REGISTERED NUMBER: 03578103 (England and Wales)

Annual Report and

Financial Statements

for the Year Ended 31 December 2015

for

The A & A Group Limited

The A & A Group Limited

Contents

The A & A Group Limited

Company Information

Directors:	S P Beckett J R H Cumming I M Fenner-Evans M D Hurley
Secretary:	I M Fenner-Evans
Registered office:	Garrick House 161 High Street Hampton Hill Middlesex TW12 1NG
Registered number:	03578103 (England and Wales)
Auditor:	Deloitte LLP Hill House 1 Little New Street London EC4A 3TR
Bankers:	Royal Bank of Scotland 280 Bishopsgate London C2M 4RB

Strategic report

The directors in preparing this Strategic Report for The A & A Group Limited (the "Company") for the year to 31st December 2015 have complied with s414C of the Companies Act 2006.
The purpose of this Strategic Report is to inform members of the Company and help assess how the directors have performed their duty under Section 172 of the Companies Act 2006.

Review of the company's business
The principal activity of the Company is the provision of insurance broking services to the car, van, motorbike and home markets. Insurance services continue to be sold under the following brands: Allen & Allen, Telesales, Mymotorquote, Quoteacar, Insure It All, ESI, Hyper Hotline and Complete Cover Group.
The Company is a member of the Key Topco Limited group of companies (the 'Group'), an insurance broking group in the UK, with underwriting capacity available in Gibraltar.
No significant changes in the nature of the business are expected in 2016.

2015 was a much improved year for the business, as it built on the foundations laid in the second half of 2014. The business continued to reap the benefit of the pricing changes it made to its fee and commission based products in 2014, which, coupled with an increase in average premium of business written from the hardening motor market, meant that the business continued to see an improvement in income margin. 2015, however, was characterised by more of an improvement in volumes than margin, in contrast to the prior year performance. On both the new business and renewal side, we noticed competitors moving out of our niche markets, possibly as a result of insurer panel concerns over capacity in the run up to Solvency II. This, combined with operational improvements in the call centre, enabled us to serve more customers and place more business in these markets using a combination of our insurer and external panel providers. These changes resulted in a 19% increase in new business sales during 2015. The number of policies renewed, however, suffered from a decrease primarily caused by a significant drop off in new business in 2014. The net result was a 3% increase in live policyholders at 31 December 2015, compared to prior year.

As a result of the above, and the effect of the increased contribution of new business sales at a higher income margin, turnover in the business increased by 13%. On the cost side, administrative expenses stayed flat during the year, with increases in staff costs required to serve more customers being offset by costs savings in other areas of the business. The net result was a significant improvement in profitability, moving to an operating profit of £0.5 million in 2015 from a loss of £2.6 million in 2014.

The detailed results for the year and the state of the company's affairs are presented in the attached financial statements on pages 9 to 26.

The directors consider "Adjusted EBITDA" a key performance indicator (KPI), being defined as Earnings before Interest, Tax, Depreciation and Amortisation, adjusted for one off related items that do not relate to underlying trading. The following one off related items were removed from the reported EBITDA result for 2015:

- Profit on the sale and leaseback of the premises in Hampton Hill
- De-recognition of insurer provision
- Reduction in turnover for cancellations unrelated to underlying 2015 trading
- The recording of property dilapidations provision
- One off costs associated with staff restructure
- One off consultancy costs

Adjusting for these significant one off items, the Company's EBITDA would be:

	2015	2014
	£000	£000
EBITDA	1,674	(1,192)
One off items	396	914
Adjusted EBITDA	2,070	(278)

The directors are delighted to report such a turnaround and improvement in this key financial metric, and are also pleased to confirm the continued growth in 2016, with Adjusted EBITDA run rates ahead of 2015.

In addition to Adjusted EBITDA, other KPIs used and reported by the directors are:

- New business wins and losses;
- Retention rates;
- Average premiums;
- Insurer panel mix;
- Complaints and other treating customers fairly metrics; and
- Staff satisfaction.

The directors review these KPIs frequently and take remedial action if necessary.

Principal risks and uncertainties

The Group has a risk committee that meets monthly which advises the Board on risk and compliance matters and monitors the risk appetite of the business. This committee reviews and challenges the output of the business and each division's risk maps.

