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**GIBBS DENLEY GROUP LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**



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## **GIBBS DENLEY GROUP LIMITED**

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### **COMPANY INFORMATION**

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<b>DIRECTORS</b>	M N Denley D Ellis P Gibbs R Weller
<b>COMPANY SECRETARY</b>	M N Denley
<b>REGISTERED NUMBER</b>	05838686
<b>REGISTERED OFFICE</b>	Crystal House Buckingway Business Park Swavesey Cambridge CB24 4UL
<b>INDEPENDENT AUDITORS</b>	Peters Elworthy & Moore Chartered Accountants & Statutory Auditors Salisbury House Station Road Cambridge CB1 2LA
<b>BANKERS</b>	Lloyds Bank 28-34 Risbygate St Bury St Edmunds Suffolk IP33 3AH

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## **GIBBS DENLEY GROUP LIMITED**

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## **GIBBS DENLEY GROUP LIMITED**

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### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016**

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#### **INTRODUCTION**

The directors' present their strategic report for the year ended 31 December 2016.

#### **BUSINESS REVIEW**

The principal activity of group was that of general insurance broking business and independent financial advice.

The group has again achieved solid results this year with a net profit after taxation of £449,728.

The group continues to monitor its balance sheet position to ensure it is able to fund its working capital requirements based on expected levels of turnover and customer and supplier credit terms.

The directors are pleased to report a healthy position in terms of cash holdings and net balance sheet reserves at the year end date and continue to monitor these factors closely to ensure the company maintains adequate financial headroom.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The group operates in a highly regulated environment, which requires a significant amount of management time to both understand and ensure the group complies with. Failure to do so would result in the group being unable to continue to operate.

In addition, the group continues to foster strong relationships with its clients and suppliers. Payments to suppliers are made in line with agreed terms further to review of matching client receipts.

The directors routinely monitor all known risks and uncertainties and appropriate actions are taken to mitigate the risks of their potential outcomes.

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



**M N Denley**  
**Company Secretary**

Date:

23/3/17

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## **GIBBS DENLEY GROUP LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016**

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The directors present their report and the financial statements for the year ended 31 December 2016.

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £449,728 (2015 - £485,331).

#### **DIRECTORS**

The directors who served during the year were:

M N Denley  
D Ellis  
P Gibbs  
R Weller

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**GIBBS DENLEY GROUP LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

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

**AUDITORS**

The auditors, Peters Elworthy & Moore, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



**M N Denley**  
Company secretary

Date: 23/3/17

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## GIBBS DENLEY GROUP LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GIBBS DENLEY GROUP LIMITED

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We have audited the financial statements of Gibbs Denley Group Limited for the year ended 31 December 2016, set out on pages 6 to 29. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' responsibilities statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

#### SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent company's affairs as at 31 December 2016 and of the Group's profit or loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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## **GIBBS DENLEY GROUP LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GIBBS DENLEY GROUP LIMITED (CONTINUED)**

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#### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

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

#### **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.

Warren Tilbury (Senior statutory auditor)

for and on behalf of  
**Peters Elworthy & Moore**

Chartered Accountants  
Statutory Auditors

Salisbury House  
Station Road  
Cambridge  
CB1 2LA

6 April 2017



**GIBBS DENLEY GROUP LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
Turnover		4,171,371	4,096,850
<b>GROSS PROFIT</b>		<b>4,171,371</b>	<b>4,096,850</b>
Administrative expenses		(3,486,699)	(3,342,992)
Other operating income		46,087	27,540
<b>OPERATING PROFIT</b>		<b>730,759</b>	<b>781,398</b>
Interest receivable and similar income	10	1,119	1,794
Interest payable and similar charges	11	(39,827)	(42,588)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>692,051</b>	<b>740,604</b>
Taxation on profit/(loss) on ordinary activities	12	(242,323)	(255,273)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>449,728</b>	<b>485,331</b>

*There were no recognised gains and losses for 2016 or 2015 other than those included in the consolidated profit and loss account.*

There was no other comprehensive income for 2016 (2015 - £NIL).

