

**A. BILBROUGH & CO. LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**20TH FEBRUARY 2017**

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COMPANIES HOUSE

## **A. BILBROUGH & CO. LIMITED**

### **Directors**

I. E.	Gooch
A.G.	Jones
I.	Paul
S.	Roberts
I.W.	Barr
R.	Toggwiler

### **Company Secretary**

D.A. Osborn

### **Registered Office**

50 Leman Street

### **Bankers**

Barclays Bank Plc  
1 Churchill Place  
London E14 5HP

### **Auditors**

Moore Stephens LLP  
150 Aldersgate Street  
London  
EC1A 4AB

## **A. BILBROUGH & CO. LIMITED**

### **STRATEGIC REPORT**

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The Directors present their Strategic Report for the year ended 20 February 2017.

#### **Review of Business**

The sole activity of the company is the management of the London Steam-Ship Owners' Mutual Insurance Association Ltd ("the Association"), a Protection and Indemnity Club providing third party liability insurance on a mutual and fixed premium basis to shipowners, ship operators and charterers. The company has its head office in London where its senior management team is located but it also has claims handling/liaison offices in Hong Kong and Piraeus, Greece. The company's turnover for the year to 20 February 2017 was £12,797,403 (2016: £12,229,821), an increase of 4.64%, and its retained profit for the year was £640,431 (2016: £431,881). At the year end, retained reserves were £594,780 (2016: £675,090) and total capital and reserves were £(19,875,851) (2016: £(9,919,802)), which relates to the increase in the defined benefit pensions scheme liability. The ratio of staff costs to turnover was 74% (2016: 75%), and is the key performance indicator used by management.

The small increase in turnover is entirely due to the increased costs of managing the affairs of the Association, rather than any new sources of income. The decrease in retained profit has arisen mainly as a result of Pension related accounting transactions.

The Directors do not presently anticipate any significant future developments in the company's business and expect to remain focussed on providing a high quality service to the Association and its Members.

#### **Principal Risks and Uncertainties**

The principal risk facing the company is its reliance on its single client. Whilst the Directors recognise this fact, given the very longstanding business connection with the Association and the close working relationship which exists with its governing Board, they do not feel the need to reduce this reliance at the present time, particularly if in taking steps to do so, the quality of service provision to the Association might suffer.

The second major risk facing the company is its financial obligation towards the defined benefit pension scheme, membership of which remained open to its longer-standing UK staff until 31 July 2016. In common with a large majority of such schemes, it currently has a large actuarial deficit. Since full implementation of Financial Reporting Standard 17 became a requirement in 2006 (now replaced by FRS102), it has been necessary for the company to reflect this deficit in the company's financial statements, and the impact has been very significant, as well as obscuring the underlying trading performance of the company. During the financial year reported in these financial statements, the net deficit, after making allowance for deferred taxation, increased from £10,964,000 to £20,849,000 due almost entirely to a fall in the yield on corporate bonds which is used to set the discount rate applied to scheme liabilities.

**A. BILBROUGH & CO. LIMITED**

**STRATEGIC REPORT (continued)**

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In March 2015 the company agreed a Recovery Plan with the Scheme Trustees under which the deficit is expected to be eliminated by 2021, provided the assumptions set out in the Statement of Funding Principles are met. The Recovery Plan is next due to be reviewed and updated following completion of the 2017 triennial actuarial valuation.

BY ORDER OF THE BOARD



A.G. JONES  
Director

50 Leman Street  
London E1 8HQ

14 November 2017

## **A. BILBROUGH & CO. LIMITED**

### **DIRECTORS' REPORT**

REGISTERED NUMBER 116377

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The Directors present their Annual Report and the Financial Statements for the year ended 20 February 2017.

#### **Principal Activity**

The principal activity is the management function of the London P&I Club. There has not been any significant change in the principal activities of the Company over the year under review and the Directors are unaware, at the date of this report, of any major changes in the Company's principal activities in the coming year.

#### **Review of business and future developments**

The review of the business is detailed in the Strategic Report.

#### **Results**

The retained profit for the financial year is shown on page 9. The Directors do not recommend the payment of a dividend on the Management shares. A transfer has been made to the cumulative preference share reserve to recognise the obligation of paying a dividend of 7.5 pence per share on the 'A' shares, at such time as distributable reserves are generated in the future.

