Company Registration No. 09900466 (England and Wales)

PIB GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

PIB GROUP LIMITED

COMPANY INFORMATION

Directors	J Burr B McManus R Brown C M Giles
Company number	09900466
Registered office	Rossington's Business Park West Carr Road Retford Nottinghamshire DN22 7SW
Auditor	Deloitte LLP Hill House 1 Little New Street London United Kingdom EC4A 3TR

PIB GROUP LIMITED

CONTENTS

PIB GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present their Strategic Report of PIB Group Limited ('the Company') together with subsidiaries ('the Group') for the year ended 31 December 2018. In presenting this report, the directors have complied with Section 414C of the Companies Act 2006.

This Strategic Report has been prepared for the entire Group and therefore gives greater emphasis to those matters which are significant to the Group and its subsidiary undertakings when viewed as a whole.

Overview

The Group is a diversified UK specialist insurance intermediary founded in 2015. Our formation reflected the belief that the disappearance of many mid-sized brokers created the opportunity for a new broker, focused on the needs of insureds, using a specialist approach and with close client and insurer relationships at its core. The goal is to create the UK's leading independent diversified specialist insurance intermediary, and a business that can provide a genuinely credible alternative to the larger and more established intermediaries.

Principal activities

The principal activities of the Group's trading operations comprise retail insurance broking, employee benefits, wholesale broking and underwriting agencies.

The retail broking and risk management business combines specialist commercial lines which require a personal relationship with a broker, a broad range of risk management solutions and non-standard personal lines products. Its clients range from individuals and sole practitioners to small and medium-sized enterprises (SME's) and large corporations.

The employee benefits business uses a combination of specialist expertise and evolving technology to devise employee benefit strategies for corporate clients across pensions, risk and healthcare, protection and employee communications.

The wholesale broking business operates as a Lloyd's broker and is a leading supplier of specialist products and services to insurance intermediaries throughout the UK and Ireland. Its core product lines are commercial property insurance, commercial liability insurance, motor fleet insurance and professional indemnity as well as having a dedicated schemes and facilities department.

The underwriting agency business is a specialist provider of insurance solutions to UK retail brokers operating under delegated authority from leading insurers. The business offers products which cover niche commercial motor, liability for tradesmen and the construction industry, charities, social enterprises and recruitment agencies. It does not take underwriting risk and is therefore not capitalised to assume such risk.

Business activity

Acquisitions
The Group is focused on acquiring businesses, teams and portfolios in niche and specialist markets, which we believe in the long term have more defensible positions in their chosen markets and offer more significant organic growth potential .

In pursuit of this strategy the Group made the following acquisitions in the year ended 31 December 2018.

On 28 February 2018, the Group acquired Lorica Insurance Brokers Limited ('Lorica'). Lorica is a retail insurance broker which has grown through the recruitment of high quality individuals with strong propositions in property, sports & leisure and cyber, and market leading retention founded upon high levels of service and client engagement.

On 29 March 2018 the Group acquired Wilby Insurance Brokers Limited ('Wilby'). Wilby is a retail insurance broker specialising in commercial insurance and risk management. Key areas of specialty include commercial insurance for caravan dealers and parks and care (children's and social care, hospices and shelters) sectors, plus motorcycle dealers.

On 7 June 2018 the Group acquired i2 Healthcare Limited, a leading independent specialist corporate healthcare intermediary established to advise corporate clients across a range of sectors on their health insurance and employee wellness requirements.

On 2 July 2018 the Group acquired Albany Asset Management Ltd, Scotland's leading provider of Childcare Insurance packages.

On 4 July 2018 the Group acquired Wheatley Wright Insurance Services Limited and Online Risk Solutions Limited. Both companies have expertise in the construction, manufacturing and high risk insurance sectors.

During 2018 the Group also acquired books of business from Wrightsure, Blackmore Borley and Lincsafe.

For further information relating to these acquisitions see note 28.

Integration

The integration of all acquired businesses is a key tenet of the Group's strategy. Building a core infrastructure with common systems and centralised functions will create significant value in the long term and a scalable platform that allows cost efficiencies to be realised whilst supporting strong governance and controls.

People

The continuing success of the Group depends on its employees and its ability to continue to attract, motivate, develop and retain employees of the highest calibre and it aims to provide an environment where individuals can excel.