The Director's report details the key financial risks the director looks to manage. These risks are also viewed as the principal risks and uncertainties faced by the business. Additional principal risks and uncertainties facing the Company are those relating to people, competition, errors and omissions.

i) Competitive risks

The nature of the current market combined with some very aggressive strategies from competitors puts significant pressure on the Company to retain existing business and to win new business. Further significant risk exists in maintaining relationships with aggregators and insurers. The Company mitigates these risks by continuing to enhance its value proposition to clients and regular and open meetings with aggregators and insurers.

ii) People risks

The willingness of competitors to offer key staff higher remuneration and benefits packages continues to be a risk to the Company's ability to attract and retain key people. Periodic benchmarking of salaries is carried out to ensure the Company remains competitive.

iii) Errors and omissions

The Company is subject to claims and litigation in the ordinary course of its business, principally in connection with the Company's insurance broking business. The Company mitigates this risk through regular review of its processes and, ultimately, the taking out of the appropriate insurance cover.

On behalf of the board:

J R H Cumming - Director
10 August 2016

Director's report
for the year ended 31 December 2015

The directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 31 December 2015.

Directors
The directors who have held office during the year to 31 December 2015 and to the date of this report are as follows:

A D M Allen (resigned 13 April 2016)
S P Beckett (appointed 1 March 2016)
J R H Cumming (appointed 27 July 2016)
I M Fenner-Evans (appointed 8 April 2016)
M D Hurley (appointed 8 April 2016)

The directors, who are eligible, will offer themselves for re-election at the forthcoming Annual General Meeting.

The Group has made qualifying third party indemnity provisions for the benefit of directors of all Group companies which were made during the year and remain in force at the date of this report.

Dividends
No dividends have been paid in the year ended 31 December 2015 (2014: £nil).
The Directors do not recommend payment of a final dividend on the ordinary shares for the year ended 31 December 2015. (2014: £nil).

Going concern
The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review which forms part of the Strategic Report. The Strategic and Director's Reports also describe the financial position of the Company, its cash flows, liquidity risk and the Company's objectives. Policies and process for managing its capital, its financial risk, management objectives, exposure to credit and liquidity risk are in place.

The Company meets its day to day working capital requirements from corporate cash balances. The UK broking market remains extremely competitive and the Company continues to monitor the uncertainty in the current environment. The directors are satisfied that the Company's services will continue to be attractive to its clients.

The directors note that the Company is in a net asset position of £16.3 million (2014: £15.1 million), as well as a net current asset position with current assets exceeding current liabilities by £4.7 million (2014: £1.9 million).

After a review of the Company's cash flows and forecast for the period of the next 3 years, and the banking facilities within which the business is expected to operate, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, while acknowledging the current guidance on going concern, including that from the FRC, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

Future developments
Details of future developments can be found in the Strategic report on pages 2 to 3 and form part of this report by cross-reference.
Details of significant events since the balance sheet date are contained in note 22 to the financial statements.
Further information can be found in ultimate parent company, Key Topco Limited, financial statements Strategic report.

Financial risk management
The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk for the Group are interest rate risk, currency risk, credit risk and liquidity/cash flow risk.

i) Liquidity/cash flow risk
Liquidity and cash flow risk is the risk that cash may not be available to pay obligations when due. The Company carefully monitors levels of cash to ensure compliance with banking covenants. The directors of the Company make use of forecasts and budgets to monitor and control cash flows and working capital requirements.

ii) Credit risk
Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The main areas where the Company is exposed to credit risk are amounts due from clients and insurers in respect of brokerage not yet received and cash investment holdings.

The use of premium credit with full recourse across the Company gives rise to potential debt through default by the clients with the premium credit provider.

The Company mitigates its credit risk for cash and investments by only depositing money or holding investments in entities with a sufficiently high credit rating. The credit rating required is that demanded by the ultimate parent company. In addition the Company has investment guidelines that restrict the amount of the investment portfolio that can be placed with a single issuer, and the level of investment in a non-sovereign- issue.

The Company mitigates its credit risk in respect of funded items by closely monitoring the debts created.

Brokerage and fee debtors are also monitored closely with a view to minimising the collection period of these items, particularly given the current economic climate.

Disabled employees
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that where appropriate reasonable adjustments are made and/or relevant training provided. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons, should, as far as possible, be identical to that of other employees.

Employees
The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. Formal and informal meetings are held to keep employees informed and for the purpose of consulting them. Information is provided through employee notices and bulletins and every opportunity is taken to ensure as far as practicable that employees are fully aware of the financial and other factors which affect the Company's performance.

Political donations
During the year no donations were made to political parties (2014: £nil).