#### **Going Concern**

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis continues to be adopted in the preparation of these Financial Statements.

#### **Directors**

The Directors listed on page 1 served throughout the financial year. As permitted by the Companies Act 2006, the company has insurance cover for Directors and Officers of the company.

**A. BILBROUGH & CO. LIMITED**

**DIRECTORS' REPORT (continued)**

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**Political and Charitable Donations**

During the year the company made charitable donations of £2,000 (2016: £2,000) to maritime-related charities. There were no political contributions.

**Foreign Branches**

The Company is headquartered in London and has branch offices in Greece and Hong Kong. These offices are segments of the Company and are not separately incorporated legal entities.

**Auditors**

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

**Disclosures to Auditors**

So far as each Director is aware at the time the report is approved:

- there is no relevant audit information of which the company's auditors are unaware, and
- the Directors have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

BY ORDER OF THE BOARD



A.G. JONES  
Director

50 Leman Street  
London E1 8HQ  
14 November 2017

## **A. BILBROUGH & CO. LIMITED**

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

The Directors are responsible for preparing the Strategic Report, the Directors' 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. The Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom 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 of the profit or loss of the company for that period. In preparing the 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **A. BILBROUGH & CO. LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF A. BILBROUGH & CO. LIMITED**

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We have audited the financial statements of A.Bilbrough & Co Limited for the year ended 20 February 2017 which are set out on pages 9 to 30. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 20 February 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.



**A. BILBROUGH & CO. LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF A. BILBROUGH & CO. LIMITED (continued)**

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**Opinion on other matters prescribed by the Companies Act 2006**

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

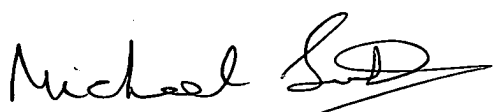
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

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

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



Michael Butler, *Senior Statutory Auditor*

For and on behalf of Moore Stephens LLP, Statutory Auditor

150 Aldersgate Street  
London  
EC1A 4AB

16 November 2017

**A. BILBROUGH & CO. LIMITED****INCOME STATEMENT FOR THE YEAR ENDED 20 FEBRUARY 2017**

	Note	2017	2016
		£	£
Turnover	3	12,797,403	12,229,821
Administration Expenses		(9,972,113)	(9,659,616)
Operating Expenses		(1,848,573)	(1,767,554)
Other Income		263,835	305,012
Interest Payable and Similar Charges	7	(483,000)	(574,004)
<b>Profit on Ordinary Activities before Taxation</b>	4	<b>757,552</b>	<b>533,659</b>
Tax on Profit on Ordinary Activities	8	(108,121)	(92,778)
<b>Profit on Ordinary Activities after Taxation</b>		<b>649,431</b>	<b>440,881</b>
Transfer to Cumulative Preference Share Reserve		(9,000)	(9,000)
<b>Retained Profit for the Financial Year</b>		<b>640,431</b>	<b>431,881</b>

All amounts relate to continuing operations.

The notes on pages 14 to 30 form part of these financial statements.

**A. BILBROUGH & CO. LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 20 FEBRUARY 2017**

	Note	2017	2016
		£	£
Retained Profit for the Financial Year		<b>640,431</b>	431,881
Actuarial (Losses)/Gains on Defined Benefit Pension Scheme	16	<b>(12,312,000)</b>	3,083,000
Movement on Deferred Tax relating to Pensions Liability		<b>2,093,040</b>	(616,600)
Effect of decreased tax rate on deferred tax balance		<b>(386,520)</b>	-
Total other Comprehensive Income		<b>(9,965,049)</b>	2,898,281
<b>Total comprehensive income for the year</b>		<b>(9,965,049)</b>	2,898,281

The notes on pages 14 to 30 form part of these financial statements.