The Group is an equal opportunities employer and bases decisions on individual ability regardless of race, religion, gender, age, sexual orientation or disability. In line with Government policy, we have published our Gender Pay Gap report for 2018.

Fair review of business

The Directors of the Group make use of key performance indicators, including turnover, earnings before interest, tax, depreciation, amortisation and exceptional items ('EBITDAE'), statutory trading result and staff numbers to measure performance against the Group's strategy. These measures provide the Directors with key, high level indicators of the Group's trading and operational progress. The Group's 2018 audited financial statements reflect both its strong organic performance and the results of its corporate activity through the year.

Set out below is a reconciliation between the financial performance of the Group prepared under FRS 102 and EBITDAE. EBITDAE is regarded by the Board as a useful and informative alternative measure of profitability to the statutory basis and demonstrates the underlying performance of the group.

PIB GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Key performance indicators	**Year ended 31 December 2018**	**Year ended 31 December 2017**
	£'000	**£'000**
Turnover	**106,795**	**59,670**
EBITDAE	**15,124**	**3,966**
Depreciation & amortisation	(27,376)	(15,059)
Loss on disposal of fixed assets	(22)	-
Exceptional costs	(6,041)	(2,176)
Group interest receivable	134	334
Financing costs	(6,193)	(1,704)
Loss before taxation	**(24,374)**	**(14,639)**
Employees	1,104	710

EBITDAE has been calculated as gross profit and non-group interest receivable less administrative expenses from the Group Income Statement.

Turnover grew from £59,670k in 2017 to £106,795k in 2018. EBITDAE, the Group's alternative measure of profitability, grew to £15,124k in 2018 from £3,966k in 2017. The Directors are pleased with the result and progress made over the past 12 months. The result reflects a period of successful investment and integration of acquired businesses into the newly formed PIB Group. The progress made during the year leaves the Group well placed to continue driving forward with its stated strategy.

The key items in moving from EBITDAE to loss before tax are as follows:

Depreciation & amortisation: there have been a number of acquisitions (as highlighted above) which have resulted in the recognition of goodwill and customer relationship intangible assets. These intangible assets recognised in acquisitions are amortised over their estimated useful economic lives.

The Group has incurred exceptional costs of £6,041k (2017: £2,176k). The main costs relate to staff restructuring of £1,430k (2017: £1,161k) and IT integration costs of £1,644k (2017: £320k) both of which relate to acquisitions made by the Group. There were further costs mainly relating to onerous office and service contracts, non-recurring professional fees and costs relating to a business line closure.

Financing costs: the finance charge for the year was £6,193k (2017: £1,704k), which mainly relates to interest on loan notes, related party loans and the unwind of the discount on contingent consideration balances.

Financial position

During the year, Ivy Finco Limited, which is the immediate parent company of PIB Group Limited has increased its 5-year term loan agreement to £85,000k and continues its revolving credit facility "RCF" of £5,000k The RCF and loan have been on lent to PIB Group Limited to enable the business to continue to grow and for the Group to manage its capital structure more effectively. At the end of 2018, £80,700k had been drawn on the loan facility and the RCF was undrawn. The gearing ratio as at 31 December 2018 was 43% (2017: 22%).

Future developments

The Group intends to continue with its strategy of both organic growth and growth by the acquisitions of businesses, teams and portfolios where suitable opportunities arise.

Going concern

Taking into account the Group structure, the financial performance of our businesses, the markets in which we operate, the principal risks and uncertainties faced by the business and the Group's current funding and facilities, we are satisfied that Group will continue to operate and meet its liabilities for a period of at least 12 months from the date of approval of the financial statement for the year ended 31 December 2018.

The Directors therefore consider it appropriate to continue to adopt the going concern basis of accounting (in accordance with "Guidance on Risk Management, Internal Control and Related Financial and Business Reporting" issued by the FRC in September 2014) in preparing the financial statements. There has been no significant change in the financial or trading position of the Group since 31 December 2018.

Environmental policy

We recognise that climate change and the scarcity of natural resources will pose an increasingly significant challenge to society over time. The Group is committed to reducing its impact on the environment as far as possible. We therefore seek to take commercially sustainable measures to manage our environmental impact, including minimising energy, water and paper use; optimising waste recycling; and, reducing travel, by encouraging people to communicate without travelling wherever possible.

