance with UK Generally Accepted Accounting Principles ("UK GAAP")

The segmental analysis of the Group identifies the approach adopted by the Group in assessing its financial performance and the following comments are probably more easily interpreted by reference to note 3

Continuing Operations

The Board is pleased to announce that the Group reported a 50 2% growth in fees and commissions to £163 6m (2012 £108 9m) Group EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) excluding acquisition costs and non-recurring items was up 74 2% to £35 9m (2012 £20 6m) Group operating profit, before acquisition costs and non-recurring items was £29 9m (2012 £17 5m) Acquisition costs and non-recurring items are separately identified to provide greater understanding of the Group's underlying performance Further analysis of these items can be found in the notes to the consolidated financial statements Group profit before tax was £15 9m compared to £7 0m in 2012

The Broking Group reported fee and commission income of £124 0m (2012 £74 8m), representing overall growth of £49 3m (67%) compared to prior year EBITDA was £24 4m (2012 £12 1m)

DUAL International reported an 18% increase in revenue from £34 2m to £39 6m and its EBITDA increased from £9 9m to £13 5m (35 9%) Gross written premiums increased by 12% to £254 4m

Acquisitions and growth

On 5 February 2013, the Company acquired through its newly-formed subsidiary Hyperion Marine Holdings Limited a 55% shareholding in FP Group Limited, the holding company of a Hong Kong based specialist marine insurance broking group

On 7 August 2013, the Group acquired a 60% shareholding in Workplace Pension Solutions (UK) Limited, a Cardiff based insurance brokerage and consultancy firm. The name has since been changed to Howden Employee Benefits UK Limited

On 24 September 2013, the Group acquired 51% of the shareholding in Northedge Forsikringsmegling AS (now Howden Forsikringsmegling AS), an insurance brokerage based in Norway

The Group also acquired interests in insurance brokerage firms in Chile and the Netherlands during the year The Group does not control these investments and they are therefore accounted for as Investments in Associates

The results of the Windsor Group, which was acquired during the prior year, are now fully integrated into the Group

Internal control and risk management

The Board is responsible for maintaining a sound system of internal control and risk management, and for reviewing its effectiveness to safeguard shareholders' investments and Group assets There is no absolute means of preventing material loss and/or misstatement and the Group's internal controls reflect a balanced judgement, taking into account the direct costs of controls as well as the indirect costs of being over-bureaucratic, which provide reasonable assurance against material loss and/or misstatement

The Group's internal controls are tested and key business risks are evaluated on a continuing basis, using Internal Audit, Compliance, and other relevant expertise The Group maintains insurance cover against certain risks, including fidelity insurance

Principal business risks and uncertainties

The Group is exposed to the cyclical factors that affect the insurance market, and premiums and commissions Whilst its underwriting agency operations are not directly responsible for claims, claims costs do affect the level of profit commission that the Group receives

Further, the Group's international focus (which is one of its most important strengths) exposes its revenues to currency fluctuations, mainly Sterling/Dollar and Sterling/Euro The Group has floating-rate borrowings in US Dollars, Australian Dollars and Euros and is therefore also exposed to interest rate movements in those currencies The Group has put in place appropriate hedging strategies to manage this risk

The Group is ambitious and seeks to grow by means of acquisitions and organic growth Such activities are inherently uncertain, particularly start-up operations where the timing and quantum of revenue build-up cannot be forecast with precision, and there is no developed book of renewals The Group seeks to minimise such uncertainties with careful business planning, due diligence and warranties

In all its principal operations, the Group is also exposed to regulatory risk, and also an element of political risk in certain geographic regions, such as the Middle East and Latin America

The Group uses a number of internal performance indicators to monitor and assess its business In particular, renewal and attrition rates are carefully reviewed

Financial risk management

The Group's financial risk management objective is broadly to seek to make neither profit nor loss from exposure to currency or interest rate risks Its policy is to finance working capital through retained earnings and bank borrowings at prevailing market interest rates Acquisitions are funded through a combination of retained earnings, additional equity and appropriate long-term finance

(i) Cash flow risk

The Group's working capital comprises principally debtors, creditors and cash as described in note 1(l) It is the Group's policy not to fund any insurance transaction thereby minimising any credit exposure attaching to these insurance balances Insurance balances are denominated in various currencies, predominantly Sterling, US Dollars and Euros To minimise the foreign exchange exposure the Group endeavours to match foreign currency assets with liabilities of similar maturities and vice versa Where this is not possible, Group companies occasionally purchase appropriate financial instruments to cover material exposures

(ii) Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses a mixture of long-term and short-term debt finance

Further details regarding the liquidity risk can be found in note 28 in the financial statements.

(iii) Credit risk

The Group's principal financial assets are cash, trade and other receivables and investments The amounts presented in the statement of financial position are net of allowances for doubtful receivables An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows With regards to insurance balances, the Group's risk is limited as the Group acts as the agent on these transactions Further information on insurance balances receivable and the risk relating to these balances can be found in the statement of accounting policies in the financial statements

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The credit risk on liquid funds and derivative financial instruments is limited as the counterparties are the Group's bankers with high credit-ratings assigned by international credit-rating agencies

Going concern

The Group's business activities, internal controls and risk management structure, including details of its financial instruments and hedging activities, and its exposures to credit and liquidity risks, are set out above

The Group has adequate financial resources together with its business being geographically diverse As a consequence, the directors believe that the Group is well placed to manage its business risks successfully

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts

Employment policies

The Board recognises that the continuing success of the Group depends on its employees and its ability to continue to adopt policies created to attract, motivate and retain employees of the highest calibre

The Group is an equal opportunities employer and bases decisions on individual ability regardless of race, religion, gender, age, sexual orientation, or disability The Group's equal opportunities policy is designed to ensure that disabled persons are given the same consideration as others when they apply for jobs, and enjoy the same training, career development and prospects as other employees

The Group seeks to achieve a common awareness among its employees of the financial and economic factors affecting the business by consultation and effective employee communication through a variety of media

Environmental policy

The Group is committed to reducing its impact on the environment

The Group remains committed to

- minimising energy, water and paper use,
- optimising waste recycling by providing facilities and encouraging people to recycle;
- reducing travel, encouraging people to communicate without travelling when practicable, and
- ensuring appropriate regulatory compliance

Suppliers

The Group does not currently subscribe to any code or standard on payment practice It is the Group's policy, however, to settle terms of payment with those suppliers when agreeing the terms of each transaction, to ensure that those suppliers are made aware of the terms of payment, and to abide by the terms of payment.

The amount due to the Group's trade creditors at 30 September 2013 represented 30 days' average daily purchases of goods and services received from those creditors

Charitable donations

During the year to 30 September 2013 the Group made cash donations of £13,306 (2012 £23,885) for the benefit of charitable causes

No political donations were made by the Group during the year (2012 £24,000)

HYPERION INSURANCE GROUP

HYPERION INSURANCE GROUP LIMITED

STRATEGIC REPORT (continued)

Directors' remuneration report

The Group's remuneration policy is to ensure that the remuneration of employees and executive directors enables it to recruit, retain and motivate individuals of sufficient expertise and commitment to further the success of the Group

The Remuneration Committee comprises solely independent non-executive directors and has the following duties.

(i) To determine and agree with the Board the framework or broad policy for the remuneration of the Company's Chairman, CEO, and the Executive Directors, the Company Secretary and the members of the senior executive management team,

(ii) In determining such policy, to take into account all factors which it deems necessary The objective of such policy shall be to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group,

(iii) Within the terms of the agreed policy and in consultation with the Chairman and/or CEO as appropriate

(a) determine the total individual remuneration package of each executive director and other senior executives whose contractual remuneration exceeds £250,000 per annum including bonuses, incentive payments and share options or other share awards,

(b) review and approve the appointments of all senior executives whose proposed contractual remuneration exceeds £250,000 per annum, and

(c) review and approve Bonus Plans and any remuneration policies adopted by subsidiary companies

Approved by the Board and signed on its behalf by

H G Pallot
Secretary

18th December 2013

HYPERION INSURANCE GROUP

HYPERION INSURANCE GROUP LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve a Company's financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period

In preparing the parent company financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

In preparing the Group financial statements, International Accounting Standard 1 requires that directors

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern

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

The directors are responsible for the maintenance and integrity of the Group website, www hyperiongrp com Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

The directors confirm that, to the best of each person's knowledge

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group, and
- the directors' report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HYPERION INSURANCE GROUP LIMITED

We have audited the Group financial statements of Hyperion Insurance Group Limited for the year ended 30 September 2013 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement, and the related notes 1 to 40 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the Group 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 Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the group'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 annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the Group financial statements

- give a true and fair view of the state of the Group's affairs as at 30 September 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

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

- 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

Other matters

We have reported separately on the parent company financial statements of Hyperion Insurance Group Limited for the year ended 30 September 2013

David Rush (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

18 December 2013

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Notes	Year end 30 September 2013 £'000	Year end 30 September 2012 £'000
Continuing operations			
Fees and commissions	3	163,601	108,919
Other operating income		3,014	1,650
Other operating costs		(134,722)	(94,999)
Depreciation and amortisation	4	(5,985)	(3,062)
Operating profit		25,908	12,508
Analysed as			
Operating profit before non-recurring items		29,895	17,531
Acquisition costs	4	(918)	(1,743)
Non recurring items	4	(3,069)	(3 280)
Operating profit		25,908	12 508
Finance income	5	177	115
Finance costs	5	(7,110)	(4,168)
Profit before changes in the fair value of deferred consideration		18,975	8,455
Changes in the fair value of deferred consideration	5	(3,098)	(1,503)
Profit before tax for the year		15,877	6 952
Income tax expense	7	(5,773)	(3,887)
Profit after tax from continuing operations		10,104	3 065
Discontinued operations			
Profit after tax from discontinued operations	39	57	1,580
(Loss)/profit on sale of investments	39	(287)	17,123
Impairment of non-financial assets		-	(1 196)
Total discontinued operations		(230)	17 507
Profit after tax		9,874	20 572
Profit attributable to			
Group shareholders		7,070	18 427
Minority interests		2,804	2 145
		9,874	20 572

Turnover and operating profit for the year arose from continuing operations, discontinued operations have been separately disclosed
The notes on pages 53 to 98 form an integral part of these consolidated financial statements

CONSOLIDATED INCOME STATEMENT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Notes	Year ended 30 September 2013 £'000	Year ended 30 September 2012 £'000
Earnings per share attributable to the equity holders of the Company during the year:			
From continuing operations	8		
Earnings per share - basic		14 4p	2.1p
Before fair value adjustments on deferred consideration - basic		20.5p	5.5p
Before fair value adjustments on deferred consideration and non recurring costs		25 1p	11 0p
Before fair value adjustments on deferred consideration and non recurring costs and acquisition costs		26 9p	15 0p
From discontinued operations	8		
Earnings per share - basic		(0.5p)	39.5p
Before fair value adjustments on deferred consideration - basic		(0.5p)	39.5p
Before fair value adjustments on deferred consideration and profit on disposal basic		0 1p	3 6p
From continuing and discontinued operations	8		
Earnings per share - basic		13 9p	41 6p
Before fair value adjustments on deferred consideration - basic		20 0p	45 0p
Before fair value adjustments on deferred consideration and profit on disposal - basic		26.9p	18.5p

Hyperion Insurance Group Limited

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Notes	Year ended 30 September 2013 £'000	Year ended 30 September 2012 £'000
Profit for the year		9,874	20 572
Other comprehensive income			
Revaluation of cash flow hedging instruments	26	522	444
Revaluation of intangible assets	26	39	
Translation of foreign operations	26	(1,107)	(290)
Other comprehensive income for the year		(546)	154
Total comprehensive income for the period		9,328	20 726
Profits attributable to			
Group shareholders		6,622	18,581
Minority interests		2,707	2 145
		9,328	20 726

Comprehensive income for the year arose from continuing operations only

Hyperion Insurance Group Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2013

	Notes	£'000	2013 £'000	£'000	2012 £'000
Non-current assets					
Goodwill	10	122,933		116,098	
Intangible assets	11	26,898		25,450	
Property plant and equipment	12	10,551		9 292	
Investments held at cost	13	1,622		1 073	
Investments in associates	14	353		-	
Trade and other receivables	15	139		62	
Deferred tax assets	24	2,402		2 185	
			164,898		154 160
Current assets					
Trade and other receivables	15	61,924		39 949	
Cash and cash equivalents	16	18,801		23,175	
Insurance cash and cash equivalents	16	154,653		113,488	
Derivative financial instruments	23	966		816	
			236,344		177 428
Current liabilities					
Insurance payables	17	(152,768)		(106 888)	
Trade and other payables	17	(27,093)		(29 705)	
Bank overdraft	16	(566)		(278)	
Corporation tax payable	17	(5,241)		(4 124)	
Borrowings	19	(22,901)		(3 378)	
Derivative financial instruments	23	(637)		(3,576)	
Provisions	21	(1,518)		(677)	
			(210,724)		(148,626)
Net current assets			25,620		28 802
Non-current liabilities					
Borrowings	19	(88,674)		(77,439)	
Trade and other payables	18	(2,415)		(3,150)	
Deferred tax liabilities	24	(6,347)		(6 258)	
Derivative financial instruments	23	(19,781)		(10 057)	
Liquidity put option	20	(48,489)		(48 118)	
			(165,706)		(145 022)
Total net assets			24,812		37,940
Equity					
Issued share capital	25	494		508	
Share premium		60 005		60,146	
Other reserves	26	(16,777)		(5 069)	
Liquidity put option		(48,118)		(48 118)	
Retained earnings		22 588		27 489	
Shareholders' equity			18,192		34 956
Minority interests			6,620		2 984
Total equity			24,812		37 940

The financial statements were approved by the Board of Directors and authorised for issue on 18 December 2013 They were signed on its behalf by

D P Howden
Chief executive

E R M Fady
Finance Director

Company Number 2937398

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2013

2013	Called up share capital £'000	Share premium account £'000	Liquidity put option reserve £'000	Other reserves £'000	Retained earnings £'000	Total shareholders Equity £'000	Minority Interests £ 000	Total equity £'000
As at 1 October 2012	508	60,146	(48,118)	(5,069)	27,489	34,956	2,984	37,940
Profit for the year	-	-	-	-	7,070	7,070	2,804	9,874
Translation of foreign operations	-	-	-	(1,010)	-	(1,010)	(97)	(1,107)
Movement in cash flow hedging instruments	-	-		522	-	522	-	522
Revaluation of assets	-	-	-	39	-	39	-	39
Other Comprehensive income for the year	-	-	-	(449)	-	(449)	(97)	(546)
Total Comprehensive income for the year	-	-	-	(449)	7,070	6,621	2,707	9,328
Dividends paid	-	-	-	-	(1,991)	(1 991)	(1,194)	(3,185)
Issue of shares	10	1,441	-	-	-	1,451	-	1,451
Net movement in shares held by Employee Benefit Trust	(5)	(1,582)	-	832	-	(755)		(755)
Repurchase of share capital (Note 25)	(19)	-	-	19	(9,980)	(9,980)	-	(9 980)
Arising on acquisition and disposals	-	-	-	(12,110)	-	(12,110)	2,123	(9,987)
As at 30 September 2013	494	60 005	(48,118)	(16,777)	22,588	18,192	6,620	24,812

2012	Called up share capital £'000	Share premium account £'000	Liquidity put option reserve £'000	Other reserves £'000	Retained earnings £'000	Total shareholders Equity £'000	Minority interests £'000	Total equity £'000
As at 1 October 2011	422	35,140	-	(2,418)	10,262	43,406	3,770	47,176
Profit for the year	-		-	-	18,427	18 427	2,145	20,572
Translation of foreign operations	-	-	-	(276)	-	(276)	196	(80)
Movement in cash flow hedging instruments	-		-	444	-	444	-	444
Other Comprehensive income for the year			-	167	-	167	196	364
Total Comprehensive income for the year		-	-	167	18,427	18,594	2,341	20,935
Dividends paid		-	-	-	(1,200)	(1,200)	(700)	(1,900)
Issue of shares	83	24,795	-	-	-	24,878	-	24,878
Net movement in shares held by Employee Benefit Trust	3	211	-		-	214	-	214
Arising on acquisition and disposals	-	-	(48,118)	(2 818)	-	(50 937)	(2 428)	(53 364)
As at 30 September 2012	508	60,146	(48,118)	(5,069)	27,489	34 956	2,984	37,940