Auditor
Each of the persons who is a director at the date of approval of this report confirm that:

- So far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint, Deloitte LLP, will be proposed at the forthcoming Annual General Meeting.

The A & A Group Limited

Directors' report
for the year ended 31 December 2015 - continued

Approval of reduced disclosures
The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The Company's shareholder has been notified in writing about the intention to take advantage of the disclosure exemptions and no objection has been received.

The Company also intends to take advantage of these exemptions in the financial statements to be issued in the following year. Objections may be served on the Company by Key Bidco Ltd, as the immediate parent entity, or by a shareholder holding in aggregate 5 per cent or more of the total allocated shares in the Company or more than half of the allotted shares in the entity not held by Key Bidco Ltd as the immediate parent.

On behalf of the board:

J R H Cumming - Director
10 August 2016

The A & A Group Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's websites. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's report to the Members of
The A & A Group Limited

We have audited the financial statements of The A & A Group Limited for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

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

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

Opinion on financial statements
In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 December 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.

Opinion on other matters 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.

Mark McIlquham (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK

10 August 2016

The A & A Group Limited

Statement of Comprehensive Income
for the year ended 31 December 2015

	Note	2015 £000	Restated 2014* £000
Turnover	3	18,514	16,371
Other operating income	4	702	-
Management fees receivable from fellow Group company		1,144	925
Administrative expenses		(19,037)	(19,074)
Goodwill amortisation	10	(808)	(808)
Operating profit/(loss) on broking activities		515	(2,586)
Profit on sale of fixed asset investment		-	1,960
Operating profit/(loss) after exceptional item		515	(626)
Finance income (net)	7	354	235
Profit/(loss) on ordinary activities before taxation	8	869	(391)
Tax on profit/(loss) on ordinary activities	9	343	324
Profit/(loss) for the financial year		1,212	(67)
Total comprehensive income attributable to equity shareholders of the Company		1,212	(67)

All operating results derive from continuing operations.

* Restatement of 2014 due to implementation of FRS 102.

The A & A Group Limited

Balance Sheet
31 December 2015

	Note	2015 £000	Restated 2014* £000
Fixed assets			
Intangible assets	10	7,689	8,527
Tangible assets	11	173	637
Investments	12	4,047	4,086
		11,909	13,250
Current assets			
Debtors	13	46,199	38,655
Cash at bank	14	6,031	6,338
		52,230	44,993
Creditors			
Amounts falling due within one year	15	(47,532)	(43,116)
Net current assets		4,698	1,877
Total assets less current liabilities		16,607	15,127
Provisions for liabilities	16	(268)	-
Net assets		16,339	15,127
Capital and reserves			
Called up share capital	18	16,152	16,152
Profit and loss account		187	(1,025)
Shareholders' funds		16,339	15,127

* Restatement of 2014 due to implementation of FRS 102.

The notes on pages 12 to 26 are an integral part of these financial statements.

The financial statements of The A & A Group Limited, company registration number 03578103, were approved by the board of directors and authorised for issue on 10 August 2016. They were signed on its behalf by

J R H Cumming - Director

Statement of Changes in Equity
for the year ended 31 December 2015

	Note	Called-up share capital £000	Profit and loss account £000	Total £000
At 1 January 2014 as previously stated		16,152	(793)	15,359
Changes on transition to FRS 102	24	-	(165)	(165)
At 1 January 2014 as restated		16,152	(958)	15,194
Profit and total comprehensive income for the year		-	(67)	(67)
At 31 December 2014		16,152	(1,025)	15,127
Profit and total comprehensive income for the year		-	1,212	1,212
At 31 December 2015		16,152	187	16,339

1. Accounting policies

The principal accounting policies adopted by the Company are set out below. The director has reviewed the accounting policies and concluded that they are appropriate. They have been applied consistently throughout the year and to the preceding year in the preparation of the financial statements.

General information and basis of accounting
The A & A Group Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 to 3.

The financial statements have been prepared on a going concern basis, under the historical cost convention, as modified to include certain items at fair value, and are in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The prior year financial statements have been restated for material adjustments on adoption of FRS 102 in the current year. For more information see note 24.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The A & A Group Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The A & A Group Ltd is consolidated in the financial statements of its ultimate parent, Key Topco Ltd, copies of which may be obtained at Garrick House, 161 High Street, Hampton Hill, Middlesex, TW12 1NG. Exemptions have been taken in these separate Company financial statements in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

Going concern
The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review which forms part of the Strategic Report. The Strategic and Directors' Reports also describe the financial position of the Company, its cash flows, liquidity risk and the Company's objectives. Policies and process for managing its capital, its financial risk, management objectives, exposure to credit and liquidity risk are in place.