**A. BILBROUGH & CO. LIMITED**

**STATEMENT OF FINANCIAL POSITION AT 20 FEBRUARY 2017**  
**Registered number 116377**

	Note	2017 £	2016 £
<b>ASSETS</b>			
<b>Fixed Assets</b>			
Property Plant and Equipment	9	914,954	1,023,131
Investments	10	32,048	27,682
<b>Total Fixed Assets</b>		<b>947,002</b>	<b>1,050,813</b>
<b>Current Assets</b>			
Receivables	11	808,797	779,898
Cash and Cash Equivalents		254,919	138,447
		<b>1,063,716</b>	<b>918,345</b>
<b>Total Assets</b>		<b>2,010,718</b>	<b>1,969,158</b>
<b>LIABILITIES AND RESERVES</b>			
<b>Capital and Reserves</b>			
Called up share capital	13	270,000	270,000
Pensions reserve	16	(20,848,631)	(10,963,892)
Cumulative preference share reserve		108,000	99,000
Retained Profit		594,780	675,090
<b>Total Capital and Reserves</b>		<b>(19,875,851)</b>	<b>(9,919,802)</b>
<b>LIABILITIES</b>			
Payables:	12	1,027,627	904,327
Deferred tax liability	15	10,311	20,741
Pensions liability	16	20,848,631	10,963,892
<b>Total liabilities</b>		<b>21,886,569</b>	<b>11,888,960</b>
<b>Total Liabilities and Reserves</b>		<b>2,010,718</b>	<b>1,969,158</b>



I.E. GOOCH  
Director



A.G. JONES  
Director

The financial statements were approved by the Board of Directors on **14** November 2017.

The notes on pages 14 to 30 form part of these financial statements.

**A. BILBROUGH & CO. LIMITED**
**STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 20 FEBRUARY 2017**

	<b>Called up Shared Capital</b>	<b>Profit &amp; Loss</b>	<b>Pensions Reserve</b>	<b>Cumulative Preference Share reserve</b>	<b>Total</b>
	£	£	£	£	£
At 20 February 2015	270,000	733,624	(13,920,707)	90,000	(12,827,083)
Profit for the year	-	431,881	-	-	431,881
Actuarial gains	-	-	2,466,400	-	2,466,400
Cumulative share reserve transfer	-	-	-	9,000	9,000
Transfer between reserves	-	(490,415)	490,415	-	-
<b>At 20 February 2016</b>	<b>270,000</b>	<b>675,090</b>	<b>(10,963,892)</b>	<b>99,000</b>	<b>(9,919,802)</b>

	<b>Called up Shared Capital</b>	<b>Profit &amp; Loss</b>	<b>Pensions Reserve</b>	<b>Cumulative Preference Share reserve</b>	<b>Total</b>
	£	£	£	£	£
At 20 February 2016	270,000	675,090	(10,963,892)	99,000	(9,919,802)
Profit for the year	-	640,431	-	-	640,431
Actuarial losses	-	-	(10,605,480)	-	(10,605,480)
Cumulative share reserve transfer	-	-	-	9,000	9,000
Transfer between reserves	-	(720,741)	720,741	-	-
<b>At 20 February 2017</b>	<b>270,000</b>	<b>594,780</b>	<b>(20,848,631)</b>	<b>108,000</b>	<b>(19,875,851)</b>

The notes on pages 14 to 30 form part of these financial statements.

# **A. BILBROUGH & CO. LIMITED**

## **STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 20 FEBRUARY 2017**

	2017 £	2016 £
<b>Cash Flows from Operating Activities</b>		
Operating Profit	1,240,552	1,107,663
Effect of Foreign Exchange rate changes	(4,366)	(1,705)
Depreciation	447,683	459,608
(Increase) in Receivables	(33,559)	(254,583)
Increase in Payables	118,135	284,010
Effect of Pension Liability Movements	(821,000)	(623,625)
Cash Generated from Operations	<u>947,445</u>	<u>971,368</u>
<b>Net Cash Generated from Operating Activities</b>	<u><u>947,445</u></u>	<u><u>971,368</u></u>
<b>Cash Flows from Investing Activities</b>		
Purchase of Property Plant and Equipment	(339,506)	(304,165)
Proceeds from sale of Property Plant and Equipment	-	1,592
<b>Net Cash used in Investing Activities</b>	<u><u>(339,506)</u></u>	<u><u>(302,573)</u></u>
<b>Cash Flows from Operating Activities</b>		
Interest Paid	(483,000)	(574,004)
<b>Net Cash used in Financing Activities</b>	<u><u>(483,000)</u></u>	<u><u>(574,004)</u></u>
<b>Net Increase in Cash, Cash Equivalents and Bank Overdrafts</b>	<u>124,939</u>	<u>94,791</u>
Cash and Cash Equivalents at beginning of Year	129,980	35,189
<b>Cash and Cash Equivalents at end of Year</b>	<u><u>254,919</u></u>	<u><u>129,980</u></u>

The notes on pages 14 to 30 form part of these financial statements.