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Note	2013 £'000	2012 £'000
Cash flow from operating activities			
Cash receipts from customers		155,201	108 869
Cash receipts from litigation settlement		1,010	-
Cash paid to suppliers and employees		(139,402)	(88 572)
Cash generated from operations		16,809	20,297
Corporation tax payments		(5,057)	(5,335)
Interest paid		(6,179)	(6,012)
Interest received		100	150
Net cash generated from operating activities		5,673	9 100
Cash flows from investing activities			
Purchase of property, plant and equipment		(3,459)	(2,761)
Investment in subsidiaries		(2,773)	(52,284)
Investment in associates		(353)	-
Cash on acquisition of subsidiary		672	5,802
Proceeds from disposal of operations	39	77	20 810
Acquisition of non-controlling interests		(174)	-
Acquisition of other equity investments		(211)	-
Net cash used in investing activities		(6,221)	(28 433)
Cash flows from financing activities			
Settlement of deferred consideration obligations		(5,866)	(4,450)
Acquisition costs		(1,150)	(1,743)
Drawdown of shareholder loans		583	4,918
Issue of other borrowings		18,233	34,053
Purchase of own shares - employee share scheme		(2,408)	-
Repurchase of share capital		(10,073)	-
Proceeds from issue of share capital		6	-
Finance lease capital repayments		(247)	(412)
Dividends payable to non-controlling shareholders		(1,203)	(563)
Dividends paid		(1,991)	(1,200)
Net cash (used in)/from financing activities		(4 114)	30 603
Net (decrease)/increase in own cash and cash equivalents		(4,661)	11,270
Cash and cash equivalents at 1 October 2012		22,897	11 627
Cash and cash equivalents at 30 September 2013	16	18,235	22,897
Insurance cash at beginning of period		113,488	57,643
Net insurance cash inflow for the period		41,165	55,845
Insurance cash at end of period from continuing operations	16	154,653	113 488

Cash flows for the year arose from continued and discontinued operations Refer to Note 39 for detail of the cash flows of the discontinued operations

Hyperion Insurance Group Limited

Notes to the financial statements
For the year ended 30 September 2013

1 Accounting policies
The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below

(a) Accounting convention
Statement of compliance with IFRS

The Group has prepared its consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union IFRSs comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) as adopted in the European Union that are effective for years ending on 30 September 2013, or which have been adopted early

Overall consideration

The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments and derivative financial instruments Historical cost is generally based on the fair value of the consideration given in exchange for the assets

The significant accounting policies that have been applied in the preparation of these consolidated financial statements are summarised below The accounting policies have been used throughout all the periods presented in the financial statements

Going Concern

Further information regarding the Group's business activities together with the factors likely to affect its future development, performance and position are set out in the Directors' Report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the notes to the accounts In addition note 28 to the financial statements includes the Group s financial risk management objectives details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk

Having considered the aforegoing, and after making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements

Presentation of financial statements in accordance with IAS 1 (Revised 2007)

The consolidated financial statements are prepared in accordance with IAS 1 'Presentation of Financial Statements' (Revised 2007) The Group has elected to present the 'Statement of Comprehensive Income' in two statements the 'Income Statement' and the 'Statement of Comprehensive Income'

The consolidated cash flow statement has been prepared showing separately corporate funds, being the Group s own cash balances and insurance funds, being funds held on behalf of clients and insurers in non-statutory trust accounts The Group has changed its presentation format of the Statement of Cash Flows from the indirect to the direct method All comparative amounts have been restated

Adoption of new International Financial Reporting Standards ('Standards')

At the date of the authorisation of the consolidated financial statements, the following Standards and Interpretations were in issue but not yet mandatory and have not been applied in the consolidated financial statements

IFRS 9 'Financial instruments', mandatory effective date has yet to be confirmed,
IFRS 10 'Consolidated financial statements', effective for annual periods beginning on or after 1 January 2013
IFRS 11 'Joint arrangements', effective for annual periods beginning on or after 1 January 2013,
IFRS 12 'Disclosures of interests in other entities', effective for annual periods beginning on or after 1 January 2013
IFRS 13 'Fair value measurement , effective for annual periods beginning on or after 1 January 2013,
IAS 19 'Employee Benefits , effective for annual periods beginning on or after 1 January 2013,
IAS 27 'Separate financial statements' (2011), effective for annual periods beginning on or after 1 January 2013, and
IAS 28 'Investments in associates and joint ventures' (2011) effective for annual periods beginning on or after 1 January 2013

At the date of the authorisation of the consolidated financial statements, the following amendments to standards and interpretations were in issue but not yet mandatory and have not been applied in the consolidated financial statements

IAS 32 'Financial Instruments Presentation', effective for annual periods beginning on or after 1 January 2013

The directors do not anticipate that the adoption of these Standards and Interpretations and amendments to interpretations and standards will have a material impact on the Group's consolidated financial statements in future periods

(b) Basis of consolidation

The Group's financial statements consolidate the financial statements of the Company and its subsidiary undertakings for the year ended 30 September using the acquisition method The results of acquired businesses are consolidated from the date on which the Group obtains effective control of the subsidiary

Subsidiaries are entities where the Company has the power to control the financial and operating policies, generally accompanied by a share of more than half of the voting rights Unrealised gains and losses on transactions with subsidiaries or associates are eliminated Transactions with associates are eliminated to the extent of the Group's interest in those entities in preparing the consolidated financial statements

Hyperion Insurance Group Limited

1 Accounting policies (continued)

(c) Business combinations

The acquisitions of subsidiaries are accounted for using the acquisition method The cost of acquisition is measured as the fair value of assets given, liabilities incurred or assumed and equity instruments issued by the Group at the date of exchange Any costs directly attributable to the business combination are booked to the income statement as incurred Identifiable assets acquired and liabilities and contingent liabilities assumed, meeting the conditions for recognition under IFRS 3 'Business Combinations', are recognised at their fair value at the acquisition date irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group s share of the identifiable net assets acquired is recorded as goodwill Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs

(d) Investments in associates

Associates are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor interests in a joint venture Investments in associates are initially recognised at cost and subsequently accounted for using the equity method

(e) Operating profit

Operating profit is stated before finance income, finance costs and changes in the fair value of deferred consideration

(f) Foreign currencies

Items included in the financial statements of each of the Group's entities are measured in the currency of the primary economic environment in which it operates (its functional currency) The consolidated financial statements are presented in pounds sterling which is the presentation currency of the Group

The results of the foreign subsidiaries have been translated using the average of monthly exchange rates Assets and liabilities of overseas subsidiaries denominated in foreign currencies are translated at exchange rates prevailing at the balance sheet date, profits and losses are translated into pounds sterling at average exchange rates for the relevant accounting periods Exchange differences arising, if any, are recognised in other comprehensive income and transferred to the translation reserve On the sale of a subsidiary such translation differences are recognised as income or expenses in the period in which the operation is disposed of

(g) Revenue recognition

Revenue consists principally of brokerage, commissions and fees associated with the placement of insurance and reinsurance contracts net of commissions payable to other directly involved parties Revenues from brokerage, commissions and fees are recognised on the inception date of the risk Any adjustments to commissions arising from premium additions or reductions are recognised as and when they are notified by third parties

Where contractual obligations exist for the performance of post placement activities and the cost of these activities is not expected to be covered by future revenue, a relevant proportion of revenue received on placement is deferred and recognised over the period during which the activities are performed

Profit commission is recognised when the amount can be estimated, with a reasonable degree of certainty, and is equivalent to the minimum value expected to be received

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably

(h) Discontinued operations and non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale and discontinued operations, are measured at the lower of carrying amount and fair value less costs to sell

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use This condition is regarded as met only when the sale is highly probably and the asset (or disposal group) is available for immediate sale in its present condition Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale, and (a) represents a separate major line of business or geographical area of operations, and (b) is a part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or (c) is a subsidiary acquired exclusively with a view to resale

Any gain or loss from disposal of a business together with the results of these operations until the date of disposal, is reported separately as discontinued operations The financial information of discontinued operations is excluded from the respective captions in the consolidated financial statements and related notes for all years presented

(i) Goodwill

Goodwill represents the difference between the cost of acquisitions and the Group's interest in the fair value of the identifiable assets and liabilities of the business combinations at the dates of the acquisitions Goodwill is initially recognised at cost and is subsequently reviewed for impairment annually Any impairment is recognised immediately in the income statement.

Goodwill arising on acquisitions before the date of transition to IFRSs has been retained at the previous UK GAAP value subject to being tested for impairment at that date Goodwill written off to reserves under UK GAAP prior to 1998 has not been reinstated and is not included in determining any subsequent profit or loss on disposal. All negative goodwill was eliminated on transition to IFRS

The Group has determined that for the purposes of impairment testing, goodwill is allocated to each of the Group s subsidiary entities or, if further analysis is required, the Group's cash-generating units Cash-generating units to which goodwill has been allocated are tested for impairment annually Recoverable amounts for cash-generating units are mainly based on value in use, which is calculated from cash flow projections from the Group s latest internal forecasts The key factors in the value in use calculations are discount rates and estimates of future cash flows If the recoverable amount of the unit is less than the carrying amount of the goodwill the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit An impairment loss recognised for goodwill is not reversed in a subsequent period

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions

1 Accounting policies (continued)

(j) Intangible assets

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software These costs are amortised over their estimated useful lives of up to 10 years Costs associated with maintaining computer software programmes are recognised as an expense as incurred Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets Direct costs include employee costs directly attributable to the development of software

Customer relationships acquired in business combinations

Customer relationships such as access to distribution networks and customer lists that arise because the acquiree company has a practice of establishing insurance contracts with its customers are measured at fair value at the date of business combination The fair value of customer relationships is determined using a discounted cash flow analysis Best estimate assumptions for renewal rates and expenses are used in calculating the fair value Customer relationships are amortised over the period over which benefits are expected to be derived from these relationships Customer relationships are reviewed annually for impairment

Other intangible assets

Other intangible assets comprise brands and other acquired identifiable non monetary assets without physical form, these include non-compete contracts and brand names that have been recognised on the acquisition of subsidiaries Other intangible assets are carried at cost less accumulated amortisation Amortisation on other intangible assets is calculated using the straight line method to allocate the cost over their estimated useful lives, which is normally estimated to be between five and ten years

(k) Employee benefits

Defined contribution schemes

The Group operates a number of defined contribution schemes The amount charged to the income statement in respect of pension costs and other post-retirement benefits is the contributions payable in the year Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position The Group has no legal or constructive obligation to make any further payments to the schemes other than the contributions due

Defined benefit schemes

The Group has a legacy defined benefit pension scheme which is closed to new members and which has one deferred member Full actuarial valuations of the scheme are carried out at least every three years A qualified independent actuary updated these valuations as at 30 September 2013 For the purposes of these annual updates, scheme assets are included at market value and scheme liabilities are measured on an actuarial basis using the projected unit method. The defined benefit surplus or deficit is included in the Group's statement of financial position A surplus is included only to the extent that it is recoverable through reduced contributions in the future or through refunds from the scheme The current service cost, any past service costs and the expected return on the scheme's assets, net of the impact of the unwinding of the discount on scheme liabilities, are included in the income statement. Actuarial gains and losses, including differences between the expected and actual return on scheme assets, are recognised through the statement of comprehensive income

(l) Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and all substantial risks and rewards are transferred A financial liability is derecognised when it is extinguished, discharged, cancelled or expires

Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value Financial assets and liabilities are measured subsequently as described below

Financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified as loans and receivables and financial assets at fair value through profit or loss

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents and trade and other receivables fall into this category of financial instruments

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition All derivative financial instruments fall into this category except for those designated and effective as hedging instruments for which hedge accounting is applied

Assets in this category are measured at fair value with the gains and losses recognised in profit and loss The fair values of derivative financial instruments are determined by reference to expected future payments

Financial liabilities

The Group's financial liabilities include borrowings, trade and other payables deferred and contingent consideration, and derivative financial instruments Financial liabilities are measured subsequently at amortised cost using the effective interest method except for financial liabilities held for trading or designated at fair value through profit or loss, which are carried subsequently at fair value through profit or loss All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at fair value with gains and losses recognised in the income statement All changes in an instrument's fair value that are reported in profit or loss are separately disclosed in the income statement.

Trade and other payables

Trade payables are initially measured at fair value and subsequently measured at amortised cost.

1 Accounting policies (continued)

Borrowings

Borrowings are initially measured at fair value, net of transaction costs incurred They are subsequently measured at amortised cost using the effective interest rate method

Impairment of financial assets

All financial assets except those at fair value through profit or loss are subject to review for impairment at least at each reporting date Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired Different criteria for the determination of impairment are applied for each category of financial assets The Group's financial assets are limited to loans and receivables and financial assets at fair value through profit or loss

Individual receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Impairment of trade receivables is presented within other operating costs'

(m) Derivative financial instruments

The Group only enters into derivative financial instruments in order to hedge underlying commercial exposures The Group designates certain derivatives as either hedges of fair value of recognised assets or liabilities or a firm commitment (fair value hedge) or hedges of highly probable forecast transactions (cash flow hedges)

The Group currently has cash flow hedges only, relating to interest rate and foreign exchange risk management At the inception of the transaction the relationship between hedging instruments and hedged items, as well as the Group's risk management objective and strategy for undertaking various hedge transactions are documented

Assessments, both at hedge inception and on an on-going basis of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flow hedged items, are also documented.

The effective portion of the changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in a hedge reserve in equity The gain or loss in relation to the ineffective portion is recognised immediately in the Consolidated Statement of Comprehensive Income Amounts accumulated in the hedge reserve in equity are transferred to the Consolidated Statement of Comprehensive Income in the periods when the hedged item will affect profit and loss

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in the hedging reserves and is recognised in the same periods during which the hedged commitment or forecast transaction affects the income statement When a hedged commitment or forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(n) Share-based payment

The Group issues share awards to employees The Group operates a number of share based compensation schemes and applies the requirements of IFRS 2 'Share based Payments'

The cost of employees' services received in exchange for the grant of rights under these schemes is measured at the fair value of the equity instruments granted and is charged against profits over the vesting period For cash settled schemes the fair value is re-assessed each year and any changes are recognised in the income statement until the liability is settled

(o) Leases

In accordance with IAS 17 'Leases', where the Group has substantially all the risks and rewards of ownership leases are classified as finance leases Finance leases are capitalised at the lease s inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding

The asset subject to the finance lease is depreciated over the shorter of its useful life and the lease term The corresponding rental obligations net of finance charges are recognised as a liability

All other leases are treated as operating leases Payments made under operating leases are charged to the income statement on a straight-line basis over the lease term Incentives provided by the lessor are credited to the income statement on a straight-line basis over the full lease term

(p) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses Cost includes expenditure that is directly attributable to the acquisition or construction of these items Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the costs can be measured reliably All other costs, including repairs and maintenance costs, are charged to the income statement in the period in which they are incurred

Depreciation is provided on all property, plant and equipment, including those assets held under finance leases, at rates calculated to write off the cost of fixed assets less their estimated residual value over their expected useful lives on the following bases

Leasehold improvements - Over the lease period
Furniture, fixtures and fittings - 5 years to 10 years
Computer hardware - 4 years to 5 years
Computer software - 3 years to 10 years
Motor vehicles - 4 years

The assets useful lives and residual values are reviewed and, if appropriate, adjusted at each balance sheet date
The gain or loss arising on disposal or scrapping of an asset is recognised in the income statement.

