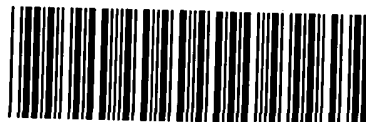


PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

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PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

COMPANY INFORMATION

Directors	J Burr B McManus R Brown C M Giles	(Appointed 3 December 2015) (Appointed 21 April 2016) (Appointed 21 April 2016) (Appointed 21 April 2016)
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Company number	09900466
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Registered office	68 Lombard Street London EC3V 9LJ
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Auditor	Deloitte LLP London United Kingdom
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PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

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PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

STRATEGIC REPORT

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

The Directors present their Strategic Report of PIB Group Limited ('the Group') for the 13 month period ended 31 December 2016. In presenting this report, the directors have complied with Section 414C of the Companies Act 2006.

This Strategic Report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to the Group and its subsidiary undertakings when viewed as a whole.

Overview

PIB Group Limited is a UK specialist insurance broking group founded in 2015. We are a new dynamic, independent, multi-specialist broker with offices and clients based across the UK. Our formation reflected the belief that the disappearance of so many mid-sized brokers created the opportunity for a new broker, focused on the needs of UK clients, using a specialist approach and with close client relationships at its core.

The Group is growing rapidly through acquisitions and by employing outstanding individuals with a wealth of knowledge and experience in the insurance market, and in support of this strategy secured an investment from the Carlyle Group in December 2015. The Group is focused on acquiring businesses, teams and portfolios in niche and specialist markets, which we believe in the long term are more defensible and offer more significant growth opportunities.

The integration of all acquired businesses is a key tenet of the Group's strategy. Building a core infrastructure which supports common systems and centralised functions will create significant value in the long term and a scalable platform allows cost efficiencies to be realised whilst supporting strong governance and controls.

In pursuit of this strategy the Group made eight acquisitions to 31 December 2016. On 21 April 2016, the Group acquired PIB Insurance Brokers (PIB), Fish Insurance ("Fish") and Cooke & Mason ("C&M"). PIB is a commercial insurance broker operating from a number of locations around the UK. Fish is a provider of specialist insurance in the UK for people with pre-existing medical conditions, disabilities or mobility issues, as well as being a leading provider of liability insurance to protect people who employ their own personal carers in the home. C&M is a niche retail broker with expertise in the motor trade, haulage and hotel sectors, and also includes Sigerson Associates, specialists in risk management and health & safety.

On 31 May 2016, the Group acquired Channel Insurance Brokers Limited, a company based in Guernsey, and one of the leading Channel Islands insurance brokers, with a broad portfolio of clients across Guernsey, Alderney, Jersey and Sark.

On 11 October 2016, the Group acquired QPI Legal Limited, a specialist broking and risk management company providing PI insurance to the legal profession. On 28 October 2016, the Group acquired Carmichael (Aberdeen) Limited, a specialist in the delivery of commercial insurances to a wide range of businesses in the North of Scotland.

On 30 December 2016, the Group acquired Thistle Insurance Services Limited ("TISL"). TISL is a retail broker and managing general agency, with a focus on the leisure and lifestyle, commercial and professional risks markets, distributing via online, affinity schemes and partnerships and wholesale markets. On 31 December 2016, the Group acquired the business and assets of TFP Schemes LLP ("TFP"). TFP is a managing general agency and provider of specialist wholesale underwriting facilities for niche motor to the UK broker market, with particular expertise in single and fleet risks across taxis, chauffeured vehicles, minibuses, motor trade road risks, agriculture, funeral homes and other specialist markets.

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

STRATEGIC REPORT (CONTINUED)

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

Fair review of business and future developments

The Directors of the Group make use of the following key performance indicators, including turnover, trading result, staff numbers and office locations to measure performance against the Group's strategy. These measures provide the directors with key, high level indicators of the Group's first year trading and operational progress:

The Group reported turnover of £14,965k producing a trading loss of £1,474k in the 13 month period ended 31 December 2016. The Directors are pleased with the result and progress made in their first period of trading, welcoming 343 members of staff into the Group from 20 offices around the United Kingdom. The result reflects a period of successful investment and integration of acquired businesses into the newly formed PIB Group. The progress made during the period leaves the Group well placed to continuing driving forward with its stated strategy.

	2016
	£'000
Operating loss	(7,849)
Amortisation of consolidated goodwill and customer relationships	4,335
Other amortisation	26
Depreciation	107
Central costs	1,907
Trading loss	<u>(1,474)</u>

The key factors behind these results were:

- A significant investment in people, IT and operational support to build a strong platform for growth. Staff costs totalled £10,671k;

- Continued staff hires throughout the period, driven by recruiting accounting executives within the business.

The Directors consider the outlook for the Group to be strong. The Group's existing businesses are performing well and generating steady growth driven by strong retention and new business pipelines. An extremely healthy acquisition and people pipeline will also help drive further growth across the Group.

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

STRATEGIC REPORT (CONTINUED)

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

Principal risks and uncertainties

The following table sets out the Group's principal risks with examples given of actions taken to mitigate them in line with agreed tolerances reviewed by the Group Audit, Risk and Compliance Committee and approved by the Group Board.

Risk	Detail & Potential Impact	Examples of Mitigation
Strategic Risks		
Competitive markets	Risks to the business model arising from changes in insurance markets and customer behaviour, external events, and risks arising from growth strategies.	<ul style="list-style-type: none"> Regular Board review of strategic risks Strategic planning process Due diligence and risk assessments
Integration of acquired companies	Acquiring and integrating quality businesses is a central tenet of the Group's strategy. How these companies are acquired and integrated into the Group is crucial to retaining and growing value, thereby meeting client, employee and stakeholder requirements.	<ul style="list-style-type: none"> A clear, consistent and well governed acquisition process A defined approach to integration monitored by the Group's Integration Committee
Underwriting capacity	The Group is reliant on capacity providers to support its underwriting operations and delegated authority business.	<ul style="list-style-type: none"> Constant monitoring and management of underwriting performance Proactive management of relationships with capacity providers
Operational Risks		
Loss of key staff	Risk arising from inability to retain key staff. As a professional service provide the Group's reputation is built on the quality of their key staff members.	<ul style="list-style-type: none"> Commitment to employee engagement, empowering managers to act as 'owners' of the business Succession planning processes Effective appraisal and development programmes
Loss of key clients	PIB Group depends on underlying operations to ensure client satisfaction. If the business fails to operate effectively, the loss of client satisfaction could result in harm to the business and financial performance.	<ul style="list-style-type: none"> Monitoring of client service levels
Failure of information technology systems	IT systems are a key part of PIB's business and any disruption of systems or the supporting infrastructure could adversely impact its operations, income and financial results.	<ul style="list-style-type: none"> Investment in robust and reliable IT systems and associated controls
Financial Risks		
Accounting assumptions and estimates	The Group is required to make assumptions and judgmental estimates that affect the reported amounts of assets and liabilities and the disclosure of certain contingent assets and liabilities at the date of our financial statements.	<ul style="list-style-type: none"> Management and peer review of key assumptions and judgmental estimates
Cashflow and liquidity risk	The Group is dependent on cash flows from its trading operations, which in turn are reliant on the commissions earned in its subsidiaries. The Group is therefore exposed to the cyclical nature of the insurance industry.	<ul style="list-style-type: none"> Group focuses on niche profitable lines which are less subject to the cyclical nature of the wider market.