Principal risks and uncertainties

The following sets out the Group's principal risks with examples given of actions taken to mitigate them in line with agreed tolerances reviewed by the Group Audit, Risk and Compliance Committee and approved by the Group Board.

Competitive markets risk

There is a risk to the business model arising from changes in insurance markets and customer behaviour, external events and risks arising from growth strategies. This is mitigated by regular Board review of strategic risks, a strategic planning process and due diligence and risk assessments.

Integration of acquired companies

Acquiring and integrating quality businesses is a central tenet of the Group's strategy. How these companies are acquired and integrated into the Group is crucial to retaining and growing value, thereby meeting client, employee and stakeholder requirements. This is managed by a clear, consistent and well governed acquisition process and a defined approach to integration monitored by the Group's Integration Committee.

Underwriting capacity risk

The Group is reliant on capacity providers to support it underwriting operations and delegated authority business. The Group manages this risk by constant monitoring and management of underwriting performance and proactive management of relationships with capacity providers.

Loss of key staff

There is a risk arising from the inability to retain key staff. As a provider of professional services, the Group's reputation is built on the quality of their key staff members. The Group mitigates this risk through commitment to employee engagement, empowering managers to act as 'owners' of the business, along with effective appraisal and development programs and succession planning processes.

Loss of key clients

The Group depends on underlying operations to ensure client satisfaction. If the business fails to operate effectively, the loss of client satisfactions could result in harm to the business and financial performance. This risk is mitigated by monitoring client service levels, diversification of business lines and distribution channels and strong new business strategies to help mitigate the impact of natural client turnover.

Failure of IT systems

IT systems are a key part of the Group's business and any disruption of systems or the supporting infrastructure could adversely impact its operations, income and financial results. To mitigate this risk, investment has been made in robust and reliable IT systems and associated controls.

Accounting assumptions & estimates

The Group is required to make assumptions and judgmental estimates that affect the reported amounts of assets and liabilities and the disclosure of certain contingent assets and liabilities at the date of our financial statements. The Group manages this process by management and peer review of key assumptions and judgemental estimates.

Cashflow and liquidity risk

The group is dependent on cash flows from its trading operations, which in turn are reliant on the commissions earned in its subsidiaries. The Group is therefore exposed to the cyclical nature of the insurance industry. The Group manages this risk by focusing on niche profitable lines which are less subject to the cyclical nature of the wider market. Forecasting and cashflow monitoring are carried out to ensure that the capital structure is as efficient as possible.

Foreign currency

The Group's activities expose it to foreign exchange risks. This is mitigated by the Group regularly assessing foreign currency exposure and by using derivatives.

Errors and omissions

The Group is subject to risks arising from non-compliance or misinterpretation of local regulations and failure to meet regulatory standard. The Group mitigates this risk by ensuring that specific training is given in errors and omissions prevention, independent compliance monitions and strong procedural and system controls are in place including workflow management. In addition, the Group has Professional Indemnity insurance cover.

Regulatory risk

There is the risk arising from non-compliance or misinterpretation of local regulations and failure to meet regulatory standards. The Group manages this by having in place operational policies and procedures and regular ongoing quality and compliance audits. In addition, training and development is provided to staff and there is centralised risk and compliance training.

Political risk

In recent times the most relevant political risk arising is Brexit. On 29 March 17, the UK Government triggered Article 50 of the Treaty of Lisbon, giving formal notification of the UK's intention to leave the EU. The UK had been due to leave two years after it started the exit process on 29 March 19 however the withdrawal agreement reached between the EU and UK has been rejected three times by UK MP's. EU leaders have now backed a six-month extension until 31 October 2019 which allows UK to leave early if the withdrawal agreement is ratified by the UK and EU before then. At this time, we are unable to predict the implications from leaving the EU. In this respect, the Group has undertaken detailed analysis to determine potential exposure and has put into place contingency plans to ensure it is well placed to meet the risk.

Human rights & modern slavery

As a service-based insurance broking and employee benefits business we believe the risk of modern slavery and/or human trafficking in our business and supply chain is low. We respect and uphold the human rights and principles and we have a zero tolerance for modern slavery and human trafficking in our organisation and in our supply chain. Our supply chains include providers of professional services,

Anti-bribery / Whistleblowing

The Group is committed to conducting its business in an ethical, honest and transparent manner. Bribery and corruption are not consistent with PIBs values and present significant risks to its business. The Group has a zero-tolerance approach towards bribery and corruption, and is committed to the prevention, deterrence and detection of bribery, corruption and related offences.