(q) Insurance intermediary assets and liabilities

Insurance brokers act as agents in placing the insurable risks of their clients with insurers and as such generally are not liable as principals for the amounts arising from such transactions Accordingly receivables arising from insurance broking transactions are not included as assets of the Group Other than the receivable for fees and commissions earned on the transaction which is recognised within trade receivables no recognition of the insurance transaction occurs until the Group receives cash in respect of premiums or claims, at which time a corresponding liability is established in favour of the insurer or the client and recognised on the statement of financial position as insurance payables

Fiduciary cash arising from insurance broking transactions is included within insurance cash The Group is entitled to retain the investment income on any cash flows arising from insurance related transactions

1 Accounting policies (continued)

(r) Dividend distribution
Equity dividends declared at the discretion of the Company are recognised in the period in which they are declared and approved by the Board

(s) Non-recurring items

Non-recurring items are separately identified to provide greater understanding of the Group's underlying performance Items classified as non-recurring items include closure costs for businesses, restructuring costs, acquisition costs, post acquisition integration costs, write offs and other credits and charges of non-recurring nature that require separate identification in order to provide additional insight into the underlying business performance To assist in the analysis and understanding of the underlying trading position of the Group these items are summarised in note 4

(t) Acquisition costs

Acquisition related costs are costs the acquirer incurs to effect a business combination These include legal fees, finder's fees, valuation costs and other professional or consulting fees, which are expensed in the period in which they are incurred

Other acquisition costs incurred which are directly attributable to obtaining finance in order to fund the acquisition are not expensed but included within the debt balance The costs are then amortised (according to the effective interest rate method) through the Income Statement over the period of the debt.

(u) Taxation

Current tax is the expected tax payable on the taxable income for the year using tax rates and laws enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years

Deferred taxation is provided on material timing differences between the incidence of income and expenditure for taxation and accounts purposes using the full provision basis Deferred tax assets are only recognised to the extent that they are considered recoverable against future taxable profits Deferred tax balances are not discounted Deferred tax is determined using the tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax liability is settled or the deferred tax asset is realised

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity

The income tax expense represents the sum of current and deferred tax

(v) Treasury shares

Treasury shares are deducted from equity No gain or loss is recognised on the purchase, sale issue or cancellation of the treasury shares Any consideration paid or received is recognised directly in equity

(w) Group reserves

The share premium account is the difference between the nominal value of shares issued and the value of the consideration received The use of the share premium account is governed by the Companies Act 2006

(x) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation
The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date taking into account the risks and uncertainties surrounding the obligation

2 Critical accounting estimates and judgements

Estimates and associated assumptions are based on historical experience (and various other factors that are believed to be reasonable under the circumstances), the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources Actual results may differ from these estimates The estimates and underlying assumptions are reviewed on an ongoing basis Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods

The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are

a) Property, plant and equipment

Assets are carried at historical cost less depreciation calculated to write off the cost of such assets over their estimated useful lives Management determines the estimated useful lives and related depreciation charges at acquisition The estimated useful life is reviewed annually and the depreciation charge is revised where useful lives are subsequently found to be different to those previously estimated

b) Impairment of assets

Assessing the impairment of assets requires of management to determine the value in use of assets being considered for impairment. Determining such a value requires of management to forecast future cash flows associated with the assets, and to determine an appropriate discount rate to determine a present value for those cash flows

c) Deferred consideration
The value of deferred consideration payable is contingent upon the results of the acquired businesses and any other specified performance criteria set out in the applicable sale and purchase agreements Budgets and projections for acquired businesses for relevant periods are reviewed annually

Hyperion Insurance Group Limited

3 Segmental analysis

IFRS 8 'Operating Segments' requires operating segments to be determined based on the Group s internal reporting to the Chief Operating Decision Maker ("CODM") The CODM has been determined to be the Board of Directors, as it is this body which is primarily responsible for the allocation of resources to segments and the assessment of performance of the segments

The CODM uses Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA"), as reviewed on a monthly basis, as the key measure of the segments' results as it reflects the segments' underlying trading performance for the period under evaluation

The directors consider that the Group s trading activities comprise two business segments (being the provision of broking and underwriting services) and that the Group operates in a market that is not bound by geographical constraints For management purposes, the Group reports its performance between two fee structures being 'Underwriting revenue' and 'Broking revenue' Revenue information analysing the aforementioned split between underwriting and broking is presented below

Year to 30 September 2013	Broking £'000	Underwriting £'000	Head office and consolidation adjustments £'000	Total continuing operations £'000
Fees and commission	124 045	39,556	-	163,601
Other operating income	1 608	1,406	-	3,014
Other operating costs	(104 783)	(28,051)	(1 888)	(134 722)
Depreciation and amortisation	(4,633)	(777)	(575)	(5,985)
Operating profit	16,237	12,134	(2,463)	25,908
Finance income	(24)	(6)	207	177
Finance costs	(1,163)	92	(6,039)	(7,110)
Change in the fair value of deferred consideration	(2 727)	-	(371)	(3 098)
Profit before taxation	12,323	12,220	(8,666)	15,877
Income tax expense	(1 106)	(3 381)	(1,286)	(5 773)
Profit after taxation	11,217	8,839	(9,952)	10,104
Minority interests	(2 143)	(661)	-	(2 804)
Net profit	9,074	8,178	(9,952)	7,300
EBITDA (excluding non-recurring and acquisition costs)	24,436	13,455	(2,011)	35,880
Non-recurring costs	(2,648)	(544)	123	(3,069)
Acquisition costs	(918)	-	-	(918)

See note 4 for a further analysis of non recurring costs

Year to 30 September 2012	Broking £'000	Underwriting £'000	Head office and consolidation adjustments £'000	Total continuing operations £'000
Fees and commission	74,753	34,166	-	108,919
Other operating income	378	1,272	-	1,650
Other operating costs	(65 782)	(27 571)	(1 646)	(94,999)
Depreciation and amortisation	(1,604)	(721)	(737)	(3,062)
Operating profit	7,745	7,146	(2,383)	12,508
Finance income	(64)	(133)	312	115
Finance costs	(1,721)	(2)	(2 445)	(4,168)
Change in the fair value of deferred consideration	(1,503)	-	-	(1,503)
Profit before taxation	4,457	7,011	(4,516)	6,952
Income tax expense	(2,146)	(2,420)	679	(3,887)
Profit after taxation	2,311	4,591	(3,837)	3,065
Minority interests	(1,881)	(264)	-	(2,145)
Net profit	430	4,327	(3,837)	920
EBITDA (excluding non recurring and acquisition items)	12,122	9,902	(1 431)	20,593
Non-recurring costs	(1 030)	(2,035)	(215)	(3,280)
Acquisition costs	(1,743)		-	(1,743)

See note 4 for a further analysis of non-recurring costs

Geographic segment analysis

The geographical analysis has been provided for continuing operations only

Fees and commissions	2013 £'000	2012 £'000
United Kingdom	40,246	19,396
Americas	28,967	18,850
Northern Europe	22,392	16,983
Far East	24,733	14,467
Australasia	19,567	14,389
Southern Europe	12,538	12,764
Middle East	12,549	10,453
Eastern Europe	1,611	1,220
Africa	998	397
Total	163,601	108,919

Hyperion Insurance Group Limited

4 Operating profit

Operating profit for the year is stated after charging/(crediting)

	2013 £'000	2012 £'000
Depreciation of property, plant and equipment	2,979	1,867
Amortisation of intangible assets	3,006	1,195
	5,985	3,062
Professional Fees in relation to the Group's auditor		
Audit services		
- statutory audit of the Company	93	87
- statutory audit of subsidiaries	502	469
- audit related regulatory and supplementary reporting	30	44
All other services		
- Taxation services	745	272
Professional fees associated with other advisory services	575	750
Operating lease rentals		
- land and buildings	5,090	3 855
- equipment	194	221
Foreign exchange gains	(658)	(833)

Non-recurring items recognised in the income statement	2013 £'000	2012 £'000
Termination and replacement of senior executives	763	1 504
Post acquisition integration costs	911	290
Costs related to the repurchase of share capital (see Note 25)	394	-
Costs of fundamental restructuring	2,068	1 794
Write-off costs	-	1,671
Goodwill impairment	186	100
Provision for claims	482	-
Provision (see note 21)	-	(285)
Incremental employee costs related to refinancing	333	
Other non-recurring administrative expenses	1,001	1,486
Total non-recurring administrative expenses	3,069	3 280

Acquisition costs

Acquisition costs in the period are in relation to the acquisition of FP Group Limited and controlled entities (the 'FP Marine Group'), Northedge Forsikringsmegling AS, Howden Brasil Administração e Corretagem De Seguros Ltda ('Conset') and Howden Employee Benefits Limited Management have separately presented these acquisition costs in the income statement to facilitate an understanding of the Group s underlying performance

	2013 £'000	2012 £'000
FP Marine Group	759	-
Northedge Forsikringsmegling AS	54	-
Howden Brasil Administração e Corretagem De Seguros Ltda	80	79
Howden Employee Benefits Limited	25	
HBG Asia Holdings Ltd and controlled entities	-	245
Windsor Limited and controlled entities	-	1,243
Howden Energy Intangible assets	-	168
Professional Risk Solutions LLC	-	8
Acquisition costs	918	1 743
Acquisitions costs paid in respect of prior year acquisitions	232	-
Total acquisition costs paid	1,150	1,743

5 Finance costs

	2013 £'000	2012 £'000
Interest expense		
HSBC revolving credit facility and overdraft repaid 3 July 2012	-	(465)
HSBC and Lloyds senior facility	(3,790)	(869)
Finance leases	(8)	(4)
Other loan interest	(376)	(603)
Amortisation of bank and loan arrangement fees	(985)	(864)
Shareholder loan interest	(1,704)	(915)
Shareholder loan note interest	(247)	(448)
	(7,110)	(4 168)
Interest income		
Bank interest	177	115
Net finance costs from continuing operations	(6,933)	(4 053)
Net finance costs from discontinuing operations	-	15
Net finance costs from operations	(6,933)	(4 038)
Fair value through profit and loss deferred consideration (note 23e)	(3,098)	(1,503)
Change in the fair value of deferred consideration	(3,098)	(1,503)

Hyperion Insurance Group Limited

6 Staff costs

The average monthly number of employees, including directors employed by the Group during the year was

	2013 Number	2012 Number
Directors and senior management	139	123
Insurance professionals	874	586
Administration	418	311
	1,431	1 020

The aggregate payroll costs of the above employees including directors, were as follows	2013 £ 000	2012 £'000
Wages and salaries	79,004	54,736
Social security costs	7,310	5,272
Pension contributions	4,841	2 802
	91,155	62,810

Directors' remuneration	2013 £'000	2012 £'000
Aggregate emoluments	1,379	1,628
Aggregate pension contributions	91	54
	1,470	1,682
Highest paid director		
Salary and benefits	459	618
Pension contributions	75	18
	534	636

	Number	Number
Number of directors at 30 September	8	8

During the year ended 30 September 2012, a Director received £256 000 in total by way of compensation for loss of office

7 Taxation

	2013 £'000	2012 £'000
Tax expense comprises		
UK corporation tax on profits for the year	2,067	483
UK adjustments in respect of previous years	(169)	16
Overseas tax	4,256	3,834
Total current tax	6,154	4,333
Deferred tax		
Origination and reversal of timing differences	(484)	(489)
Impact of change in UK tax rate	65	47
Adjustments in respect of previous years	38	(4)
Total deferred tax (note 24)	(381)	(446)
Tax on profit on ordinary activities	5,773	3,887

The total charge for the year can be reconciled to the accounting profit as follows

The tax assessed for the year is higher than the standard rate of corporation tax of 23 5% (2012 25%) due to the following reasons

	2013 £ 000	2012 £ 000
Profit on ordinary activities before tax	15,877	6,952
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23 5% (2012 25%)	3,731	1 738
Tax effects of		
Expenses not deductible for taxation purposes	1,774	1,652
Overseas tax in excess of UK tax	369	642
Tax losses utilised during the year	(63)	(196)
Adjustments to UK tax charge in respect of previous years	(217)	12
Adjustments to overseas tax charge in respect of previous years	114	(8)
Impact of change in UK tax rate	65	47
Total tax expense recognised in income statement	5,773	3 887

The blended rate of corporation tax in the UK is 23 5% (2012 25%)

Following the enactment of the Finance Act 2012 the main rate of corporation tax has reduced for the financial year beginning 1 April 2013 from 24% to 23%, this was enacted on 17 July 2012 The Finance Act 2013 was enacted on 17 July 2013 which reduces the corporation tax rate to 21% from 1 April 2014 and to 20% from 1 April 2015 The Group s UK deferred tax balances have been recognised at 20%

The tax charge for the year ended 30 September 2013 was £5,773,000 (2012 £3,887,000) which was 36% of profit before tax (2012 56%)

Excluding the impact of acquisition costs and changes in the fair value of deferred consideration, the tax charge for the year ended 30 September 2013 was £5,773,000 (2012 £3,887,000) which was 29% of profit before tax (2012 38%)

8 Earnings per share

Basic earnings per share is calculated by dividing the profit after tax for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the year

Diluted earnings per share is calculated as for the basic earnings per share with a further adjustment to the weighted average number of ordinary shares to reflect the effects of all potential dilution and any increase in share capital during the year The diluted earnings per share is not presented in the financial statements because the impact of the dilution is immaterial The impact on the earnings per share is 0 02p

The weighted average number of ordinary shares includes shares held by the Employee Benefit Trust (see note 25)

	2013 000's	2012 000's
Weighted average number of shares used in calculation of basic earnings per share	50,740	44,326
Effect of potential dilution – share options	301	301
Weighted average number of shares used in calculation of diluted earnings per share	51,041	44,627

The earnings per share is derived from the figures as follows

2013	Continuing operations £'000	Discontinued operations £'000	Total £'000
Profit after tax	10,104	(230)	9,874
Minority interest	(2,804)	-	(2,804)
Profit after tax and minority interests	7,300	(230)	7,070
Change in fair value of deferred consideration	3,098	-	3,098
Before change in fair value "FV" of deferred consideration	10,398	(230)	10,168
Loss on disposal of discontinued operations	-	287	287
Before FV adjustments on deferred consideration and profit on disposal - basic	10,398	57	10,455
Non-recurring costs	3,069	-	3,069
Tax effect on non recurring costs	(721)	-	(721)
Before FV adjustments on deferred consideration and non-recurring costs	12,746	57	12,803
Acquisition costs	918	-	918
Before FV adjustments on deferred consideration and non-recurring costs and acquisition costs	13,664	57	13,721

2012	Continuing operations £'000	Discontinued operations £'000	Total £'000
Profit after tax	3 065	17,507	20,572
Minority interest	(2,145)	-	(2,145)
Profit after tax and minority interests	920	17,507	18,427
Change in fair value of deferred consideration	1,503	-	1,503
Before change in fair value "FV" of deferred consideration	2,423	17,507	19,930
Profit on disposal of discontinued operations	-	(17 123)	(17,123)
Impairment of non financial assets	-	1,196	1,196
Before FV adjustments on deferred consideration and profit on disposal - basic	2,423	1,580	4,003
Non-recurring costs	3,280	-	3,280
Tax effect on non recurring costs	(820)	-	(820)
Before FV adjustments on deferred consideration and non recurring costs	4,883	1,580	6 463
Acquisition costs	1,743	-	1,743
Before FV adjustments on deferred consideration and non recurring costs and acquisition costs	6,626	1,580	8,206