## **A. BILBROUGH & CO. LIMITED**

### **NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 20 FEBRUARY 2017**

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

A.Bilbrough & Co Limited is a Private Company limited by shares and is incorporated and domiciled in the United Kingdom. The Company Registration number is 116377. The registered office is 50 Leaman Street, London E1 8HQ

These financial statements have been prepared under Financial Reporting Standard 102 (FRS 102) as issued by the Financial Reporting Council.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with FRS 102 issued by the Financial Reporting Council and approved by the directors in accordance with the Companies Act 2006 and Financial Reporting Standards as endorsed by the European Union (EU).

#### **Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the year end and the amounts reported for revenues and expenses during the year. The nature of estimation means that actual outcomes might differ from those estimates. The only judgement where there is significant estimation uncertainty which might materially affect amounts recognised in the financial statements is in relation to pension liabilities (see note 16). The valuation of liabilities is prepared by a qualified independent actuary in compliance with Technical Actuarial Standard R: Reporting Actuarial Information (TASR) issued by the Financial Reporting Council (FRC).

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

##### **(a) Basis of preparation of financial statements**

The financial statements have been prepared in British Pounds Sterling (GBP) which is the functional currency of the Company.

The Directors have reviewed the Company's forecasts and projections and have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements. The financial statements have been prepared on the going concern basis.

## **A. BILBROUGH & CO. LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 20 FEBRUARY 2017( continued)**

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#### **2 ACCOUNTING POLICIES (Continued)**

##### **(b) Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable in the normal course of business, net of discounts and VAT where applicable.

##### **(c) Other Operating Income**

Rental income receivable under the sub-leases of an operating lease is recognised on a straight-line basis over the period of the sub-leases.

##### **(d) Depreciation**

###### **Tangible Assets**

Depreciation is provided on all tangible assets. The rates used are estimated to write off the cost of each asset, less its anticipated residual value, by annual instalments over its expected useful life as follows:

Computer hardware and software development costs	25% or 50% per annum straight line or 25% per annum reducing balance
Furniture and equipment	12.5%, 20% or 25% per annum straight line
Motor vehicles	25% per annum reducing balance

Fixed assets are measured at historical cost less depreciation.



**A. BILBROUGH & CO. LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
20 FEBRUARY 2017 (continued)**

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**2 ACCOUNTING POLICIES (continued)**

**(e) Impairment of Assets**

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and impairment loss is recognised immediately in the Income Statement.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Income Statement.

**(f) Foreign Currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities dominated in foreign currencies are retranslated at the rate ruling at the Statement of Financial Position date. All differences are taken to the Income Statement.

**(g) Operating Leases**

Operating lease rentals are accounted for as they arise. Future commitments to operating leases are not provided for.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
20 FEBRUARY 2017 (continued)**

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**2 ACCOUNTING POLICIES (continued)**

**(h) Taxation**

Current tax is recognised for the amount of Income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is provided in full on timing differences which result in an obligation at the Statement of Financial Position date to pay more tax, or a right to pay less tax, at a future date, at rates that are expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the Statement of Financial Position date.

**(i) Pension Costs**

The company operates a defined benefit pension scheme which requires contributions to be made to a separately administered fund. The scheme is now closed with members' pensionable service ending on 31 July 2016 and contributions from members ceasing from 1 August 2016.

The cost of providing benefits is determined using the projected units method which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. When a settlement or curtailment occurs, the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the income statement during the period in which it occurs.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, at the start of the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in the Income Statement.

Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on the defined benefit liability (excluding amounts included in net interest) are recognised immediately in other comprehensive income in the period in which they occur. Re-measurements are not reclassified to Income Statement in subsequent periods.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
20 FEBRUARY 2017 (continued)**

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**2 ACCOUNTING POLICIES (continued)**

**(i) Pension Costs (continued)**

The defined benefit pension liability in the Statement of Financial Position comprises the total of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price.

The company also operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from the company in independently administered funds for individual members of staff who have elected to participate in the scheme. The pension charge includes contributions payable by the company for the year. The company's liability on this pension scheme is limited to the amount of the contributions.

**(j) Investments**

Investments are not publicly traded and the fair value cannot be measured reliably and so are recognised at cost less impairment.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

**(k) Cash and Cash Equivalents**

Cash and cash equivalents includes cash at hand, deposits held at call with banks, other short term highly liquid investments which can be withdrawn at any time without notice and bank overdrafts where there is a right of set off and clearing arrangements in place. It also includes cash in hand and deposits denominated in foreign currencies.