The Company meets its day to day working capital requirements from corporate cash balances. The UK broking market remains extremely competitive and the Company continues to monitor the uncertainty in the current environment. The directors are satisfied that the Company's services will continue to be attractive to its clients.

The directors note that the Company is in a net asset position of £16.3 million (2014: £15.1 million), as well as a net current asset position with current assets exceeding current liabilities by £4.7 million (2014: Net current assets £1.9 million).

1. Accounting policies - continued

After a review of the company's cash flows and forecast for the period of the next 3 years, and the banking facilities within which the business is expected to operate, the director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, while acknowledging the current guidance on going concern, including that from the FRC, the director continues to adopt the going concern basis in preparing the annual report and financial statements.

Goodwill
Goodwill, being the amount paid in connection with the acquisition of various businesses in 2005, is being amortised evenly over its estimated useful life of twenty years The Company has elected not to apply section 19 of FRS 102 to business combinations acquired before the date of transition of 1 January 2014 and goodwill will continue to be amortised over its existing estimated useful life of 20 years. The Company considers that the goodwill will renew in the normal course of business. The goodwill is subject to an annual impairment review by reference to the expected future cash flows of the business, discounted by a risk adjustment market interest rate that the directors consider to be appropriate to the Company. Goodwill is written down in value if the review indicates that the discounted future cash flow does not support the carrying value of goodwill in the balance sheet.

Intangible assets – computer software
Computer software is included at cost and amortised in equal annual instalments over a period of 3 – 5 years which is its estimated useful economic life. Provision is made for any impairment.

Tangible fixed assets
Tangible assets are stated at cost less accumulated depreciation and any impairment losses.
Cost consists of expenditure that is directly attributable to the acquisition of the assets.

Depreciation
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold buildings	-	1% per annum on cost
Long leasehold	-	Straight-line over the term of the lease
Fixtures, fittings & equipment	-	Straight-line over 5 years
Computer equipment	-	Straight-line over 3 – 5 years

Provision is made for any impairment.

Impairment
Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit and loss as described below.

i) **Non-financial assets**
An asset is impaired where there is objective evidence that, as a result of one or more events that have occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a carrying amount higher than the carrying value had no impairment been recognised.

ii) Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account as incurred.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument

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

i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price, including transaction costs, except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value, which is normally excluding transaction costs, unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when here exists a legally enforceable right to set-off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

a) The contractual return to the holder are (i) a fixed amount; or (ii) a positive fixed rate of return or a positive variable rate; or a combination of a positive or a negative fixed rate and a positive variable rate.
b) The contract may provide for repayments of the principal or return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

i) **Financial assets and liabilities (continued)**

e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.

f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans which meet these conditions are measured above are measured at cost (which maybe nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial assets expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise the ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged cancelled or expires.

ii) **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

iii) **Investments**

a) Investment in subsidiaries

Investment in subsidiaries, are measured at cost less impairment.

b) Current asset investments

Debt securities and other fixed income securities are stated at current market value at the balance sheet date.
Realised gains and losses on investments are calculated as the difference between sales proceeds and purchase price.

Unrealised gains and losses on investments represents the difference between the valuation at the balance sheet date and their valuation at the previous balance sheet date, or purchase price, if acquired during the period, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

iv) **Fair value measurement**

The best evidence of fair value is a quoted price of an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as thre has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

v) **Bad debt policy**
The Company continually manages its bad debt exposures. It provides for potential bad debts based on an estimate of the likely cancellation rate of policies and estimated level of bad debt created per cancelled policy. Profit and loss estimates are based on historical experience and are reassessed annually. The estimated bad debt per policy is provided for at the date of sale of the policy.

vi) **Insurance broking debtors and creditors**
The Company acts as an agent in broking insurable risks of its clients and generally is not liable as a principal for premiums due to underwriters or for claims payable to clients.

In accordance with generally accepted accounting practice the Company has shown debtors and creditors balances relating to insurance broking business as assets and liabilities, unless there is a contractual right of set-off.
Factored trade debtors for which the associated risks and rewards are not fully transferred to the factor are held on the Company's balance sheet.

Taxation
Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

Deferred tax assets and liabilities are only offset when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are not discounted.

Foreign currencies
Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Foreign currency transactions are translated into sterling at the rates of exchange at the dates the transactions occurred. All gains and losses arising from foreign exchange transactions are recognised in the profit and loss account.