	2013 £000's		2012 £000's	
From continuing operations				
Earnings per share - basic	7,300	14 4p	920	2 1p
Before fair value "FV" adjustments on deferred consideration - basic	10,398	20.5p	2,423	5 5p
Before FV adjustments on deferred consideration and non recurring costs	12,746	25 1p	4,883	11 0p
Before FV adjustments on deferred consideration and non recurring costs and acquisition costs	13,664	26 9p	6,626	15 0p
From discontinued operations				
Earnings per share - basic	(230)	(0.5p)	17,507	39.5p
Before FV adjustments on deferred consideration and profit on disposal - basic	59	0 1p	1,580	3 6p
From continuing and discontinued operations				
Earnings per share - basic	7,070	13.9p	18,427	41 6p
Before FV adjustments on deferred consideration basic	10,168	20 0p	19,930	45 0p
Before FV adjustments on deferred consideration, non recurring costs, acquisition costs and profit on disposal - basic	13,721	26.9p	8,206	18.5p

The adjustment for non-recurring costs includes a tax saving at the current rate of 23 5%

9 Dividends

The Group has paid interim dividends in the year of £1,991,000 (2012 £1 200 000) The Group has not declared any further dividends during the year ended 30 September 2013 (2012 nil)

10 Goodwill

	Positive goodwill £'000	Impairment losses £'000	Total £'000
Opening net book value as at 1 October 2012	121 098	(5,000)	116,098
Acquisitions (see Note 34)	8,201	-	8,201
Disposals and impairments	(2,099)	1,962	(137)
Remeasurement of assets and liabilities at acquisition	(572)	-	(572)
Reclassifications and other adjustments	(657)	-	(657)
Closing net book value as at 30 September 2013	125,971	(3,038)	122,933
Opening net book value as at 1 October 2011	49,961	(3,805)	46,156
Acquisitions	71,153	-	71,153
Disposals and impairments	(16)	(1,195)	(1,211)
Closing net book value as at 30 September 2012	121,098	(5,000)	116,098

10 Goodwill (continued)

For the purpose of annual impairment testing goodwill is allocated to the following cash-generating units ("CGUs") which are the units expected to benefit from the synergies of the business combinations in which the goodwill arises

	Broking 2013 £'000	Underwriting 2013 £'000	Total 2013 £'000	Broking 2012 £'000	Underwriting 2012 £ 000	Total 2012 £ 000
United Kingdom	71,488	12,259	83,747	71,421	12,259	83,680
Europe	14,663	2,462	17,125	12,750	2,462	15,212
Australasia	-	2,612	2,612	-	2,612	2,612
Americas	5,851	-	5,851	7,056	-	7,056
Middle East	198	-	198	198	-	198
Far East	9,160	-	9,160	3 120	-	3 120
Other	4,220	-	4,220	4,220	-	4 220
Goodwill at 30 September	105,600	17,333	122,933	98,765	17,333	116,098

The recoverable amounts of the CGUs are determined from value in use calculations The primary driver for the calculations is the valuation of each CGU at the end of a three year forecast, at which stage projected profitability is considered to equate to normalized future cash flows The valuation is based on a multiple of projected revenue and profit discounted to net present value These calculations use projections based on financial forecasts approved by management covering a three year period The key assumptions for the value in use calculations are those regarding the discount rates growth rates, and valuation multiples Management estimates discount rates using current market assessments of the time value of money and the Group s cost of capital The growth rates within the financial forecasts are determined based on management's knowledge of the business and expectations for market development. Valuation multiples applied reflect management's internal model for the valuation of insurance intermediaries

11 Intangible assets

	Patents and software £'000	Customer relationships £'000	Other £'000	Total £'000
Opening net book value 1 October 2012	1,798	21,281	2 371	25,450
Exchange differences		14		14
Additions	80	93	15	188
Acquisition of subsidiary (see note 34)	-	3,836	416	4,252
Amortisation	(44)	(2,824)	(138)	(3,006)
Closing net book value as at 30 September 2013	1,834	22,400	2,664	26,898
Costs	2,350	26,154	3,190	31,694
Accumulated amortisation	(516)	(3,754)	(526)	(4,796)
Closing net book value as at 30 September 2013	1,834	22,400	2,664	26,898
Opening net book value 1 October 2011	1,454	2 206	600	4 260
Exchange differences	(19)	-		(19)
Additions	366	19 724	2 083	22 173
Acquisition of subsidiary	286	-	-	286
Amortisation	(234)	(649)	(312)	(1,195)
Reclassifications	(55)	-	-	(55)
Closing net book value as at 30 September 2012	1,798	21 281	2,371	25 450
Costs	2,270	22 211	2,759	27,240
Accumulated amortisation	(472)	(930)	(388)	(1,790)
Closing net book value as at 30 September 2012	1,798	21,281	2,371	25,450

12 Property, Plant and Equipment

	Leasehold improvements £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost				
At 1 October 2012	5,482	509	14,804	20,795
Additions	1 135	120	2,877	4,132
Exchange differences	(27)	(9)	10	(26)
Disposals and impairments	(47)	(97)	(189)	(333)
At 30 September 2013	6,543	523	17,502	24,568
Accumulated depreciation				
At 1 October 2012	1,342	273	9,888	11,503
Depreciation for the year	628	103	2,247	2,978
Exchange differences	(44)	(6)	(120)	(170)
Disposals and impairments	(39)	(79)	(176)	(294)
At 30 September 2013	1,887	291	11,839	14,017
At 30 September 2013	4,656	232	5,663	10,551
At 1 October 2012	4 140	236	4 916	9,292

As at 30 September 2013 the net book value of tangible fixed assets held under finance leases was £1,502,500 (2012 £1,109,000)

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12 Property, Plant and Equipment (continued)

	Leasehold improvements £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost				
At 1 October 2011	2 870	191	9,718	12,779
Additions	2,554	58	2,904	5,516
Acquisition of subsidiary	1,036	114	5,325	6,475
Exchange differences	307	181	579	1,067
Disposals and impairments	(1 285)	(35)	(3 722)	(5 042)
At 30 September 2012	5 482	509	14,804	20 795
Accumulated depreciation				
At 1 October 2011	1,969	88	5,428	7 485
Depreciation for the year	355	71	1,522	1,948
Acquisition of subsidiary	209	64	4,278	4,551
Exchange differences	167	55	763	985
Disposals and impairments	(1 358)	(5)	(2,103)	(3 466)
At 30 September 2012	1,342	273	9 888	11,503
Net book value at 30 September 2012	4,140	236	4,916	9,292

13 Investments held at cost

	2013 £'000	2012 £'000
Investment at beginning of year	1,073	775
Acquisitions during the year	549	298
Net investment	1,622	1,073

In January 2013, Howden Insurance Brokers AB purchased 20% of Soassurance Danmark A/S ("SO Assurance"), an insurance broker located in Denmark, for £150,000 DUAL International Limited acquired 19 9% of DUAL Asset Underwriting Limited, a UK-based insurance company In May 2013 for £250,000

The Group gained several investments as part of major acquisitions A 24% investment is held in HY Marine Risks Limited with a value of £85 000 at year end, purchased as part of the FP Marine acquisition As part of the acquisition of Windsor Limited the Group acquired a 37 5% interest in Charterama B V an underwriting agency based in the Netherlands The value of this investment is £64 000
The Group continues to hold its investments in Howden Korea Limited (39 9%) and GRC Howden Reasurans Brokerligi Anonim Sirketi ("GRC") (9 99%), a brokerage based in Turkey
The Group does not have board representation and is unable to exert any significant influence on the financial and operating policies of these investments

14 Investments in associates

During the year Howden Broking Group Limited acquired 25% of Howden Patagonia Corredores de Seguros Sociedad de Responsabilidad Limitada ("Patagonia") a start up insurance broker incorporated and based in Chile for £353,000

Howden Broking Group Limited owns 25% of the equity shareholding and also hold a seat on the board of the company, resulting in significant influence over the financial and operating policies of Patagonia

	2013 £'000
Investment at cost	353
Profit from associate	-
Net investment in associate	353

The Group has not included the results of Patagonia in these accounts as the amounts are deemed immaterial

15 Trade and other receivables

	2013 £ 000	2012 £ 000
Insurance receivables	45,970	25 789
Other debtors	6,215	5 643
Prepayments	7,436	6,193
Corporation tax recoverable	2,303	2 324
	61,924	39 949

	2013 £'000	2012 £'000
Non-current		
Other debtors	139	62
	139	62
Total trade and other receivables	62,063	40,011

The directors consider that the carrying amount of trade and other receivables approximates their fair value

16 Cash and cash equivalents

	2013 £'000	2012 £'000
Cash at bank and in hand – sterling	78,502	36,253
Cash at bank and in hand – other currencies	94,952	100 410
Bank overdrafts	(566)	(278)
	172,888	136 385

	2013 £'000	2012 £'000
Fiduciary	154,653	113,488
Own funds	18,235	22 897
	172 888	136 385

The Group holds short term deposits that are made for varying periods, depending on the cash requirements of the Group These deposits earn interest at market short term deposit rates. The Group has unrestricted access to these deposits which meet the definition of cash and cash equivalents

Fiduciary balances comprise client and insurer monies and fees and commissions earned but undrawn at the balance sheet date These are held in insurance trust fund bank accounts for the benefit of clients and insurers

A portion of the Group's cash balance is not available for use due to legal restrictions and controls At 30 September 2013, the Group s restricted cash balance is £2 1 (2012 £1.2m)

17 Trade and other payables less than one year

	2013 £'000	2012 £'000
Insurance payables	(152,768)	(106 888)
Trade and other payables	(5,752)	(6,140)
Deferred consideration	(962)	(3,163)
Other tax and social security	(2,495)	(2 092)
Accruals and deferred income	(17,884)	(18 310)
	(27,093)	(29 705)
Total trade and other payables	(179 861)	(136 593)

The directors consider that the carrying amount of trade and other payables approximates their fair value

	2013 £'000	2012 £'000
Corporation tax payable	(5,241)	(4 124)

18 Trade and other payables due after more than one year

	2013	2012
Amounts falling due after more than one year		
Deferred consideration	-	0
Trade and other payables	(2,415)	(3,150)

19 Borrowings

Current	2013 £'000	2012 £'000
Loans from related parties	(1,440)	(198)
Bank borrowings	(20,823)	(2,737)
Finance lease liabilities	(638)	(443)
	(22,901)	(3 378)

Non-current	2013 £'000	2012 £'000
Bank borrowings	(66,146)	(63,718)
Loans from related parties	(20,501)	(11,564)
Finance lease liabilities	(865)	(615)
Other loans - Menorah Mivtachim Insurance Limited	(1,162)	(1 542)
	(88,674)	(77 439)

Bank borrowings

The bank borrowings include the syndicated facilities with HSBC and Lloyds Banking Group of £70m, entered into upon acquisition of the Windsor group in 2012 The facilities are split into a £30m Amortising Facility (Facility A) payable over the course of the five years, and a £40m Bullet Facility (Facility B) payable at the end of the five year term £3m of Facility A was repaid during 2013

During the year the Group also drew down on an acquisition facility and a revolving credit facility £6 1m has been drawn down on the acquisition facility for the year ended 30 September 2013 out of a total available facility of £10m The revolving credit facility has a balance of £16 5m at year end The revolving credit facility is classified as a current liability while the acquisition facility is a long-term liability

The facilities bear interest which is calculated based on LIBOR plus margin The margin is different for each facility and reduces as the adjusted leverage reduces for the See note 40 for changes to bank borrowings occurring after the balance sheet date

Loans from related parties

Following the changes in shareholding of the Company and the repurchase of the Group's share capital (see Note 25), the shareholder loan notes from BP Marsh and 3i Group Plc of £4 1m were fully repaid B P Marsh & Company Limited ("BP Marsh") increased their loan to the Groupt to £6m, which is repayable by October 2017 and bears interest of LIBOR + 5% (minimum 7 5% per annum) The loans from Murofo Investments S L and Inversiones Muroca S L continue to bear interest at LIBOR +6% (minimum 9%) and are both repayable during 2014 These loans are secured by a debenture over the assets of the Company

19 Borrowings (continued)

Loan notes from related parties

As part of the FP Marine acquisition, loan notes totalling £6 6m were issued during the year The A loan notes of £1,884,541 have a final redemption date of 5 February 2018 with an interest rate of 9% The B loan notes hold a conversion option to convert into A shares of the Company Several shareholders have exercised this option during 2013 to acquire 168 300 shares, with the option period expiring 5 June 2014 At year end the B loan notes had a balance of £1,649,598, bearing an interest rate of 0 5% per annum The C loan notes of £3,954,517 with an interest rate of 5% will be settled in cash by 5 February 2018

A loan note to Hendricks & Co was issued in May 2013 of €5.5m, attracting an interest rate of EURIBOR +3 5% The loan note has a final redemption date of 1 October 2015

As part of the Windsor acquisition in 2012, the Company issued Loan Notes of £5 125,000 These are redeemable should Hyperion either be sold or in the event of an initial public offering If neither of these events occur, the final redemption date is 3 October 2017 Throughout the loan term, interest is payable at a rate of 9% per annum

Other loans - Menorah Mivtachim Insurance Limited

The Group has a loan from Menorah Mivtachim Insurance Limited with a carrying value of £1.2m at 30 September 2013 The loan attracts both a fixed component of interest at 6 2%, and a variable component of interest at CPI + 3 3%, payable in quarterly instalments over five years The loan is secured by both a local Israeli law security as well as a floating charge over the assets of the borrowing subsidiary company, Howden General and Marine Insurance Brokers (2011) Limited Howden Insurance Brokers (2002) Limited also provided a local Israeli law security over its income flow, and agreed not to provide any security in favour of any third parties (negative pledge), excluding pledges that would be given in the ordinary course of business and there are certain restriction on distributions of dividends by the company

The carrying amounts and the fair value of borrowings are as follows

	Carrying amount		Fair value	
	2013	2012	2013	2012
Current	£'000	£ 000	£'000	£'000
Loan from related parties	(1,440)	(197)	(1,440)	(197)
Bank borrowings	(20,823)	(2 737)	(20,823)	(2,737)
Finance lease liabilities	(638)	(444)	(638)	(444)
	(22,901)	(3 378)	(22,901)	(3 378)

	Carrying amount		Fair value	
	2013	2012	2013	2012
Non-current	£'000	£'000	£'000	£ 000
Bank borrowings	(66,146)	(63,718)	(66,146)	(63,718)
Loans and loan notes from related parties	(20,501)	(11,564)	(20,501)	(11,564)
Finance lease liabilities	(865)	(615)	(865)	(615)
Other loans - Menorah Mivtachim Insurance Limited	(1,162)	(1,542)	(1,162)	(1 542)
	(88,674)	(77,439)	(88,674)	(77 439)

20 Liquidity put option

	2013	2012
	£'000	£ 000
Liquidity put option	(48,469)	(48 118)

On 3 July 2012, 6 876,900 'A' ordinary shares of £0 01 each ("the Windsor consideration shares") were issued to shareholders of Windsor Limited as part of the consideration paid for the Windsor Group acquisition Under the terms of the acquisition, the Company agreed that if no IPO or sale of the company occurs before 27 September 2017, the holders of the Windsor consideration shares will have the right to convert their shares into loan notes which would be repayable in 2022 This constitutes a put option for the holders of the shares ("the liquidity put option")

The liquidity put option has a cap on the value of loan notes which can be issued of £50m The Group has recognised the maximum redemption amount of £50m which has been discounted to present value

Management does not believe the liquidity put option will crystallise in five years' time, as it is expected that there will be other exit strategies available to the holders In the event of an IPO or sale of the Company before September 2017, the put option would be cancelled and the liability written back to equity against the liquidity put option reserve In the unlikely event that the put option is exercised loan notes will be issued to the holders of the put option in exchange for their 6,876,900 A ordinary shares The shares obtained by the Company through this exchange would be cancelled, with a transfer from share premium and share capital to a capital redemption reserve The net impact of this transaction on the income statement and on the statement of financial position is anticipated to be £nil

21 Provisions

	E&O provisions
	£'000
At 1 October 2012	677
Arising from acquisitions and disposals	66
Additions	775
At 30 September 2013	1,518