**(l) Provision for Liabilities and Charges**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is possible that the Company will be required to settle the 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 end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

**A. BILBROUGH & CO. LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
20 FEBRUARY 2017 (continued)**

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**2 ACCOUNTING POLICIES (continued)**

**(m) Financial instruments**

Financial assets and liabilities are recognised when the company becomes party to the contractual provisions of the financial instrument. The Company holds basic financial instruments, which comprise cash at bank and in hand, trade and other receivables, trade and other payables. The company has chosen to apply the measurement and recognition provisions of section 11 'Basic Financial Instruments' and section 12 'Other Financial Instruments Issues' in full.

**(n) Financial assets - classified as basic financial instruments  
Trade and other receivables**

Trade and other receivables are initially recognised at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Amounts that are receivable within one year are measured at the undiscounted amount of the amount expected to be receivable, net of any impairment.

Where a financial asset constitutes a financing transaction it is initially measured at the present value of the future payments, discounted at a market rate of interest.

At the end of each reporting year, the Company assesses whether there is objective evidence that any financial asset amount may be impaired. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the financial assets. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows. The amount of the provision is recognised immediately in profit or loss.

**Financial liabilities - classified as basic financial instrument  
Trade and other payables**

Trade and other payables are initially measured at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Amounts that are payable within one year are measured at the undiscounted amount of the amount expected to be payable.

Where a financial liability constitutes a financing transaction it is initially and subsequently measured at the present value of the future payments, discounted at a market rate of interest.

**A. BILBROUGH & CO. LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
20 FEBRUARY 2017 (continued)****3. TURNOVER**

Turnover represents Management fees receivable from The London P & I Club.

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Management fee received from P&I business	<b>10,394,370</b>	10,125,640
Management fee received from Charterers business	<b>249,157</b>	231,326
Management fee received from FDD business	<b>2,137,590</b>	1,840,284
Management fee received from War Risk business	<b>16,286</b>	32,571
	<b><u>12,797,403</u></b>	<b><u>12,229,821</u></b>

All turnover is derived in the United Kingdom.

**4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAX**

The profit on ordinary activities before taxation is stated after charging:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Depreciation	<b>447,683</b>	459,608
Profit on disposal of fixed assets	-	1,505
Auditors' remuneration - audit services	<b>29,750</b>	29,750
Auditors' remuneration - services pursuant to taxation	<b>3,250</b>	8,581
Operating lease rentals in respect of equipment	<b>6,146</b>	4,504
Operating lease rentals in respect of property	<b>469,084</b>	590,168
Foreign exchange gains	<b>4,366</b>	(1,705)
	<b><u>                    </u></b>	<b><u>                    </u></b>

## A. BILBROUGH & CO. LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 20 FEBRUARY 2017 (continued)

#### 5. STAFF NUMBERS AND COSTS

The average number of persons employed by the company (including Directors) during the year was as follows:

	2017	2016
Directors	6	6
Insurance and administration staff	97	97
	<u>103</u>	<u>103</u>

The aggregate payroll costs of these persons was as follows:

	2017 £	2016 £
Salaries	7,408,803	7,046,512
Other staff costs	667,176	536,126
Social security costs	713,883	665,324
Other pension costs	734,567	952,047
	<u>9,524,429</u>	<u>9,200,009</u>

Included within the note pension costs are £339,000 (2016:£675,989) in respect of the defined benefit pension scheme and £395,567 (2016:£276,058) in respect of the defined contribution scheme.

**A. BILBROUGH & CO. LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
20 FEBRUARY 2017 (continued)****6. DIRECTORS' EMOLUMENTS AND KEY MANAGEMENT PERSONNEL**

	2017 £	2016 £
Emoluments (excluding pension costs)	<u>1,845,914</u>	<u>1,741,315</u>
Excess retirement benefits of past directors	<u>30,709</u>	<u>30,583</u>

All directors are active members of the company's defined contribution pension scheme, numbers are as follows:

	2017	2016
Defined benefit pension scheme	-	5
Defined contribution pension scheme	6	4

With effect from the 31 July 2016, the company's defined benefit pension scheme was closed to future accrual for all members.