PIB has a whistleblowing policy and dedicated hotline. This provides an alternative channel for those colleagues who might feel unable to report wrongdoing, or suspicions of wrongdoing, through their normal line management channels. The hotline allows employees to report issues or concerns online or by phone with complete confidence and without fear of dismissal or retaliation.

Events subsequent to the reporting date

The Group acquired Optis Insurances Limited ('Optis') on 15 February 2019. Optis is a Managing General Agent based in Ireland servicing the Irish SME sector and providing a suite of combined liability and commercial combined packaged products for sectors including construction, retail, hospitality, property owners and manufacturing, distributed through a proprietary online platform solution, which provides instant quotes as well as the ability to transact and obtain cover immediately

On 13 February 2019, the Company's intermediate parent company Ivy Finco Limited (IFC) entered into an agreement to increase its borrowing to a £100,000k (2018: £90,000k) senior secured credit facility. The facility consists of a £95,000k (2018: £85,000k) five year term loan and a £5,000k (2018: £5,000k) revolving credit facility. Certain subsidiaries are guarantors to the debt, supported by an English Law debenture, including a fixed and floating charge on the company's assets in favour of the lender.

On 17 May 2019, IFC entered into an agreement to increase its borrowing to a £214,000k credit facility. The facility consists of a £204,000k senior six year term loan and a £10,000k super senior five and half years revolving credit facility. Certain subsidiaries became guarantors to the debt, supported by an English Law debenture, including a fixed and floating charge on the company's assets in favour of the lender.

On behalf of the board

B McManus
Director
23 May 2019

The directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 December 2018.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J Burr
B McManus
R Brown
C M Giles

Results and dividends
The results for the year are set out on page 13.

No ordinary dividends were paid (2017: £Nil). The directors do not recommend payment of a final dividend.

Going concern
The directors have a reasonable expectation that the Company and Group as a whole, has adequate resources to continue in operation for the foreseeable future. The Group therefore continues to adopt the going concern basis for preparing the annual financial statements (see note 1.3).

Qualifying third party indemnity provisions
The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report. Additional cover for the directors against personal financial exposure has been made under a directors' and officers' liability insurance policy.

Political donations
The Company made no political contributions during the period (2017: £Nil).

Disabled persons
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 within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement
The group 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 group. This is achieved through formal and informal meetings and the company intranet. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Auditor
In accordance with the company's articles, a resolution proposing that Deloitte LLP be reappointed as auditor of the group will be put at a General Meeting.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company and group is aware of that information.

Matters covered in the Strategic Report

As permitted by Paragraph 1A of Schedule 7 of the Large and Medium-sized Companies on Groups (Accounts and Reports) Regulations 2008 certain matters (including events subsequent to the reporting date, future developments, use of financial instruments) which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on pages 1 to 6.

On behalf of the board

B McManus
Director
23 May 2019

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and 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 website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

PIB GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PIB GROUP LIMITED

Opinion
In our opinion the financial statements of PIB Group Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the Group which comprise:

- the Group income statement;
- the Group and parent company statements of financial position;
- the Group and parent company statements of changes in equity;
- the Group statement of cash flows; and
- the related notes 1 to 33.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in respect of these matters.

Responsibilities of directors
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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of our audit:
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters 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 parent company 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.

We have nothing to report in respect of these matters.

Use of our report

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

Mark McIlquham ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
23/05/19

PIB GROUP LIMITED

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £'000	2017 £'000
Turnover	3	106,795	59,670
Cost of sales		(13,104)	(2,806)
Gross profit		93,691	56,864
Administrative expenses		(79,220)	(52,898)
Exceptional items	4	(6,041)	(2,176)
Amortisation and impairment	12	(26,079)	(14,273)
Depreciation	13	(1,297)	(786)
Loss on disposal of fixed assets		(22)	-
Operating loss	5	(18,968)	(13,269)
Interest receivable from group undertakings	9	134	279
Interest receivable and similar income	9	653	55
Interest payable and similar expenses	10	(6,193)	(1,704)
Loss before taxation		(24,374)	(14,639)
Taxation	11	1,263	2,321
Loss for the financial year		(23,111)	(12,318)

The loss for the financial year is all attributable to the owners of the parent company.

