

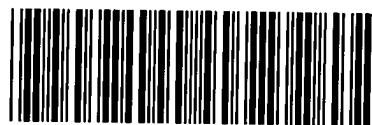
# **RFIB Group Limited**

## **Annual Report and Financial Statements**

**Year ended 31 December 2017**

Registered Number: 1502259

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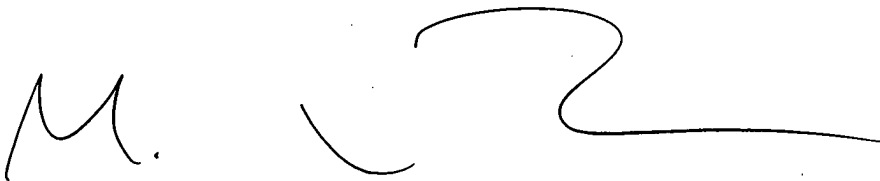
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## Chairman's Statement

2017 was a good year for the company as the revenues for each of the broking divisions increased, again. Overall total income was up £2.8m. Our underlying costs have increased but they have also been impacted by our decision to reverse £2.1m relating to a long delayed overseas construction project that now looks unlikely to progress. Last year's costs also included some non-recurring items and continuing investments in our underlying capabilities, particularly IT.

Last year, we continued to develop our broking proposition. Among other initiatives, we made a number of strong additions to our organisation, including adding a new Marine team in the Far East market. We further expanded geographically and established new offices in Singapore and Johannesburg.

The company's belief is that there is a continuing role for the independent specialist broker providing best in class service to clients for whom we are a trusted advisor. With the backing of our shareholders, the high quality of our people, and our strong reputation for integrity and innovation, we offer a unique proposition for clients seeking access to insurance and reinsurance, without the constraints that exist in larger brokers and insurers. In a consolidating international insurance market, this makes us a rare commodity indeed.

A handwritten signature in black ink, consisting of a stylized 'M' followed by a series of loops and a long horizontal stroke.

Mark Winlow  
Chairman  
30 April 2018

## Directors and Officers

### Directors

Frederick Paul Chilton  
Giles Martin Cockerill  
James Fergus Donohoe  
James Halow  
Dennis Leonard Mahoney  
Christopher John Tansley  
Mark Winlow

### Registered Office

20 Gracechurch Street  
London  
EC3V 0AF

### Independent auditors

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
7 More London Riverside  
London  
SE1 2RT

### Bankers

Lloyds Bank plc  
City Office  
PO Box 72  
Bailey Drive  
Gillingham Business Park  
Kent  
ME8 0LS

### Regulator

Financial Conduct Authority  
Reference number 310508

# Strategic Report

## Business Overview

The directors present their strategic report on RFIB Group Limited for the year ended 31 December 2017.

### Principal activities

The primary business activity of the Company is insurance and reinsurance intermediation together with risk advisory and related services.

The Company mainly operates from its head office in London and has representative offices in Dubai, Moscow, Baghdad and Johannesburg.

We manage a diversified book of business in significant developing economies and are renowned as a producer of innovative, profitable and specialist business to the London and international markets.

### Expertise

We have invested heavily in our staff and infrastructure to ensure that we continue to have the expertise and capabilities to provide an unrivalled specialist focus. Across RFIB's business we have expert professionals with a rounded understanding of the intermediary business and what is required in today's world to deliver the optimum solution for our clients' needs.

### Professional and independent

We are proud of RFIB's long standing reputation for integrity, honesty and independence which, when matched with our professional approach, ensures that we provide clients with solutions that are both effective and economic.

### Client focus

We pride ourselves on RFIB's commitment to building a deep understanding of each of our clients' businesses. These long lasting relationships enable us to provide our clients with innovative risk management solutions.

### Specialist

For more than 30 years we have focused on specialist areas and have developed an exceptional level of technical knowledge and understanding. At RFIB we are leaders in the following areas:

Alternative Reinsurance Products	Marine Claims
Aviation Risk	Marine Liability
Binding Authorities & Facilities	Personal Accident & Illness
Cargo & Specie	Political & Trade Credit Risk
Casualty Specific Risks	Port Authorities & Port Packages
Claims	Protection & Indemnity
Direct & Facultative Property & Construction	Public Entity Package
Energy, Power & Natural Resources	Shipyards & Building Risk
Financial & Professional Risks	Treaty
Hull & Machinery	War, Terrorism, Confiscation & Political Risks
Kidnap & Ransom	Yacht Insurance

# Strategic Report

## Review of the business

The past year has seen the company operate under a new leadership and continue to implement the initiatives following the purchase of the business by management and Calera in 2015.

### Revenue

Revenue has increased by 7% over the previous 12 month period. This includes the foreign exchange gain arising from the movement in exchange rates in 2017 and revenue growth across brokerage divisions.

### Normalised EBITDA

The Normalised EBITDA of the broking division is one of the key measures for the business. It is calculated from earnings before interest, tax, depreciation, amortisation, impairment and exceptional items (EBITDA) for the broking entities in the group adjusted for expenses incurred in investments in IT and outsourcing of non-client facing operations to support growth in the business going forward and the write off of bad debt.

The normalised EBITDA for the year increased to £6.3m (2016: £3.4m) an increase £2.9m.

### Results

The loss for the financial year to 31 December 2017 amounts to £1.5m (2016: loss £2.1m). No dividend is recommended for the current year (2016: £-).

### Other comprehensive income

The charge for re-measurement of net defined benefit obligation for the pension scheme was £0.2m (2016: £7.4m). The group has recognised a credit of £4m (2016: £1m charge) which is the change in the fair value of qualifying cash flow hedges. The tax impact of for the two adjustments was £0.8m charge (2016: £1.7m credit).

