

Company Registration Number
02265613

Alexander Forbes International Limited

Report and Financial Statements

for the year ended
31 March 2015

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Alexander Forbes International Limited
Report and Financial Statements for the year ended 31 March 2015
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Alexander Forbes International Limited
Company Information

Directors

G E Stobart

D M Viljoen (resigned 5 April 2014)

E C Kieswetter

P M Elliott (appointed 6 April 2014)

Secretary

L Voss

Independent Auditors

Crowe Clark Whitehill

St Bride's House

10 Salisbury Square

London

EC4Y 8EH

Registered Office

3rd Floor

1 Royal Exchange

London

EC3V 3LN

United Kingdom

Registration number

02265613

Alexander Forbes International Limited

Registered Number: 02265613

Directors' Report

The Directors present their report and audited financial statements of the Company for the year ended 31 March 2015.

Results and dividends

The profit for the year, after taxation, amounted to £4,261,358 (2014 : £11,196,390). During the year, the Directors declared interim dividends of £6,800,000 (2014 : £700,000). The Directors do not recommend the payment of a final dividend (2014 : £nil).

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements are shown on page 1.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report, Strategic 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Alexander Forbes International Limited
Registered Number: 02265613
Directors' Report

Disclosure of information to auditors

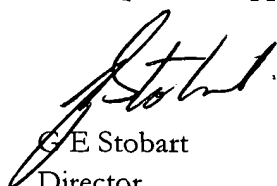
So far as each Director at the date of approval of this report is aware:

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

Independent Auditors

In accordance with the Companies Act 2006, the Company is no longer required to hold annual general meetings. Subject to the receipt of any objections as provided under statute or the Company's Articles of Association, the Company is relying on the provisions for the deemed reappointment of Crowe Clark Whitehill LLP as auditors as provided in section 487 of the Companies Act 2006 and Crowe Clark Whitehill LLP have indicated their willingness to continue as auditors of the Company.

This report was approved by the Board of Directors on 19 May 2015 and signed on its behalf by:



C E Stobart
Director

19 May 2015

Alexander Forbes International Limited

Registered Number: 02265613

Strategic Report

for the year ended 31 March 2015

Principal activities

The Company continues to act as a holding company for a number of actuarial and financial services businesses. The Directors consider the future prospects of the Company to be satisfactory. The Company is set to continue with the principal activity outlined above.

Review of the business

On 10 April 2014 the Company disposed of its investment in Alexander Forbes Trustee Services Limited which resulted in a loss of £382,259. An earn-out consideration calculated by reference to achievement of targeted turnovers in the 3 years to 31 March 2017 has not been recognised in these financial statements.

The company remains the UK holding company of the Alexander Forbes Group's investment in Lane Clark & Peacock LLP.

Review of business and future developments

i) Review of developments and performance of the business and position at year-end

The Directors are satisfied with the performance of the Company during the year ended 31 March 2015 and they are confident about the future prospects of the Company.

ii) Principal risks and uncertainties

The Company is reliant on the operating performance of its underlying subsidiaries. The principal operating subsidiaries traded in line with expectations.

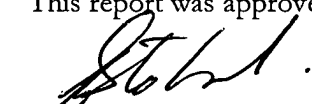
iii) Key performance indicators

The Company's primary key performance indicator is the dividends received from subsidiaries and associates and other net cash flows generated by the Company. Dividends received during the year were £5,650,000 (2014 : £11,115,750). The Directors are satisfied with the performance of the Company against its key performance indicators during the past financial year.

Financial risk management objectives and policies

The Directors consider that there is no material exposure to price, currency, credit, liquidity or interest rate risk for the financial instruments held by the Company. The Company does not hold equity instruments other than investments in group undertakings; the financial assets and liabilities are mainly British pound denominated and these are mainly represented by financial assets receivable from and payable to, and/or investments in, group undertakings. The Company may hold assets or liabilities where the underlying economic risk and reward is in another currency, particularly Euros, but has elected not to hedge these exposures, although it may seek to match the effective cash flow currency risk by funding the assets in the relevant base currency.

This report was approved by the Board of Directors on 19 May 2015 and signed on its behalf by:


G. E. Stobart
Director
19 May 2015

Alexander Forbes International Limited
Independent Auditors' Report
to the Members of Alexander Forbes International Limited

We have audited the financial statements of Alexander Forbes International Limited for the year ended 31 March 2015 set out on pages 7 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of Directors and Auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2015 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.