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

STRATEGIC REPORT (CONTINUED)

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

<i>Legal & Regulatory Risks</i>		
Errors & Omissions	The Group may be subject to errors and omissions claims in placing or underwriting insurance or dealing with claims.	<ul style="list-style-type: none">▪ Common operating procedures and compliance policies▪ Specific training in errors and omissions prevention▪ Independent compliance monitoring▪ Strong procedural and systems controls including workflow management▪ PI Insurance programme
Regulatory Risk	Risks arising from non-compliance or misinterpretation of local regulations and failure to meeting regulatory standards.	<ul style="list-style-type: none">▪ Regular and ongoing quality and compliance audits▪ Operational procedures and compliance policy▪ Continuous staff training programmes▪ Centralised risk and compliance resources
<i>Political risks</i>		
Brexit Risk	On 23 June 2016 there was a referendum in the UK to consider the UK's continuing membership of the European Union ("the EU"). The outcome of this vote was a decision to leave the EU and adopt an as yet unknown relationship with the EU. The implications of this are not clear but present both risks and opportunities.	<ul style="list-style-type: none">▪ Regular and ongoing review of the political landscape and developments regarding Brexit▪ Impact analysis of key developments on the Group's regulatory and financial environments

Events subsequent to the reporting date

The Group acquired DE Ford Insurance Brokers and Ford Risk Management ("DEF") on 20 January 2017. DEF is retail insurance broker, and one of the UK's leading specialists within the religious, charity and care sectors, on a local and national level.

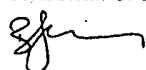
On 10 July 2017 the Group acquired Franklands Insurance and Risk Management ("FIRM"). FIRM provide a broad range of commercial insurance solutions with significant expertise in professional indemnity and a notable specialism in the Chartered Surveyor sector.

On 31 August 2017 the Group acquired Morton Michel (MM). MM is a specialist insurance broker, focused on meeting the needs of service providers and institutions in the childcare sector.

On 20 September 2017 the Group acquired aQmen Underwriting (AU). AU is a Managing General Agent (MGA) providing specialist insurance policies for three niche market sectors: charities and social enterprises, faith-based organisations and recruitment agencies.

In July 2017, the Group were delighted to secure debt funding to assist further growth into 2018. By an agreement dated 14 July 2017 the Group entered into a £30m senior secured credit facility. The facility consists of a £30m five year term loan.

On behalf of the Board



B Manus
Director

2 November 2017

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

DIRECTORS' REPORT

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

The directors present their annual report and financial statements for the 13 month period ended 31 December 2016.

Incorporation

The Company was incorporated on 3 December 2015. On 22 August 2016 the Company changed its name to PIB Group Limited (formerly Lombard Bidco Limited).

Directors

The directors who held office during the 13 month period and up to the date of signature of the financial statements were as follows:

J Burr	(Appointed 3 December 2015)
B McManus	(Appointed 21 April 2016)
R Brown	(Appointed 21 April 2016)
C M Giles	(Appointed 21 April 2016)

Results and dividends

The results for the 13 month period are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Qualifying third party indemnity provisions

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. Additional cover for the directors against personal financial exposure has been made under a directors' and officers' liability insurance policy.

Political donations

The Company made no political contributions during the period.

Auditor

Deloitte LLP were appointed as auditor to the Company on 9 September 2016 and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company and group is aware of that information.

Matters covered in the Strategic Report

As permitted by Paragraph 1A of Schedule 7 of the Large and Medium-sized Companies or Groups (Accounts and Reports) Regulations 2008 certain matters (including events subsequent to the reporting date, future developments, use of financial instruments) which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on page 1.

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

DIRECTORS' REPORT (CONTINUED)

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

On behalf of the Board



.....
B McManus

Director

2 November 2017

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

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 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 the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, 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 and then apply them consistently;
- make judgements 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and 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 company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

We have audited the financial statements of PIB Group Limited (formerly Lombard Bidco Limited) for the 13 month period ended 31 December 2016 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group Statement of Financial Position, the Company Statement of Financial Position, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and the related notes 1 to 31. 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), including FRS 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 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 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 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 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 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 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 its loss for the 13 month period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the 13 month period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

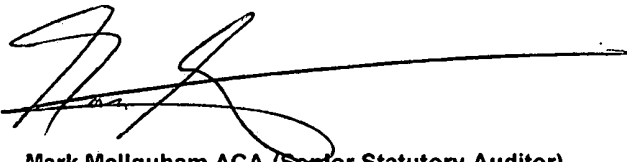
INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

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.



Mark McIlquham ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London
United Kingdom

2 November 2017

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

GROUP INCOME STATEMENT

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

		13 month period ended 31 December 2016 £'000
	Notes	
Turnover	3	14,965
Cost of sales		(1,691)
Gross profit		<u>13,274</u>
Administrative expenses		(21,123)
Operating loss	4	(7,849)
Interest receivable and similar income	8	160
Interest payable and similar charges	9	(703)
Loss before taxation		<u>(8,392)</u>
Taxation	10	311
Loss for the financial 13 month period		<u><u>(8,081)</u></u>

Loss for the financial 13 month period is all attributable to the owners of the parent company.

The income statement has been prepared on the basis that all operations are continuing operations.

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)
GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

	13 Month Period ended 31 December 2016 £'000
Loss for the 13 month period	(8,081)
Other comprehensive Income	-
Total comprehensive income for the 13 month period	<u>(8,081)</u>

Total comprehensive income for the 13 month period is all attributable to the owners of the parent company.