The income statement has been prepared on the basis that all operations are continuing operations.

The Group has no comprehensive income (2017: £Nil) other than the amounts recognised in the Income Statement above. Accordingly, no Statement of Comprehensive Income has been presented.

PIB GROUP LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

		2018		2017	
	Notes	**£'000**	**£'000**	**£'000**	**£'000**
Fixed assets					
Goodwill	**12**		68,815		55,224
Other intangible assets	**12**		140,807		118,553
Total intangible assets			209,622		173,777
Tangible assets	**13**		3,002		2,738
Investments	**14**		2,230		1,777
			214,854		178,292
Current assets					
Stocks	**18**	39		40	
Debtors	**19**	24,497		16,608	
Cash at bank and in hand	**20**	58,369		46,006	
		82,905		62,654	
Creditors: amounts falling due within one year	**21**	(61,939)		(48,330)	
Net current assets			20,966		14,324
Total assets less current liabilities			235,820		192,616
Creditors: amounts falling due after more than one year	**23**		(87,547)		(35,814)
Provisions for liabilities	**24**		(31,515)		(30,975)
Net assets			116,758		125,827
Capital and reserves					
Called up share capital	**27**		164		149
Share premium account			160,104		146,077
Profit and loss reserves			(43,510)		(20,399)
Total equity			116,758		125,827

The financial statements were approved by the board of directors and authorised for issue on 23 May 2019 and are signed on its behalf by:

R Brown
Director

PIB GROUP LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

		2018		2017	
	Notes	**£'000**	**£'000**	**£'000**	**£'000**
Fixed assets					
Investments	14		264,160		208,300
Current assets					
Debtors	19	8,132		3,316	
Cash at bank and in hand	20	1,452		678	
		9,584		3,994	
Creditors: amounts falling due within one year	21	(19,038)		(17,345)	
Net current liabilities			(9,454)		(13,351)
Total assets less current liabilities			254,706		194,949
Creditors: amounts falling due after more than one year	23		(87,547)		(35,814)
Provisions for liabilities	24		(10,010)		(7,476)
Net assets			157,149		151,659
Capital and reserves					
Called up share capital	27		164		149
Share premium account			160,104		146,077
Profit and loss reserves			(3,119)		5,433
Total equity			157,149		151,659

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company's loss for the year was £8,552k (2017: £147k).

The financial statements were approved by the board of directors and authorised for issue on 23 May 2019 and are signed on its behalf by:

R Brown
Director

Company Registration No. 09900466

PIB GROUP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital £'000	Share premium account £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 January 2017		111	107,298	(8,081)	99,328
Year ended 31 December 2017:					
Loss and total comprehensive income		-	-	(12,318)	(12,318)
Issue of share capital	27	38	38,779	-	38,817
Balance at 31 December 2017		149	146,077	(20,399)	125,827
Year ended 31 December 2018:					
Loss and total comprehensive income		-	-	(23,111)	(23,111)
Issue of share capital	27	15	14,027	-	14,042
Balance at 31 December 2018		164	160,104	(43,510)	116,758

PIB GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital £'000	Share premium account £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 January 2017		111	107,298	5,580	112,989
Year ended 31 December 2017:					
Loss and total comprehensive income		-	-	(147)	(147)
Issue of share capital	**27**	38	38,779	-	38,817
Balance at 31 December 2017		149	146,077	5,433	151,659
Year ended 31 December 2018:					
Loss and total comprehensive income		-	-	(8,552)	(8,552)
Issue of share capital	**27**	15	14,027	-	14,042
Balance at 31 December 2018		164	160,104	(3,119)	157,149