The notes on pages 11 to 29 form part of these financial statements.

**GIBBS DENLEY GROUP LIMITED**  
**REGISTERED NUMBER: 05838686**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2016**

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Intangible assets	13	3,283,173	3,823,852
Tangible assets	14	35,244	30,926
		<u>3,318,417</u>	<u>3,854,778</u>
<b>Current assets</b>			
Debtors: Amounts falling due within one year	16	573,913	498,815
Cash at bank and in hand		850,035	637,156
		<u>1,423,948</u>	<u>1,135,971</u>
Creditors: Amounts falling due within one year	17	(1,513,115)	(1,534,427)
<b>Net current (liabilities)/assets</b>		<u>(89,167)</u>	<u>(398,456)</u>
<b>Total assets less current liabilities</b>		<u>3,229,250</u>	<u>3,456,322</u>
Creditors: Amounts falling due after more than one year	18	(1,622,887)	(2,163,487)
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred tax		(10,399)	(4,919)
		<u>(10,399)</u>	<u>(4,919)</u>
<b>Net assets</b>		<u><u>1,595,964</u></u>	<u><u>1,287,916</u></u>
<b>Capital and reserves</b>			
Called up share capital	21	6,773	6,773
Share premium account	22	74,934	74,934
Profit and loss account	22	1,514,257	1,206,209
		<u>1,595,964</u>	<u>1,287,916</u>

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



**M N Denley**  
**Director**

Date:

23/3/17

The notes on pages 11 to 29 form part of these financial statements.

**GIBBS DENLEY GROUP LIMITED**  
**REGISTERED NUMBER: 05838686**

**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2016**

	Note	2016 £	2015 £
<b>FIXED ASSETS</b>			
Intangible assets	13	2,283,574	2,520,244
Tangible assets	14	33,619	29,014
Investments	15	1,770,546	1,683,468
		<u>4,087,739</u>	<u>4,232,726</u>
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	16	175	454
Cash at bank and in hand		255,182	8,181
		<u>255,357</u>	<u>8,635</u>
Creditors: amounts falling due within one year	17	(1,899,707)	(1,480,562)
<b>NET CURRENT LIABILITIES</b>		<u>(1,644,350)</u>	<u>(1,471,927)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,443,389</u>	<u>2,760,799</u>
Creditors: amounts falling due after more than one year	18	(1,622,887)	(2,057,522)
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred taxation	19	(10,399)	(4,919)
		<u>(10,399)</u>	<u>(4,919)</u>
<b>NET ASSETS EXCLUDING PENSION ASSET</b>		<u>810,103</u>	<u>698,358</u>
<b>NET ASSETS</b>		<u>810,103</u>	<u>698,358</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	21	6,773	6,773
Share premium account	22	74,934	74,934
Profit and loss account	22	728,396	616,651
		<u>810,103</u>	<u>698,358</u>

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

M N Denley  
Director

Date:

23/3/17

The notes on pages 11 to 29 form part of these financial statements.

**GIBBS DENLEY GROUP LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
<b>At 1 January 2015</b>	<b>6,598</b>	<b>74,934</b>	<b>789,638</b>	<b>871,170</b>
Profit for the year	-	-	485,331	485,331
Dividends: Equity capital	-	-	(68,760)	(68,760)
Shares issued during the year	175	-	-	175
<b>At 1 January 2016</b>	<b>6,773</b>	<b>74,934</b>	<b>1,206,209</b>	<b>1,287,916</b>
Profit for the year	-	-	449,728	449,728
Dividends: Equity capital	-	-	(141,680)	(141,680)
<b>AT 31 DECEMBER 2016</b>	<b>6,773</b>	<b>74,934</b>	<b>1,514,257</b>	<b>1,595,964</b>