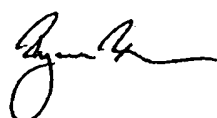
PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Notes	2016 £'000	£'000
Fixed assets			
Goodwill	11		35,301
Other intangible assets	11		70,289
Total intangible assets			105,590
Tangible assets	12		1,275
Investments	13		1,509
			108,374
Current assets			
Debtors	17	15,578	
Cash at bank and in hand	18	27,292	
		42,870	
Creditors: amounts falling due within one year	19	(21,177)	
Net current assets			21,693
Total assets less current liabilities			130,067
Creditors: amounts falling due after more than one year	20		(8,482)
Provisions for liabilities	22		(22,257)
Net assets			99,328
Capital and reserves			
Called up share capital	25		111
Share premium account			107,298
Profit and loss reserves			(8,081)
Total equity			99,328

The financial statements were approved by the board of directors and authorised for issue on 2 November 2017 and are signed on its behalf by:



.....
R Brown
Director

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

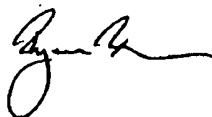
COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Notes	2016 £'000	£'000
Fixed assets			
Investments	13		134,056
Current assets			
Debtors	17	953	
Creditors: amounts falling due within one year	19	(6,936)	
Net current liabilities			(5,983)
Total assets less current liabilities			128,073
Creditors: amounts falling due after more than one year	20		(8,482)
Provisions for liabilities	22		(6,602)
Net assets			112,989
Capital and reserves			
Called up share capital	25		111
Share premium account			107,298
Profit and loss reserves			5,580
Total equity			112,989

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £5,580k.

The financial statements were approved by the board of directors and authorised for issue on 2 November 2017 and are signed on its behalf by:



.....
R Brown
Director

Company Registration No. 09900466

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

		Share capital	Share premium account	Profit and loss reserves	Total
	Notes	£'000	£'000	£'000	£'000
Period ended 31 December 2016:					
Loss and total comprehensive income for the period		-	-	(8,081)	(8,081)
Issue of share capital	25	111	107,298	-	107,409
Balance at 31 December 2016		<u>111</u>	<u>107,298</u>	<u>(8,081)</u>	<u>99,328</u>

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

	Notes	Share capital £'000	Share premium account £'000	Profit and loss reserves £'000	Total £'000
Period ended 31 December 2016:					
Profit and total comprehensive income for the period		-	-	5,580	5,580
Issue of share capital	25	111	107,298	-	107,409
Balance at 31 December 2016		<u>111</u>	<u>107,298</u>	<u>5,580</u>	<u>112,989</u>

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)**GROUP STATEMENT OF CASH FLOWS****FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016**

		2016	
	Notes	£'000	£'000
Cash flows from operating activities			
Cash absorbed by operations	31		(7,468)
Income taxes paid			(1,183)
Net cash outflow from operating activities			(8,651)
Investing activities			
Purchase of businesses (note 26)		(73,643)	
Purchase of other intangible assets		(202)	
Purchase of tangible fixed assets		(161)	
Interest received		34	
Net cash used in investing activities			(73,972)
Financing activities			
Proceeds from issue of shares		102,089	
Proceeds from issue of loan notes		7,826	
Net cash generated from financing activities			109,915
Net increase in cash and cash equivalents			27,292
Cash and cash equivalents at beginning of 13 month period			-
Cash and cash equivalents at end of 13 month period			27,292

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

PIB Group Limited (formerly Lombard Bidco Limited) ("the company") is a private company limited by shares. It is incorporated in the UK and the registered office is 68 Lombard Street, London, EC3V 9LJ.

The group consists of PIB Group Limited (formerly Lombard Bidco Limited) and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain items at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries are accounted for at cost less impairment.

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

1 Accounting policies (continued)

The consolidated financial statements incorporate those of PIB Group Limited (formerly Lombard Bidco Limited) and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2016. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances between group companies are eliminated on consolidation.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The assessment of future performance included the collation and review of in depth annual budgets, review of the Group's structure and detailed cash flow plans. The Group has a healthy cash balance at the end of the reporting date and current assets cover current liabilities by a ratio of 2.0. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Insurance broking turnover

Revenue is comprised of net commissions and fees receivable on insurance business placed during the year. Changes made to insurance policies resulting in commission differences are recognised as they occur. Revenue is deferred over the life of a contract when the company is contractually obliged to provide services after the date of placement.

Other brokerage income

Profit commissions and other similar income due from insurers and other intermediaries are recognised when it is probable that economic benefits will flow to the entity and when they can be reliably estimated.

Risk management and other non-insurance broking fee based turnover

Revenue represents amounts chargeable to clients for risk management and related services provided during the year. Revenue is recognised in the period in which the work was performed exclusive of Value Added Tax.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

1 Accounting policies (continued)

1.6 Intangible fixed assets other than goodwill

Intangible assets relate to computer software, licenses and customer relationships. Customer relationships relate to assets such as customer lists, access to distribution networks that arise on the acquisition of businesses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software:	3-5 years
Patents, trademarks & licences:	5 years
Customer relationships:	10 years

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings:	Over the term of the lease
Leasehold improvements:	Over the term of the lease
Plant and equipment:	2-5 years on a straight line basis
Fixtures and fittings:	3-7 years on a straight line basis
Computers:	3-4 years on a straight line basis
Motor vehicles:	4 years on a straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.8 Fixed asset investments

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Other investments include minor shareholdings. Shareholdings in Ordinary share capital of unlisted investments is recognised at cost. Shareholdings of redeemable preference share capital with a fixed cumulative dividend are recognised at amortised cost.

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset.

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

1 Accounting policies (continued)

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in bank, bank deposits and petty cash.

1.11 Financial Instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

1 Accounting policies (continued)

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and loan notes are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.12 Insurance transactions and balances

The Group's insurance intermediary subsidiaries, are not liable as principal for premiums due to underwriters or for claims payable to clients. In recognition of this relationship the Group does not include receivables, payables and cash arising from insurance transactions in its own statement of financial position, except for brokerage income earned by the group not taken to its own funds, which are included within trade debtors and for cash received from clients and the corresponding net premium payable to the insurance company.

1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

1 Accounting policies (continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 Provisions

Provisions are recognised when the group has a legal or constructive present obligation 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 reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

1.16 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.17 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.18 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.19 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Impairment of assets

The Group tests annually whether goodwill and other assets that have indefinite useful lives suffered any impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount.

The recoverable amount of an asset or a cash generating unit is determined based on value-in-use calculations prepared on the basis of management's assumptions and estimates. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investment, including factors such as industry and sector performance, changes in regional economies and operational and financing cash flow.