The above details include the following amounts in respect of the highest paid director:

	2017 £	2016 £
Emoluments (excluding pension costs)	<u>372,863</u>	<u>372,928</u>

At the end of the year the highest paid director had an accrued pension of £89,423 (2016: £83,329).

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

	2017 £	2016 £
Pension scheme	483,000	574,000
Bank interest payable	-	4
	<u>483,000</u>	<u>574,004</u>

# **A. BILBROUGH & CO. LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 20 FEBRUARY 2017 (continued)**

### **8. TAXATION**

#### **(a) Analysis of charge in period**

	2017 £	2016 £
<b>Current tax</b>		
UK Corporation Tax on profits of the period	13,963	-
Overseas tax	(181)	7,764
Adjustments in respect of previous periods	4,660	(4,666)
Total current tax	<u>18,442</u>	<u>3,098</u>
<b>Deferred tax</b>		
Origination and timing differences	(10,430)	(38,927)
Pensions liability	100,109	128,607
Tax charge on profit on ordinary activities	<u>108,121</u>	<u>92,778</u>

#### **(b) Factors affecting tax charge for period**

The effective rate of corporation tax for the year differed from the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are explained below:

	2017 £	2016 £
Profit on Ordinary Activities before Tax	<u>757,552</u>	<u>533,659</u>
Profit on ordinary activities multiplied by the standard rate in the UK of 20% (2016: 20%)	151,510	106,731
Effects of:		
Expenses not deductible for tax purposes	15,594	14,413
Capital allowances for period in excess of depreciation	5,936	(39,628)
Trading losses	(7,177)	8,164
Higher taxation on overseas earnings	(181)	7,764
Tax under/(over) provision on prior years	4,660	(4,666)
Movement in deferred tax balance sheet rate and prior period under provisions	(62,221)	-
Tax charge	<u>108,121</u>	<u>92,778</u>



**A. BILBROUGH & CO. LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
20 FEBRUARY 2017 (continued)**

**9. PROPERTY PLANT AND EQUIPMENT**

	Computer Hardware & Software £	Motor Vehicles £	Furniture & Equipment £	Total £
<b>Cost</b>				
At 20 February 2016	7,424,651	26,697	1,105,086	8,556,434
Additions during the year	327,769	-	11,737	339,506
<b>At 20th February 2017</b>	<b>7,752,420</b>	<b>26,697</b>	<b>1,116,823</b>	<b>8,895,940</b>
<b>Depreciation</b>				
At 20 February 2016	6,785,612	16,871	730,820	7,533,303
Charge for the year	307,594	6,147	133,942	447,683
<b>At 20 February 2016</b>	<b>7,093,206</b>	<b>23,018</b>	<b>864,762</b>	<b>7,980,986</b>
<b>Net book value at 20 February 2017</b>	<b>659,214</b>	<b>3,679</b>	<b>252,061</b>	<b>914,954</b>
 Net book value at 20 February 2016	 639,039	 9,826	 374,266	 1,023,131

**10. INVESTMENTS**

	2017 £	2016 £
Unlisted	<u>32,048</u>	<u>27,682</u>

**A. BILBROUGH & CO. LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
20 FEBRUARY 2017 (continued)****11. RECEIVABLES: Amounts falling due within one year**

	2017 £	2016 £
Trade receivables	309,601	356,320
Other receivables	206,739	276,474
Tax receivables	-	4,660
Prepayments and accrued income	292,457	142,444
	<u>808,797</u>	<u>779,898</u>

**12. PAYABLES: Amounts falling due within one year**

	2017 £	2016 £
Bank overdrafts	-	8,467
Trade payables	5,220	9,429
Other payables	-	55
Corporation tax	13,963	-
Taxation and Social Security	419,134	373,679
Accruals and deferred income	589,310	512,697
	<u>1,027,627</u>	<u>904,327</u>

**13. SHARE CAPITAL**

	2017 £	2017 £
a) Authorised, allotted, issued and fully paid up management shares of £1 each	<u>150,000</u>	<u>150,000</u>
b) Authorised, allotted, issued and fully paid up 'A' shares of £1 each	<u>120,000</u>	<u>120,000</u>

The 'A' shares rank pari passu with the management shares in all respects save that:

- i) The holders of the 'A' shares have a prior right to a cumulative dividend at the rate of 7.5 pence per share per annum; and
- ii) The holders of the 'A' shares have no right to attend or vote at general meetings unless payment of their dividend is in arrears.