### Pension deficit

The deficit on the defined benefit pension scheme increased by £207k (£7.3m in 2016), as a result of the FRS102 revaluation calculated in January 2018.

### Balance sheet

During the year, the net assets have increased by £7.9m to £4.5m at 31 December 2017 from (£3.5m) at 31 December 2016 and the company issued £3.7m of new share capital at a premium of £2.5m.

### Financing and liquidity

The company had net cash of £5.86m at 31 December 2017 compared with a net cash of £0.86m at 31 December 2016:

	31 Dec 2017	31 Dec 2016
	£'000	£'000
Own cash	5,857	857
	<u>5,857</u>	<u>857</u>

# Strategic Report

## Review of the business (continued)

### Foreign Currency Management

The Company is exposed to transactional foreign exchange exposures primarily from its cost base in GB Sterling and significant revenue in US Dollars (approximately two thirds of its total revenues). The Company operates a US Dollar hedging programme to smooth out the volatility caused by rate fluctuations through the period using forward foreign exchange contracts. In 2017 the Company achieved an average rate of USD1.38 (2016: USD1.55) compared to an average market rate of USD1.30 (2016: USD1.35).

### Principal Risks & Uncertainties

As a global business, we understand that we face a wide range of risks from the internal or external environment in which we do business. Some risks may threaten our success or viability directly with a financial, operational and/or reputational impact whilst others could be turned into opportunities. By understanding the risks we face more clearly we are confident that we have the mechanisms in place to enable us to recognise and to manage them to within our tolerance levels, in addition to enabling us to identify and take business opportunities where appropriate.

Our Governance, Risk Management and Internal Control Framework defines the approach that we take to the management and oversight of our business risks through a fully operational three lines of defence structure in addition to a strong Board and Board Sub-Committees.

We have identified 4 key risk areas to our business and ensure that all identified risks are categorised and reviewed appropriately therein:

Risk Type	Nature of Risk	Risk Mitigation
<b>Strategy &amp; Market Environment Risk</b>	The risk of current and prospective impact resulting from our own decisions or implementation thereof, in addition to the risks intrinsic to the economy and market in which we operate.	<ul style="list-style-type: none"> <li>• Robust strategy and planning process.</li> <li>• Ongoing monitoring and reporting of economic and competitive environment.</li> <li>• Strong Governance and Internal Control practices.</li> <li>• Diversification of product lines.</li> <li>• Value added services provided.</li> <li>• Global diversification.</li> <li>• Flexible structure</li> <li>• Efficient working practices</li> </ul>
<b>Financial Risk</b>	The risk of adverse impact on the business value or earning capacity as well as the risk of inadequate cash flow to meet our financial obligations.	<ul style="list-style-type: none"> <li>• Proactive management of the business plan and budget.</li> <li>• Regular monitoring of cash flows.</li> <li>• Proactive management of currency exposure.</li> <li>• Strong credit control practices.</li> <li>• Insurance cover in place.</li> </ul>

# Strategic Report

## Review of the business (continued)

### Principal Risks & Uncertainties (continued)

Risk Type	Nature of Risk	Risk Mitigation
<b>Operational Risk</b>	The risk of loss arising from inadequate or failed internal processes, from personnel and/or from external events.	<ul style="list-style-type: none"> <li>• Strong Internal Control Environment and Governance oversight practices.</li> <li>• Strong HR practices, including training and development, objectives and reward.</li> <li>• RFIB Values and Culture</li> <li>• Business Continuity and Recovery Plan.</li> <li>• Information and Data and Cyber Security controls</li> </ul>
<b>Regulatory &amp; Legal Risk</b>	Risk of regulatory sanctions, material financial loss or loss to reputation suffered as a result of not complying with laws, regulations and applicable administrative provisions.	<ul style="list-style-type: none"> <li>• Regulatory radar - Ongoing monitoring of global regulatory and legal environment.</li> <li>• Integration of change to operational practices.</li> <li>• Regulatory licenses held and maintained where required.</li> <li>• Strong Counterparty Due Diligence and screening practice.</li> <li>• Monitoring and oversight programme and reporting in place by 2<sup>nd</sup> and 3<sup>rd</sup> Lines of defence.</li> <li>• Data Protection practices</li> </ul>

The Strategic Report on pages 3 to 6 was approved by the Board on 30 April 2018 and signed on its behalf by:



James Donohoe  
Director



## Directors' Report

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2017.

### Board of Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Chilton, Frederick Paul  
Cockerill, Giles Martin  
Donohoe, James Fergus  
Hallow, James  
Mahoney, Dennis Leonard  
Tansley, Christopher John  
Winlow, Mark

Appointed: 21/07/2017

### Future Developments

The Chairman's Statement on page 1 covers the future developments of the Company.

### Results and Dividend

The loss attributable to shareholders for the year ended 31 December 2017 amounts to £1,512,000 (2016: Loss £2,064,000). No dividend is recommended in the current year (2016: £-).

### Directors Interests and Potential Conflicts

Section 175 of the Companies Act 2006 states that the Directors must declare certain material interests. The Board has formal conflict management procedures that have been in place for the period and, following review, no conflicts of interest have been reported.

### Going Concern

Having considered both solvency and liquidity risks and undertaken stress testing and liquidity analysis, the directors consider that the Company will have the necessary resources to meet its liabilities as they fall due and will be able to sustain its business model, strategy and operations for the foreseeable future and for at least 12 months from the date of approval of these financial statements. Consequently the financial statements have been prepared on a going concern basis.

### Political and charitable contributions

During the year, the Company made charitable donations totalling £3,310 (2016: £6,622). The Company does not make political donations (2016: £-).