Revenue recognition
Turnover
Turnover relating to insurance broking represents net fees and commissions derived from premiums invoiced to clients. The Company recognises fees and commission income on completion of the associated service. This is when the directors consider that the right to consideration from clients has been achieved. Turnover is subject to a reduction in revenue in respect of amounts likely to be repayable on cancellation of policies on a best estimate basis. Estimates are based on historical experience and are reassessed periodically. Turnover is stated net of VAT where applicable.

Pension costs and other post-retirement benefits
The Company operates a money purchase pension scheme. Contributions payable to the Company's pension scheme are charged to the profit and loss account in the period to which they relate.

Interest and investment income
Interest income is recognised on an accruals basis. Dividends from subsidiary undertakings are accounted for when received.

Errors and omissions and other claims
The Company is subject to claims and litigation in the ordinary course of its business, principally in connection with the Company's insurance broking business. The Company mitigates this risk through regular review of its processes and, ultimately, the taking out of the appropriate insurance cover.

2. Critical judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

i) Impairment of goodwill
Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was £7.3 million.

ii) Impairment of debtors
The Company continually manages its bad debt exposures. It provides for potential bad debts based on an estimate of the likely cancellation rate of policies and estimated level of bad debt created per cancelled policy. Profit and loss estimates are based on historical experience and are reassessed annually. The estimated bad debt per policy is provided for at the date of sale of the policy.

iii) Cancellation of insurance policies
Turnover is subject to a reduction in revenue in respect of amounts likely to be repayable on cancellation of policies. Management's best estimate is based on historical experience that is reassessed periodically.

3. Turnover

Turnover and profit before taxation for the current and previous year are derived from the Company's principal activity as an insurance intermediary and are wholly from the United Kingdom. As such, no segmental analysis of the Company's turnover has been presented

4. Other operating income

	2015	2014
	£000	£000
De-recognition of insurer provision	702	-

These balances are historical creditor balances held on the broking ledger that have been identified as not pertaining to business brokered by the Group and therefore have been released to the income statement.

5. Staff costs

	2015	2014
	£000	£000
Wages and salaries	8,477	8,106
Social security costs	864	812
Pension costs	115	147
	9,456	9,065

Average monthly number of employees during the year

	2015	2014
	Number	Number
Sales	72	70
Administration	211	183
	283	253

6. Directors' remuneration

	2015	2014
	£000	£000
Remuneration	206	316
Compensation for loss of office	-	265
Benefits in kind	11	13
Pension contributions to money purchase schemes	18	30
	235	624

	Number	Number
The number of directors to whom retirement benefits were accruing	1	4

Highest paid director:

	2015	2014
	£000	£000
Emoluments	217	159
Pension contributions to money purchase schemes	18	18

7. Finance income

	2015	Restated 2014
	£000	£000
Interest payable and similar charges:		
Bank interest	-	(5)
Other	11	(53)
Impairment of loan to fellow group undertaking	(39)	-
Payable to group companies	(258)	(4)
	(286)	(62)
Interest receivable and similar income		
Deposit account	13	8
Receivable from group companies	623	124
Other	4	-
Unwinding of discount on loans to group companies	-	165
	640	297
Net interest receivable	354	235

8. Profit/(loss) on ordinary activities before taxation

Profit/(loss) on ordinary activities is stated after charging:

	2015	2014
	£000	£000
Depreciation – tangible fixed assets (note 11)	107	396
Amortisation – intangible fixed assets - software (note 10)	244	190
Amortisation of goodwill (note 10)	808	808
Profit on sale of investment in subsidiary undertaking	-	(1,960)
(Profit)/loss on disposal of tangible fixed assets	105	12
Operating lease rentals	508	314
Impairment of trade receivables	2,066	3,066
Services provided by the company's auditor:		
- fees payable to the company's auditor for the audit of the company's annual accounts:		
current year	80	75
prior year	8	4
Total audit fees	88	79
- other assurance services in respect of fellow subsidiaries	-	8
Total non-audit fees	-	8

9. Taxation

The tax charge on the loss on ordinary activities for the year was as follows:

	2015	2014
	£000	£000
Current taxation:		
UK corporation tax charge for the year	20	-
Credit adjustment in respect of prior years	-	(324)
Total current tax charge/(credit) for the year	20	(324)
Deferred taxation:		
Total deferred tax credit for the year	(363)	-
Total tax credit on loss on ordinary activities	(343)	(324)

UK corporation tax has been charged at 20.25% (2014:21.5%).