Alexander Forbes International Limited
Independent Auditors' Report
to the Members of Alexander Forbes International Limited

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.

Nigel Bostock

Nigel Bostock (Senior Statutory Auditor)
For and on behalf of Crowe Clark Whitehill LLP
Statutory Auditor
St Bride's House
10 Salisbury Square
London
EC4Y 8EH

19 May 2015

Alexander Forbes International Limited
Profit and Loss Account
for the year ended 31 March 2015

	Notes	2015 £	2014 £ Restated
Turnover	2	6,195,864	11,415,913
Administrative expenses		(2,669,722)	(1,635,745)
Foreign exchange gains		3,766	50,909
Provision for impairment of subsidiaries	10	-	(236,939)
Operating profit	3	3,529,908	9,594,138
Exceptional items			
(Loss)/profit on the disposal of investments	4	(382,259)	317,498
		3,147,649	9,911,636
Interest receivable and similar income		1,443,235	1,656,242
Interest payable and similar charges	7	-	(900,406)
Profit on ordinary activities before taxation		4,590,884	10,667,472
Tax on profit on ordinary activities	8	(329,526)	528,918
Profit for the financial year		4,261,358	11,196,390

All items dealt with in arriving at the above results relate to continuing and discontinued operations.

The Company had no recognised gains and losses other than those included in the results, and therefore no separate statement of total recognised gains and losses has been prepared.

There is no difference between the above profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

Alexander Forbes International Limited
Balance Sheet
Registered Number: 02265613
as at 31 March 2015

	Notes	2015 £	2014 £
Fixed assets			
Tangible assets	9	2,373	7,744
Investments	10	1	590,001
		<u>2,374</u>	<u>597,745</u>
Current assets			
Debtors	11	1,599,608	3,014,703
Debtors greater than one year	11	30,200,206	30,200,206
Cash at bank and in hand		1,751,865	3,734,332
		<u>33,551,679</u>	<u>36,949,241</u>
Creditors: amounts falling due within one year	12	(502,463)	(1,539,847)
Net current assets		<u>33,049,216</u>	<u>35,409,394</u>
Total assets less current liabilities		<u>33,051,590</u>	<u>36,007,139</u>
Provisions for liabilities			
Other provisions	13	(664,612)	(1,081,519)
Net assets		<u>32,386,978</u>	<u>34,925,620</u>
Capital and reserves			
Called up share capital	14	7,700,000	7,700,000
Profit and loss account	15	24,686,978	27,225,620
Total shareholders' funds	17	<u>32,386,978</u>	<u>34,925,620</u>

The financial statements on pages 7 to 16 were approved by the Board of Directors on 19 May 2015 and signed on its behalf by:

P M Elliott
Director
19 May 2015



Alexander Forbes International Limited
Notes to the financial statements
for the year ended 31 March 2015

1 Accounting policies

Basis of accounting

These financial statements are prepared as a going concern under the historical cost convention in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The directors have, in assessing the preparation of the financial statements, considered the working capital requirements over the following 12 months. There is no indication that the company will not have sufficient funds to meet their liabilities as they fall due and therefore it is deemed appropriate to prepare the accounts on a going concern basis. The Company has adopted the requirements of all relevant accounting standards, including those issued during the year and effective 31 March 2015. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

New accounting policies

No new accounting policies were adopted during the current period. The Company is exempt from Financial Reporting Standard ("FRS") 29 (Financial Instruments: Disclosures) as it does not hold assets at fair value and has therefore not adopted FRS 26 (Financial Instruments: Recognition and Measurement).

Consolidation basis

The financial statements contain information about Alexander Forbes International Limited as an individual company and do not contain consolidated financial information as the parent of a group. In accordance with s401 of the Companies Act 2006, the Company is exempt from the requirement to prepare consolidated financial statements, as it and its subsidiaries are included in the consolidated financial statements of Alexander Forbes Group Holdings Limited, and the other conditions set out in paragraph 21 of FRS 2 (Accounting for Subsidiary Undertakings) have been met as well as the exemption under the EC's 7th Directive from preparing consolidated financial statements.

Cash flow statement

The Company is a wholly owned subsidiary of Alexander Forbes Group Holdings Limited and the cash flows of the Company are included in the consolidated cash flow statement of that company. Consequently the Company is exempt under the terms of FRS 1 from publishing its own cash flow statement.