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
<b>At 1 January 2015</b>	<b>6,598</b>	<b>74,934</b>	<b>413,383</b>	<b>494,915</b>
Profit for the year	-	-	272,028	272,028
<b>CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS</b>				
Dividends: Equity capital	-	-	(68,760)	(68,760)
Shares issued during the year	175	-	-	175
<b>At 1 January 2016</b>	<b>6,773</b>	<b>74,934</b>	<b>616,651</b>	<b>698,358</b>
Profit for the year	-	-	253,425	253,425
Dividends: Equity capital	-	-	(141,680)	(141,680)
<b>AT 31 DECEMBER 2016</b>	<b>6,773</b>	<b>74,934</b>	<b>728,396</b>	<b>810,103</b>

**GIBBS DENLEY GROUP LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016 £	2015 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the financial year	449,728	485,331
<b>ADJUSTMENTS FOR:</b>		
Amortisation of intangible assets	637,271	638,618
Depreciation of tangible assets	24,306	27,218
Interest paid	39,828	42,587
Interest received	(1,119)	(1,794)
Taxation charge	242,323	255,273
Increase in debtors	(75,100)	(15,659)
Decrease in creditors	(689,652)	(719,723)
Corporation tax paid	(298,570)	(328,739)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>329,015</b>	<b>383,112</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of intangible fixed assets	(96,591)	(590,000)
Purchase of tangible fixed assets	(28,624)	(12,313)
Interest received	1,119	1,794
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(124,096)</b>	<b>(600,519)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of ordinary shares	-	175
New secured loans	300,000	250,000
Repayment of loans	(110,532)	(84,733)
Dividends paid	(141,680)	(68,760)
Interest paid	(39,828)	(42,587)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>7,960</b>	<b>54,095</b>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>212,879</b>	<b>(163,312)</b>
Cash and cash equivalents at beginning of year	637,156	800,468
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	<b>850,035</b>	<b>637,156</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:</b>		
Cash at bank and in hand	850,035	637,156
	<b>850,035</b>	<b>637,156</b>

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## **GIBBS DENLEY GROUP LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

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#### **1. GENERAL INFORMATION**

Gibbs Denley Group Limited is a private limited company incorporated in England & Wales. The company's registered office is disclosed on the Company Information page.

#### **2. ACCOUNTING POLICIES**

##### **2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

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

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

The following principal accounting policies have been applied:

##### **2.2 BASIS OF CONSOLIDATION**

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

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

##### **2.3 TURNOVER**

Turnover represents the commissions received during the year dependent on the nature of services concerned. The commission receivable is recognised in the profit and loss account when the premium is paid at the start of the policy.

Company turnover comprises management charges receivable by the company in respect of services provided, exclusive of Value Added Tax.

##### **2.4 INTANGIBLE ASSETS**

###### **GOODWILL**

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

Amortisation is provided on the following bases:

Goodwill	-	20% straight line
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## GIBBS DENLEY GROUP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 2. ACCOUNTING POLICIES (CONTINUED)

##### 2.5 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

Fixtures and fittings - 33% straight line, 15% reducing balance

##### 2.6 OPERATING LEASES

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

##### 2.7 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

##### 2.8 DEBTORS

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

##### 2.9 CASH AND CASH EQUIVALENTS

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

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

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## **GIBBS DENLEY GROUP LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

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## **2. ACCOUNTING POLICIES (CONTINUED)**

### **2.10 FINANCIAL INSTRUMENTS**

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

### **2.11 CREDITORS**

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

### **2.12 FINANCE COSTS**

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



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## **GIBBS DENLEY GROUP LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

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## **2. ACCOUNTING POLICIES (CONTINUED)**

### **2.13 DIVIDENDS**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

### **2.14 PENSIONS**

#### **DEFINED CONTRIBUTION PENSION PLAN**

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

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

### **2.15 INTEREST INCOME**

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

### **2.16 BORROWING COSTS**

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the year in which they are incurred.