**Dividends**

No dividends were paid or declared (2016: £ Nil) on the 'A' shares or the management shares.

**A. BILBROUGH & CO. LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
20 FEBRUARY 2017 (continued)****14. OPERATING LEASES**

At 20 February 2017 the company was committed to making the following minimum lease payments.

	<b>Land and buildings 2017 £</b>	<b>Other 2017 £</b>	<b>Land and buildings 2016 £</b>	<b>Other 2016 £</b>
Operating leases to expire:				
Within one year	<b>813,926</b>	<b>6,146</b>	770,279	16,169
In the second to fifth years inclusive	<b>2,739,553</b>	<b>42,500</b>	2,707,251	1,914
More than five years	<b>1,914,183</b>	-	2,576,728	-
	<b><u>5,467,662</u></b>	<b><u>48,646</u></b>	<b><u>6,054,258</u></b>	<b><u>18,083</u></b>

**15. DEFERRED TAX**

Deferred taxation provided for at 17% (2016 19%) in the financial statements is set out below:

	<b>2017 £</b>	<b>2016 £</b>
a) Analysis of deferred tax balances		
Accelerated capital allowances	<b>(10,311)</b>	(20,741)
Liabilities arising on timing differences	<b><u>(10,311)</u></b>	<b><u>(20,741)</u></b>
b) Analysis of movement in liability		
Liabilities at 21 February 2016	<b>(20,741)</b>	(59,668)
Originating and reversing timing differences	<b>10,430</b>	38,927
Liability at 20 February 2017	<b><u>(10,311)</u></b>	<b><u>(20,741)</u></b>

Deferred tax assets are recognised for short term timing differences where there is sufficient evidence of recoverability.

A deferred tax liability of £10,311 has been recognised at 20 February 2017 (2016: £20,741 liability) which relates to excess of capital allowances over depreciation charged at the balance sheet date.

## A. BILBROUGH & CO. LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 20 FEBRUARY 2017 (continued)

#### 16. PENSIONS

##### Pensions and other post-retirement benefits

The Company operates a defined benefit pension scheme, the A Bilbrough & Co Limited Pension & Life Assurance Scheme. On 11 July 2016, the Trustees and the Company agreed amendments of the Trust Deed and Rules whereby all pensionable service would end on 31 July 2016 and that all contributions from members would cease on and from 1 August 2016. The liabilities of the scheme have been calculated for the purposes of FRS102 based on the calculations being undertaken for the actuarial valuation as at 1 January 2017, allowing for the different assumptions required under FRS102 and taking fully into consideration the changes in the scheme. The principal actuarial assumptions at the balance sheet date (expressed as weighted averages) were as follows:

	2017	2016
Discount rate	2.70%	3.70%
Increase in salaries	-	2.00%
Inflation assumption (retail price)	3.60%	3.00%
Inflation assumption (consumer prices)	2.60%	2.00%
Pension increases		
Pre April 1997 Pensionable Service	3.00%	3.00%
Pre April 2006/Post April 1997 Pensionable Service	3.60%	3.00%
Post April 2006 Pensionable Service	2.30%	2.10%

The underlying mortality assumption is based upon the standard table known as S2 Light normal retirement pensioner amounts table on a year of birth usage with CMI\_2015 future improvement factors and long-term rate of future improvement rate of 1.25% per annum (2016: Same). This results in the following life expectancies:

- Male age 65 now has a life expectancy of 88.4 years (previously 88.3 years)
- Female age 65 now has a life expectancy of 89.5 years (previously 89.5 years)

##### Employee Benefit Obligations

The amount recognised in the Balance Sheet as at 20 February 2017 (with comparative restated figures as at 20 February 2016) are as follows:

	2017	2016
	£000's	£000's
Present value of scheme liabilities	(75,114)	(59,616)
Market value of scheme assets	49,918	45,911
(Deficit) in the scheme	<u>(25,196)</u>	<u>(13,705)</u>
Related deferred tax asset	4,347	2,741
Net Pension (Liability)	<u>(20,849)</u>	<u>(10,964)</u>

**A. BILBROUGH & CO. LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
20 FEBRUARY 2017 (continued)****16. Pensions and other post - retirement benefits (continued)**

The amounts to be recognised in the Income Statement are as follows:

	2017	2016
	£'000's	£'000's
Current service cost	339	704
Interest on scheme liabilities	2,172	2,091
Expected return on scheme assets	(1,689)	(1,517)
Total recognised in the Income Statement	<u>822</u>	<u>1,278</u>
Actual return on scheme assets	<u>4,548</u>	<u>92</u>

Changes in the present value of the scheme liabilities are as follows:

	2017	2016
	£000's	£000's
Present value of scheme liabilities at beginning of period	59,616	63,532
Service cost	339	704
Employee contributions	41	83
Interest cost	2,172	2,091
Actuarial (gains)/losses	15,171	(4,508)
Benefit paid	(2,225)	(2,286)
Present value of scheme liabilities at end of period	<u>75,114</u>	<u>59,616</u>

Changes in the fair value of the scheme assets are as follows:

	2017	2016
	£000's	£000's
Market value of scheme assets at beginning of period	45,911	46,129
Expected return	1,689	1,517
Actuarial (losses)/gain	2,859	(1,425)
Benefit paid	(2,225)	(2,286)
Contributions paid by the Company	1,643	1,893
Employee contributions	41	83
Market value of scheme assets at end of period	<u>49,918</u>	<u>45,911</u>

**A. BILBROUGH & CO. LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
20 FEBRUARY 2017 (continued)**

**16. Pensions and other post retirement benefits (continued)**

The major categories of Scheme assets as a percentage of total scheme assets are as follows:

	<b>2017</b>	<b>2016</b>
Equities and Property	<b>8%</b>	<b>8%</b>
Absolute Return Fund	<b>19%</b>	<b>16%</b>
Real Return Fund	<b>15%</b>	<b>16%</b>
Bonds	<b>47%</b>	<b>47%</b>
Cash	<b>0%</b>	<b>1%</b>
Insured Pensions	<b>11%</b>	<b>12%</b>
<b>Total</b>	<b>100%</b>	<b>100%</b>

Analysis of the amount recognisable in Other Comprehensive income (OCI) is as follows:

	<b>2017</b>	<b>2016</b>
	<b>£000's</b>	<b>£000's</b>
Actual return less expected return on Scheme assets	<b>2,859</b>	<b>(1,425)</b>
Expected gains and losses arising on Scheme liabilities	<b>(202)</b>	<b>32</b>
Changes in assumptions underlying the present value of Scheme liabilities	<b>(14,969)</b>	<b>4,476</b>
<b>Actuarial Gains/(Losses) recognised in OCI</b>	<b>(12,312)</b>	<b>3,083</b>

Movement in (deficit) are as follows:

	<b>2017</b>	<b>2016</b>
	<b>£000's</b>	<b>£000's</b>
(Deficit) in Scheme at beginning of year	<b>(13,705)</b>	<b>(17,403)</b>
Expenses recognised in profit and loss	<b>(822)</b>	<b>(1,278)</b>
Contributions paid by the Company	<b>1,643</b>	<b>1,893</b>
Actuarial gain/(losses)	<b>(12,312)</b>	<b>3,083</b>
(Deficit) in Scheme at end of year	<b>(25,196)</b>	<b>(13,705)</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
20 FEBRUARY 2017 (continued)**

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**17. Related Parties**

The company manages the Association under a management contract and the Association owns preference ('A') shares in the company. The preference shares are described in Note 13. The dividends on these shares are in arrears. During the year the company earned fees of £12,797,403 (2016: £12,229,821) from the Association. At the Statement of Financial Position date the Association owed the company £309,606 (2016: £353,255). The ultimate controlling party of the Company is considered to be the Board of Directors.

**18. Financial Risks**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. There have been no changes to the Company's exposures to risk or the methods used to measure and manage these risks during the year.

The following is the key risk to which the Company is exposed:-

**Pension risk**

As disclosed in note 16, the Company is the sponsoring employer of a Defined Benefit pension scheme and as such the financial commitment to the scheme can vary significantly over time and is dependent on a significant range of variables such as bond yields investment performance, longevity, interest rates, inflation and retirement ages.

**19. Events occurring after year end**

There were no events occurring after the year end.

**20. Reserves**

Profit and Loss reserve represents profit and losses made in the current and previous years which have been retained by the Company.

Pension reserve represents the liability recognised in respect of the defined benefit pension scheme.

Cumulative preference share reserve represents the amount due to be paid to preference shareholders.