There were no provisions for impairment within the carrying amount as at the end of the reporting date for any Group assets.

Errors and omissions liability

During the ordinary course of business the Group can be subject to claims for errors and omissions made in connection with its business activities.

A balance sheet provision is established in respect of such claims when it is probable that the liability has been incurred and the amount of the liability can be reasonably estimated.

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

The outcome of the currently pending and future proceedings cannot be predicted with certainty. Thus, an adverse decision in a current or future lawsuit could result in additional costs that are not covered, either wholly or partially, under insurance policies and are in excess of the presently established provisions. It is possible therefore that the financial position, results of operations or cash flows of the Group could be materially affected by the unfavourable outcome of litigation.

See the provisions note for the carrying value at the end of the reporting period.

Profit commissions

The area of the financial statements that requires the most estimation and judgement is that of the Profit Commission (see risk covered within the Strategic Report); this impacts both the revenue earnings and the value receivable (shown within debtors). These commission earnings relate to policies written during a specific period which is usually 12 months and referred to as a Year of Account ('YOA').

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

2 Judgements and key sources of estimation uncertainty (continued)

An estimate of the final Profit Commission revenue for a given YOA is recognised using an earnings pattern which represents a reasonable expectation of the development of the claims. The value of the Profit Commission receivable is the accrued revenue reduced by any interim net payments made by the underwriter.

The level of any Profit Commission revenue for a YOA is dictated by a number of variables of which the most judgmental are the ultimate value of premium paid to the underwriter and the ultimate value of the claim costs paid by the underwriter. There are other variables and deductions however these are directly proportional to the premium and claims.

Ultimate value of premium:

During the first 12 months of any YOA, the ultimate value of Premium is estimated using the experience of previous years for the same product line and with reference to the average monthly values being written in the current period. After those first 12 months the ultimate Value of Premium becomes less judgmental as generally only premium adjustments on existing policies will be processed.

Ultimate Value of Claims Costs:

The Claims value includes the claim settlement as well as the costs of handling the claim. The level of estimation and judgement required for the Ultimate Value of Claims depends on the type of insurance cover provided.

Some claims are generally notified and settled soon after the loss occurs. These 'Short-tail' lines of business would include, for example, most property and physical damage policies. For these areas of insurance, the Ultimate Value of Claim Costs is estimated during the first 24 months based on the experience of previous years for the same product line and with reference to the cumulative value of claims that have been notified. After 24 months the level of estimation required is minimal as cover under annual policies for a particular YOA will have finished and so further claims notifications and settlements are limited.

In contrast, 'Long-tail' business provides cover for losses which may not be known for some period and the claims can take a significant time to report and to settle or close. These lines of business would include, for example, liability and compensation based cover. For these areas of insurance, the Ultimate Value of Claim Costs is estimated based on the experience of previous years for the same product line and with reference to the cumulative value of claims reported. Included in the estimation is an allowance for claims that have been incurred but not yet reported ('IBNR'). This cumulative value is made up of claims settled, and therefore certain, and claims reserves for those losses notified but not settled. The reserves are estimated on a case by case basis by the claims administration company or underwriter but the final claim value will not be known until the matter is settled or closed with no cost incurred. The Ultimate Value of Claims Costs becomes more certain over time as the claims are notified and settled or closed.

Revenue recognition

The revenue recognition for underwriting contracts covering solely 'short-tail' business line is that the estimated profit commission is recognised over the first two years being the full period covered by the annual policies written. 30% of estimated profit commission is recognised in the first year, followed by a further 70% at the end of the second year. Where the period of cover is limited to a month, at the end of each financial year an estimate of the full profit commission is reflected for the policies written in that year. At the end of the period of cover the Ultimate Value of Premium is known and only a very small percentage of claims will be outstanding. Further adjustments may be required in a subsequent period but these are generally small.

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

2 Judgements and key sources of estimation uncertainty (continued)

The revenue recognition for 'long-tail' business is spread over the first four years reflecting the longer development of the claims. 20% of estimated profit commission is recognised in the first year, followed by a further 20% in year 2, 50% in year 3 and 10% in the 4th year. Cumulative adjustments are made to the accrued revenue if the estimations are amended. Further adjustments may be required after four years if claims remain outstanding or continue to be notified.

Some contractual arrangements cover a mix of product lines and are treated as long-tail.

Any experience outside the expected outcomes can materially impact the revenue accrual that has been assumed.

The carrying value of profit commissions within other debtors at the end of the reporting period was £6.2m

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Deferral of revenue

The Group defers revenue on business where it retains contractual obligations to provide claims handling services to clients following the initial placement. Future claims activity is based upon historical trends, adjusted by known events following the period end date and up to the date of authorising the financial statements. Estimated costs to service these claims is measured using the current cost base of the claims handling personnel.

The carrying amount of this deferred income at the end of the reporting period was £603k.

Contingent consideration

Contingent consideration provisions are created for future earn out payments on acquisitions made by the group. Earn out payments are based on certain financial performance indicators agreed at the point of acquisition. Estimates of these payments are made by reference to detailed reviews of historical performance, forecasts and retention of customers. The estimates are updated regularly and adjusted at each reporting date.

See the provisions note for the carrying value at the end of the reporting period.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2016 £'000
Turnover	14,965
Other significant revenue	
Interest income	34
Preference dividends received (note 13)	126

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

3 Turnover and other revenue (continued)

Turnover analysed by geographical market

2016
£'000

United Kingdom

14,965

4 Operating loss

2016
£'000

Operating loss for the period is stated after charging/(crediting):

Exchange losses

8

Depreciation of owned tangible fixed assets (note 12)

107

Amortisation of intangible assets (note 11)

4,361

Operating lease charges

755

5 Auditor's remuneration

2016
£'000

Fees payable to the company's auditor and associates:

For audit services

Audit of the financial statements of the group and company

15

Audit of the company's subsidiaries

252

267

For other services

Audit-related assurance services

17

Taxation compliance services

30

Services relating to corporate finance transactions

301

All other non-audit services

111

459

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the 13 month period was:

Group	Company
2016	2016
Number	Number
343	35

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

6 Employees (continued)

Their aggregate remuneration comprised:

	Group 2016 £'000	Company 2016 £'000
Wages and salaries	8,942	753
Social security costs	1,353	170
Pension costs	376	43
	<u>10,671</u>	<u>966</u>

7 Directors' remuneration

	2016 £'000
Remuneration for qualifying services	471
Company pension contributions to defined contribution schemes	24
	<u>495</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

Remuneration for qualifying services	<u>263</u>
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No pension contributions were made to the highest paid director during the 13 month period.