22 Finance Leases

The Group holds a portion of its property plant and equipment under finance leases The Group has options to purchase the equipment for a nominal amount at the end of the lease terms The Group s obligations under finance leases are secured by the lessor's title to the leased assets

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 2% to 7% per annum

	Minimum lease payments		Present value of minimum lease payments	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Not later than one year	(578)	(369)	(514)	(317)
Later than one year and not later than five years	(1,059)	(814)	(990)	(740)
Later than five years	-	-	-	-
	(1,637)	(1 183)	(1,504)	(1,057)
Less future finance charges	133	126	-	-
Present value of minimum lease repayments	(1,504)	(1 057)	(1,504)	(1,057)

23a Categories of financial assets and liabilities

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities

30 September 2013	Loans and £'000	Fair value £'000
Trade and other receivables	62,063	-
Cash and cash equivalents	18,235	
Trade and other payables	(29,508)	-
Corporation tax liabilities	(5,241)	-
Short-term borrowings	(22,901)	-
Long-term borrowings	(88,674)	-
Derivative financial instruments		
Forward foreign currency contracts *	-	722
Interest rate swaps	-	244
Future payments to minority interests due in less than one year	-	(637)
Future payments to minority interests due in more than one year	-	(19,781)
Liquidity put option	-	(48 489)

* Forward foreign currency contracts are designated and effective hedging instruments

Assets/ (liabilities) that are measured at fair value are recognised on the statement of financial position and gains or losses are recognised in profit and loss The fair values of derivative financial instruments are determined by reference to expected future payments

30 September 2012	Loans and receivables/ other financial liabilities £'000	Fair value through profit or loss £ 000
Trade and other receivables	40 011	-
Cash and cash equivalents	22 897	
Trade and other payables	(32 855)	-
Corporation tax liabilities	(4,124)	-
Short term borrowings	(3,378)	-
Long-term borrowings	(77,439)	-
Forward foreign currency contracts	-	-
Forward foreign currency contracts	-	816
Interest rate swaps	-	(373)
Future payments to minority interests due in less than one year	-	(3,203)
Future payments to minority interests due in more than one year	-	(10,057)
Liquidity put option	-	(48 118)

23b Derivative financial instruments

The Group uses forward exchange contracts to reduce the risk associated with sales denominated in foreign currencies for Howden Insurance Brokers Limited and Dual International Underwriting Limited At 30 September 2013 there were outstanding contracts with a fair value of £722,000 (2012 £816,000) in favour of the Group for the purchase of foreign currencies in the normal course of business

The Group also has interest rate swap transactions to hedge the risk associated with the variable interest payable on its long term bank borrowings At 30 September 2013 there were outstanding contracts with a fair value of £244,000 (2012 £373,000) in favour of the Group (in favour of the HSBC and Lloyds Banking Group in the prior year), all of which are to receive floating/pay fixed interest rate swaps

The fair value of the above contracts is calculated using the mark to market rates prevailing at the end of the financial year Further detail including sensitivity analysis on the fair value of outstanding contracts is contained below

The carrying amounts for the Group's derivative financial instruments may be further analysed as follows

Fair value of current and non-current derivative assets/(liabilities)	2013 £'000	2012 £ 000
Foreign exchange forward contracts *	722	816
Interest rate swaps*	244	(373)
Future payments to minority shareholders	(20,418)	(13,260)
Net fair value of derivatives	(19,452)	(12 817)

* These contracts are designated and are effective hedging instruments

23c Financial liability on payments to minority interests

The fair value of the Group s financial liability on payments to minority interests at the year end was £21,380 000 (2012 £13 260 000)

The future commitments include the earn-out due on recent acquisitions and the future liability on put and call options The option liability is carried at fair value and revalued each year with movements going through the income statement. The liabilities as at 30 September are as follows

	2013 £'000	2012 £'000
Hendricks & Co GmbH D&O Insurance Agency Earn out	3,756	7,580
Hendricks & Co GmbH D&O Insurance Agency Put and Call option	3,423	2,221
Howden Brasil Administração e Corretagem De Seguros Ltda Earn out	1,205	1,288
Howden Brasil Administração e Corretagem De Seguros Ltda Put and Call option	927	1 024
HBG Asia Holdings Limited and controlled entities Put and Call option	1,325	1 147
FP Group Limited and controlled entities Earn out	550	-
FP Group Limited Put and Call option	3,926	-
Northedge Forsikringsmegling A S Earn out	2,173	-
Howden Employee Benefits Limited Earn out	2,432	-
Howden Insurance Brokers AB Put and Call option	63	-
Howden Iberia S.A. Put and Call option	1,600	-
Total	21,380	13,260
Non- derivative portion classified as trade and other payables	(962)	-
Total derivative liabilities on payments to minority interests	20,418	13,260

23d Financial instruments held at fair value

The disclosure of fair value measurements by level is assessed using the following fair value measurement hierarchy
- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1),
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability (Level 2), and
- inputs for the asset or liability that are not based on observable market data (Level 3)

30 September 2013	**Level 1**	**Level 2**	**Level 3**
Derivative financial instruments	**£'000**	**£'000**	**£'000**
Forward foreign currency contracts	-	722	-
Interest rate swaps	-	244	-
Future payments to minority interests	-	-	(21,380)
Liquidity put option	-	-	(48,489)
	-	966	(69,869)

30 September 2012	Level 1	Level 2	Level 3
Derivative financial instruments	£'000	£'000	£'000
Forward foreign currency contracts		816	-
Interest rate swaps	-	(373)	
Future payments to minority interests	-	-	(13,260)
Liquidity put option		-	(48,118)
	-	443	(61 378)

23e Reconciliation of movements in Level 3 financial instruments

	Financial liabilities on payments to minority interests £'000	**Liquidity put option** £'000	**Total** £'000
Balance at 1 October 2012	(13,260)	(48,118)	(61,378)
Gains and losses recognised in Income Statement	(2,727)	(371)	(3,098)
Reclassifications	3,671	-	3 671
Acquisitions	(13,362)		(13,362)
Adjustments to initial recognition	2,182	-	2 182
Settled during the year	2,116		2,116
Balance at 30 September 2013	(21,380)	(48,489)	(69 869)

	Financial liabilities on payments to minority interests £'000	Liquidity put option £'000	Total £'000
Balance at 1 October 2011	(11 373)	-	(11 373)
Gains and losses recognised in Income Statement	(1,502)	-	(1,502)
Acquisitions	(3,459)	(48,118)	(51,577)
Settled during the year	3,074	-	3,074
Balance at 30 September 2012	(13,260)	(48,118)	(61,378)

24 Deferred taxation

	2013 £'000	2012 £'000
Decelerated capital allowances	480	445
Losses carried forward	118	103
Other short term timing differences	(4,543)	(4,621)
Net deferred tax balance	(3,945)	(4 073)
Deferred tax asset		
Amount recoverable within one year		
Balance at beginning of year	2,185	1,345
Deferred tax (debit)/credit in profit and loss account	(367)	840
Reclassification and other adjustments	680	
Exchange differences	(96)	
Balance at end of year	2,402	2 185
Deferred tax liability		
Balance at beginning of year	(6,258)	(406)
Deferred tax credit/(debit) in profit and loss account	749	(395)
Acquisition of subsidiary	(890)	(5,457)
Exchange differences	52	-
Balance at end of year	(6,347)	(6 258)
Net deferred tax liability at end of year	(3,945)	(4 073)
Total deferred tax credit in profit and loss account for period (note 7)	381	446

The recoverability of tax losses is dependent on there being sufficient future taxable profits, Current forecasts support the partial recoverability of these losses in the foreseeable future Accordingly no deferred tax asset has been recognised in respect of losses not expected to be recovered in the foreseeable future

Factors that may affect future tax charges

The Group has capital losses of £761 000 (2012 £84,000) available to carry forward for offset against future capital gains The Group has unrecognised non trade losses of £1,994 000 (2012 £3 931,000) for offset against future income, subject to certain restrictions

Hyperion Insurance Group Limited

25 Share capital

2013	Allotted and called up Number '000	£'000
Classified as equity:		
A ordinary shares of £0 01 each	37,414	374
A ordinary shares of £0 01 each *	6,877	69
B ordinary shares of £0 01 each	3,395	34
C ordinary shares of £0 01 each	2,319	23
	50,005	500
Adjustment for employee benefit trusts		
A ordinary shares of £0 01 each	(356)	(3)
B ordinary shares of £0 01 each	(195)	(2)
C ordinary shares of £0 01 each	(53)	(1)
	49,401	494

2012	Allotted and called up Number 000	£'000
Classified as equity:		
A ordinary shares of £0 01 each	39,051	391
A ordinary shares of £0 01 each *	6,877	69
B ordinary shares of £0 01 each	3,395	34
C ordinary shares of £0 01 each	1,478	15
	50 801	509
Adjustment for employee benefit trusts		
A ordinary shares of £0.01 each	(114)	(1)
B ordinary shares of £0 01 each	(3)	-
	50 684	508

* With option to convert into loan notes

The A ordinary, B ordinary and C ordinary shares of £0 01 each rank pari passu in all respects except that on the sale or liquidation of the Company the proceeds shall be divided between the shareholders as follows

• firstly, the holders of the A ordinary shares will receive the first £2 6004 per share

• secondly the holders of the A ordinary shares and the B ordinary shares will each receive the sum of £0 4296 per share [£3 03 - £2 6004],

• thirdly the balance between £3 03 and £3 60 shall be distributed between the holders of the A ordinary B ordinary and C ordinary first issue (C1) shares equally as though they were one class of share, and

• fourthly, the balance between £3 60 and £4 41 shall be distributed between the holders of the A ordinary, B ordinary, C ordinary first issue (C1) and C ordinary second issue (C2) shares equally as though they were one class of share and

• lastly, the balance over and above £4 41 shall be distributed between the holders of the A ordinary, B ordinary C ordinary first issue (C1), C ordinary second issue (C2) and C ordinary third issue (C3) shares equally as though they were one class of share

During the year, 286,000 'A' ordinary shares of £0 01 each were issued to shareholders of Northedge Forsikringsmegling A S as part of the consideration paid for the acquisition of the company As part of the consideration payable for the acquisition of FP Group Limited, loan notes were issued which gave the purchaser an option to convert to A ordinary shares of the Company during the year The loan note holders chose to exercise this option which resulted in the Company issuing 168 300 A ordinary shares to the shareholders of FP Group Limited

The Company also issued new shares during the year in relation to employee share incentive arrangements for the Howden North American Property & Casualty Limited ("NAP&C") and Howden Property Insurance Services Limited ("HPIS") broking teams, as part of the consideration payable following the exercise by Howden Broking Group Limited of call options on shares representing the minority interests in NAP&C and HPIS A total of 184,900 A ordinary shares were issued as part of the NAP&C transaction and a total of 60,200 A ordinary shares were issued as part of the HPIS transaction A similar exercise was performed in the year ended 30 September 2012 in relation to both NAP&C and HPIS whereby 100,100 A ordinary shares were issued as part of the NAP&C transaction and 96,900 A ordinary shares were issued as part of the HPIS transaction

On 3 July 2012, 6,876,900 A' ordinary shares (with option to convert into loan notes) at £0 01 each were issued to shareholders of Windsor Limited as part of the consideration paid for the Windsor Group acquisition See note 20 for further details on the conversion options

In September 2008, the Group established the Hyperion Insurance Group Employee Benefit Trust 2008 ("Hyperion EBT") to hold shares to be used to meet future liabilities relating to the Group s share-based compensation plans Under IFRS the EBT is considered to be under de facto control of the Group, and has therefore been consolidated into the Group As at 30 September 2013 the Hyperion EBT held 322,350 (2012 68 650) A ordinary shares of £0 01 195 400 (2012 25 200) B ordinary shares of £0 01 and 52,900 (2012 nil) C ordinary shares of £0 01 in the Company

Upon acquisition of the Windsor group of companies, the Group also obtained control of the Windsor Employee Benefit Trust ("Windsor EBT"), which has a similar function to that of the Hyperion EBT As at 30 September 2013, the Windsor EBT held 33 800 (2012 45,300) A ordinary shares of £0 01 in the Company

Hyperion Insurance Group Limited

25 Share capital (continued)

Change in major shareholders and repurchase of share capital

On 8 July 2013, General Atlantic Hawthorn B V purchased shares representing in total 28 85% of the share capital of the Company, in a transaction involving the sale of shares held by two of the Company's major shareholders 3i Group plc ("3i") and BP Marsh & Company Limited ("BP Marsh") Prior to the transaction 3i and BP Marsh held 22 42% and 13 61% respectively in the share capital of the Company 3i sold 100% and BP Marsh sold 80% of their respective shareholdings in the Company in the transaction

At the same time, the Company repurchased part of its own share capital through the repurchase of a total of 2,856,800 A ordinary shares from 3i Group at £5 20 per share giving an overall value of £14,855,360 Of this total, 1,923,000 A shares valued at £9,999,600 were financed from the Group's distributable reserves while the remaining A 933,800 shares, valued at £4,855,760, were financed from a fresh share issue Stamp duty costs were incurred at 0 5% of the purchase price of the shares which were expensed through the income statement.

The 1,923,000 A shares repurchased from the Group's distributable reserves were eligible for treatment as treasury shares The Group elected to cancel these shares The par value of these shares was £0 01 per share, which resulted in a reduction of £19,230 to the Group's share capital The shares reacquired as a result of the fresh share issue were not eligible for treatment as a treasury shares and were also cancelled by the Group The net effect to the Group's share capital from this transaction was nil As all shares repurchased were cancelled, the Group did not hold any treasury shares at year end, apart from those held by the EBTs

Share-based compensation plans

During the year 841,200 C3 ordinary shares were issued for share-based incentive schemes The total cost recognised by the Group was £nil (2012 £nil)

The Company continues to operate an executive share option scheme for executive directors and other senior employees under which the options originally granted over Ordinary shares of £1 each in the Company prior to the reorganisation of the Company's share capital on 31 March 2008 were converted into options over A ordinary shares of £0 01 each in the Company This scheme is no longer an HMRC approved scheme, having lost its HMRC approval status on the reorganisation of the Company's share capital in 2008 The price at which options were granted under the scheme was based upon the estimated market value of the shares at the date of grant of the options in each case Options were granted on the basis that they would be exercisable between 3 years and 10 years after the date of grant, following which they would lapse During the year ended 30 September 2012 however, the Remuneration Committee agreed on behalf of the Company to extend the final expiry date of certain options which would otherwise have lapsed to 6 December 2014 The charge for the year in respect of these options amounted to £nil for the year ended 30 September 2013

All share scheme incentives are at the absolute discretion of the Remuneration Committee, with no employee having the right to receive such a grant The fair values of share-based incentives are determined at their date of grant

Outstanding share options

At 30 September 2012 there were 300 600 unexercised options in respect of the Company's A ordinary shares of £0 01 each, which were issued to various executives in the Group During the year there was no movement in the number of share options issued

An analysis of the exercise price and the dates the share options may be exercised is set out below

Date of grant	Exercise price	Exercisable from	Expiry date	Held at end of year
	£			Number
5 December 2001	0 22	06/12/2004	06/12/2014	16 300
10 February 2003	0 28	11/02/2006	06/12/2014*	25,000
14 June 2004	0 46	15/06/2007	06/12/2014*	47 500
14 December 2005	1 47	15/12/2008	15/12/2015	25,000
19 July 2005	1.50	20/07/2009	20/07/2016	75 000
08 December 2006	1.50	09/12/2009	09/12/2016	15,000
22 October 2007	1.52	23/10/2010	23/10/2017	9,900
21 November 2007	1 52	22/11/2010	22/11/2017	86,900
				300,600

* The final exercise dates of these options have been extended by the Company to 6 December 2014 in each case