### **2.17 PROVISIONS FOR LIABILITIES**

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

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

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## **GIBBS DENLEY GROUP LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

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#### **2. ACCOUNTING POLICIES (CONTINUED)**

##### **2.18 TAXATION**

Tax is recognised in the Profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered.

#### **3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

##### **DEBTORS**

An allowance for doubtful accounts is maintained for potential credit losses based upon management's assessment of the expected collectability of all accounts receivable. The allowance for doubtful accounts is reviewed periodically to assess the adequacy of the allowance. In making this assessment, management takes into consideration any circumstances of which they are aware regarding a customer's inability to meet its financial obligations.

#### **4. PARENT COMPANY PROFIT FOR THE YEAR**

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the year was £253,425 (2015 - £272,028)

#### **5. TURNOVER**

The whole of the turnover is attributable to commission, charges and advisor fees.

All turnover arose within the United Kingdom.

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**GIBBS DENLEY GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**6. OTHER OPERATING INCOME**

	2016 £	2015 £
Sundry income	46,087	27,540
	<u>46,087</u>	<u>27,540</u>

**7. OPERATING PROFIT**

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	24,306	27,218
Amortisation of intangible assets, including goodwill	637,271	638,618
Fees payable to the group's auditor for:		
- The audit of the group's annual financial statements	5,250	5,100
- Taxation compliance services	15,040	14,675
Other operating lease rentals	60,590	78,831
Defined contribution pension cost	52,591	65,297
	<u>725,048</u>	<u>829,639</u>

**8. EMPLOYEES**

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

	2016 £	2015 £
Wages and salaries	1,575,216	1,526,086
Social security costs	146,028	135,269
Cost of defined contribution scheme	52,591	65,297
	<u>1,773,835</u>	<u>1,726,652</u>

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

2016 No.	2015 No.
<u>55</u>	<u>54</u>

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**GIBBS DENLEY GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**9. DIRECTORS' REMUNERATION**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Directors' emoluments	<b>34,000</b>	45,000
Directors pension costs (company contributions)	<b>5,278</b>	25,279
	<b>39,278</b>	70,279

During the year retirement benefits were accruing to 4 directors (2015 - 4) in respect of defined contribution pension schemes.

**10. INTEREST RECEIVABLE**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Other interest receivable	<b>1,119</b>	1,794

**11. INTEREST PAYABLE**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Bank interest payable	<b>21,384</b>	9,901
Other loan interest payable	<b>18,443</b>	32,687
	<b>39,827</b>	42,588

**GIBBS DENLEY GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**12. TAXATION**

	2016 £	2015 £
<b>CORPORATION TAX</b>		
Current tax on profits for the year	236,843	259,070
Adjustments in respect of previous periods	-	28
	<u>236,843</u>	<u>259,098</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	5,480	(3,825)
<b>Total deferred tax</b>	<u>5,480</u>	<u>(3,825)</u>
<b>TAXATION ON PROFIT ON ORDINARY ACTIVITIES</b>	<u>242,323</u>	<u>255,273</u>

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is higher than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>692,051</u>	<u>740,604</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	138,410	149,972
<b>EFFECTS OF:</b>		
Non-tax deductible amortisation of goodwill and impairment	95,429	58,010
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4,120	2,710
Capital allowances for year in excess of depreciation	(1,116)	3,191
Deferred tax	5,480	(3,826)
Marginal relief	-	45,216
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<u>242,323</u>	<u>255,273</u>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

There were no factors that may affect future tax charges.