## **Directors' Report**

### **Directors' third party indemnity provisions**

Throughout the financial year the Company maintained an insurance policy for Directors and Officers which indemnifies them against certain liabilities arising in the conduct of their duties.

### **Supplier Payment Policy and performance**

It is the Company's policy to agree appropriate terms and conditions in advance with its suppliers and to make payment in accordance with those terms and conditions, provided that the supplier has complied with them.

### **Employment policies and diversity**

During the financial year the Company employed an average of 202 people (2016: 230 people), most of whom are employed in the United Kingdom.

The board recognises that the continuing success of the Company depends on its employees and is adopting policies designed to retain, attract, develop and train talented individuals and teams.

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

### **Employee Shareholders**

74 (2016: 82) current employees are shareholders in the Company's ultimate parent, CCP TopCo Limited.

### **Disabled employees**

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job.

Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

### **Branches outside the UK**

The Company has representative offices outside the UK which are listed in the Strategic Report on page 3.

## Directors' Report

### Statement of directors' responsibilities

The directors are responsible for preparing the strategic report and the directors' report and the financial statement 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Standard 102. The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102)).

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 statement of affairs of the company and the profit and loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable account policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 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 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.

### Disclosure of Information to auditors

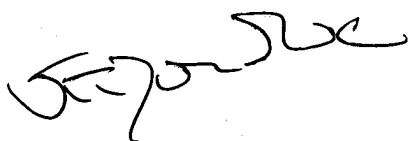
The report must contain a statement to the effect that, in the case of each of the persons who are directors at the time when the report is approved, the following applies:

- As far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- The director has taken all the steps that he/she ought to have taken as a director in order to make him/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Independent auditors

The Company has dispensed with the need to hold an annual general meeting and hence the need to reappoint auditors annually. The auditors, PricewaterhouseCoopers LLP, have signified their willingness to remain in office, and their reappointment is confirmed in accordance with s487 Companies Act, 2006.

On behalf of the board



James Donohoe  
30 April 2018

# **Independent auditors' report to the members of RFIB Group Limited**

## **Report on the financial statements**

### **Opinion**

In our opinion, RFIB Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: balance sheet as at 31 December 2017; profit and loss account, statement of comprehensive income, statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Conclusions relating to going concern**

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

- 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

# **Independent auditors' report to the members of RFIB Group Limited**

## **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

## **Strategic Report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of directors' responsibilities set out on page 9, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

### **Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## **Independent auditors' report to the members of RFIB Group Limited**

### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Other required reporting**

#### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Siobhan Byrne (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
30 April 2018

## Profit and loss account

for the year ended 31 December 2017

		Year ended 31 Dec 2017 £'000	Year ended 31 Dec 2016 £'000
	<b>Note</b>		
<b>Turnover</b>	5	43,793	40,981
Administrative expenses		(45,419)	(40,584)
<b>(Loss) / Profit on ordinary activities before interest</b>	6	<u>(1,626)</u>	<u>397</u>
Other finance expense	20	(249)	(75)
Interest receivable and similar income	9	470	186
Interest payable and similar charges	9	-	(3)
Net interest income	9	<u>470</u>	<u>183</u>
<b>(Loss) / Profit on ordinary activities before exceptional items</b>		(1,405)	505
Reorganisation	10	-	(1,843)
Amounts written off investments	11	-	(811)
Profit on disposal of fixed asset investments	12	-	13
<b>Loss on ordinary activities before taxation</b>		<u>(1,405)</u>	<u>(2,136)</u>
Tax on (loss) / profit on ordinary activities	13	<u>(107)</u>	<u>72</u>
<b>Loss for the financial year</b>		<u><u>(1,512)</u></u>	<u><u>(2,064)</u></u>

## Statement of comprehensive income

for the year ended 31 December 2017

		<i>Year ended 31 Dec 2017 £'000</i>	<i>Year ended 31 Dec 2016 £'000</i>
	<i>Note</i>		
Loss for the financial year		(1,512)	(2,064)
Other comprehensive income / (expense):			
Remeasurements of net defined benefit obligation	20	(242)	(7,445)
Recognition of currency forward hedge reserve		3,840	(1,306)
Total tax on components of other comprehensive income	13	(810)	1,722
Other comprehensive income / (expense) for the year, net of tax		<u>2,788</u>	<u>(7,029)</u>
Total comprehensive income / (expense) for the year		<u><u>1,276</u></u>	<u><u>(9,093)</u></u>



## Balance sheet

as at 31 December 2017

	<b>Note</b>	<b>31 Dec 2017</b> £'000	<b>31 Dec 2016</b> £'000
<b>Fixed assets</b>			
Tangible assets	14	1,099	1,634
Investments	15	2,405	4,029
		<u>3,504</u>	<u>5,663</u>
<b>Current assets</b>			
Debtors	16	19,941	22,459
Cash at bank and in hand		5,857	857
		<u>25,798</u>	<u>23,316</u>
<b>Creditors: amounts falling due within one year</b>	17	<u>(14,514)</u>	<u>(22,258)</u>
<b>Net current assets</b>		<u>11,284</u>	<u>1,058</u>
<b>Total assets less current liabilities</b>		<u>14,788</u>	<u>6,721</u>
Provisions for liabilities	19	(769)	(850)
Post-employment benefits	20	(9,567)	(9,360)
		<u></u>	<u></u>
<b>Net assets / (liabilities)</b>		<u><u>4,452</u></u>	<u><u>(3,489)</u></u>
<b>Capital and reserves</b>			
Called up share capital	22	5,000	1,325
Share premium account		3,775	1,250
Other reserves		949	484
Capital redemption reserve		1,491	1,491
FX Hedge Reserve		911	(2,173)
Profit and loss account		(7,674)	(5,866)
		<u></u>	<u></u>
<b>Total shareholders' funds</b>		<u><u>4,452</u></u>	<u><u>(3,489)</u></u>