Depreciation

Fixed assets are stated at cost less accumulated depreciation. Fixed assets are transferred between Group companies at net book value. The cost of tangible assets is written off on a straight line basis over their expected useful life as follows:

Fixtures and fittings	4 - 7 years
Computer hardware	3 - 5 years

Dividends from group undertakings

Dividends from group undertakings are recognised when the right to receive the dividend is established.

Deferred taxation

The charge for ordinary taxation is based on the profits for the year. Full provision is made for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation, as required by FRS 19. Deferred tax is measured in the financial statements on an undiscounted basis at a tax rate of 20%, the rate of tax which is effective from 1 April 2015.

Investments

Fixed asset investments are stated at cost and are written down only where there is an impairment in value. An impairment is recognised when the carrying value is greater than the realisable value or value in use as appropriate.

Provision for liabilities

A provision is recognised where there is a present obligation (legal or constructive) as a result of a past event, and it is probable that a transfer of economic benefit will be required to settle that obligation, and a reliable estimate can be made

Alexander Forbes International Limited
Notes to the financial statements
for the year ended 31 March 2015

1 Accounting policies (continued)

Interest receivable/interest payable and other similar income/charges

Interest receivable, interest payable and other similar income/charges relate to interest on intra-group borrowings. Interest is recognised on an accruals basis.

Foreign currency

Assets and liabilities in foreign currencies are translated into sterling at closing rates ruling at the balance sheet date. Transactions denominated in foreign currencies are translated at the rate ruling at the dates of the transactions. Exchange gains and losses are included in the profit and loss account in other income/expenses.

Share Based payments

The company is part of a group that provides awards to certain executives under long-term incentive plans. The ultimate parent entity makes a charge to the company which is recognised in the profit and loss account over the vesting period. The company includes commensurate disclosures in relation to share based payments based on the principles of FRS 20.

2 Turnover	2015	2014
	£	£
Management & other services	545,864	300,163
Dividends received from subsidiary undertakings	5,650,000	11,115,750
	<u>6,195,864</u>	<u>11,415,913</u>
3 Operating profit	2015	2014
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	5,371	9,174
Auditors' remuneration - for audit fees (including group reporting)	40,500	33,500
	<u>45,871</u>	<u>42,674</u>
4 Exceptional items	2015	2014
	£	£
(Loss)/profit on disposal of investments	(382,259)	317,498

On 10th April 2014, the Company sold its investment in Alexander Forbes Trustee Services Limited to MC20 HDGS Limited for a consideration of £400,000 together with a working capital adjustment based on the 31 March 2014 financial statements and an earn out consideration calculated by reference to achievement of targeted turnovers in the 3 years to 31 March 2017. Prior to the disposal a dividend of £250,000 was received (note 2) which partly offsets against this loss on disposal such that the impact of the combination of both of these factors resulted in an effective net loss impact of £132,259 in the year ended 31 March 2015.

5 Directors' emoluments

The emoluments for the Executive Directors' services for the full year are disclosed below:

		Restated
Executive Directors:	2015	2014
	£	£
Salaries and other emoluments	831,269	508,357
Awards in respect of long term incentive schemes (Note 18)	610,841	-
Aggregate contributions to defined contribution pension funds	76,559	49,779
	<u>1,518,669</u>	<u>558,136</u>

Amounts attributable to highest paid Director:

The highest paid director received shares for qualifying services under the 2014 Exit Transaction Incentive and the Conditional Share Incentive Plan.

Salaries and other emoluments	673,269	508,357
Awards in respect of long term incentive schemes	610,758	-
Aggregate contributions to defined contribution pension funds	39,914	49,779
	<u>1,323,941</u>	<u>558,136</u>

Alexander Forbes International Limited
Notes to the financial statements
for the year ended 31 March 2015

6 Employee information

	2015 £	2014 £
Employment costs comprise:		
Salaries and other emoluments including social security contributions	1,382,816	1,206,569
Contributions to defined contribution pension funds	56,280	61,127
Cash settled share-based payment transactions	611,090	-
	<u>2,050,186</u>	<u>1,267,696</u>
	Number	Number
Average monthly number of employees during the year	<u>6</u>	<u>6</u>

The Company operates a defined contribution pension scheme, contributions to which are charged to the profit and loss account as they fall due.

