

GENAVCO INSURANCE LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 2 FEBRUARY 2019

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GENAVCO INSURANCE LTD

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GENAVCO INSURANCE LTD

DIRECTORS' REPORT FOR THE PERIOD ENDED 2 FEBRUARY 2019

The directors present their report and the financial statements for the period ended 2 February 2019.

PRINCIPAL ACTIVITY

The principal activity of the company is insurance broking.

BUSINESS REVIEW

On 21 December 2017 the Company completed the sale of the business and some assets to Clear Group (Holdings) Limited. The transaction had an effective date of 1 December 2017. The initial consideration was £1,750,000. To facilitate the smooth transitioning of the business to Clear Group (Holdings) Limited there was a transitional period incorporated into the sale agreement from the completion date to 28 February 2018, during which Genavco Insurance Limited transacted business as normal. From 1 March 2018 the Company has been running down its insurance ledgers and client bank account. Further details of this transaction are given in note 7.

There was a profit for the period before tax of £34,245 (2018: £1,529,567). During the prior year period the book of business was sold to a third party generating a profit on sale of £1,517,313. This transaction significantly enhanced the result for the prior year. During the current period £56,058 was debited to profit on the sale of the business to reflect transactions processed in the financial year with effective dates on or after 1 December 2017. The directors did not recommend the payment of a dividend during the period (2018: nil).

DIRECTORS

The directors who served during the period were:

D Meur
M J McClymont
M A Ward

FINANCIAL INSTRUMENTS

Objectives and policies

The company uses various financial instruments which include cash, trade debtors, trade creditors and amounts due to group undertakings that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The existence of these financial instruments exposes the company to a number of financial risks, especially credit risk which is explained in more detail below.

During the period under review the eligible regulatory capital, represented by net assets increased to £2,005,354 (2018: £1,953,952). The net asset position is reviewed on a regular basis and the Company expects to continue to meet the solvency requirements set by the Financial Conduct Authority.

Credit risk

The company's principal credit risk relates to the recovery of trade debtors. This is managed by requiring clients to pay within commercially negotiated credit terms. Non payment within these terms can put clients' insurance cover at risk.

Going concern

Having taken into account the risks and uncertainties and the performance of the business as disclosed in this report and making sufficient enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue

GENAVCO INSURANCE LTD

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 2 FEBRUARY 2019**

to adopt the going concern basis for preparing the annual report and accounts.

Following the sale of the business the Company is currently in the process of running down its insurance ledgers and client bank account.

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

AUDITORS

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

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing 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. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless 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 these financial statements, the directors are required to:

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

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

GENAVCO INSURANCE LTD

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 2 FEBRUARY 2019**

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board on 21 August 2019 and signed on its behalf.



M J McClymont
Director

Registered Office
87-135 Brompton Road
London
SW1X 7XL

GENAVCO INSURANCE LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GENAVCO INSURANCE LTD

Opinion

We have audited the financial statements of Genavco Insurance Ltd for the year ended 2 February 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 2 February 2019 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GENAVCO INSURANCE LTD

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GENAVCO INSURANCE LTD

accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

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



Ed Jervis (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
21 August 2019

GÉNAVCO INSURANCE LTD

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 2 FEBRUARY 2019**

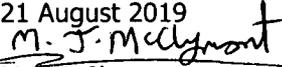
	Note	4 February 2018 to 2 February 2019 £	29 January 2017 to 3 February 2018 £
Turnover		61,347	1,502,015
Gross profit		61,347	1,502,015
Administrative expenses		26,804	(1,492,610)
Operating profit		88,151	9,405
Interest receivable and similar income	6	2,152	3,484
Interest payable and expenses		-	(635)
(Loss)/Profit on sale of business assets	7	(56,058)	1,517,313
Profit before taxation		34,245	1,529,567
Tax on profit	8	17,157	2,800
Profit/(loss) for the period		51,402	1,532,367
Other comprehensive income for the period			
Actuarial gains on defined benefit pension scheme		-	13,279
Movement of deferred tax relating to pension scheme		-	(2,257)
Other comprehensive income for the period		51,402	11,022
Total comprehensive income for the period		51,402	1,543,389