26 Other reserves

2013	Capital redemption reserve £'000's	Asset revaluation reserve £'000's	Share options reserve £'000's	EBT reserve £ 000's	Translation reserve £'000's	Cash flow hedging reserve £'000 s	Minority option reserve £'000 s	Total other reserves £'000 s
As at 1 October 2012	-	-	862	807	(62)	444	(7,120)	(5,069)
Net foreign exchange adjustments	-	-	40	-	(1,050)		-	(1,010)
Repurchase of share capital	19		-		-	-	-	19
Net movement in shares held by Employee Benefit Trust	-	-	-	832	-	-		832
Movement in cash flow hedge	-	-	-	-	-	622		522
Arising on acquisition and disposals	-	-	-	-	-	-	(12 110)	(12 110)
Revaluation of assets	-	39	-	-	-	-	-	39
As at 30 September 2013	**19**	**39**	**902**	**1,639**	**(1,112)**	**966**	**(19,230)**	**(16,777)**

2012	Share options reserve £'000 s	EBT Reserve £ 000's	Translation reserve £ 000's	Cash flow hedging reserve £ 000 s	Minority option reserve £'000's	Total other reserves £'000 s
Dividends paid	-	-	-	-	-	-
Net movement in shares held by Employee		-		-		-
Movement in cash flow hedge	-	-		444		444
Arising on acquisition and disposals	-	227	-	-	(3,043)	(2,816)
As at 30 September 2012	862	807	(62)	444	(7 120)	(5 069)

The reserve for minority options includes the initial fair value of put option liabilities granted to minority shareholders and future commitments or potential obligations to acquire shares in subsidiaries currently held by non-controlling shareholders Subsequent changes in the fair value of the put option liability are recognised in the income
The movement in the minority option reserve represents the future commitments to purchase minority interests The movement relates to the acquisition of the following

	2013 £ 000	2012 £'000
Howden Brasil Administração e Corretagem De Seguros Ltda	(126)	1 025
Howden Employee Benefits Limited	2 432	-
Northedge Forsikringsmegling A S	2 087	-
FP Group Limited	3,739	-
Howden Iberia SA	1,529	
Howden Insurance Brokers A B	63	-
Purchase of shares of non-controlling shareholders	2,386	2,018
	12 110	3 043

27 Cash flow adjustments

The cash flows for the Group are presented for continuing operations only They exclude the cash flows from discontinued operations and cash flows
Cash acquired on acquisition of subsidiaries is separately shown instead within net cash outflow from acquisitions and disposals Insurance cash acquired on acquisition of subsidiaries is shown separately within insurance cash generated from operating activities Management considers that this approach provides a clearer view of the underlying cash flow movements
Cash flows for discontinued operations are separately presented in note 39

28 Financial risk management

Credit risk
The Group s principal financial assets are bank balances and cash, trade and other receivables The amounts presented in the statement of financial position are net of allowances for doubtful receivables An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows
The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers

The credit risk on liquid funds and derivative financial instruments is limited as the counterparties are the Group's bankers with high credit ratings assigned by international credit rating agencies
Ageing information of insurance receivables are as set out below

At 30 September 2013	Not past due £'000	0–3 months £'000	More than 3 months £'000	Total £'000
Insurance receivables	16,645	20,169	9,156	45,970

At 30 September 2012	Not past due £'000	0–3 months £'000	More than 3 months £ 000	Total £'000
Insurance receivables	14 042	7,140	4 607	25,789

28 Financial risk management (continued)

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for on-going operations and future developments, the Group uses a mixture of long-term and short-term debt finance The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods The table includes the principal cash flows only The contractual maturity is based on the earliest date on which the Group may be required to pay

30 September 2013	Less than 1 year £'000	1-5 years £ 000	5+ years £'000	Total £'000
Finance lease liability	(638)	(865)	-	(1,503)
Other loans - Menorah Mivtachim Insurance Limited	-	(1,162)	-	(1,162)
Bank borrowings	(20,823)	(66,146)	-	(86,969)
Other third party loans	(1,440)	(20,501)	-	(21,941)
	(22,901)	(88 674)	-	(111,575)

30 September 2012	Less than 1 year £'000	1 5 years £ 000	5+ years £'0CO	Total £ 000
Finance lease liability	(444)	(615)	-	(1,059)
Other loans Menorah Mivtachim Insurance Limited	-	(1,542)	-	(1,542)
Bank borrowings	(2,737)	(65,260)	-	(67,997)
Other third party loans	(198)	(11,564)	-	(11,762)
	(3,379)	(78,981)	-	(82,360)

The following table details the Group's liquidity analysis for its derivative financial instruments The table has been drawn up based on discounted net cash flows on derivative instruments Where the amount payable or receivable is not fixed the amount disclosed is the fair value of the instrument at the balance sheet date

30 September 2013	Less than 1 year £'000	1-5 years £ 000	5+ years £'000	Total £'000
Foreign exchange forward contracts	966	-	-	966
Interest rate swaps	244	-	-	244
Future payments to minority shareholders	(637)	(19,781)	-	(20,418)
	573	(19,781)	-	(19,208)

Interest rate risk

The Group s only exposure is on the interest payable on the Company's variable rate borrowings and interest receivable on banking deposits held in the ordinary course of business Overdrafts and bank borrowings bear a floating interest rate, as a result, the Group is subject to a certain degree of cash flow interest rate risk due to fluctuations in the prevailing levels of market interest rates The Group is not subject to interest rate risk in relation to the fixed rate borrowings

During the previous year the Group entered into interest rate swap transactions to exchange variable and fixed interest payment obligations to protect long-term borrowings from the risk of increasing interest rates The Group uses swap contracts to maintain a designated proportion of fixed to floating debt

At 30 September 2013 there were outstanding contracts with a principal value of £243,000 (2012 £373,000) in favour of the Group (in favour of the HSBC and Lloyds Banking Group in the prior year), all of which are to receive floating/pay fixed interest rate swaps These arrangements hedge 80% of Facility A for three years effective 31 December 2012, and 100% of Facility B for five years effective 31 December 2012. The net interest payments or receipt settlements of the swap contracts occur semi-annually The net settlement amounts are brought into account as an adjustment to interest expense

The net effective variable interest rate borrowings (i e unhedged debt) expose the Group to interest rate risk which will impact future cash flows and interest charges

The exposure for the Group, at 30 September 2013 of financial assets and financial liabilities to interest rate risk is shown by reference to

- floating interest rates (i.e giving cash flow interest rate risk) when the interest rate is due to be re set and
- fixed interest rates (i e giving fair value interest rate risk) when the financial instrument is due for repayment

At 30 September 2013	Fixed rate £'000	Floating rate £'000	Total £'000
Financial assets			
Cash and cash equivalents	-	18,801	18,801
Insurance cash	-	154,653	154,653
Total financial assets	-	173,454	173,454
Financial liabilities			
Bank overdraft	-	(566)	(566)
Bank borrowings	-	(81,569)	(81,569)
Loans and loan notes from related parties	-	(21,941)	(21,941)
Finance leases	(1,503)	-	(1,503)
Unhedged bank borrowings	-	(5,400)	(5,400)
Derivative financial liabilities	(373)	-	(373)
Total financial liabilities	(1,876)	(109,476)	(111,352)

At 30 September 2012	Fixed rate £'000	Floating rate £'000	Total £'000
Financial assets			
Cash and cash equivalents	-	23,175	23,175
Insurance cash	-	113 488	113,488
Financial liabilities			
Bank overdraft	-	(278)	(278)
Bank borrowings	-	(61 997)	(61 997)
Loans and loan notes from related parties	-	(11,762)	(11,762)
Finance leases	(1,059)	-	(1,059)
Unhedged bank borrowings		(6,000)	(6,000)
Derivative financial liabilities	(373)	-	(373)
Total financial liabilities	(1,432)	(80 037)	(81,469)

Finance costs are at rates documented in note 19

- Interest paid on borrowings under the multi-currency revolving credit facility is at a margin over LIBOR or its foreign currency equivalent (2012 No change)
- Interest received on cash and cash equivalents is managed to achieve a margin over LIBOR or its foreign currency equivalent (2012 no change),

As cash and cash equivalents are invested at short term market rates, for fixed short-term periods and held to maturity, they are not significantly impacted by movements in interest rates

28 Financial risk management (continued)

Foreign currency risk

Certain of the Group's assets, liabilities, income and expenses are denominated in currencies other than Sterling The currencies giving rise to this risk are primarily US Dollar, Euro and Australian Dollar Foreign exchange risk arises when recognised assets and liabilities are denominated in a currency that is not the entity's functional currency As a result, movements in exchange rates may affect the Sterling value of those items

The fair values of the Group s net assets, revenue and expenses that have US Dollar Euro and Australian Dollar foreign currency exposure are as follows

At 30 September 2013	**USD $ £ 000**	**Euro £'000**	**AUD £ 000**
Net assets	**18,247**	**9,382**	**5,375**
Revenue	**43,263**	**19,073**	**15,952**
Expenses	**(5,600)**	**(8,775)**	**(7 794)**

At 30 September 2012	USD $ £ 000	Euro £'000	AUD £'000
Net assets	28,772	11 595	674
Revenue	18,336	24,055	10,776
Expenses	(5,443)	(8,135)	(7,016)

The Group's policy is to reduce the risk associated with sales denominated in foreign currencies by using forward currency sales contracts taking into account any forecast foreign currency cash flows

Foreign currency sensitivity

The following table details the sensitivity of the Group s equity to a 10% increase and decrease in Sterling against US Dollar, Euro and Australian Dollar

At 30 September 2013	**USD $ £'000**	**Euro £'000**	**AUD £'000**
Net assets	**1,825**	**938**	**537**
Revenue	**4,326**	**1,907**	**1,595**
Expenses	**(560)**	**(878)**	**(779)**

At 30 September 2012	USD $ £ 000	Euro £'000	AUD £ 000
Net assets	2,877	1,160	67
Revenue	1,834	2,406	1 078
Expenses	(544)	(813)	(702)

29 Contingent liabilities

At 30 September 2013 the Group had contingent liabilities in respect of guarantees and indemnities entered into as part of the ordinary course of the Group's business No material losses are likely to arise from such contingent liabilities and therefore no provision has been recorded

The Group is involved from time to time in the ordinary course of its business in certain claims and legal proceedings related to the Group's operations, including employment related matters In the opinion of management, liabilities if any, arising from these claims and proceedings will not have a material adverse effect on the Group's consolidated financial position or the results of its operations

The Group analyses its litigation exposure based on available information, including external legal consultation where appropriate, to assess its potential liability Aside from

30 Operating lease commitments

At 30 September 2013 the Group had commitments under non-cancellable operating leases as set out below

	Land and Buildings		**Other**	
	2013	2012	**2013**	2012
	£ 000	£ 000	**£'000**	£'000
Not later than one year	**2,655**	2,765	**258**	292
Later than one year and not later than five years	**7,980**	7,711	**472**	535
After five years	**1,104**	2 693	**-**	-
	11,739	13 169	**730**	827

During 2012 the Group entered into a new operating lease agreement upon the relocation of the head office to Eastcheap Street in London The lease commenced on 31 January 2012 for a period of 11 years The agreement includes an incentive in the form of a 30 month rent free period Upon acquisition of the Windsor Group in 2012, the Group also acquired several operating leases in relation to various Windsor offices, including Fenchurch Street in London This lease commenced on 1 June 2010 and has a 15 year term with a rent free period which ended on 30 November 2011

31 Defined contribution pension schemes

The Group operates a number of defined contribution pension schemes The assets of the scheme are held separately from those of the Group in an independently administered fund The pension cost charge represents contributions payable by the Group to the fund and amounted to £2,453,000 (2012 £2,802,000) Contributions outstanding at the end of the year amounted to £325,000 (2012 £311,000)

32 Defined benefit pension scheme

The Group operates a defined benefit pension scheme the Windsor Retirement Benefits Scheme No 2 The assets of the scheme are held in a separate trustee administered fund independent of the Company's finances

Actuarial gains and losses are recognised in full in the period in which they occur As permitted by IAS19, actuarial gains and losses are recognised outside profit or loss as other comprehensive income The amount recognised in the statement of financial position represents the fair value of the scheme assets reduced by the present value of the defined benefit obligation
An actuarial valuation was performed as at 30 September 2013 by an independent qualified actuary in accordance with IAS19 As required by IAS19, the value of the defined benefit obligation has been measured using the projected unit credit method and both the assets and liabilities include the value of those pensions in payment which are secured with insured annuities

The expected rate of return on assets for the year ended 30 September 2013 was 4 3% pa (2012 4 7% pa) This rate is derived by taking the weighted average of the long-term expected rate of return on each of the asset classes that the scheme was invested in at 30 September 2013

No contributions have been paid by the Company in the period to 30 September 2013 and none are expected in 2014 There are no longer any active members in the scheme

The following table sets out the key IAS19 assumptions used for the scheme

	2013	2012
Assumptions	£ 000	£'000
Price inflation	3.3% pa	2 7% pa
Discount rate	4 4% pa	4 3% pa
Pension increases in payment (LPI)	3 0% pa	3 0% pa

On the basis of the assumptions used for life expectancy, a male person age 65 at the accounting date would be expected to live a further 22 6 years (2012 22 5 years) A male person who attains age 65 in 20 years time is expected to live a further 24 5 years (2012 24 4 years)

The amount included in the statement of financial position arising from the Company's obligations in respect of the scheme is as follows

	2013 £'000	2012 £'000
Fair value of scheme assets	2,671	2,697
Present value of scheme liabilities	(2,550)	(2,628)
Surplus	121	69
Amount not recognised due to asset limit	(121)	(69)
Balance sheet asset / (liability)	-	-

The amounts recognised in profit and loss are as follows

	2013 £'000	2012 £'000
Employer's part of current service cost	(6)	(4)
Interest cost	(110)	(87)
Expected return on scheme assets	114	92
Total expense/(credit) included in profit and loss	(2)	1

The current allocation of the scheme's assets is as follows

	2013	2012
Equities	16%	14%
Bonds	17%	15%
Insured pensioner policies/other	67%	71%
	100%	100%

None of the assets of the scheme are directly invested in the Company's own financial instruments or in any property occupied by the Company

Changes in the present value of the defined benefit obligation are as follows

	Year to 30/09/2013 £'000	9 months to 30/09/2012 £'000
Opening defined benefit obligation	2,628	2,532
Employer's part of current service cost	6	4
Interest cost	110	87
Contributions from scheme members	-	
Actuarial (gain) / loss	(54)	111
Benefits paid	(140)	(106)
Closing defined benefit obligation	2,550	2,628

Changes in the fair value of the Scheme assets are as follows

	Year to 30/09/2013 £ 000	9 months to 30/09/2013 £ 000
Opening fair value of the Scheme assets	2,697	2,627
Expected return on Scheme assets	114	92
Actuarial gain / (loss)	-	84
Benefits paid to Scheme members	(140)	(106)
Closing fair value of Scheme assets	2,671	2,697

The changes in the present value of the defined benefit obligations have been taken from the movement since the previous valuation

32 Defined benefit scheme (continued)

The actual return on the Scheme s assets over the year ended 30 September 2013 was a gain of £114,000 (nine months to 30 September 2012 a gain of £176,000)
The amount recognised outside profit and loss in other comprehensive income for the year ended 30 September 2013 is £nil (nine months to 30 September 2012 £nil) including the effect of the asset limit
The cumulative amount recognised outside profit and loss at 30 September 2013 excluding the effect of the asset limit is a loss of £154,000 (2012 a loss of £208,000)

	2013 £'000	2012 £ 000	2011 £ 000	2010 £ 000	2009 £'000
Fair value of scheme assets	2,671	2 697	2,627	2 444	2,419
Present value of defined benefit obligation	(2,550)	(2,628)	(2,532)	(2,306)	(2 288)
Surplus / (deficit)	121	69	95	138	131