7 Interest payable and similar charges

	2015 £	2014 £
Floating rate loan	-	764,795
Intragroup borrowings	-	135,611
	<u>-</u>	<u>900,406</u>

8 Tax on profit on ordinary activities

	2015 £	2014 £
Current tax:		
UK corporation tax on profit for the period	(160,296)	(373,900)
Adjustments in respect of previous periods	139,429	(20,783)
	<u>(20,867)</u>	<u>(394,683)</u>
Deferred tax:		
Origination and reversal of timing differences	67,742	(199,301)
Adjustment to tax in respect of prior periods	282,651	(4,690)
Effect of decreased tax rate change on opening balance	-	69,756
	<u>350,393</u>	<u>(134,235)</u>
Tax on profit/(loss) on ordinary activities	<u>329,526</u>	<u>(528,918)</u>

Factors affecting tax charge for period

The differences between the current tax for the period and the standard rate of corporation tax are explained as follows:

	2015 £	2014 £
Profit on ordinary activities before taxation	<u>4,590,884</u>	<u>10,667,472</u>
Standard rate of corporation tax in the UK	21%	23%
	<u>£</u>	<u>£</u>
Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 21% (2014 : 23%)	964,086	2,453,519
Effects of:		
Expenses not deductible for tax purposes	133,247	69,576
Non-taxable income	(1,186,500)	(2,629,647)
Short term timing differences	(71,129)	(94,403)
Utilisation of tax losses	-	(172,945)
Adjustments in respect of prior periods	139,429	(20,783)
Current tax for the year	<u>(20,867)</u>	<u>(394,683)</u>

The UK corporation tax rate reduces to 20% from 1 April 2015. The change in rate has been recognised in calculating the deferred tax asset in these financial statements.

Alexander Forbes International Limited
Notes to the financial statements
for the year ended 31 March 2015

9 Tangible fixed assets

	Furniture and equipment £	Computer Hardware £	Total £
Cost			
At 1 April 2014	1,891	17,057	18,948
At 31 March 2015	1,891	17,057	18,948
Depreciation			
At 1 April 2014	1,285	9,919	11,204
Charge for the year	201	5,170	5,371
At 31 March 2015	1,486	15,089	16,575
Net book value			
At 31 March 2015	405	1,968	2,373
At 31 March 2014	606	7,138	7,744

10 Investments

	Investments in subsidiary undertakings £
Cost	
At 1 April 2014	590,001
Disposals	(590,000)
At 31 March 2015	1

On 10th April 2014, the Company sold its investment in Alexander Forbes Trustee Services Limited to MC20 HDGS Limited for a consideration of £400,000 together with a working capital adjustment based on the 31 March 2014 financial statements and an earn-out consideration calculated by reference to achievement of targeted turnovers in the 3 years to 31 March 2017.

In the opinion of the Directors the value of each investment in the subsidiary undertakings is not less than the amount recognised in the financial statements.

The Company has an effective interest of 20% or more in the share capital of the following companies:

Company	Place of registration or incorporation	Shares held Class	Effective Interest %
Alexander Forbes Financial Services No 2 Limited (In Members Voluntary Liquidation) *	England and Wales	Ordinary	100
10723 Limited (formerly Alexander Forbes I.O.M. Limited)	Isle of Man	Ordinary	100
Alexander Forbes Financial Services Holdings Limited *	England and Wales	Ordinary	100
Lane Clark & Peacock Belgium CVBA	Belgium	Ordinary	72
Lane Clark & Peacock Ireland Holdings Limited	Ireland	Ordinary	48
Lane Clark & Peacock Ireland Limited	Ireland	Ordinary	48
Lane Clark & Peacock Limited	England and Wales	Ordinary	60
Lane Clark & Peacock I.I.P	England and Wales	N/A	60
Lane Clark & Peacock Netherlands B.V.	Netherlands	Ordinary	42
Lane Clark & Peacock Trustee Services Limited	Ireland	Ordinary	48

Alexander Forbes International Limited
Notes to the financial statements
for the year ended 31 March 2015