8 Interest receivable and similar income

	2016 £'000
Interest income	
Interest on bank deposits	34
Other income from investments	
Preference dividends received	126
Total income	<u>160</u>

Preference share dividends are receivable from Ivy Topco Limited, the Group's ultimate parent undertaking (note 13).

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>160</u>
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PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

9 Interest payable and similar charges

**2016
£'000**

Interest on financial liabilities measured at amortised cost:

Interest on loan notes 656

Other finance costs:

Unwinding of discount on provisions 47

Total finance costs 703

10 Taxation

**2016
£'000**

Deferred tax

Origination and reversal of timing differences (311)

The actual charge for the 13 month period can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

**2016
£'000**

Loss before taxation (8,392)

Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (1,678)

Tax effect of expenses that are not deductible in determining taxable profit 25

Tax effect of utilisation of tax losses acquired on acquisition (1,758)

Unutilised tax losses carried forward 2,439

Difference between depreciation and capital allowances 29

Accrued interest on loan notes 133

Non-deductible amortisation 810

Deferred tax movements (311)

Tax credit for the period (311)

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

11 Intangible fixed assets

Group	Goodwill	Customer relationships	Software	Patents, trademarks & licences	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 3 December 2015	-	-	-	-	-
Additions	-	-	102	-	102
Acquired on business combinations	36,583	72,472	20	774	109,849
At 31 December 2016	36,583	72,472	122	774	109,951
Amortisation and impairment					
At 3 December 2015	-	-	-	-	-
Amortisation charged for the 13 month period	1,282	3,053	22	4	4,361
At 31 December 2016	1,282	3,053	22	4	4,361
Carrying amount					
At 31 December 2016	35,301	69,419	100	770	105,590

The company had no intangible fixed assets at 31 December 2016.

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

12 Tangible fixed assets

Group	Leasehold land & buildings £'000	Leasehold improvements £'000	Plant and equipment £'000	Fixtures and fittings £'000	computer equipment £'000	Motor vehicles £'000	Total £'000
Cost							
At 3 December 2015	-	-	-	-	-	-	-
Additions	10	2	-	56	93	-	161
Acquired on business combinations	149	10	312	407	48	295	1,221
At 31 December 2016	159	12	312	463	141	295	1,382
Depreciation and impairment							
At 3 December 2015	-	-	-	-	-	-	-
Depreciation charged in the 13 month period	32	-	-	43	26	6	107
At 31 December 2016	32	-	-	43	26	6	107
Carrying amount							
At 31 December 2016	127	12	312	420	115	289	1,275

The company had no tangible fixed assets assets at 31 December 2016.

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

13 Fixed asset investments

	Notes	Group 2016 £'000	Company 2016 £'000
Investments in subsidiaries	14	-	134,056
Other investments		1,509	-
		<u>1,509</u>	<u>134,056</u>

Movements in fixed asset investments Group

	Other investments £'000
Cost or valuation	
At 3 December 2015	-
Additions	3,022
At 31 December 2016	<u>3,022</u>
Impairment	
At 3 December 2015	-
Disposals	1,513
At 31 December 2016	<u>1,513</u>
Carrying amount	
At 31 December 2016	<u>1,509</u>

On 21 April 2016, Ensco 1069 Limited, disposed of a minor shareholding in the Ordinary share capital of TFP Schemes Limited for consideration of loan notes (redeemable in 10 years with a 12% coupon rate) with a fair value of £1,509k. These loan notes were immediately sold to Ivy Finco Limited, the Group's immediate parent company, for consideration of issued preference share capital of £1,509k. These shares were subsequently reinvested via other intermediate holding companies, Ivy Sub Midco Limited, Ivy Midco Limited, Ivy Debtco to result in a final shareholding in the Group's ultimate parent company, Ivy Topco Limited. The preference shares received are recorded at amortised cost, are redeemable on 21 April 2026 and carry a cumulative preference share dividend of 12%, compounding annually on 31 December. These shares do not carry voting rights.

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

13 Fixed asset investments (continued)

**Movements in fixed asset investments
Company**

**Shares in group
undertakings**

£'000

Cost or valuation

At 3 December 2015

-

Additions

134,056

At 31 December 2016

134,056

Carrying amount

At 31 December 2016

134,056

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2016 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
TFP Schemes Limited	68 Lombard Street, London, UK, EC3V 9LJ	Insurance brokers	Ordinary shares	100.00	
Thistle Insurance Services Limited	As above	Insurance brokers	Ordinary shares	100.00	
Fish Administration Limited	As above	Insurance brokers	Ordinary shares	100.00	
Channel Insurance Brokers Limited	As above	Insurance brokers	Ordinary shares	100.00	
Ensco 1069 Limited	As above	Employee Benefit Trust	Ordinary shares		100.00
PIB Risk Services Limited	Rossington's Business Park, West Carr Road, Retford, Nottinghamshire, DN22 7SW	Insurance brokers	Ordinary Shares	100.00	
Premier Business Cost Saving Specialists Limited	As above	Procurement advice	Ordinary shares	100.00	
Sigerson Associates Limited	As above	Risk Management	Ordinary shares		100.00
Stephensons (2000) Limited	As above	Insurance brokers	Ordinary shares		100.00
Chester Crown Holdings Limited	As above	Insurance brokers	Ordinary shares	100.00	
QPI Legal Limited	Jubilee House, 32 Duncan Close, Northampton, NN3 6WL	Insurance brokers	Ordinary shares	100.00	
Carmichael (Aberdeen) Limited	14 Golden Square, Aberdeen, AB10 1RH	Insurance brokers	Ordinary shares	100.00	

Channel Insurance Brokers Limited are a company incorporated in Guernsey, all other subsidiaries are incorporated in the United Kingdom.

All subsidiaries above have been included within these consolidated financial statements.

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

15 Subsidiary guarantees

As a parent company established under the law of the UK (an EEA state) for the 13 month period ended 31 December 2016, PIB Group Limited took advantage of the exemption from audit under section 479A of the Companies Act 2006 for the following subsidiary undertakings:

- Carmichael (Aberdeen) Limited
- Chester Crown Holdings Limited
- Premier Business Cost Saving Specialists Limited
- QPI Legal Limited
- Sigerson Associates Limited
- Stephensons (2000) Limited
- Ensco 1069 Limited

PIB Group Limited guarantees the subsidiaries above under section 479C of the Companies Act 2006 in respect of the 13 month period ended 31 December 2016. The aggregate carrying value of liabilities guaranteed by the company under the use of this exemption at the end of the reporting date was £3,787k.