The financial statements and the notes on pages 13 to 36 have been approved by the Board of Directors on 30 April 2018 and signed on its behalf by:



James Donohoe  
Chief Financial Officer

Registered number: 1502259

# Statement of changes in equity

for the year ended 31 December 2017

	<i>Called up share capital £'000</i>	<i>Share premium account £'000</i>	<i>Capital redemption reserve £'000</i>	<i>Other reserves £'000</i>	<i>FX Hedge reserve £'000</i>	<i>Profit and loss account £'000</i>	<i>Total £'000</i>
Balance as at 1 January 2016	1,325	1,250	1,491	-	(1,128)	2,182	5,120
Loss for the financial year	-	-	-	-	-	(2,064)	(2,064)
Other comprehensive expense for the year	-	-	-	-	(1,045)	(5,984)	(7,029)
Total comprehensive expense for the year	-	-	-	-	(1,045)	(8,048)	(9,093)
Proceeds from shares issued	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
Credit relating to equity-settled share based payments	-	-	-	484	-	-	484
Balance as at 31 December 2016	1,325	1,250	1,491	484	(2,173)	(5,866)	(3,489)
Balance as at 1 January 2017	1,325	1,250	1,491	484	(2,173)	(5,866)	(3,489)
Loss for the financial year	-	-	-	-	-	(1,512)	(1,512)
Other comprehensive income / (expense) for the year	-	-	-	-	3,084	(296)	2,788
Total comprehensive income / (expense) for the year	-	-	-	-	3,084	(1,808)	1,276
Proceeds from shares issued	3,675	2,525	-	-	-	-	6,200
Dividends	-	-	-	-	-	-	-
Credit relating to equity-settled share based payments	-	-	-	465	-	-	465
Balance as at 31 December 2017	5,000	3,775	1,491	949	911	(7,674)	4,452

# Notes to the financial statements

for the year ended 31 December 2017

## 1. General Information

RFIB Group Limited "the company" is an insurance and reinsurance intermediation company that also provides risk advisory and related services.

The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is 20 Gracechurch Street, London, EC3V 0AF.

## 2. Statement of compliance

The individual financial statements of RFIB Group Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102. "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS102") and the Companies Act 2006.

## 3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

### (a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

### (b) Going concern

The company meets its day-to-day working capital requirements through a loan from its parent company. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facilities. After making enquiries, the directors 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 the financial statements.

### (c) Exemptions for qualifying entities under FRS 102

The company has taken advantage of section 7 under FRS 102 and has not prepared a statement of cash flows.

### (d) Consolidated financial statements

The company is a wholly owned subsidiary of RFIB Holdings Limited and of its ultimate parent of CCP TopCo Limited. It is included in the consolidated financial statements of CCP TopCo limited which are publically available. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are the company's separate financial statements.

## Notes to the financial statements

for the year ended 31 December 2017

### 3. Summary of significant accounting policies (continued)

#### (e) Foreign currency

##### (i) *Functional and presentation currency*

The company's functional and presentation currency is the pound sterling.

##### (ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing 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 rate 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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowing and cash and cash equivalents are presented in the profit and loss account within "finance (expense) / income". All other foreign exchange gains and losses are presented in the profit and loss account within 'Other operating (losses) / gains'.

#### (f) Revenue recognition

Turnover derives principally from brokerage, fees and other commissions associated with placing insurance and reinsurance contracts.

Brokerage is recognised at the later of the policy inception date or when the policy placement has been completed and confirmed. Where a fixed or minimum premium is paid by the client in instalments, all of the income receivable is recognised when the client is debited for the first instalment. Where there is an expectation of future servicing requirements an element of income relating to the policy is deferred to cover the associated contractual or constructive obligation.

In certain circumstances, where revenue cannot be reliably measured at the contract or policy inception date, income is recognised on a periodic basis when consideration falls due. Income related to return and additional premiums or adjustments is recognised as it occurs. Income on multiyear policies that are non-cancellable is recognised at the date of inception of the risk. Income on multiyear policies which can be cancelled or varied after the inception of the risk is recognised on a time apportioned basis over the period of the contract.

#### (g) Exceptional items

The company classifies certain one-off charges or credits that have a material impact on the company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the company.

#### (h) Employee benefits

##### (i) *Short term benefits*

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

## Notes to the financial statements

for the year ended 31 December 2017

### 3. Summary of significant accounting policies (continued)

#### (h) Employee benefits (continued)

##### (ii) *Defined contribution pension plans*

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in other creditors in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

##### (iii) *Defined benefit pension plan*

The Company previously operated a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of the plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amount included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- (a) The increase in pension benefit liability arising from employee service during the period; and
- (b) The cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'Finance expense'.

##### (iv) *Annual bonus plan*

The company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

## Notes to the financial statements

for the year ended 31 December 2017

### 3. Summary of significant accounting policies (continued)

#### (h) Employee benefits (continued)

##### (v) *Share-based payments*

Where the company participates in a share-based payment arrangement established by a group company the company takes advantage of the alternative treatment allowed under Section 26 of FRS 102. The company recognises the share-based payment expense based on an allocation of its share of the group's total expense, calculated in proportion to the number of participating employees. The corresponding credit is recognised in retained earnings as a component of equity.

Where the company is charged for the cost of share-based payments arrangements the amounts are treated as a reduction in the capital contribution. If the amount charged is in excess of the share-based payment charge the company treats the excess as a notional distribution and charges this to retained earnings.

#### (i) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

##### (i) *Current tax*

Current tax is the amount payable in respect of the taxable profit for the period or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the authorities.