10 Investments (Continued)

Company	Place of registration or incorporation	Shares held Class	Effective Interest %
LCP Enterprises Limited	England and Wales	Ordinary	80
LCP Europe Limited	England and Wales	Ordinary	80
LCP Trustees Limited	England and Wales	Ordinary	60
10900 Limited (formerly Alexander Forbes Financial Services Limited) (In Members Voluntary Liquidation) *	England and Wales	Ordinary	100
Alfred Blackmore Limited (In Members Voluntary Liquidation) *	England and Wales	Ordinary	100
The Annuity Bureau Limited (In Members Voluntary Liquidation)	England and Wales	Ordinary	100
The Investors Bureau Limited (In Members Voluntary Liquidation)	England and Wales	Ordinary	100

* Directly owned by the Company

11 Debtors

	2015 £	2014 £
Trade debtors	7,258	7,465
Amounts owed by group undertakings due less than one year	795,637	448,488
Other debtors	301,041	988,034
Corporation tax recoverable from group companies for group relief	161,256	885,107
Deferred tax	318,640	669,033
Prepayments and accrued income	15,776	16,576
	<u>1,599,608</u>	<u>3,014,703</u>
Amounts owed by group undertakings due greater than one year	30,200,206	30,200,206
	<u>31,799,814</u>	<u>33,214,909</u>

Amounts owing by group companies due greater than one year are unsecured. Interest is payable at 6 month LIBOR plus 4.1% as determined on 1 April and 1 October each year.

Other debtors include £250,000 of deferred consideration due from JLT Employee Benefits Holdings Limited. The deferred consideration is held in escrow with the Company's solicitors as security against the undertakings provided by the Company under the December 2012 agreement to sell Alexander Forbes Consultants and Actuaries Limited to JLT Employee Benefits Holdings Limited.

The deferred tax movement can be analysed as follows

	2015 £	2014 £
Fixed asset timing differences	386,382	387,033
Non-trade loan relationship losses	-	282,000
Deferred tax asset	<u>386,382</u>	<u>669,033</u>
At 1 April	669,033	534,798
Capital allowances and other timing differences	-	(82,699)
Non-trade loan relationship losses	-	282,000
Adjustments in respect of prior periods	(282,651)	4,690
Effect of tax rate change on opening balance	-	(69,756)
At 31 March	<u>386,382</u>	<u>669,033</u>

Alexander Forbes International Limited
Notes to the financial statements
for the year ended 31 March 2015

11 Debtors (Continued)

Unrecognised deferred tax asset

Deferred tax assets have not been recognised in respect of the following items:

	2015	2014
	£	£
Non trade loan relationship deficits	<u>2,191,740</u>	<u>2,097,514</u>

At the balance sheet date, deferred tax assets of £2,191,740 (2014: £2,097,514) in respect of non-trade loan relationship deficits have not been recognised due to the excess of non trade loan relationship debits exceeding non-trade loan relationship credits in prior years. Whilst it is expected that these assets can be recovered in future years, the timing of this recovery remains uncertain.

12 Creditors: amounts falling due within one year

	2015	2014
	£	£
Trade creditors	16,851	-
Amounts owed to group undertakings	10,527	973,709
Other taxation and social security	24,094	24,323
Accruals and deferred income	<u>450,991</u>	<u>541,815</u>
	<u>502,463</u>	<u>1,539,847</u>

Amounts due to group undertakings within one year are unsecured and have no fixed dates of repayment.

13 Provisions for liabilities and charges

	Onerous leases (i)	Dilapidations (ii)	Legal and other claims (iii)	Total
	£	£	£	£
At 1 April 2014	349,897	61,635	669,987	1,081,519
Amounts charged/(released)	(4,898)	-	(152,089)	(156,987)
Amounts utilised	(66,538)	-	(202,067)	(268,605)
Changes in the discounted amount	8,685	-	-	8,685
At 31 March 2015	<u>287,146</u>	<u>61,635</u>	<u>315,831</u>	<u>664,612</u>

(i) Onerous leases

In accordance with the requirements of FRS 12: "Provisions, contingent liabilities and contingent assets" the Company has created a provision for onerous lease liabilities. The Company assumed these liabilities as part of the disposal in prior years of Alexander Forbes Services Limited.

(ii) Provisions for dilapidations

The provision for dilapidations represents an estimate of potential charges which are payable under the terms of a number of leases arising from the disposal of Alexander Forbes Services Limited.

(iii) Legal and other claims

The provision for legal and other claims relate to certain legal actions with regard to professional indemnity claims that are normal for a business group of this nature.