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**GIBBS DENLEY GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**13. INTANGIBLE ASSETS**

**Group**

	<b>Goodwill £</b>
<b>COST</b>	
At 1 January 2016	6,390,391
Additions	96,591
At 31 December 2016	<u>6,486,982</u>
<b>AMORTISATION</b>	
At 1 January 2016	2,566,538
Charge for the year	637,271
At 31 December 2016	<u>3,203,809</u>
<b>NET BOOK VALUE</b>	
At 31 December 2016	<u><u>3,283,173</u></u>
At 31 December 2015	<u><u>3,823,852</u></u>

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**GIBBS DENLEY GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**13. INTANGIBLE ASSETS (CONTINUED)**

**Company**

	<b>Goodwill £</b>
<b>COST</b>	
At 1 January 2016	<b>3,866,702</b>
At 31 December 2016	<b>3,866,702</b>
<b>AMORTISATION</b>	
At 1 January 2016	<b>1,346,458</b>
Charge for the year	<b>236,670</b>
At 31 December 2016	<b>1,583,128</b>
<b>NET BOOK VALUE</b>	
At 31 December 2016	<b>2,283,574</b>
At 31 December 2015	<b>2,520,244</b>

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**GIBBS DENLEY GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**14. TANGIBLE FIXED ASSETS**

**Group**

	<b>Fixtures &amp; fittings £</b>
<b>COST OR VALUATION</b>	
At 1 January 2016	251,703
Additions	28,624
Disposals	(60,456)
At 31 December 2016	219,871
<b>DEPRECIATION</b>	
At 1 January 2016	220,777
Charge for the period on owned assets	24,306
Disposals	(60,456)
At 31 December 2016	184,627
<b>NET BOOK VALUE</b>	
At 31 December 2016	35,244
At 31 December 2015	30,926



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**GIBBS DENLEY GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**14. TANGIBLE FIXED ASSETS (CONTINUED)**

**Company**

	<b>Fixtures &amp; fittings £</b>
<b>COST OR VALUATION</b>	
At 1 January 2016	116,806
Additions	28,624
At 31 December 2016	<u>145,430</u>
<b>DEPRECIATION</b>	
At 1 January 2016	87,792
Charge for the period on owned assets	24,019
At 31 December 2016	<u>111,811</u>
<b>NET BOOK VALUE</b>	
At 31 December 2016	<u><u>33,619</u></u>
At 31 December 2015	<u><u>29,014</u></u>

**15. FIXED ASSET INVESTMENTS**

**SUBSIDIARY UNDERTAKINGS**

The following were subsidiary undertakings of the company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Gibbs Denley Insurance Services Limited	Ordinary	100 %	Provision of insurance intermediary services
Gibbs Denley Financial Services Limited	Ordinary	100 %	Provision of independent financial advice
Anglia Pensions Fund UK Trustees Limited	Ordinary	100 %	Acting as pension fund trustees
Elliott Financial Management Limited	Ordinary	100 %	Provision of independent financial advice

**GIBBS DENLEY GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**15. FIXED ASSET INVESTMENTS (CONTINUED)**

**Company**

	<b>Investments in subsidiary companies £</b>
<b>COST OR VALUATION</b>	
At 1 January 2016	1,683,468
Additions	87,078
At 31 December 2016	<u>1,770,546</u>
<b>NET BOOK VALUE</b>	
At 31 December 2016	<u>1,770,546</u>
At 31 December 2015	<u>1,683,468</u>

**16. DEBTORS**

	<b>Group 2016 £</b>	<b>Group 2015 £</b>	<b>Company 2016 £</b>	<b>Company 2015 £</b>
<b>Due within one year</b>				
Trade debtors	443,998	367,924	-	-
Amounts owed by group undertakings	-	-	-	284
Prepayments and accrued income	129,915	130,891	175	170
	<u>573,913</u>	<u>498,815</u>	<u>175</u>	<u>454</u>

**GIBBS DENLEY GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group 2016 £</b>	<b>Group 2015 £</b>	<b>Company 2016 £</b>	<b>Company 2015 £</b>
Bank loans	106,421	62,901	106,421	62,901
Trade creditors	340,662	316,301	22,306	10,676
Amounts owed to group undertakings	-	-	1,050,000	695,000
Corporation tax	117,343	179,070	57,842	59,436
Other taxation and social security	34,112	32,276	-	-
Other creditors	629,063	761,738	619,065	616,387
Accruals and deferred income	285,514	182,138	44,073	36,160
	<b>1,513,115</b>	<b>1,534,424</b>	<b>1,899,707</b>	<b>1,480,560</b>

Bank loans are secured over the assets of the group and by personal guarantees provided by two of the directors and bear interest at 2.5% over Lloyds Bank base rate.