##### (ii) *Deferred tax*

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

## Notes to the financial statements

for the year ended 31 December 2017

### 3. Summary of significant accounting policies (continued)

#### (j) Tangible assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset plus the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on owned tangible fixed assets at rates calculated to write off the cost of each asset evenly over its expected useful life, as follows:

Leasehold improvements	-	over 10 years
Computer equipment	-	over 3 years
Fixtures, fittings and equipment	-	over 5 years

The Company also holds assets under finance leases which are capitalised as fixed assets on the balance sheet. These assets include computer equipment, fixtures and fittings and photocopier equipment. Depreciation is provided on these assets over the period of the lease which ranges from 3 to 6 years.

#### (k) Investments

Investment in a subsidiary company is held at cost less accumulated impairment losses.

#### (l) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### (m) Provisions and contingencies

##### (i) Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

##### (ii) Contingencies

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the report date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statement when an inflow of economic benefits is probable.

## Notes to the financial statements

for the year ended 31 December 2017

### 3. Summary of significant accounting policies (continued)

#### (n) Financial instruments

The Company has chosen to adopt the recognition and measurement provisions of IAS 39 (as adopted for use in the EU) and the disclosure requirements of FRS 102.

Financial assets are managed on a fair value basis in accordance with the Company's investment strategy. The Company has therefore elected to measure all financial assets at fair value through the profit and loss account.

Listed investments are stated at fair value on current bid prices quoted by the relevant exchanges. Unlisted investments are carried at the directors' estimate of the current fair value, except as stated below.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently stated at fair value obtained from quoted market prices in active markets. Financial assets are derecognised when the right to receive future cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all the risks and rewards of ownership.

#### (o) Share capital

Ordinary shares are classified as equity.

#### (p) Distributions to equity holders

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

### 4. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### (a) Critical judgements in applying the entity's accounting policies

##### (i) *Share-based payments*

The company's employees have been granted share options by the ultimate parent company, CCP TopCo Limited. The company makes use of the exemption in Section 26 of FRS 102 to account for the expense based on a reasonable allocation of the parent company's total expense. The company has calculated its allocation of the parent company's total expense based on the number of participating employees in the company compared to the number of participating employees in the group.

#### (b) Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.



## Notes to the financial statements

for the year ended 31 December 2017

### 4. Critical accounting judgements and estimation uncertainty (continued)

#### (i) *Useful economic lives of tangible assets*

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 14 for the carrying amount of the property and equipment, and note 3(j) for the useful economic lives for each class of assets.

#### (ii) *Impairment of debtors*

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of the debtors and historical experience. See note 16 for the net carrying amount of the debtors and associated impairment provision.

#### (iii) *Defined benefit pension scheme*

The company has an obligation to pay pension benefits to certain past and present employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate applied to the liabilities. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 20 for the disclosures relating to the defined benefit pension scheme.

#### (iv) *Revenue Deferral*

The company makes an estimate of income not yet earned on the contracts which it has booked during the year, based on an assessment of the value of work still to be performed on those contracts. See note 20 for the disclosures relating to the defined benefit pension scheme.

## Notes to the financial statements

for the year ended 31 December 2017

### 5. Turnover

The Company operating revenue derives from insurance and reinsurance activities, it is analysed as follows:

Analysis of turnover by geography:

	31 Dec 2017 £'000	31 Dec 2016 £'000
Western Europe	15,501	13,886
North America	12,582	10,904
Middle East	7,411	6,214
Eastern Europe	2,148	3,317
Africa	3,413	2,645
Other	2,739	4,015
	<u>43,793</u>	<u>40,981</u>

### 6. Operating profit

Operating profit is stated after charging / (crediting):

	Note	31 Dec 2017 £'000	31 Dec 2016 £'000
Wages and salaries		19,001	18,156
Social security costs		2,313	2,188
Other pension costs	20	1,142	1,155
Share-based payments	8	465	484
Staff costs		<u>22,921</u>	<u>21,983</u>
Loss on disposal of tangible assets		-	1
Depreciation		650	658
Operating lease charges		1,324	1,334
Foreign exchange losses		2,734	994
<b>Services provided by the company's auditors:</b>			
Audit of financial statements		199	117
Prior year additional audit fees		37	21
Other services		87	153

## Notes to the financial statements

for the year ended 31 December 2017

### 7. Employees and directors

#### Employees

The average monthly number of persons (including executive directors) employed by the Company during the year was:

	2017 persons	2016 persons
Broking and related activities	157	183
Management and administration	45	47
	<u>202</u>	<u>230</u>

#### Directors

The directors' emoluments were as follows:

	31 Dec 2017 £'000	31 Dec 2016 £'000
Aggregate emoluments	1,057	1,095
Sums paid to third parties for directors' services	153	97
	<u>1,210</u>	<u>1,192</u>

Post-employment benefits are accruing for two directors (2016: three) under a defined contribution scheme. One director (2016: none) was a member of the defined benefit schemes.

Compensation paid to directors for loss of office during the year was £- (2016: £118,756).

No directors (2016: none) exercised share options during the year.

Three directors (2016: two) are accruing benefits under a long-term incentive scheme.

#### Highest paid director

The highest paid director's emoluments were as follows:

	31 Dec 2017 £'000	31 Dec 2016 £'000
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	396	422
Defined benefit pension scheme:		
- Accrued pension at the end of the year	-	-
- Accrued lump sum at the end of the year	-	-

The highest paid director did not exercise share options in 2017 (2016: no exercised options).

## Notes to the financial statements

for the year ended 31 December 2017

### 8. Share based payments

Certain employees of the company along with the other group employees have been granted option over the 'C' shares in CCP TopCo Limited. The options are granted at nil consideration to incentivise key employees. The shares vest at 15% per annum over 5 years with the final 25% vesting on an exit event. Employees are required to remain in the employment with the group.