Tax rate reconciliation

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2015	2014
	£000	£000
Profit/(loss) on ordinary activities before tax	869	(391)
Tax at standard UK corporation tax rate 20.25% (2014: 21.5%)	176	(84)
Effect of:		
Expenses not deductible for tax purposes	137	190
Income not taxable for tax purposes	-	(421)
Tax rate changes	45	21
Group relief received	(100)	-
Prior year adjustment	-	(323)
Movement in unrecognised deferred tax	(642)	245
Transfer pricing adjustment	41	48
Total tax credit for the year	(343)	(324)

9. Taxation (continued)

The UK corporation tax expense within these financial statements has been provided for at the rate of 20.25% (2014: 21.5%). The blended rate for the accounting period represents the reduction of the headline rate from 21% to 20% on the 1 April 2015. On 18 November 2015 the UK Government enacted the reduction in the main rate of corporation tax rate to 19% effective from 1 April 2017 and 18% effective from 1 April 2020. Deferred tax assets and liabilities are measured at tax rates that are enacted or substantively enacted at the balance sheet date and accordingly deferred tax has been recognised within these financial statements at the rate applicable when the asset or liability is expected to crystallise.

10. Intangible fixed assets

	Goodwill £000	Software £000	£000 £000
Cost			
At 1 January 2015	16,953	-	16,953
Reclassified	-	779	779
At 1 January 2015 - restated	16,953	779	17,732
Additions	-	220	220
Disposals	-	(49)	(49)
At 31 December 2015	16,953	950	17,903
Amortisation			
At 1 January 2015	8,875	-	8,875
Reclassified	-	330	330
At 1 January 2015 - restated	8,875	330	9,205
Amortisation for year	808	244	1,052
	-	(43)	(43)
At 31 December 2015	9,683	531	10,214
Net book value			
31 December 2015	7,270	419	7,689
1 January 2015 - restated	8,078	449	8,527

In compliance with the disclosure requirements of FRS 102, Computer software as at 1 January 2015 has been reclassified to intangible assets from tangible assets.

Software intangible assets include developments created by external development firms and include the following individual material items:

	2015	**2014**	**2015**	**2014**
	Remaining amortisation period			
	Years	Years	£000	£000
Insurance brokering systems	3	3	144	148
Telephone system	4	5	93	116
Website developments	2	3	49	66
Financial and management reporting systems	4	5	120	97

The remaining amortisation period for Insurance brokering systems remains unchanged due to continuing expenditure on them.

11. Tangible fixed assets

	Freehold property £000	Fixtures, fittings & equipment £000	Computer equipment £000	Total £000
Cost				
At 1 January 2015	364	1,883	923	3,170
Reclassified	-	(194)	(585)	(779)
At 1 January 2015 restated	364	1,689	338	2,391
Additions	-	10	-	10
Disposals	(364)	(1,541)	(106)	(2,011)
At 31 December 2015	-	158	232	390
Depreciation				
At 1 January 2015	51	1,552	481	2,084
Reclassified	-	-	(330)	(330)
At 1 January 2015 restated	51	1,552	151	1,754
Charge for year	-	37	70	107
Disposals	(51)	(1,506)	(87)	(1,644)
At 31 December 2015	-	83	134	217
Net book value				
31 December 2015	-	75	98	173
1 January 2015 restated	313	137	187	637

The directors, after careful consideration, have changed the basis of calculating depreciation for Fixtures and Fittings, Office equipment and certain elements of Computer equipment to a straight line method from a reducing balance method. The increase in depreciation for this current year is £5,000.

12. Fixed asset investments

	Shares in Group undertaking £000	Loans to Group undertakings £000	Other £000	Total £000
At 1 January 2015	-	4,040	46	4,086
Impairment	-	(39)	-	(39)
Share issue	4,000	(4,000)	-	-
At 31 December 2015	4,000	1	46	4,047

On the 18 December 2015 Mulsanne Holdings Limited issued £20,000 £1 ordinary shares in settlement of an interest-free loan of £4,000,000.

The Company has investments in the subsidiary undertakings listed below:

Name	Country of incorporation	Principal activity	Share holding	% owned 2015	% owned 2014
Mulsanne Holdings (Gibraltar) Limited	Gibraltar	Holding company	Ordinary	100	100
Mulsanne Insurance Company Limited[1]	Gibraltar	Insurance underwriter	Ordinary	100	100
Autofirst (UK) Limited	United Kingdom	Dormant	Ordinary	100	100
Quotea Limited	United Kingdom	Dormant	Ordinary	100	100

[1] Indirectly owned through Mulsanne Holdings (Gibraltar) Limited.