	2013 £ 000	2012 £'000	2011 £'000	2010 £'000	2009 £ 000
Experience adjustments on scheme assets					
Amount of gain / (loss)	-	84	191	34	222
Percentage of scheme assets	0%	3%	7%	1%	9%
Experience adjustments on Scheme liabilities					
Amount of gain / (loss)	74	(40)	(61)	-	-
Percentage of the present value of the scheme liabilities	3%	-2%	-2%	0%	0%

33 Related party transactions

The Group considers parties to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or
As at the balance sheet date, the only amounts due (to)/from related parties were shareholder loans and loan notes

The Group had the following transactions with related parties during the year

		2013 £'000	2012 £'000
IT and other expenses paid to Femi Premium Limited		-	-
Fees paid to B P Marsh & Company Limited	Major shareholder until 8 July 2013	(55)	(53)
Interest paid/payable to B P Marsh & Company Limited	Major shareholder until 8 July 2013	(337)	(245)
Interest paid to Murofo Investments SL	Major shareholder	(18)	(18)
Interest paid to Inversiones Muroca SL	Major shareholder	(8)	(12)
Interest paid to 3i Group plc and associated undertakings	Major shareholder until 8 July 2013	(293)	(356)
Interest paid to Marsh Christian Trust	Major shareholder	(104)	
Fees paid to 3i Group plc and associated undertakings	Major shareholder until 8 July 2013	(40)	(53)
Fees paid to other directors	Directors	(143)	
Interest paid on loan notes from Hendricks Gmbh shareholder	Non-controlling shareholder of subsidiary	(97)	
Interest paid on loan notes from FP Marine shareholders	Non-controlling shareholder of subsidiary	(198)	-
Interest paid on loan notes	Shareholders	(461)	(110)
		(1,754)	(847)
Amounts receivable and payable at the end of the year			
B P Marsh & Company Limited fees payable	Major shareholder until 8 July 2013	-	(12)
3i Group plc and associated undertakings	Major shareholder until 8 July 2013	-	(53)
L Muñoz Rojas directors fees payable	Director	(64)	-
General Atlantic Hawthorn B V fees payable	Major shareholder from 8 July 2013	(13)	-
Amounts due from J P de Blocq van Kuffeler*	Chairman	74	9
Amounts included within other short-term debtors and creditors		(3)	(56)
Loan from B P Marsh & Company Limited	Major shareholder until 8 July 2013	(6,037)	(1,937)
Loan from Murofo Investments SL	Major shareholder	(125)	(250)
Loan from Inversiones Muroca SL	Major shareholder	(58)	(115)
Amounts included in loans from related parties (note 19)		(6,220)	(2 302)
Loan notes from 3i Group plc (inc rolled interest)	Major shareholder until 8 July 2013	-	(2,723)
Loan notes from B P Marsh & Company Limited	Major shareholder until 8 July 2013	-	(957)
Loan notes from Marsh Christian Trust	Major shareholder	(765)	(718)
Loan notes from Hendricks	Non-controlling shareholder of subsidiary	(3,756)	
Loan notes from FP Marine shareholders	Non-controlling shareholder of subsidiary	(7,552)	-
Loan notes	Shareholders	(5,125)	(5,125)
Amounts included in loan notes from related parties (note 19)		(17,198)	(9 523)

During the year, 3i Group plc and associated undertakings ("3i") sold 100% of their interest in the Group resulting in a shareholding of nil at year end Refer to note 25 for further detail As part of this transaction General Atlantic Hawthorn B V acquired a 28.85% ownership of the Company's issued shares, the largest shareholding in the Group
B P Marsh & Company Limited ("B P Marsh") a wholly owned subsidiary of B P Marsh & Partners plc , owned 2 81% of the Company s issued shares at the end of the year
*The balance due from JP de Blocq van Kuffeler at 30 September 2013 was repaid in full on 4 November 2013

34 Business combinations

Howden Brasil Administração e Corretagem De Seguros Ltda

On 28 September 2012, Hyperion acquired 51% of Howden Brasil Administração e Corretagem De Seguros Ltda ('Consel') a Brazilian based independent retail and wholesale broker that specialises in the construction industry, a key growth sector in the territory The acquisition is in line with the Group's strategy to increase its geographical presence, particularly in the emerging market of Latin America

As the acquisition occurred on the final day of the previous financial year the prior year accounts disclosure did not include any subsequent completion adjustments made to the fair value of deferred consideration and the recognised amounts of identifiable assets The restated amounts below represent the final consideration paid and net assets acquired.

Since acquisition, Consel has contributed revenue of £1,964,000 and an EBITDA of £68,000 to the Group

Purchase consideration	£'000
Cash paid	810
Fair value of deferred consideration	1,706
	2,516
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	52
Identifiable intangible assets	678
Trade and other receivables	353
Cash and cash equivalents	166
Trade and other payables	(57)
Income tax payable	(27)
	1,165
Non-controlling interest	(571)
Net assets acquired	594
Goodwill	1,922

Acquisition-related costs of £80,000 were incurred during the year An additional £79,000 was included within acquisition costs in the consolidated income statement for the year ended 30 September 2012

None of the goodwill recognised is expected to be deductible for income tax purposes

FP Group Limited and controlled entities

On 5 February 2013, the Group completed the acquisition of 55% of FP Group Limited and controlled entities ("FP Marine"), through the newly incorporated company Hyperion Marine Holdings Limited FP Marine is a highly dynamic, fast growth business that has been successful in carving out a significant niche position in the Asian marine market, with offices in Hong Kong Taiwan China Australia and London

The acquisition contributed revenue of £6 8m and an EBITDA of £84,000 to the Group since its acquisition

	£'000
Purchase consideration	
Cash paid	2,061
Fair value of loan notes issued	8,005
Fair value of deferred consideration	1,408
Put and call option (fair value at acquisition)	221
Price adjustment mechanism	(2 332)
Total purchase consideration	9,363
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property plant and equipment	1,087
Identifiable intangible assets	3 050
Investment in associate	63
Trade and other receivables	1 210
Cash and cash equivalents	632
Financial liabilities	(1,431)
Trade and other payables	(921)
Corporation taxation	(67)
Deferred taxation	36
Net insurance balances	3,602
Fair value adjustments to assets and liabilities acquired	(1,256)
	6,005
Non-controlling interest	(2,702)
Net assets acquired	3,303
Goodwill	6,060

None of the goodwill recognised is expected to be deductible for income tax purposes

Acquisition related costs of £759,000 were incurred during the year These are included within acquisition costs in the consolidated income statement for the year ended 30 September 2013

The Group has yet to finalise its measurement of the fair value of assets and liabilities acquired, the abovementioned numbers are provisional and will be finalised within the next reporting period

34 Business combinations (continued)

Northedge Forsikringsmegling AS

The Group acquired 51% Northedge Forsikringsmegling AS ("Northedge") on 24 September 2013, an insurance brokerage based in Norway The business operates out of Oslo and the team are specialists in Property and Casualty, and Employee Benefits

As the Group develops its distribution across Europe the establishment of a pan-Nordic broking platform from which to serve clients regionally has always been a major objective Northedge joins the Group's existing operations in Finland and Sweden, giving real credibility to this objective

Purchase consideration	£'000
Cash paid	577
Share capital issued	1 443
	2,020
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	3
Identifiable intangible assets	45
Trade and other receivables	117
Cash and cash equivalents	39
Trade and other payables	(72)
Corporation taxation	(25)
	107
Goodwill	1,913

None of the goodwill recognised is expected to be deductible for income tax purposes

Acquisition related costs of £54,000 were incurred during the year These are included within acquisition costs in the consolidated income statement for the year ended 30 September 2013

The Group has yet to finalise its measurement of the fair value of assets and liabilities acquired, the abovementioned numbers are provisional and will be finalised within the next reporting period

Howden Employee Benefits Limited

During the financial year ended 30 September 2013 the Hyperion Group, through its subsidiary Howden Broking Group Limited, acquired 60% of the share capital in Howden Employee Benefits Limited, a Cardiff based insurance brokerage

Purchase consideration	£'000
Cash paid	135
	135
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property plant and equipment	8
Trade and other receivables	13
Cash and cash equivalents	1
Trade and other payables	(115)
	(93)
Goodwill	228

None of the goodwill recognised is expected to be deductible for income tax purposes

Acquisition-related costs of £25,000 were incurred during the year These are included within acquisition costs in the consolidated income statement for the year ended 30 September 2013

The Group has yet to finalise its measurement of the fair value of assets and liabilities acquired the abovementioned numbers are provisional and will be finalised within the next reporting period

35 Business combinations after the balance sheet date

Subsequent to the balance sheet date, the Group made the following material acquisition

Primary Group, Inc

On 25 October 2013, the Group acquired a majority interest in Primary Group Inc ("PGI") a leading Property and Casualty Program Manager headquartered in Florida USA, through its subsidiary DUAL International Limited PGI controls premiums approaching USD $200m and is one of the largest independent underwriting agencies in the United States

PGI started operations just ten years ago and has since enjoyed focused growth and profitability based on quality underwriting in partnership with major US and international insurers It has underwriting offices in California Florida, Georgia Maryland, New Jersey and New York. The business consists of specialty programmes for both property and casualty classes which are written on an admitted and excess and surplus lines basis
The net assets of the company are estimated to amount to approximately £4.2m and the Group has paid £45 7m for its 90% share in the Group The aforementioned amounts are provisional and are subject to change following managements review and measurement thereof

Bar-Ziv Ravid Insurance Agency Limited

On 4 November 2013, and subject to regulatory approval the Group acquired a majority interest in Tel-Aviv based insurance broker, Bar-Ziv Ravid Insurance Agency Limited ("Bar Ziv") Established in 1976, Bar-Ziv Ravid Insurance Agency Ltd provides a number of specialist insurance services and products, including its leading Professional The Group acquired the shareholding of Bar Ziv for £0 85m and have yet to perform a measurement of the net identifiable assets of the company

36 Ultimate controlling party
The group had no controlling shareholder at 30 September 2013, or at 30 September 2012

37 Capital commitments
The Group has capital commitments in relation to the acquisition of minority shareholdings, further information is in note 23c The Group had no other capital commitments as at 30 September 2013

38 Principal subsidiary and associated companies

The following were the principal subsidiary and associate entities at 30 September 2013 Unless otherwise shown, the capital of each company is wholly-owned, is in ordinary shares and the principal country of operation is the country of incorporation

Name of company		% owned	Nature of business
DUAL Australia Pty Limited	Australia	100	Insurance underwriting agency
FP Marine Risks Australia Pty Limited	Australia	51	Insurance broking
Howden Insurance Brokers (Bermuda) Limited	Bermuda	100	Insurance broking
Howden Brasil Administração e Corretagem De Seguros Ltda	Brazil	51	Insurance broking
Howden Corretora de Resseguros Ltda	Brazil	100	Insurance broking
FP Group Limited	BVI	51	Intermediate holding company
FP International Holdings Limited **	BVI	49	Insurance broking
Canadian Resources Insurance Solutions Inc	Canada	100	Insurance broking
Asesorias e Inversiones Howden - Patagonia S A	Chile	25	Insurance broking
Howden - Patagonia Corredores de Seguros Sociedad de Responsabilidad Limitada	Chile	25	Insurance broking
Howden Insurance Brokers LLC***	Dubai	35	Insurance broking
Howden Insurance Brokers Oy	Finland	93	Insurance broking
DUAL Deutschland GmbH	Germany	90	Insurance underwriting agency
Hendricks & Co GmbH D&O Insurance Agency	Germany	75	Insurance broking
Accette Insurance Management Limited **	Hong Kong	49	Insurance broking
DUAL Underwriting Agency (Hong Kong) Limited	Hong Kong	90	Insurance underwriting agency
FP Marine Risks Limited	Hong Kong	51	Insurance broking
FP Reinsurance Brokers Limited	Hong Kong	51	Insurance broking
HBG Asia Holdings Limited	Hong Kong	75	Intermediate holding company
Howden Insurance Brokers (HK) Limited **	Hong Kong	49	Insurance broking
Universal Healthcare Management Limited* *	Hong Kong	49	Insurance broking
Howden Insurance Brokers India Private Limited***	India	26	Insurance broking
PT Howden Insurance Brokers Indonesia	Indonesia	80	Insurance broking
Howden General and Marine Insurance Brokers (2011) Limited	Israel	100	Insurance broking
Howden Insurance Brokers (2002) Limited	Israel	100	Insurance broking
Howden International Underwriters General Insurance Agency (2009) Limited	Israel	100	Insurance broking
DUAL Italia S p.A	Italy	90	Insurance underwriting agency
Hyperion Development S a r l**	Luxembourg	100	Management services
Hyperion Finance S.a r l**	Luxembourg	100	Management services
HIG Risk Management Services Sdn Bhd	Malaysia	75	Insurance broking
Howden Risk Management Consultants Sdn Bhd	Malaysia	75	Insurance broking
Kinabalu Ultramar Agency Sdn Bhd	Malaysia	75	Insurance broking
HBG (Mauritius) Limited	Mauritius	100	Intermediate holding company
Howden (Mauritius) Limited	Mauritius	100	Intermediate holding company
Charterama B V	Netherlands	38	Insurance broking
Howden Insurance Brokers Netherlands B V I	Netherlands	76	Insurance broking
DUAL New Zealand Limited	New Zealand	75	Insurance underwriting agency
Northedge Forsikringsmegling A S	Norway	51	Insurance broking
Accette Life and Accident Insurance Brokers Inc	Philippines	75	Insurance broking
Howden Insurance & Reinsurance Brokers (Phil), Inc	Philippines	75	Insurance broking
Ultramar Reinsurance Brokers, Inc	Philippines	75	Insurance broking
Dual Specialty Underwriters Inc	Puerto Rico	100	Insurance underwriting agency
DUAL Underwriting Agency (Singapore) Pte Limited	Singapore	100	Insurance underwriting agency
HBG Holdings (Singapore) Pte Limited	Singapore	75	Intermediate holding company
Howden Asia Pte Limited	Singapore	100	Insurance broking
Howden Insurance Brokers (S) Pte Limited	Singapore	75	Insurance broking
DUAL Ibérica Riesgos Profesionales S.A.	Spain	100	Insurance underwriting agency
Howden Iberia SA	Spain	80	Insurance broking
Howden Insurance Brokers AB	Sweden	95	Insurance broking
Howden Insurance Brokers (Thailand) Limited **	Thailand	37	Insurance broking
Three Wise Boys Ltd***	Thailand	37	Intermediate holding company