The company recognises an equity-settled share-based payment expense based on a reasonable allocation of the total charge for the group. This allocation is the total charge for the group prorated for the number of participating employees of the company.

	2017		2016	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 January	1,036,289	0.025	0	0
Granted	33,788	0.025	1,102,760	0.025
Forfeited	(24,707)	0.025	(66,471)	0.025
Exercised	-	-	-	-
Outstanding at 31 December	<u>1,045,370</u>	<u>0.025</u>	<u>1,036,289</u>	<u>0.025</u>
Exercisable at 31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The total charge for the year was £464,957 (2016: £484,012).

### 9. Net interest income

#### (a) Interest receivable and similar income

	31 Dec 2017 £'000	31 Dec 2016 £'000
Bank interest received	352	123
Dividends received from investments	26	-
Dividends received from subsidiaries	92	63
	<u>470</u>	<u>186</u>
Total interest income on financial assets not measured at fair value through profit or loss	470	186
<b>Total interest receivable and similar income</b>	<u><b>470</b></u>	<u><b>186</b></u>

## Notes to the financial statements

for the year ended 31 December 2017

### 9. Net interest income (continued)

#### (b) Interest payable and similar charges

	31 Dec 2017 £'000	31 Dec 2016 £'000
Interest payable on overdrafts and bank loans	-	(3)
Finance lease interest	-	-
<b>Total interest payable and similar charges</b>	<b>-</b>	<b>(3)</b>

#### (c) Net interest income

	31 Dec 2017 £'000	31 Dec 2016 £'000
Interest receivable and similar income	470	186
Interest payable and similar charges	(0)	(3)
<b>Net interest income / (expense)</b>	<b>470</b>	<b>183</b>

### 10. Reorganisation costs

The company completed its restructuring programme to get the business ready for the next phase of its growth. The total cost of this programme included the additional payroll and legal costs which were incurred. The total exceptional cost in respect of this programme included in the financial statements for the prior year is £1,843k, there were no such costs for the current year.

### 11. Amounts written off investments

During the prior year the company began negotiations to sell its investment in Bellarmine Ltd for £1.8m, the previous book value was £2.6m and the impairment represents the decrease in value. See note 12 for the sale of the investment in the current year.

### 12. Profit on disposal of fixed asset investments

During the prior year MST RFIB Limited was dissolved with reserves being distributed to the shareholders. The profit on disposal represents the excess of these reserves over the loss of the investment. The profit recognised in the profit and loss was £13k being the excess of the distributable reserves (£22k) over the value of the net assets (£9k).

During the year the company sold its investment in Bellarmine Ltd for £1,756K. The value of the investment was written down to this amount in the prior year and therefore the sale was for no gain and no loss.

## Notes to the financial statements

for the year ended 31 December 2017

### 13. Income tax

#### (a) Tax expense / (income) included in profit or loss

	31 Dec 2017 £'000	31 Dec 2016 £'000
Current tax:		
- UK Corporation tax on loss for the year	44	72
- Adjustment in respect of prior years	144	(124)
Total current tax	188	(52)
Deferred tax:		
- Origination and reversal of timing differences	(90)	(20)
- Impact of change in tax rate	9	-
Total deferred tax	(81)	(20)
Tax on loss on ordinary activities	107	(72)

#### Tax (income) / expense included in other comprehensive income

	31 Dec 2017 £'000	31 Dec 2016 £'000
Current tax	-	-
Deferred Tax:		
- Origination and reversal of timing differences	726	(1,722)
- Impact of change in tax rate	84	-
Total tax income included in other comprehensive income	810	(1,722)

#### (b) Reconciliation of tax credit

	31 Dec 2017 £'000	31 Dec 2016 £'000
(Loss) on ordinary activities before tax	(1,405)	(2,136)
(Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%)	(270)	(427)
Income not subject to tax	(18)	(15)
Previously unrecognised deferred tax	(90)	(20)
Expenses not deductible for tax purposes	371	591
Other timing differences	(34)	(92)
Pension adjustments	(7)	15
Adjustment in respect of prior years	144	(124)
Re-measurement of deferred tax-change in UK tax rate	9	-
Tax charge / (credit) for the year	107	(72)

The tax assessed on the profit on ordinary activities for the year is higher (2016 higher) than the standard rate of corporation tax in the UK of 19.25% (2016: 20%).

## Notes to the financial statements

for the year ended 31 December 2017

### 13. Income tax (continued)

#### (c) Tax rate changes

The tax rate for the current year is lower than the prior year due to changes in the UK Corporation tax rate which decreased from 20% to 19% on 1 April 2017 and has remained the same since. The government has announced that the UK Corporation tax rate will decrease to 17% in 2020. The deferred tax assets and liabilities are currently recognised at a rate of 19%.

### 14. Tangible assets

	<i>Leasehold improvement £'000</i>	<i>Computer equipment £'000</i>	<i>Fixture, fittings, equipment £'000</i>	<i>Total £'000</i>
<b>At 31 December 2016</b>				
Cost	4,614	1,466	239	6,318
Accumulated depreciation and impairment	(3,254)	(1,193)	(237)	(4,685)
Net book amount	1,360	272	2	1,633
<b>Year ended 31 December 2017</b>				
Opening net book amount	1,360	272	2	1,633
Additions	-	105	12	117
Disposals	-	-	-	-
Revaluation	-	(2)	(1)	(3)
Depreciation	(495)	(153)	(2)	(650)
Closing net book amount	865	222	11	1,097
<b>At 31 December 2017</b>				
Cost	4,614	1,564	250	6,428
Accumulated depreciation and impairment	(3,749)	(1,341)	(239)	(5,329)
Net book amount	865	223	11	1,099

### 15. Fixed asset investments

	<i>2017 £'000</i>	<i>2016 £'000</i>
<b>At 1 January</b>	4,029	4,784
Additions	132	65
Impairment	-	(811)
Disposals	(1,756)	(9)
<b>At 31 December</b>	2,405	4,029

Additions represent new investment in RFIB Singapore Pte Limited for £166K and foreign currency revaluation of investment in RFIB Saudi Arabia LLC of (£34K).