GENAVCO INSURANCE LTD

**BALANCE SHEET
AS AT 2 FEBRUARY 2019**

	Note	2 February 2019 £	3 February 2018 £
Current assets			
Debtors: amounts falling due within one year	9	97,045	1,308,430
Cash at bank and in hand	10	2,071,462	2,957,615
		<u>2,168,507</u>	<u>4,266,045</u>
Creditors: amounts falling due within one year	11	(119,260)	(2,313,550)
Net current assets		<u>2,049,247</u>	1,952,495
Total assets less current liabilities		<u>2,049,247</u>	1,952,495
Creditors: amounts falling due after more than one year	12	(43,893)	(74,134)
Pension asset	15	-	75,591
Net assets		<u>2,005,354</u>	<u>1,953,952</u>
Capital and reserves			
Called up share capital	13	500,000	500,000
Profit and loss account		1,146,027	1,094,625
Contribution Reserve	14	359,327	359,327
		<u>2,005,354</u>	<u>1,953,952</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 August 2019


M J McClymont
Director

The notes on pages 10 to 23 form part of these financial statements.

GENAVCO INSURANCE LTD

**STATEMENT OF CHANGES IN EQUITY
AS AT 2 FEBRUARY 2019**

	Share capital	Capital Contribution	Retained earnings	Total equity
	£	£	£	£
At 4 February 2018	500,000	359,327	1,094,625	1,953,952
Comprehensive income for the period				
Profit for the period	-	-	51,402	51,402
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	51,402	51,402
At 2 February 2019	<u>500,000</u>	<u>359,327</u>	<u>1,146,027</u>	<u>2,005,354</u>

**STATEMENT OF CHANGES IN EQUITY
AS AT 3 FEBRUARY 2018**

	Share capital	Capital Contribution	Retained earnings	Total equity
	£	£	£	£
At 29 January 2017	500,000	359,327	(448,764)	410,563
Comprehensive income for the period				
Profit for the period	-	-	1,532,367	1,532,367
Actuarial gains on pension scheme	-	-	11,022	11,022
Other comprehensive income for the period	-	-	11,022	11,022
Total comprehensive income for the period	-	-	1,543,389	1,543,389
At 3 February 2018	<u>500,000</u>	<u>359,327</u>	<u>1,094,625</u>	<u>1,953,952</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 FEBRUARY 2019**

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

Genavco Insurance Limited is a limited liability company incorporated in England. The registered office is 87-135 Brompton Road, London SW1X 7XL.

The individual entity financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. It is the view of the Directors that there were no critical accounting estimates used in the preparation of the Accounts and the Financial Statements of the company.

The following principal accounting policies have been applied:

1.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Harrods Group (Holding) Limited as at 2 February 2019 and these financial statements may be obtained from Registrar of Companies.

1.3 Turnover

Turnover represents the amount of broking commission earned by the company net of commission rebates, introductory commission and foreign exchange differences. Commission is recognised at the later of inception date and when a debit note is issued to the insured.

1.4 (Loss) / Profit on sale of business assets

The income accruing to the purchaser as at 2 February 2019 in respect of business with an effective date on or after 1 December 2017 (as per the sale agreement) has been deducted from the net sale proceeds.

1.5 Tangible fixed assets

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 FEBRUARY 2019**

1. ACCOUNTING POLICIES (continued)

1.6 Financial instruments

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

1.7 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 FEBRUARY 2019**

1.8 Pensions

Defined Contribution Scheme

The pension costs charged against profits represents the amount of the contributions payable to the scheme in respect of the accounting period.

Defined Benefit Scheme

Certain former employees were members of the Harrods Group Pension Plan under which retirement benefits are funded by contributions from the company. Payment is made to the pension trust, which is separate from the company, in accordance with calculations made periodically by consulting actuaries.

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet.

A net surplus is recognised only to the extent that it is recoverable by the company. The amount charged to the statement of comprehensive income in respect of pension costs and other post-retirement benefits includes the interest cost on the scheme liabilities for the period and the interest income on the scheme assets and are included in finance costs. In addition, administrative expenses which are funded by the group are also charged to the profit and loss account under operating costs.

Actuarial gains and losses including return on assets in excess or short of the interest income as well as movement in the liabilities due to changes in assumptions net of interest costs as well as experience adjustments are recorded in other comprehensive income.

Disclosure has been made of the assets and liabilities under FRS102 sections 28.41 and 28.41A.

1.9 Current and deferred taxation

Current tax liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted by the Balance Sheet date.

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in future, or a right to pay less tax in future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Deferred tax relating to defined benefit pension schemes surpluses or deficits is netted against the respective retirement benefit surplus or obligation.

1.10 Debtors

Debtors are measured at transaction price, less any impairment.

1.11 Creditors

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 FEBRUARY 2019**

Creditors are measured at the transaction price.