A loan balance of £nil (2015 - £33,271) included in other creditors above is secured by a floating charge over the assets of the group and bears interest at a fixed rate of 5%.

**18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group 2016 £</b>	<b>Group 2015 £</b>	<b>Company 2016 £</b>	<b>Company 2015 £</b>
Bank loans	310,590	164,642	310,590	164,642
Other creditors	1,312,297	1,998,845	1,312,297	1,892,880
	<b>1,622,887</b>	<b>2,163,487</b>	<b>1,622,887</b>	<b>2,057,522</b>

Bank loans are secured over the assets of the group and by personal guarantees provided by two of the directors and bear interest at 2.5% over Lloyds Bank base rate.

Included in other creditors is £449,538 (2015 - £968,697) due in more than five years in respect of aggregate directors' loan accounts relating to Mr M Denley (2015 - Mr M Denley and Mr P Gibbs).

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**GIBBS DENLEY GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**19. DEFERRED TAXATION**

**Group**

	<b>2016 £</b>
At beginning of year	(4,919)
Charged to the profit or loss	(5,480)
<b>AT END OF YEAR</b>	<b>(10,399)</b>

**Company**

	<b>2016 £</b>
At beginning of year	(4,919)
Charged to the profit or loss	(5,480)
<b>AT END OF YEAR</b>	<b>(10,399)</b>

The provision for deferred taxation is made up as follows:

	<b>Group 2016 £</b>	<b>Company 2016 £</b>
Accelerated capital allowances	10,399	10,399
	<b>10,399</b>	<b>10,399</b>

**GIBBS DENLEY GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**20. FINANCIAL INSTRUMENTS**

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
<b>FINANCIAL ASSETS</b>				
Financial assets measured at fair value through profit or loss	850,035	637,156	255,182	8,181
Financial assets that are debt instruments measured at amortised cost	444,006	367,924	-	284
	<u>1,294,041</u>	<u>1,005,080</u>	<u>255,182</u>	<u>8,465</u>
<b>FINANCIAL LIABILITIES</b>				
Financial liabilities measured at amortised cost	(2,713,069)	(3,335,366)	(3,308,751)	(3,327,447)
	<u>(2,713,069)</u>	<u>(3,335,366)</u>	<u>(3,308,751)</u>	<u>(3,327,447)</u>

Financial assets measured at fair value through profit or loss comprise cash held by the company.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, accruals, amounts owed to group undertakings and other creditors.

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**GIBBS DENLEY GROUP LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**21. SHARE CAPITAL**

	2016 £	2015 £
<b>SHARES CLASSIFIED AS EQUITY</b>		
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
1,384 Ordinary shares of £1 each	1,384	1,384
175 A Ordinary shares of £1 each	175	175
214 B Ordinary shares of £1 each	214	214
	<u>1,773</u>	<u>1,773</u>

**ALLOTTED, CALLED UP AND PARTLY PAID**

500,000 E Ordinary shares of £0.01 each	5,000	5,000
	<u>5,000</u>	<u>5,000</u>

Ordinary shares carry full voting rights and full voting rights in respect of dividends.

A Ordinary shares carry no voting rights and participation only above a certain threshold.

B Ordinary Shares shall carry the same rights as Ordinary Shares and rank pari passu with the Ordinary Shares in all respects, save that different dividends may be declared on the Ordinary and the B Ordinary Shares, or a dividend may be declared on either the Ordinary or the B Ordinary Shares, and no dividend be declared on the other.