## Notes to the financial statements

for the year ended 31 December 2017

### 15. Fixed asset investments (continued)

Fixed asset investments comprise equity shares in the following:

<u>Principal subsidiary undertakings:</u>	<u>Country of incorporation</u>	<u>Proportion of ordinary shares held</u>	<u>Nature of business</u>
RFIB Saudi Arabia LLC	Saudi Arabia	60%	Insurance and reinsurance broking
Gracechurch Intermediaries LLC	USA	99%	Insurance and reinsurance broking
RFIB Singapore Pte Limited	Singapore	100%	Insurance and reinsurance broking

During the year the company sold its investment in Bellarmine Ltd, please see note 12 for further details.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

### 16. Debtors

	<i>31 Dec 2017</i>	<i>31 Dec 2016</i>
	<i>£'000</i>	<i>£'000</i>
Uncollected brokerage	10,329	13,890
Amounts owed by Group undertakings	1,814	720
Amount owed by parent company	820	21
Other debtors	3,045	2,132
Prepayments and accrued income	2,161	2,320
Corporation tax	-	873
Other taxation	1,773	2,503
	<u>19,941</u>	<u>22,459</u>

#### Other taxation

The provision for deferred tax consists of the following deferred tax assets / (liabilities):

	<i>31 Dec 2017</i>	<i>31 Dec 2016</i>
	<i>£'000</i>	<i>£'000</i>
Accelerated capital allowances	46	(27)
Post-employment benefits	1,818	1,872
Derivative financial (liabilities) / assets	(215)	543
Other timing differences	124	115
Total provision	<u>1,773</u>	<u>2,503</u>



## Notes to the financial statements

for the year ended 31 December 2017

### 17. Creditors: amounts falling due within one year

	31 Dec 2017 £'000	31 Dec 2016 £'000
Amounts owed to Group undertakings	2,664	3,365
Amount owed to parent company	2,616	8,570
Other creditors	2,104	4,185
Corporation tax	58	-
Accruals and deferred income	7,072	6,138
	<u>14,514</u>	<u>22,258</u>

### 18. Operating lease commitments

Annual commitments under non-cancellable operating leases for the Company are as follows:

	<i>Land &amp; Buildings</i>	
	31 Dec 2017 £000	31 Dec 2016 £000
Leases expiring:		
Within one to five years	<u>1,807</u>	<u>1,807</u>

In May 2009 the Company agreed to a lease for new premises. The commitment noted above is the ongoing annual commitment for the new premises.

### 19. Provisions for liabilities

	<i>Errors omissions provision £'000</i>	<i>Dilapidations provision £'000</i>	<i>Onerous lease provision £'000</i>	<i>Total £'000</i>
At 1 January 2017	150	574	126	850
(Reductions) / Additions dealt with in profit or loss	(60)	76	(98)	(83)
At 31 December 2017	<u>90</u>	<u>650</u>	<u>28</u>	<u>769</u>

#### Errors and omissions

The Company is currently involved or potentially involved in claims arising from its business activities. On the facts known to the Directors there is no reason to suppose that any losses in excess of the deductibles under the Company's errors and omissions insurances will not be covered. Provision is only made to the extent that losses are expected to arise.

# Notes to the financial statements

for the year ended 31 December 2017

## 19. Provisions for liabilities (continued)

### Dilapidation

The dilapidation provision relates to contractual obligations of the Company on surrender of the property lease to reinstate the premises to the same state and condition as before occupancy. This amount is unlikely to be settled prior to the end of the lease in June 2019.

### Onerous lease

The onerous lease arises on the sub-let of the 3<sup>rd</sup> floor of Gracechurch Street and provides for the short fall in lease receipts over the period of the sub lease.

## 20. Post-employment benefits

The company operates a number of pension schemes for its employees. The amount recognised in the Balance Sheet is as follows:

	Note	31 Dec 2017 £'000	31 Dec 2016 £'000
Defined benefit scheme liability	20 (a)	7,749	7,488
Defined contribution scheme liability	20 (b)	144	166
		<u>7,893</u>	<u>7,654</u>

The amount recognised in the profit and loss account is as follows:

	Note	31 Dec 2017 £'000	31 Dec 2016 £'000
Defined benefit scheme	20 (a)		
- Current service cost		-	-
- Past service cost		-	-
Defined contribution scheme	20 (b)	1,142	1,155
Total charge in operating profit		1,142	1,155
Defined benefit scheme			
- Net interest expense		249	75
Total charge		<u>1,391</u>	<u>1,230</u>

The total charge for defined contribution plans was £1,142k (2016: £1,155k).

### (a) Defined benefit scheme

The Company operates a pension scheme ("the Scheme") which, since 1 August 2002, provides defined benefit and defined contribution benefits. Until 25 January 2001 the subsidiary participated in the Robert Fleming Group Pension Scheme ("RFGPS"), which provided defined benefit and defined contribution benefits. Some members of the Scheme retain a deferred pension entitlement within the RFGPS, based on their service prior to, and salary in the year to, 25 January 2001, but have been granted continuous service within the Scheme. The Company has no additional liability to RFGPS. The Company subsequently ceased contributions to the Scheme with effect from 1 December 2009.