1.12 Provisions

A provision is recognised when the company has a legal or constructive obligation as a consequence of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

2. OPERATING PROFIT

The operating profit is stated after charging:

	4 February 2018 to 2 February 2019	29 January 2017 to 3 February 2018
	£	£
Depreciation of tangible fixed assets	-	5,407
Auditors remuneration	19,000	33,400
Defined contribution pension cost	<u>-</u>	<u>22,875</u>

3. AUDITORS' REMUNERATION

	4 February 2018 to 2 February 2019	29 January 2017 to 3 February 2018
	£	£
Audit of the financial statements	10,000	21,400
Audit related assurance services	9,000	12,000
	<u>19,000</u>	<u>33,400</u>

GENAVCO INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 FEBRUARY 2019**

4. EMPLOYEES

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

	4 February 2018 to 2 February 2019	29 January 2017 to 3 February 2018
	£	£
Wages and salaries	2,768	839,798
Social security costs	-	77,328
Cost of defined contribution scheme	-	22,875
	<u>2,768</u>	<u>940,001</u>

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

	4 February 2018 to 2 February 2019	29 January 2017 to 3 February 2018
	No.	No.
Administration and support	<u>3</u>	<u>17</u>

5. DIRECTORS' REMUNERATION

	4 February 2018 to 2 February 2019	29 January 2017 to 3 February 2018
	£	£
Directors' remuneration	-	255,370
Company contributions to defined contribution pension schemes	-	5,915
	<u>-</u>	<u>261,285</u>

The highest paid director received remuneration of £nil (2018 - £175,420).

The Company did not incur any directors' remuneration costs in the period to 2.2.19. Mr Meur and Mr McClymont were remunerated via an agreement signed and settled on 21.12.17 (date the business was

GENAVCO INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 FEBRUARY 2019**

sold) to manage the transfer of the business to the Clear Group and to run off the Genavco business. Remuneration for Mr Ward is paid for by another Group company. It is trivial to determine the proportion of his remuneration which relate to his services as a director of this Company.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £nil (2018 - nil).

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	4 February 2018 to 2 February 2019	29 January 2017 to 3 February 2018
	£	£
Interest receivable from group companies	-	1,066
Other interest receivable	2,152	2,418
	2,152	3,484

7. SALE OF THE BOOK OF BUSINESS

On 21 December 2017 the Company completed the sale of the book of business and some other assets to Clear Group (Holdings) Limited. The transaction had an effective date of 1 December 2017. The initial consideration was £1,750,000.

To facilitate the smooth transitioning of the business to Clear Group (Holdings) Limited there was a transitional period incorporated into the agreement from the completion date to 28 February 2018. During the transitional period Genavco Insurance Limited transacted business in its own name.

Clear Group (Holdings) Limited has the right to all net income earned on insurance transactions with an effective date on or after 1 December 2017.

As at 3 February 2018, the net income processed with an effective date on or after 1 December 2017 amounted to £226,183. This is due to Clear Group (Holdings) Limited and was debited against the consideration paid of £1,750,000. The net book value of assets transferred to Clear Group (Holdings) Limited of £6,504 was also debited against the consideration paid, giving a net profit on sale of £1,517,313 at 3 February 2018.

During the current period a further £56,058 was processed with effective dates on or after 1 December 2017 and this was debited against the consideration paid for the business.

A provision of £181,837 was created in respect of the estimated costs in running off the Genavco business in the year ending 3 February 2018. During the current financial year £61,248 was utilised and £13,340 was released. The provision at 2 February 2019 was £107,249.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 FEBRUARY 2019**

8. TAXATION

	4 February 2018 to 2 February 2019	29 January 2017 to 3 February 2018
	£	£
Current Tax		
Adjustments in respect of previous years	-	1,547
Group relief receivable for the period	(17,157)	(45,353)
Total current tax credit	<u>(17,157)</u>	<u>(43,806)</u>
Deferred tax		
Current year charge	-	47,753
Rate change adjustment	-	(5,432)
Prior year adjustment	-	(1,315)
Immaterial unexplained difference	-	-
Total deferred tax charge	<u>-</u>	<u>41,006</u>
Taxation on profit on ordinary activities	<u>(17,157)</u>	<u>(2,800)</u>
Total current and deferred tax charge /(credit) relating to items within other comprehensive income	<u>-</u>	<u>2,257</u>

FACTORS AFFECTING THE TAX CHARGE FOR THE PERIOD

The tax assessed for the period is the same as (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

GENAVCO INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 FEBRUARY 2019**

	£	£
		29 January 2017 to 3 February 2018
Profit before tax	<u>34,245</u>	<u>1,529,567</u>
Corporation tax at standard rate	6507	293,403
Effects of:		
Expenses not deductible for tax purposes	-	-
Income not taxable	(23,664)	(289,804)
Adjustments to tax charge in respect of tax rate changes	-	(6,399)
Tax credit	<u>(17,157)</u>	<u>(2,800)</u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The standard rate of tax applied to profit on ordinary activities is 19% (2018: 19.18%). The Finance (No. 2) Act 2015 introduced a reduction in the corporation tax rate to 19% for financial years 2017, 2018 and 2019. The Finance Act 2016 further reduces the corporation tax rate to 17% from 1 April 2020 (previously 18%).