38 Principal subsidiary and associated companies (continued)

Name of company		% owned	Nature of business
Howden Sigorta Brokerligi Anonim Sirketi	Turkey	51	Insurance broking
Anthony K Falcon Limited	U K	100	Insurance broking
BGH Risk Solutions Limited	U K	100	Insurance broking
Borough Run-Off Services Limited	U K	100	Insurance broking
Clinical Trials Insurance Services Limited	U.K	55	Insurance broking
Condor Professional Indemnity Limited*	U K	100	Insurance broking
DCR (FI) Limited	U K	88	Insurance underwriting service provider
DCR Holdings Limited*	U K	100	Intermediate holding company
DUAL Asset Underwriting Limited	U K	20	Insurance underwriting agency
DUAL Corporate Risks Limited	U K	100	Insurance underwriting agency
DUAL International Limited*	U K	100	Intermediate holding company
DUAL International Underwriting Limited	U K	100	Insurance underwriting agency
DUAL Overseas Investments Limited*	U K	100	Intermediate holding company
DUAL Speciality Risks Limited	U K.	100	Insurance underwriting agency
Football League & P F A Administration Limited*	U K.	100	Insurance broking
FP Marine Risks (UK) Limited	U K	51	Insurance broking
Global Services 1999 Limited*	U K	100	Intermediate holding company
HIG Services Limited**	U K	100	Management services
Howden (NA2) Limited	U K	51	Insurance broking
Howden Broking Group Limited**	U K	100	Intermediate holding company
Howden Employee Benefits Limited*	U.K	60	Management services
Howden Energy Limited	U K	100	Insurance broking
Howden Insurance Brokers Limited	U K	100	Insurance broking
Howden Medical Insurance Services Limited *	U K	100	Management services
Howden North American Property & Casualty Limited	U.K	100	Insurance broking
Howden Property Insurance Services Limited	U K	83	Insurance broking
Hyperion Marine Holdings Limited*	U K	93	Intermediate holding company
J K Buckenham Limited	U.K	100	Insurance broking
Lander Eberli Shorter (Aviation) Limited*	U K	100	Insurance broking
Ostrakon Capital (2) Limited*	U K	100	Insurance broking
Ostrakon Securities Limited*	U K	100	Insurance broking
Risk Assessment Through Evaluation Limited*	U K	100	Insurance broking
Spa Underwriting Services Select Limited	U K	90	Insurance broking
Tamesis DUAL Limited	U K	65	Insurance underwriting agency
Windsor Insurance Brokers (UK) Limited	U K	100	Insurance broking
Windsor Insurance Brokers Limited	U K	100	Insurance broking
Windsor Limited*	U K	100	Intermediate holding company
Windsor Partners Limited	U.K	100	Insurance broking
Windsor Partners LLP*	U.K	100	Insurance broking
Windsor Professional Indemnity Limited	U K	100	Insurance broking
Windsor Properties Limited*	U K	100	Insurance broking
Windsor Services Limited*	U K	99	Insurance broking
Windsor Trustees Limited*	U K	100	Insurance broking
Howden Uruguay Corredores de Reaseguros S.A	Uruguay	100	Insurance broking
Howden Insurance LLC	USA	100	Insurance broking
Howden Insurance Services, Inc	USA	100	Insurance broking
Howden Specialty Underwriting LLC	USA	75	Insurance underwriting agency
VK Underwriters LLC	USA	100	Insurance underwriting agency

* Subsidiaries that are exempt from audit by virtue of section 479A of the Companies Act 2006

** Held directly by Hyperion Insurance Group Limited

*** Although legal ownership is less than 50%, financial results are 100% consolidated for the purposes of these financial statements, as the Group has effective control over these entities

Hyperion Insurance Group Limited

39 Discontinued operations

Howden Insurance Brokers Inc

On 12 April 2013 the Company sold its 100% investment in the ordinary share capital of Howden Insurance Brokers Inc for cash consideration of £77,000

The results of the discontinued operations, which have been included in the consolidated income statement, were as follows

	2013 £'000	2012 £'000
Fees and commissions	313	593
Other operating income	4	1
Other operating costs	(259)	(496)
Depreciation amortisation and impairment of non-financial assets	(1)	(6)
Operating profit	57	92
Profit before tax	57	92
Attributable tax expense	-	(17)
Net profit attributable to discontinued operations	57	75

As part of the transaction, Howden Insurance Brokers Inc transferred a book of business to another subsidiary, Howden Insurance Services Inc The book of business was transferred at a net asset value of £nil

A total loss on sale of £287,000 arose on the disposal of Howden Insurance Brokers Inc, being the proceeds of disposal less the carrying amount of the subsidiary's net assets and attributable goodwill as well as a loss incurred following the transfer of the book of business at a zero net asset value The goodwill of Howden Insurance Brokers Inc was impaired in the prior year by £1,196,000, leaving the resulting goodwill balance as nil at the end of 30 September 2012

39 Discontinued operations (continued)

The net assets of Howden Insurance Brokers Inc at the date of disposal are as follows

	2013 £ 000
Property, plant and equipment	6
Insurance balances	317
Own cash balances	70
Deferred tax asset	2
Other creditors	(31)
Net assets	364
Loss on disposal	(287)
Total consideration	77
Net cash inflow arising on disposal	
Consideration received in cash and cash equivalents	77
Less cash and cash equivalents disposed of	(70)
	7

CFC Underwriting limited

On 19 June 2012, the Company sold its 59 5% investment in the ordinary share capital of CFC Underwriting Limited for cash consideration of £20,810,000
The results of the discontinued operations which have been included in the consolidated income statement for the prior year, were as follows

	2012 £'000
Fees and commissions	6,542
Other operating income	8
Other operating costs	(4,527)
Depreciation, amortisation and impairment of non-financial assets	(85)
Operating profit	1,938
Finance income	15
Finance costs	-
Profit before tax	1,953
Attributable tax expense	(448)
Profit after tax	1,505
Profit on disposal of discontinued operations	17,123
Net profit attributable to discontinued operations	18,628

During the year ended 30 September 2012 CFC Underwriting contributed £387,000 to the Group's net operating cash flows, paid £156 000 in respect of investing activities and paid £nil in respect of financing activities

A profit of £17 1m arose in 2012 on the disposal of CFC Underwriting Limited, being the proceeds of disposal less the carrying amount of the subsidiary's net assets and
The major classes of assets and liabilities comprising the operations sold are as follows

	2012 £'000
Property,plant and equipment	501
Other non-current assets	38
Total non-current assets	539
Trade and other receivables	2,886
Own cash	1,815
Insurance cash	4,697
Insurance receivables	6,747
Intercompany receivables	1,013
Total assets sold	17,497
Trade and other payables	(1,202)
Tax liabilities	(409)
Insurance payables	(9,959)
Total Liabilities associated with assets sold	(11,570)
Net assets as at 19 June 2012	5,927

40 Events after the balance sheet date

On 17 October 2013, the Group through certain of its wholly-owned subsidiaries issued $250 million of Senior Secured Term Loans with J P Morgan Limited, HSBC Securities (USA) Inc and Lloyds Securities (USA) Inc as Joint Lead Arrangers The Term Loans bear interest payable quarterly at a variable interest rate based on either LIBOR or a base rate plus, in either case, an applicable margin

The applicable margin for LIBOR Term Loans is 4 75% with a LIBOR floor of 1 00% In terms of scheduled repayment, the Term Loans are repayable in equal quarterly instalments aggregating $2 5 million in each loan year with the remaining balance due at final maturity on 17 October 2019 Concurrent with the issuance of the Term Loans, the Group also reached agreement with J P Morgan Europe Limited, HSBC Bank plc and Lloyds Bank plc to provide £25 million of Revolving Credit Facilities maturing on 17 October 2018 The applicable margin for LIBOR borrowings of Revolving Loans is 4 25% with a LIBOR floor of 1 0%

The Term Loans and Revolving Loans are secured by cross-guarantees and debentures over the Company and over a number of the subsidiaries of the Group

Net proceeds from the issuance of the Term Loans were applied, inter alia, to the repayment in full of the Company's outstanding borrowings under its existing Senior Term and Multicurrency Revolving Credit Facilities Agreement dated 31 May 2012

The Group concluded the acquisition of two companies after the date of this report, Primary Group Inc and Bar Ziv Ravid Insurance Agency Ltd Details of material business combinations after the date of this report can be found in Note 35

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HYPERION INSURANCE GROUP LIMITED

We have audited the parent company financial statements of Hyperion Insurance Group Limited for the year ended 30 September 2013 which comprise the Parent Company Balance Sheet and the related notes 1 to 12 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (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 auditor's 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 auditor

As explained more fully in the Directors Responsibilities Statement, the directors are responsible for the preparation of the parent company 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 parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board s Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the 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 annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the parent company financial statements

- give a true and fair view of the state of the parent company s affairs as at 30 September 2013
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements

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

Other matter

We have reported separately on the group financial statements of Hyperion Insurance Group Limited for the year ended 30 September 2013

David Rush (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountant and Statutory Auditor
London, United Kingdom
18 December 2013

BALANCE SHEET

AS AT 30 SEPTEMBER 2013

	Notes	2013 £'000	2012 £'000
Fixed assets			
Investments in subsidiary undertakings	4	21,973	21,860
Current assets			
Debtors due within one year	5	58,360	60 873
Debtors due after more than one year	5	102,474	78 006
Cash at bank and in hand		7	406
		160,841	139 285
Creditors			
Amounts falling due within one year	6	(32,302)	(7,059)
Net current assets		128,539	132 226
Total assets less current liabilities		150,512	154 086
Creditors			
Amounts falling due after more than one year	7	(80 697)	(74 131)
Net assets		69,816	79,955
Capital and reserves			
Called up share capital	9	500	509
Share premium account	10	62,053	60 612
Other reserves	10	364	364
Profit and loss account	10	6,898	18 470
Shareholders' funds		69 815	79 955

The financial statements were approved by the Board of Directors and authorised for issue on 18th December 2013 They were signed on its behalf by

D P Howden
Chief Executive

E R M Fady
Finance director

Company Number 2937398

The notes on pages 49 to 51 form an integral part of these financial statements

Notes to the accounts
For the year ended 30 September 2013

1 Accounting policies
The principal accounting policies adopted in the preparation of these financial statements are set out below These were applied to items considered material to the financial statements in both the current and prior year

(a) Basis of preparation

The Board has decided that the continued use of UK GAAP at the Company level is a more appropriate method of accounting rather than the application of IFRS

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards The directors have made the appropriate enquiries, and have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing these accounts

(b) Foreign currencies
Transactions denominated in foreign currencies are translated to Sterling at the exchange rates ruling at the date of the transaction Assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Sterling at the rates ruling at the balance sheet date Exchange differences arising are dealt with through the profit and loss account.

(c) Dividend distribution

Equity dividends declared at the discretion of the Company are recognised in the period in which they are declared and approved by shareholders

(d) Dividends receivable
Dividends received are recognised in the period in which they are declared and approved by the company paying the dividend

(e) Investments
Investments in subsidiary undertakings are carried at cost less any provision for impairment.

(f) Finance costs

Finance charges are accounted for on an accruals basis in the profit and loss account and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise Professional and other fees incurred directly in raising long-term debt finance are capitalised and amortised over the period of the instrument.

(g) Taxation
Corporation tax on the profit or loss for the year comprises current and deferred tax.
Current tax is the expected tax payable on the taxable income for the year, using tax rates and laws enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years

Deferred taxation is provided on material timing differences between the incidence of income and expenditure for taxation and accounts purposes using the full provision basis Deferred tax assets are only recognised to the extent that they are considered recoverable against future taxable profits Deferred tax balances are not discounted Deferred tax is determined using the tax rates that have been enacted or substantively enacted by the balance sheet date, and are expected to apply when the deferred tax liability is settled or the deferred tax asset is realised

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity

2 Profit and loss account
As permitted by section 408 of the Companies Act 2006, the Company has not included its own profit and loss account in these financial statements The Company's profit after tax for the year was £0 4m (2012 £18 2m) This is dealt with in the financial statements of the Group

3 Dividends
The Company has paid an interim dividend in the year of £1,991,000 The Company has not declared any further dividends during the year ended 30 September 2013 (2013 £1,200,000)

4 Investments

	2013 £'000	2012 £'000
Cost		
At beginning of year	21,860	21 892
Additions	122	73,314
Disposals	(9)	(73,346)
At end of year	21,973	21,860

The following were the principal subsidiary entities at 30 September 2013 Unless otherwise shown, the capital of each company is wholly-owned, is in ordinary shares and the principal country of operation is the country of incorporation/registration

Name of company		% owned	Nature of business
DUAL International Limited	U K.	100	Intermediate holding company
Howden Broking Group Limited	U K.	100	Intermediate holding company and insurance broking
HIG Services Limited	U K	100	Management services
J K Buckenham Limited	U K	100	Insurance broking
Hyperion Marine Holdings Limited	U K	93 3	Intermediate holding company
Hyperion Finance S a r l	Luxembourg	100	Management services
Hyperion Development S a r l	Luxembourg	100	Management services

On 4 February 2013, Hyperion Insurance Group Limited ("Hyperion") acquired 55% of a group of companies (the "FP Marine group") through its newly incorporated subsidiary, Hyperion Marine Holdings Limited Further details of the transaction are given in the Group's financial statements in note 34

During the year, Hyperion also acquired investments in two management service companies Hyperion Finance S a r l and Hyperion Development S a r l, and disposed of its investment in Avant Garantias SL

5 Debtors due within one year

	2013 £'000	2012 £'000
Other debtors	120	162
Group relief debtor	-	998
Deferred tax asset	7	200
Prepayments and accrued income	972	1,159
Amounts due from Group undertakings	35,096	29,794
Dividends receivable from Group undertakings	13,429	4 429
Loans due from Group undertakings	8,735	24,132
	58,360	60,873

Amounts falling due after one year	2013 £ 000	2012 £ 000
Prepayments and accrued income	3,065	3,454
Amounts due from Group undertakings	99,408	74,552
	102,473	78,006

6 Creditors – amounts falling due within one year

	2013 £'000	2012 £'000
Bank loans	(20,600)	(3,000)
Shareholder loans	(182)	(296)
Amounts owed to Group undertakings	(9,989)	(1,013)
Interest payable	(904)	(869)
Corporation tax payable	-	(517)
Other creditors	(627)	(1,364)
	(32,302)	(7,059)

7 Creditors - amounts falling due after more than one year

	2013 £'000	2012 £'000
Shareholder loans, secured	(6,037)	(2,006)
Shareholder loan notes	(6,024)	(5,125)
Bank loans	(68,636)	(67,000)
	(80,697)	(74 131)

The bank borrowings include the syndicated facilities with HSBC and Lloyds Banking Group of £70m, entered into upon acquisition of the Windsor group in 2012 The facilities are split into a £30m Amortising Facility (Facility A) payable over the course of the five years, and a £40m Bullet Facility (Facility B) payable at the end of the five year term £3m of Facility A was repaid during 2013

During the year the Group also drew down on an acquisition facility and a revolving credit facility £6 1m has been drawn down on the acquisition facility for the year ended 30 September 2013, which has a total available of £10m The revolving credit facility has a balance of £16 5m at year end Both the acquisition and revolving credit facilities are classified as current liabilities

The facilities bear interest which is calculated based on LIBOR plus margin The margin is different for each facility and reduces as the adjusted leverage reduces for the Group Facility A bears interest of as high as 3 25% or as low as 2% over LIBOR, while Facility B bears interest of as high as 3 75% or as low as 2 50% over LIBOR The Group has entered into interest rate swaps to hedge the risk of an adverse interest rate movement on the 6 month LIBOR rate (refer to Note 23) The facilities are secured by cross-guarantees and debentures over a number of Group companies as detailed in the notes

See note 40 in the Group accounts for changes to bank borrowings occurring after the balance sheet date

8 Deferred tax

	2013 £'000	2012 £'000
Deferred tax on provisions	-	200
Deferred tax asset		
Balance at beginning of year	200	-
Other timing differences	-	200
Balance at end of year	200	200
Net deferred tax asset at end of year	200	200
Total deferred tax in profit and loss account for the year	-	200

9 Share capital
Details of the Company's share capital are given in the Group financial statements on note 25

10 Reconciliation of movements in shareholders' funds

	Called up share capital £'000	Share premium account £'000	Other reserves £'000	Profit and loss account £'000	Total shareholder funds £'000
As at 1 October 2012	509	60,612	364	18,470	79,955
Shares issued	10	1,441	-	-	1,451
Repurchase of share capital	(19)	-	-	(9,980)	(9,999)
Dividends paid	-	-	-	(1,991)	(1,991)
Profit for the year	-	-		399	399
As at 30 September 2013	500	62,053	364	6,898	69,815

	Called up share capital £'000	Share premium account £'000	Other reserves £'000	Profit and loss account £'000	Total shareholder funds £'000
As at 1 October 2011	423	35,181	364	1 478	37,444
Shares issued	86	25,431	-		25,517
Dividends paid	-	-	-	(1,200)	(1,200)
Profit for the year	-	-	-	18 194	18 194
As at 30 September 2012	509	60,612	364	18,470	79,955

11 Capital commitments
The Company had no capital commitments as at 30 September 2013, nor at 30 September 2012

12 Post balance sheet events
See note 40 in the Group accounts for changes to bank borrowings occurring after the balance sheet date