The assets of the Scheme are held separately from those of the Company in a trust fund. Contributions to the fund are determined on the basis of triennial valuations by an independent qualified actuary employed by KPMG LLP.

# Notes to the financial statements

for the year ended 31 December 2017

## 20. Post-employment benefits (continued)

### (a) Defined benefit scheme (continued)

A comprehensive actuarial valuation of the company pension scheme, using the projected unit credit method, was carried out at 31 December 2017 by the actuary by rolling forward the result of the actuarial valuation as at 1 January 2016 to 31 December 2017 by allowing, on an approximate basis, for the following factors:

- The impact of the reporting date being approximately 2 years later than the actuarial valuation date;
- Benefits paid from the Scheme;
- The different assumptions required for these account liability values;
- Know experience of the Scheme, including in relation to lower than expected inflation;

Adjustments to the valuation at that date have been made based on the following assumptions:

	2017	2016
<b>Key assumptions</b>		
Rate of increase in salaries	2.20%	2.25%
Discount rate	2.50%	2.70%
RPI Inflation assumption	3.20%	3.25%
CPI Inflation assumption	2.10%	2.15%
Limited Price Indexation Pension increases (maximum 5.0% p.a.)	3.05%	3.10%
Limited Price Indexation Pension increases (maximum 3.5% p.a.)	2.65%	2.65%

The underlying mortality assumptions used, based upon the SAPS S2 tables, were as follows:

	2017 Years	2016 Years
Longevity at age 65 for current pensioners	21.2	21.3
Longevity at age 65 for future pensioners	23.5	23.9

Reconciliation of scheme assets and liabilities:

	Assets £'000	Liabilities £'000	Total £'000
At 1 January 2017	21,376	(30,736)	(9,360)
Benefits paid	(991)	991	-
Employer contributions	284	-	284
Experience gains on liabilities		126	126
Interest income / (expense)	568	(817)	(249)
Remeasurement gains / (losses)			
- Actuarial gains	-	(638)	(638)
- Return on plan assets excluding interest income	270		270
At 31 December 2017	21,507	(31,074)	(9,567)
Related deferred tax asset	(4,086)	5,904	1,818
Present value of Scheme liabilities at end of year	17,421	(25,170)	(7,749)

# Notes to the financial statements

for the year ended 31 December 2017

## 20. Post-employment benefits (continued)

### (a) Defined benefit scheme (continued)

Total cost recognised as an expense:

	31 Dec 2017 £'000	31 Dec 2016 £'000
Interest cost	(249)	(75)
Total charge	<u>(249)</u>	<u>(75)</u>

The agreed contributions to be paid by the Group for the forthcoming year (year ending 31 December 2018) is £284,004, subject to review at future actuarial valuations.

The fair value of the plan assets was:

	31 Dec 2017 £'000	31 Dec 2016 £'000
Equities and Absolute Return Funds, including derivatives	12,670	15,796
Bonds	3,638	5,443
Liability Driven Instruments	4,928	-
Cash and cash equivalents	271	137
	<u>21,507</u>	<u>21,376</u>

Sensitivity of the defined benefit obligation to changes in the principal actuarial assumptions:

	31 Dec 2017 £'000
0.25% increase in discount rate	(1,721)
0.25% increase in price inflation (and associated assumptions)	1,541
1 year increase in life expectancy at age 65	1,061

### (b) Defined contribution scheme

Following the closure of the defined benefit scheme to new entrants, the company provides a defined contribution scheme for its employees.

The amount recognised as an expense for the defined contribution scheme was:

	31 Dec 2017 £'000	31 Dec 2016 £'000
Current period contributions	1,142	1,155

## Notes to the financial statements

for the year ended 31 December 2017

### 21. Financial instruments

#### Derivative financial instruments – Forward contracts

The Group enters into forward currency contracts to mitigate the exchange rate risk arising on future currency receivables. At 31 December 2017, the outstanding forward contracts mature with value dates between January 2018 and December 2019, which is in line with the expected future cash flows being hedged.

At 31 December 2017 there were outstanding forward exchange contracts for the sale of foreign currencies for sterling as follows:

	Contract value 2017 £000	Fair value 2017 £000
Contracts to sell USD 31.75m	24,626	23,515
Contract to sell EURO 4.5m	4,035	3,999
	<u>28,661</u>	<u>27,514</u>

### 22. Called up share capital

	Authorised		Allotted, called up and fully paid	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
Ordinary shares of 25p each	£5,000,000	£5,000,000	£5,000,000	£1,325,000
Number of shares	<u>20,000,000</u>	<u>20,000,000</u>	<u>20,000,000</u>	<u>5,298,888</u>

### 23. Contingent liabilities

The Company participates in the Griffin Insurance Association Insurance Mutual. The Mutual operates purely on participant funding and therefore the Company could potentially be liable for a share of any deficit should claims reach a sufficient level. In the view of the Directors, the likelihood of such an event occurring is not sufficient to warrant provision within these financial statements. Any such provision would only be quantifiable once a deficit in the Mutual was notified. The Directors are not aware of any claims within the Mutual sufficient to warrant such notification.

### 24. Financial guarantees

The company is a co-guarantor with other companies in the group in respect of the foreign exchange hedging facility with Barclays Bank Plc.

## Notes to the financial statements

for the year ended 31 December 2017

### 25. Controlling parties

The immediate parent undertaking is RFIB Holdings Limited, a company incorporated in England and Wales.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is CCP TopCo Limited. Copies of the CCP TopCo Limited consolidated financial statements can be obtained from the Company Secretary at 20 Gracechurch Street, London EC3V 0AF.

The ultimate controlling party is Calera Capital Partners IV (Cayman) AIV I LP.

### 26. Related party transactions

The company is exempt from disclosing related party transactions as they are with other companies wholly owned within the group.