Deferred Tax

Deferred tax provided for at 17% (2018: 17%) in the financial statements is set out below:

	£	£
		29 January 2017 to 3 February 2018
Timing differences in relation to:		
Pension scheme (note 15)	-	(15,482)
Total deferred tax liability	<u>-</u>	<u>(15,482)</u>

GENAVCO INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 2 FEBRUARY 2019**

9. DEBTORS

	<i>2 February 2019</i> £	<i>3 February 2018</i> £
Trade debtors	-	1,240,500
Amounts owed by group undertakings	92,748	45,353
Other debtors	-	8,316
Prepayments and accrued income	4,297	14,261
	<u>97,045</u>	<u>1,308,430</u>

The current year Trade Debtors balance of nil comprises trade debtors of £36,016 less a bad debt provision of £36,016.

10. CASH AND CASH EQUIVALENTS

	<i>2 February 2019</i> £	<i>3 February 2018</i> £
Fiduciary cash held under a non statutory trust	39,165	1,162,864
Company cash	2,032,297	1,794,751
	<u>2,071,462</u>	<u>2,957,615</u>

11. CREDITORS: Amounts falling due within one year

	2 February 2019 £	3 February 2018 £
Trade creditors	36,868	1,782,853
Amounts owed to group undertakings	-	142,332
Other creditors	64,529	335,945
Accruals and deferred income	17,863	52,420
	<u>119,260</u>	<u>2,313,550</u>

The other creditors as at 3 February 2018 includes £18,820 in respect of a provision recognised for dilapidation costs expected to be incurred at the end of an office lease at 1 December 2017. This provision was released as at 2 February 2019. The other creditors includes £63,356 (2018: £107,703) in respect of a provision recognised for run off expenses. Included in the run off expenses provision are some best estimates regarding quantum and timing.

12. CREDITORS: Amounts falling due after more than one year

	2 February 2019 £	3 February 2018 £
Run off provision	43,893	74,134

13. SHARE CAPITAL

	2 February 2019 £	3 February 2018 £
Allotted, called up and fully paid		
500,000- Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

14. CONTRIBUTION RESERVE

The Shareholders made a capital contribution during the year of £nil (2018: £nil)

15. PENSION COMMITMENTS

Defined contribution pension scheme

Up until the sale of the business the Company had access to the Harrods Retirement Savings Plan, which is an approved defined contribution scheme; it was established in April 2006 and is provided and

managed by Fidelity International. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £nil (2018- £22,875).

Contributions totalling £nil (2018-£nil) were payable to the scheme at the end of the period.

Defined benefit pension scheme

During the period the group operated the Harrods Group Pension Plan ('the Plan'), an approved defined benefit scheme. This scheme was closed to new membership and new accruals in April 2006. Up until the start of this financial year Genavco Insurance Limited has shared the pension scheme risks with other Harrods Group companies.

The funding position of the Plan is monitored by the Trustee and the Harrods Group on a quarterly basis and formally reviewed at each triennial actuarial valuation, or more frequently as required by the Pensions Act 2004.

An actuarial valuation of the Plan as at 5 April 2018 on a technical provision basis was carried out by the Scheme Actuary, with a surplus of £11m being calculated on that basis, a funding level of 102%. At the previous valuation at 5 April 2015, there was a deficit of £45m equating to a funding level of 93%.

Following the results of the April 2018 valuation, given that the scheme was now in surplus, the Group and the Pension Trustee agreed the following:

- Annual contributions reduced to nil.
- Plan expenses (including any insurance premiums and PPF levies) estimated at £1.0m per annum to continue to be met by the Employers.
- To bring forward the implementation of the Cashflow Driven Investment strategy involving de-risking the plan's assets.
- Recognising the risks that – albeit reduced - remain in the valuation of the plan, the principal employer has also agreed to fund any deficits outside an agreed tolerance band during this period.