14 Called up share capital

	2015	2014
	£	£
7,700,000 Ordinary shares of £1 each	<u>7,700,000</u>	<u>7,700,000</u>

Alexander Forbes International Limited
Notes to the financial statements
for the year ended 31 March 2015

15 Profit and loss account	2015	2014
	£	£
At 1 April	27,225,620	16,729,230
Profit for the financial year	4,261,358	11,196,390
Dividends	(6,800,000)	(700,000)
At 31 March	<u>24,686,978</u>	<u>27,225,620</u>

16 Dividends	2015	2014
	£	£
Dividends for which the company became liable during the year:		
Dividends declared	<u>6,800,000</u>	<u>700,000</u>

17 Reconciliation of movement in shareholder's funds	2015	2014
	£	£
At 1 April	34,925,620	24,429,230
Profit for the financial year	4,261,358	11,196,390
Dividends	(6,800,000)	(700,000)
At 31 March	<u>32,386,978</u>	<u>34,925,620</u>

18 Share based payments

Exit Transaction Incentive

Following the successful listing of the Company's ultimate parent company (Alexander Forbes Group Holdings Limited) on the JSE, on 24 July 2014 a 2014 Exit Transaction Incentive (the "2014 ETI") was implemented and awarded to certain senior executives of Alexander Forbes Group Holdings and its subsidiary companies. The incentive was equity-settled through the issue of shares. Participants in the 2014 ETI were not entitled to dispose of the Shares awarded for (a) 180 days (in relation to 40% of the total number of Shares issued to the participant pursuant to the 2014 ETI) and (b) 365 days (in relation to the balance of the Shares issued to the participant pursuant to the 2014 ETI), in each case, calculated from the listing date.

Alexander Forbes Group Holdings Limited charged the company for the shares issued under the 2014 ETI in respect of Directors employed in the UK. An expense of £585,176 has been included in administrative expenses and disclosed in their remuneration as disclosed in note 5.

Share Incentive Plans

On the listing of Alexander Forbes Group Holdings Limited, two share incentive plans were introduced. A Conditional Share Incentive Plan was introduced for a number of key senior executives of the Group. Shares awarded under this plan are subject to performance measures, employment conditions and a three year vesting period. All other employees were granted shares under a Forfeitable Share Incentive Plan which are subject to an employment condition and three year vesting period.

Alexander Forbes Group Holdings Limited charges the company for the cost of the shares awarded under the share incentive plans over the three year vesting period. An expense of £25,914 has been included in administrative expenses and included in Employee emoluments as disclosed in note 6.

Details on long term incentive schemes:

	Exit transaction Incentive	Conditional Share Incentive Plan	Forfeitable share Incentive Plan
Director	G E Stobart	G E Stobart	P M Elliott
Award date	24 July 2014	24 July 2014	24 July 2014
Market Value on award	7.50	6.70	7.50
Number of shares awarded	1,490,231	500,000	1,000
Vesting date	24-Jul-14	** see below	31 March 2017
Value vested	£585,176	N/A	N/A

** The vesting date of the Conditional Share Incentive Plan is the later of 23 June 2017 or such date that the Group's Remuneration Committee are satisfied that the performance conditions have been met.

19 Contingent liabilities

The Company's subsidiaries are subject to claims and litigation in the ordinary course of business resulting principally from alleged errors and omissions arising in their operations. Under certain disposals, the Company retained the liability for certain of these errors and omissions via indemnities provided to the purchasers. Although all claims are strenuously defended, a provision is made for financial liabilities, including expenses, that are deemed more likely than not to arise in respect of potential claims notified to the Company and in excess of the retention payable by the subsidiaries or former subsidiaries, at the date of these financial statements. Claims may arise several years after the original events which are the subject of dispute.

20 Related party transactions

The Company is a wholly owned subsidiary within the Alexander Forbes Group Holdings Limited group and advantage has been taken of the exemption in FRS 8 not to disclose any transactions with entities that are part of that group, as the financial statements of Alexander Forbes Group Holdings Limited are publicly available.

21 Ultimate Parent Company and Controlling Party

The Company's immediate parent company at 31 March 2015 was Alexander Forbes Limited, which is registered in South Africa. The Company's ultimate parent company and controlling party at 31 March 2015 was Alexander Forbes Group Holdings Limited, a company registered in South Africa. Copies of the groups financial statements can be obtained from 115 West Street, Sandown 2196, South Africa.