12. Fixed asset investments (continued)

Subsidiary undertakings have not been consolidated by the Company as permitted by s.400 of the Companies Act 2006 as they are consolidated in the financial statements of Key Topco Limited.

Loans to Group undertakings are interest-free.

13. Debtors

	2015	2014
	£000	£000
Trade debtors	5,206	4,372
Trade debtors with instalment plans	28,032	22,806
Amounts owed by group undertakings	10,933	9,244
Other debtors	1,492	1,761
Corporation tax	-	319
Deferred tax (note 16)	363	-
Prepayments and accrued income	173	153
	46,199	38,655

Trade debtors are stated after provisions for impairment of £1,733,000 (2014: £2,107,000).
Amounts owed by fellow group undertakings consist of trade balances that are unsecured, interest free and are receivable in accordance with normal trading arrangements. Balances that arise from inter-group financing, receive interest at a variable rate of base rate + 6%, are unsecured and are recoverable on demand.

14. Cash at bank

	2015	2014
	£000	£000
Bank balances	6,031	6,338

Monies relating to the payment of insurer premiums are held in separate bank accounts and are not used as part of the working capital of the business.

15. Creditors: Amounts falling due within one year

	2015	2014
	£000	£000
Trade creditors	6,751	5,226
Loan financing for factored debts	28,032	22,806
Amounts owed to group undertakings	8,841	10,025
Other taxation and social security	2,088	2,684
Other creditors	460	1,321
Corporation tax	20	-
Accrued and deferred income	1,340	1,054
	47,532	43,116

Amounts owed to fellow group undertakings consist of trade balances that are unsecured, interest free and are payable in accordance with normal trading arrangements. On balances that arise from inter-group financing interest is payable at a variable rate of base rate + 6%, are unsecured and are repayable on demand.

16. Provisions for liabilities

	Property dilapidations
1 January 2015	-
Profit and loss account	268
31 December 2015	268

The directors in view of pending office relocations have reviewed the need to provide for property dilapidations on leasehold properties, where there is an obligation on the termination of the lease to make good the property and these obligations can be estimated with reasonable accuracy.

16. Provisions for liabilities (continued)

Deferred tax asset

	£000
Movement in year	
1 January 2015	-
Credit to income statement	363
31 December 2015	363

Deferred tax balance consists of:

	2015	2014
	£000	£000
Provision for deferred tax comprises:		
Fixed assets	54	-
Short term timing differences	54	-
Losses	255	-
	363	-

There is no expiry date on timing differences.

17. Financial instruments

The carrying values of the Company's financial assets and liabilities are summarised by category below:

Financial assets	**2015**	**2014**
	£000	£000
Measured at undiscounted amount receivable		
Trade debtors (note 13)	5,206	4,372
Trade debtors with instalment plans (note 13)	28,032	22,806
Amount owed by group undertaking (note 13)	10,933	9,244
Other receivables (note 13)	1,492	1,761
Cash at bank	6,031	6,338
Equity instruments measured at cost less impairment		
Fixed asset investments in unlisted equity instruments (note 12)	46	46
	51,740	44,567

Financial liabilities	**2015**	**2014**
	£000	£000
Measured at undiscounted amount payable		
Trade creditors (note 15)	6,751	5,226
Loan financing for factored debts (note 15)	28,032	22,806
Amounts owed to group undertakings (note 15)	8,841	10,025
Other creditors (note 15)	2,088	2,684
	45,712	40,741

18. Called up share capital and reserves

Allotted, called-up and fully paid

Number	Description	2015 £000	2014 £000
14,232,562	Ordinary A shares of £1 each	14,233	14,233
1,919,344	Ordinary B shares of £1 each	1,919	1,919
10	Ordinary C shares of £1 each	-	-
		16,152	16,152

The A, B and C ordinary shares carry voting and distribution rights in the proportions of 78%, 12% and 10% respectively. The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

19. Commitments

Operating leases
Total future minimum lease payments under non-cancellable operating leases are as follows:

	2015 £000	2014 £000
Land and buildings		
Expiring:		
Within one year	-	32
Between one and five years	1,016	-
	1,016	32
Other		
Expiring:		
Within one year	-	-
Between one and five years	801	1,113
	801	1,113

Financial
The group has contractual annual commitments under non-cancellable agreements expiring as follows

	2015 £000	2014 £000
Expiring:		
Within one year	133	11
Between one and five years	1,786	2,624
	1,919	2,635

20. Related party disclosures

The Company has taken advantage of the exemption, under the terms of Financial Reporting Standard 102, section 33.1A, not to disclose related party transactions with wholly owned subsidiaries within the Group.