E Ordinary shares carry no voting rights, no voting rights in respect of dividends and in the event of winding up each shareholder is entitled to £0.01 per E share.

**22. RESERVES**

**Share premium account**

Share premium account includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

**Profit & loss account**

Profit and loss account includes all current and prior period retained profits and losses.

**23. DIVIDENDS**

	2016 £	2015 £
B ordinary shares	141,680	68,760
	<u>141,680</u>	<u>68,760</u>

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## GIBBS DENLEY GROUP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 24. ENTITIES FOR WHICH GIBBS DENLEY GROUP LIMITED ASSUMES FULL LIABILITY

The company's UK subsidiaries are exempt from the requirements of the audit under Section 479A of the Companies Act 2006:

- Anglia Pension Fund Trustees Limited (registered number 01766353);
- Elliott Financial Managment Limited (registered number 05996878);
- Gibbs Denley Financial Services Limited (registered number 01371323);
- Gibbs Denley Insurance Services Limited (registered number 04688453).

Under Section 479C of the Companies Act 2006, Gibbs Denley Group Limited has given a statutory guarantee relating to all of the outstanding liabilities of the subsidiaries to which the companies are subject at 31 December 2016. This guarantee has been filed at Companies House.

#### 25. PENSION COMMITMENTS

The company operates a defined contribution scheme. The assets of the scheme are held separately to those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £52,591 (2015 - £65,297). There was no balance payable to the fund at the balance sheet date (2015 - £nil).

#### 26. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2016 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £	Group 2015 £
Not later than 1 year	14,000	14,000
Later than 1 year and not later than 5 years	45,500	56,000
<b>Total</b>	<b>59,500</b>	<b>70,000</b>

#### 27. TRANSACTIONS WITH DIRECTORS

As at 31 December 2016, total outstanding bank loan balances of £417,011 (2015 - £227,543) were secured over the assets of the group and by personal guarantees provided by two of the directors. £106,421 (2015 - £62,901) is shown within creditors falling due within one year and £310,590 (2015 - £164,642) is shown within creditors falling due after more than one year.

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## GIBBS DENLEY GROUP LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 28. RELATED PARTY TRANSACTIONS

The parent company prepares consolidated group accounts and, accordingly, the company has taken advantage of the exemptions contained within FRS 102 S.33.1A not to disclose transactions with group undertakings.

As at 31 December 2016, a total outstanding loan balance of £614,649 (2015 - £852,648) was payable to Mr M N Denley, a director, of which £78,000 (2015 - £75,600) is shown within other creditors falling due within one year and £536,649 (2015 - £776,748) is shown within other creditors falling due after more than one year.

As at 31 December 2016, a total outstanding loan balance of £614,889 (2015 - £872,348) was payable to Mr P Gibbs, a director, of which £78,000 (2015 - £75,600) is shown within other creditors falling due within one year and £536,889 (2015 - £796,748) is shown within other creditors falling due after more than one year.

As at 31 December 2016, a total outstanding loan balance of £nil (2015 - £33,271) was payable to Gibbs Denley Insurance Services, a partnership owned and controlled by the directors. The prior year balance is shown within other creditors falling due within one year. This loan is secured by a floating charge over the assets of the group.

During the year ended 31 December 2012 the Gibbs Denley Pension Assurance Scheme, a pension scheme that the directors are beneficiaries of, loaned £185,000 to the group. As at 31 December 2016 a total outstanding loan balance of £3,477 (2015 - £44,089) remained outstanding, of which £3,477 (2015 - £40,612) is shown within other creditors falling due within one year and £nil (2015 - £3,477) is shown within other creditors falling due after more than one year.

During the year the group paid rent totalling £75,000 (2015 - £75,000) to Crystal Developments Limited, a company owned and controlled by Mr M N Denley, a director.

#### 29. CONTROLLING PARTY

The group is controlled by Mr M N Denley and Mr P Gibbs, directors of the company, who between them hold 86.6% of the ordinary share capital.