16 Financial instruments

	Group 2016 £'000	Company 2016 £'000
Carrying amount of financial assets:		
Measured at amortised cost		
- Other investments	1,509	-
Measured at undiscounted amount receivable		
- Trade and other debtors	7,535	793
- Cash at bank and in hand	27,292	-
	<u>36,336</u>	<u>793</u>
Carrying amount of financial liabilities		
Measured at undiscounted amount receivable		
- Trade and other creditors	(20,033)	-
Measured at amortised cost		
- Loan notes	(8,483)	(8,483)
Measured at fair value		
- Deferred consideration	(4,426)	(4,426)
- Contingent consideration	(9,975)	(6,602)
- Other provisions	(129)	-
	<u>(41,410)</u>	<u>(19,511)</u>

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016****17 Debtors**

	Group 2016 £'000	Company 2016 £'000
Amounts falling due within one year:		
Trade debtors	7,537	-
Amounts due from fellow group undertakings	-	793
Profit commissions due	6,191	-
Other debtors	693	-
Prepayments and accrued income	980	160
	<u>15,401</u>	<u>953</u>
Deferred tax asset (note 23)	177	-
	<u>15,578</u>	<u>953</u>

18 Cash at bank and in hand

	Group 2016 £'000	Company 2016 £'000
Insurance related cash	12,420	-
Own cash	14,872	-
	<u>27,292</u>	<u>-</u>

19 Creditors: amounts falling due within one year

	Group 2016 £'000	Company 2016 £'000
Trade creditors	10,291	-
Amounts due to group undertakings	-	2,096
Corporation tax payable	108	-
Other taxation and social security	1,035	-
Deferred consideration	4,426	4,426
Other creditors	1,714	-
Accruals and deferred income	3,603	414
	<u>21,177</u>	<u>6,936</u>

All creditors due within one year are unsecured.

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

20 Creditors: amounts falling due after more than one year

	Notes	Group 2016 £'000	Company 2016 £'000
Loan notes	21	8,482	8,482

All creditors due after more than one year are unsecured.

21 Loan notes

	Group 2016 £'000	Company 2016 £'000
Loan notes	8,482	8,482

The loan notes represent a principal of £7,826k (Company: £7,826k) plus accrued interest which is compounded annually on 31 December. The loan notes carry an effective interest rate of 12% and are redeemable in 2026.

22 Provisions for liabilities

	Notes	Group 2016 £'000	Company 2016 £'000
Contingent consideration		9,975	6,602
Dilapidations provision		110	-
Errors and omissions provision		19	-
		10,104	6,602
Deferred tax liabilities	23	12,153	-
		22,257	6,602

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

22 Provisions for liabilities (continued)

Movements on provisions apart from deferred tax liabilities:

Group	Contingent consideration £'000	Dilapidations £'000	Errors & Omissions £'000	Total £'000
Additional provisions in the year	9,888	-	-	9,888
Utilisation of provision	(100)	-	-	(100)
Unwinding of discount	47	-	-	47
Acquired on business combinations	140	110	19	269
At 31 December 2016	9,975	110	19	10,104
Due within one year	9,424	110	19	9,553
Due between two and five years	551	-	-	551
	9,975	110	19	10,104

Company	Contingent consideration £'000	Dilapidations £'000	Errors & Omissions £'000	Total £'000
Additional provisions in the year	6,555	-	-	6,555
Unwinding of discount	47	-	-	47
At 31 December 2016	6,602	-	-	6,602

Contingent consideration provisions are created for future earn out payments on acquisitions made by the Group. Earn out payments are based on certain financial performance indicators agreed at the point of acquisition. Estimates of these payments are made by reference to detailed reviews of historical performance, forecasts and retention of customers. The estimates are updated regularly and adjusted at each reporting date.

The Group has dilapidation provisions in respect of premises that it occupies. The provision relates to future reparation costs on these premises. The dilapidation costs have been estimated using the Group's past experience of similar expenses. Dilapidation payments are due at the earlier of the break option or end of the property lease.

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

22 Provisions for liabilities (continued)

At any point the Group can be involved in a variety of litigation issues. A balance sheet provision is established in respect of such issues when it is probable that the liability has been incurred and the amount of the liability can be reasonably estimated. The Group analyses its litigation exposures based on available information, including legal consultation where appropriate, to assess its potential liability. Where appropriate the Group also provides for the cost of defending or initiating such matters.

Where a litigation provision has been made it is recorded gross of any related third party recovery, any such recovery being included within Debtors. At 31 December 2016, in connection with certain litigation matters, the Group's litigation provisions include an amount of £20k to reflect this gross basis, and the corresponding insurance recovery has been included within Debtors. This presentation has had no effect on the profit and loss account. Litigation payments are due upon the settlement of each case.

23 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2016 £'000	Assets 2016 £'000	Total 2016 £'000
Group			
Depreciation in excess of capital allowances	-	177	177
Accelerated capital allowances	(59)	-	(59)
On acquisition of intangible assets excluding goodwill	(12,094)	-	(12,094)
	<u>(12,153)</u>	<u>177</u>	<u>(11,976)</u>

The company has no deferred tax assets or liabilities.

	Group 2016 £'000	Company 2016 £'000
Movements in the 13 month period:		
Liability at 3 December 2015	-	-
Additional deferred tax provision during the period	(53)	-
On acquisition of customer relationships	(12,455)	-
Release of deferred tax on acquired intangible fixed assets excluding goodwill	364	-
Other deferred tax assets acquired on business combinations	171	-
Other movements	(3)	-
	<u>(11,976)</u>	<u>-</u>
Liability at 31 December 2016	(11,976)	-

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

24 Retirement benefit schemes

	2016
Defined contribution schemes	£'000
Charge to profit or loss in respect of defined contribution schemes	<u>376</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

25 Share capital

	Group and company 2016
Issued and fully paid	
106,819,812 Ordinary A of 0.1p each	107
4 Ordinary B of £1 each	<u>4</u>
	<u>111</u>

All share classes have full voting rights, the right to receive a dividend and the right on a distribution of capital (including on a winding up) to participate equally with the other shares in issue.

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

25 Share capital (continued)

Reconciliation of movements during the 13 month period:

	Ordinary Number	Ordinary A Number	Ordinary B Number
At 3 December 2015	-	-	-
Issue of fully paid shares	1	106,818,812	4,000
Reclassified	(1)	1,000	-
At 31 December 2016	-	106,819,812	4,000

On incorporation 1 Ordinary share with a par value of £0.001 was issued and fully paid in cash. On 21 April 2016, this share sub-divided and reclassified into 1,000 Ordinary A shares.