A Flexible Apportionment Arrangement was agreed by the Company, Harrods Holdings Limited and the Harrods Group Trustees Limited, whereby all the Company's assets and liabilities as part of the Harrods Group Pension Plan were transferred to Harrods Holdings Limited. The Company signed this agreement on 19 October 2018.

In aggregate, during the period ended 2 February 2019, the participating employers made total contributions to the plan of £15.5m (2018: £31.5m).

Genavco Insurance Limited's share of scheme assets and liabilities was nil at 2 February 2019 (2018: 0.75%).

Reconciliation of present value of plan liabilities:

	2 February 2019 £	<i>3 February 2018 £</i>
At the beginning of the year	(4,609,514)	(4,589,538)
Interest cost	-	(129,416)
Actuarial gains	-	4,514
Deferred tax on pension scheme movement	-	(38,554)
Benefits paid	-	143,480
Transfers (change in allocation between contributing employers)	4,609,514	-

At the end of the year	-	(4,609,514)
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Reconciliation of present value of plan assets	2 February 2019 £	<i>3 February 2018 £</i>
At the beginning of the year	4,685,105	4,476,894
Interest income	-	128,781
Actuarial gains/(losses)	-	8,765
Contributions	-	222,858
Benefits paid	-	(143,480)
Past service cost	-	(8,713)
Transfers (change in allocation between contributing employers)	(4,685,105)	-
At the end of the year	-	4,685,105

Composition of plan assets:	2 February 2019 £	<i>3 February 2018 £</i>
Equity Instruments	-	714,058
Debt instruments	-	2,071,707
Cash	-	10,845
Other assets	-	1,888,495
Total plan assets	-	4,685,105
	2 February 2019	<i>3 February 2018</i>
Fair value of plan assets	-	4,685,105
Present value of plan liabilities	-	(4,609,514)
Net pension scheme liability	-	75,591

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income was £(1,983,157) (2018 - £(1,983,157)).

Principal actuarial assumptions at 3 February 2018 (expressed as weighted averages):

Discount Rate	2.55%
Future pension increases	2.25%
Inflation	3.25%

Post retirement (at age 60) mortality assumptions at 3 February 2018:

Current pensioners at retirement age - male	27.7 years
Current pensioners at retirement age - female	29.4 years
Future pensioners at retirement age - male	29.6 years
Future pensioners at retirement age - female	31.3 years

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2019	2018	2017	2016	2015
	£	£	£	£	£
Defined benefit obligation	nil	(4,609,514)	(4,589,538)	(4,452,467)	(4,868,176)
Scheme assets	nil	4,685,105	4,476,894	4,663,816	4,784,824
(Deficit)/surplus	nil	75,591	(112,644)	211,349	(83,352)

16. CONTINGENT LIABILITIES

The Harrods Group (Holding) cash netting facility is guaranteed by Genavco Insurance Limited and other group companies. The guarantee extends to Genavco Insurance Limited's non-client bank account only as disclosed in note 10.

There were no other contingent liabilities at 2 February 2019 or 3 February 2018.

17. CAPITAL MANAGEMENT

During the period under review the eligible regulatory capital, represented by net assets increased to £2,005,354 (2018: £1,953,952). The net asset position is reviewed on a regular basis and the Company expects to continue to meet the solvency requirements set by the Financial Conduct Authority.

18. RELATED PARTY TRANSACTIONS

Mr D Meur, a director of the company, is also a director of another broking firm.

Included in turnover for the period ending 2 February 2019 was a loss of £8,276 (2018 profit of £111,654) representing the net retained income from business placed through Genavco Insurance Limited by this firm. Amounts due to Genavco Insurance Limited from this firm at 2 February 2019 was £nil (2018: £356,868).

Included in the amounts owed by group undertakings as at 2 February 2019 is an amount due from

Harrods Holdings Limited as a result of the Flexible Apportionment Arrangement explained in note 15. This amount is unsecured, has no repayment terms and bears no interest.

19. CONTROLLING PARTY

The company is controlled by Qatar Investment Authority. The company's immediate parent undertaking is 5A Holdings Limited, a company registered in England and Wales. The ultimate UK parent undertaking of 5A Holdings Limited is Harrods Group (Holding) Limited. The largest group of undertakings for which group accounts have been drawn up is that headed by Harrods Group (Holding) Limited. The group accounts will be filed with the Registrar of Companies in due course.

The company is an indirect 100% subsidiary of Qatar Holding LLC which is the strategic investment arm of Qatar Investment Authority, the ultimate controlling party, incorporated in Qatar.