The Company during the period leased a freehold property from A D M Allen for total consideration of £173,000. The balance outstanding at 31 December 2015 was £nil.

21. Ultimate controlling party

The directors consider the ultimate controlling party to be Funds managed by Darwin Private Equity LLP ("Darwin"), a limited liability partnership registered in England and Wales.

The Company's ultimate parent company is Key Topco Limited and its immediate parent Company is Key Bidco Limited, both incorporated in the United Kingdom.

The largest and smallest group in which the results of The A & A Group Limited are consolidated is that headed by Key Topco Limited. Copies of the consolidated accounts of Key Topco Limited may be obtained from Garrick House, 161 High Street, Hampton Hill, Middlesex, TW12 1NG.

22. Subsequent events

On 27 April 2016, the Group's subsidiary undertaking, Key Bidco Limited, entered into a Development Facility with Close Brothers Limited of £3.2 million that was fully drawn down at that date. A requirement of this facility is that the Group's subsidiary companies, Key Midco Limited, Key Bidco Limited, The A & A Group Limited and Hyperformance Limited have given fixed and floating charges over their assets that rank in all respects after the existing senior debt owed to The Royal Bank of Scotland plc.

23. Contingent liabilities and guarantees

The Royal Bank of Scotland plc has a fixed and floating charge over all property and assets of Key Topco Limited and its subsidiary companies, The A & A Group Limited and Hyperformance Ltd. Secured borrowings at 31 December 2015, amounted to £3,365,000 (2014: £3,668,000).

Guarantees have been given against the Company's assets in respect of the New Investor Loan Notes and New Manager Loan Notes issued by the Company's intermediate holding company, Key Midco Limited. These guarantees are subordinate to the fixed and floating charge held by The Royal Bank of Scotland.

The New investor notes when redeemed, if the aggregate principal amount together with the amount of accrued interest is less than £5.0 million, an additional amount equal to the difference between the two amounts will be payable.

The New manager loan notes when redeemed, if the aggregate principal amount together with the amount of accrued interest is less than two and a half times the principal amount being redeemed, an additional amount equal to the difference between the two amounts will be payable.

The Company is a member of the Key Bidco Limited UK VAT Group registration and as such has a joint and several liability for any VAT owed by Group to HM Revenue and Customs.

24. Transition to FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 31 December 2014 and the date of transition to FRS 102 was therefore 1 January 2014. As a consequence of adopting FRS 102, a number of accounting adjustments have changed to comply with that standard.

Profit for the financial year	**2014**
	£000
UK GAAP – as previously reported	(232)
Unwinding of discount on interest-free loan made to fellow group undertaking	165
As per FRS 102	(67)

Total equity	**1 January 2014**	**31 December 2014**
	£000	£000
UK GAAP – as previously reported	15,359	15,127
Discounting of interest-free loan made to fellow group undertaking.	(165)	-
As per FRS 102	15,194	15,127

A. Goodwill

The Company has elected not to apply section 19 of FRS 102 to business combinations occurring before the date of transition of 1 January 2014. Goodwill will continue to be amortised over its existing estimated useful life of 20 years. All other assets and liabilities acquired or assumed in a past business combination have been recognised at the date of transition in accordance with section 35 of FRS 102. The Group considers that in most cases the goodwill will renew in the normal course of business.

24. Transition to FRS 102 (continued)

B. FRS 102 section 11 has required the Company to review the balances it has with fellow group companies. It has been necessary to classify certain transactions as financing transactions that were as at 1 January 2014, interest-free. The identified balances as at 1 January 2014 have been fair valued using a market rate of interest. The Company as from 1 January 2015 received a market-rate of interest on these balances.

C. Other adjustments arising on transition to FRS 102

In addition to the transition adjustments identified above which affect loss for the financial year the following adjustments have arisen which have had no effect on net equity or profit and loss account but which have affected the presentation of these items on the balance sheet. The main item is:

a) Computer software, with a net book value of £301,000 at 1 January 2014, has been reclassified from tangible assets to intangible assets as required under FRS 102. This has no effect on the Group's net assets or on the profit for the year, except that the previous depreciation charge is now described as amortisation.