On 21 April 2016 54,495,750 Ordinary A shares with a par value of £0.001 were issued at £1 a share paid by consideration of £50,495,750 in cash and £4,000,000 of converted loan proceeds.

On 21 April 2016 4,000 Ordinary B shares with a par value of £1 were issued at £1 a share and fully paid in cash.

On 12 October 2016 6,000,000 Ordinary A shares with a par value of £0.001 were issued at £1 a share and fully paid in cash.

On 29 December 2016 184,560 Ordinary A shares with a par value of £0.001 were issued at £1 a share and fully paid in cash.

On 30 December 2016 35,673,500 Ordinary A shares with a par value of £0.001 were issued at £1 a share and fully paid in cash.

On 31 December 2016 10,465,002 Ordinary A shares with a par value of £0.001 were issued at £1 a share paid by consideration of £9,145,000 in cash and £1,320,000 as consideration for the acquisition of the TFP Schemes business and assets from TFP Schemes LLP.

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

26 Acquisitions

During the 13 month period the Group made the following acquisitions:

Summary

	Book Value £'000	Adjustments £'000	Fair Value £'000
Intangible assets (note a)	6,104	(5,309)	795
Property, plant and equipment	1,221	-	1,221
Other investments	1,509	-	1,509
Trade and other receivables	20,021	-	20,021
Cash and cash equivalents	31,764	-	31,764
Borrowings	(4,000)	-	(4,000)
Trade and other payables	(25,591)	-	(25,492)
Tax liabilities	(1,290)	-	(1,290)
Provisions	(270)	-	(270)
Deferred tax (note b)	172	(12,455)	(12,283)
Total identifiable net assets	28,123	(17,764)	11,975
Customer relationships			72,472
Goodwill			36,583
Total consideration			121,030
The consideration was satisfied by:			£'000
Cash			105,396
Issue of shares			1,320
Deferred consideration			4,426
Contingent consideration			9,888
			121,030

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

26 Acquisitions (continued)

The business combinations included within the summary above are shown individually below:

On 21 April 2016 the Group acquired 100% of the issued share capital of PIB Limited (now TFP Schemes Limited), a commercial insurance broker operating from a number of locations around the UK. The business combination also included Ensco 1069 Limited:

	Book Value £'000	Adjustments £'000	Fair Value £'000
Intangible assets (note a)	498	(490)	8
Property, plant and equipment	114	-	114
Other investments	1,509	-	1,509
Trade and other receivables	1,379	-	1,379
Cash and cash equivalents	1,147	-	1,147
Borrowings	(4,000)	-	(4,000)
Trade and other payables	(2,366)	-	(2,366)
Provisions	(140)	-	(140)
Deferred tax (note b)	-	(2,218)	(2,218)
Total identifiable net assets	<u>(3,368)</u>	<u>(2,708)</u>	<u>(4,571)</u>
Customer relationships			13,040
Goodwill			<u>3,975</u>
Total consideration			<u>12,443</u>
The consideration was satisfied by:			£'000
Cash			<u>12,443</u>

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

26 Acquisitions (continued)

On 21 April 2016 the Group acquired 100% of the issued share capital of Cooke & Mason plc (now PIB Risk Services Limited), a niche retail broker with expertise in the motor trade, haulage and hotel sectors, and also includes Sigerson Associates, specialists in risk management and Health & Safety. The business combination also included Stephenson's (2000) Limited, Sigerson Associates Limited, Premier Business Cost Saving Specialists Limited and Chester Crown Holdings Limited:

	Book Value £'000	Adjustments £'000	Fair Value £'000
Intangible assets (note a)	4,465	(4,460)	5
Property, plant and equipment	141	-	141
Trade and other receivables	5,528	-	5,528
Cash and cash equivalents	4,807	-	4,807
Trade and other payables	(7,976)	-	(7,976)
Tax liabilities	(111)	-	(111)
Deferred tax (note b)	(8)	(2,583)	(2,591)
Total identifiable net assets	<u>6,846</u>	<u>(7,043)</u>	<u>(197)</u>
Customer relationships			15,190
Goodwill			<u>6,381</u>
Total consideration			<u>21,374</u>
The consideration was satisfied by:			£'000
Cash			<u>21,374</u>

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

26 Acquisitions (continued)

On 21 April 2016 the Group acquired 100% of the issued share capital of Fish Administration Limited, a provider of specialist insurance in the UK for people with pre-existing medical conditions, disabilities or mobility issues, as well as being a leading provider of liability insurance to protect people who employ their own personal carers in the home:

	Book Value £'000	Adjustments £'000	Fair Value £'000
Intangible assets	12	-	12
Property, plant and equipment	198	-	198
Trade and other receivables	347	-	347
Cash and cash equivalents	5,519	-	5,519
Trade and other payables	(950)	-	(950)
Tax liabilities	(1,051)	-	(1,051)
Deferred tax (note b)	6	(2,792)	(2,786)
Total identifiable net assets	<u>4,081</u>	<u>(2,792)</u>	<u>1,289</u>
Customer relationships			16,411
Goodwill			<u>6,894</u>
Total consideration			<u>24,594</u>
The consideration was satisfied by:			£'000
Cash			<u>24,594</u>

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

26 Acquisitions (continued)

On 31 May 2016 the Group acquired 100% of the issued share capital of Channel Insurance Brokers Limited, a company based in Guernsey, and one of the leading Channel Islands insurance brokers, with a broad portfolio of clients across Guernsey, Alderney, Jersey and Sark:

	Book Value £'000	Adjustments £'000	Fair Value £'000
Property, plant and equipment	22	-	22
Trade and other receivables	91	-	91
Cash and cash equivalents	470	-	470
Trade and other payables	(327)	-	(327)
Deferred tax (note b)	-	(141)	(141)
	<u>256</u>	<u>(141)</u>	<u>115</u>
Total identifiable net assets			
Customer relationships			829
Goodwill			348
			<u>1,292</u>
Total consideration			
			<u>1,292</u>
The consideration was satisfied by:			£'000
Cash			979
Contingent consideration			313
			<u>1,292</u>

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

26 Acquisitions (continued)

On 11 October 2016 the Group acquired 100% of the issued share capital of QPI Legal Limited, a specialist broking and risk management company providing PI insurance to the legal profession:

	Book Value £'000	Adjustments £'000	Fair Value £'000
Property, plant and equipment	15	-	15
Trade and other receivables	564	-	564
Cash and cash equivalents	1,416	-	1,416
Trade and other payables	(1,304)	-	(1,304)
Tax liabilities	(61)	-	(61)
Deferred tax (note b)	(3)	(273)	(276)
Total identifiable net assets	627	(273)	354
Customer relationships			1,604
Goodwill			674
Total consideration			2,632
The consideration was satisfied by:			£'000
Cash			2,088
Contingent consideration			544
			2,632

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

26 Acquisitions (continued)

On 28 October the Group acquired 100% of the issued share capital of Carmichael (Aberdeen) Limited, a specialist in the delivery of commercial insurances to a wide range of businesses in the North of Scotland:

	Book Value £'000	Adjustments £'000	Fair Value £'000
Intangible assets (note a)	358	(358)	-
Property, plant and equipment	2	-	2
Trade and other receivables	632	-	632
Cash and cash equivalents	676	-	676
Trade and other payables	(724)	-	(724)
Tax liabilities	(66)	-	(66)
Deferred tax (note b)	-	(87)	(87)
Total identifiable net assets	878	(445)	433
Customer relationships			512
Goodwill			215
Total consideration			1,160
 The consideration was satisfied by:			£'000
Cash			1,160

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

26 Acquisitions (continued)

On 30 December 2016 the Group acquired 100% of the issued share capital of Thistle Insurance Services Limited, a retail broker and managing general agency, with a focus on the leisure and lifestyle, commercial and professional risks markets, distributing via online, affinity schemes and partnerships and wholesale markets:

	Book Value £'000	Adjustments £'000	Fair Value £'000
Intangible assets	769	-	769
Property, plant and equipment	592	-	592
Trade and other receivables	11,473	-	11,473
Cash and cash equivalents	17,729	-	17,729
Trade and other payables	(11,834)	-	(11,834)
Provisions	(130)	-	(130)
Deferred tax (note b)	177	(3,185)	(3,008)
Total identifiable net assets	18,776	(3,185)	15,591
Customer relationships			17,965
Goodwill			9,998
Total consideration			43,554
The consideration was satisfied by:			£'000
Cash			33,428
Deferred consideration			4,426
Contingent consideration			5,700
			43,554

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

26 Acquisitions (continued)

On 31 December 2016 the Group acquired the trade and certain assets of TFP Schemes LLP, a managing general agency and provider of specialist wholesale underwriting facilities for niche motor to the UK broker market, with particular expertise in single and fleet risks across taxis, chauffeured vehicles, minibus, motor trade road risks, agriculture, funeral homes and other specialist markets:

	Book Value £'000	Adjustments £'000	Fair Value £'000
Property, plant and equipment	138	-	138
Deferred tax (note b)	-	(1,177)	(1,177)
Total identifiable net assets	138	(1,177)	(1,039)
Customer relationships			6,921
Goodwill			8,098
Total consideration			13,980
The consideration was satisfied by:			£'000
Cash			9,327
Issue of shares			1,320
Contingent consideration			3,333
			13,980

Note a

Purchased customer lists and investments of Group companies within indirect subsidiary undertakings acquired were adjusted to £Nil and included within total Group consolidated goodwill on business combinations. The fair value of this adjustment in total was £5.9m.

Note b

Fair value adjustments relating to deferred tax provisions have been recognised against the value of customer relationships on acquisition. The fair value of this adjustment in total was £12.3m.

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

26 Acquisitions (continued)

Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:

£'000

Turnover

TFP Schemes Limited	2,045,189
PIB Risk Services Limited	5,933,021
Fish Administration Limited	4,556,504
Other acquisitions	2,440,115

Profit/(loss) after tax

TFP Schemes Limited	(4,818,463)
PIB Risk Services Limited	(763,717)
Fish Administration Limited	2,198,162
Other acquisitions	(176,197)

27 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2016 £'000	Company 2016 £'000
Within one year	1,044,477	-
Between two and five years	1,643,811	-
In over five years	58,000	-
	<u>2,746,288</u>	<u>-</u>

No further financial commitments, guarantees or contingencies exist for the group at the end of the reporting period other than those reported in note 15.

28 Events after the reporting date

In July 2017, the Company's intermediate parent company Ivy Finco Limited (IFC) entered into a group wide financing arrangement. By an agreement dated 14 July 2017 IFC became the borrower under a £30m senior secured credit facility. The facility consists of a £30m five year term loan. Certain subsidiaries became a guarantors to the debt, supported by an English Law debenture, including a fixed and floating charge on the company's assets in favour of the lender.

PIB GROUP LIMITED (FORMERLY LOMBARD BIDCO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE 13 MONTH PERIOD ENDED 31 DECEMBER 2016

28 Events after the reporting date (continued)

The following acquisitions (including other group companies) were made following the reporting date:

Acquisition	Date
D E Ford Holdings Limited	20 January 2017
PJF Holdings Limited	10 July 2017
Morton Michel Holdings Limited	31 August 2017
aQmen Limited	20 September 2017

At the time of the issue of the financial statements, the accounting for the acquisitions is incomplete and therefore the fair value of the consideration has not been disclosed. All acquisitions were for 100% of the issued share capital of the acquired company

29 Related party transactions

Certain directors of the company sold securities held in PIB Limited (now TFP Schemes Limited) as part of its acquisition by the Group. The directors subsequently reinvested the consideration received for these securities, a total of £5,476k, in return for preference share capital of the Group's ultimate parent company, Ivy Topco Limited. Also, during the period, a director acquired £50k of preference share capital in Ivy Topco Limited. At the end of the reporting period the directors who held securities, both directly and indirectly, in Ivy Topco Limited were Brendan McManus, Chris Giles and Ryan Brown.

30 Controlling party

The company's immediate and ultimate parent companies are Ivy Finco Limited (registered company number 120451) and Ivy Topco Limited (registered company number 120448) respectively, registered in Jersey, registered office 44 Esplanade, St. Helier, Jersey JE4 9WG. That company is ultimately owned by entities doing business as 'The Carlyle Group'.

The largest consolidated set of financial statements to include the Group are those of Ivy Topco Limited.

31 Cash generated from group operations

	2016 £'000
Loss for the 13 month period after tax	(8,081)
Adjustments for:	
Taxation credited	(311)
Finance costs	703
Investment income	(160)
Amortisation and impairment of intangible assets	4,361
Depreciation and impairment of tangible fixed assets	107
Movements in working capital:	
Decrease in debtors	4,760
(Decrease) in creditors	(8,847)
Cash absorbed by operations	(7,468)