PIB GROUP LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	31		7,843		(413)
Income taxes paid			(1,506)		(1,122)
Net cash inflow/(outflow) from operating activities			6,337		(1,535)
Cash flows from investing activities					
Acquisition of businesses		(44,251)		(56,858)	
Payment of deferred consideration		(6,785)		(4,426)	
Payment of contingent consideration	24	(6,653)		(487)	
Cash acquired on acquisitions	28	8,112		26,212	
Purchase of intangible fixed assets	12	(2,816)		(2,946)	
Purchase of tangible fixed assets	13	(1,536)		(1,334)	
Proceeds from disposal of tangible fixed assets		198		90	
Proceeds from disposal of other investments	14	34		32	
Interest received	9	653		55	
Net cash used in investing activities			(53,044)		(39,662)
Cash flows from financing activities					
Proceeds from issue of shares		12,446		28,590	
Proceeds from related company loan		50,271		26,322	
Interest paid		(3,647)		(7)	
Net cash generated from financing activities			59,070		54,905
Net increase in cash and cash equivalents			12,363		13,708
Cash and cash equivalents at beginning of year			46,006		32,298
Cash and cash equivalents at end of year			58,369		46,006
Relating to:					
Office cash	20		12,566		11,980
Client cash	20		45,803		34,026
			58,369		46,006

1 Accounting policies

Company information

PIB Group Limited ("the company") is a private company limited by shares. It is incorporated in England and Wales and the registered office is Rossington's Business Park, West Carr Road, Retford, Nottinghamshire, DN22 7SW. The Company is a holding company.

The Group consists of PIB Group Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain items at fair value. The principal accounting policies adopted are set out below.

The financial statements are prepared on a going concern basis.

The Company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company standalone information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income; and
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values. Investments in subsidiaries are accounted for at cost less impairment.

1 Accounting policies

The consolidated financial statements incorporate those of PIB Group Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions and balances between group companies are eliminated on consolidation.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The assessment of future performance included the collation and review of in depth annual budgets, review of the Group's structure and detailed cash flow plans. The Group has a healthy cash balance at the end of the reporting date and current assets cover current liabilities by a ratio of 1.3 (2017: 1.3). Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Insurance broking turnover

Revenue is comprised of net commissions and fees receivable on insurance business placed during the year. Changes made to insurance policies resulting in commission differences are recognised as they occur. Revenue is deferred over the life of a contract when the company is contractually obliged to provide services after the date of placement.

Other brokerage income

Profit commissions and other similar income due from insurers and other intermediaries are recognised when it is probable that economic benefits will flow to the entity and when they can be reliably estimated.

Risk management and other non-insurance broking fee based turnover

Revenue represents amounts chargeable to clients for risk management and related services provided during the year. Revenue is recognised in the period in which the work was performed exclusive of Value Added Tax.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1 Accounting policies

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Intangible assets relate to computer software, licenses and customer relationships. Customer relationships relate to assets such as customer lists, access to distribution networks that arise on the acquisition of businesses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	3-5 years on a straight line basis
Patents, trademarks & licences	5 years on a straight line basis
Customer relationships	10 years on a straight line basis

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Over the term of the lease
Office equipment	4 years on a straight line basis
Computer hardware	3 years on a straight line basis
Motor vehicles	4 years on a straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.8 Fixed asset investments

Investment in subsidiaries
Interest in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Other investments
Other investments include minority shareholdings. Shareholdings in ordinary share capital of unlisted investments is recognised at cost.

1 Accounting policies

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.10 Stocks

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in bank, bank deposits and petty cash. Whilst held in the Group's regulatory trust accounts under appropriate client money regulation, fiduciary funds held are controlled by the Group and economic benefits are derived from them. As such these funds are recognised as an asset on the Group's statement of financial position.

1.12 Financial instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

1 Accounting policies

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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 group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and loan notes are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Group's contractual obligations expire or are discharged or cancelled.

1.13 Insurance broking receivables and payables

Insurance brokers act as agents in placing the insurable risks of their clients with insurers and, as such, are not liable as principals for amounts arising from such transactions. In recognition of this relationship, debtors from insurance broking transactions are not included as an asset of the Group. Other than the receivable for fees and commissions earned on a transaction, no recognition of the insurance transaction occurs until the Group receives cash in respect of premiums or claims, at which time a corresponding liability is established in favour of the insurer or the client.

In certain circumstances, the Group advances premiums, refunds or claims to insurance underwriters or clients prior to collection. These advances are reflected in the consolidated statement of financial position as part of trade receivables.

1.14 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1 Accounting policies

1.15 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.16 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.17 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

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

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision in measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

1 Accounting policies

1.18 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.19 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.20 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.21 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

1.22 Exceptional items

Exceptional items are separately identified to provide greater understanding of the Group's underlying performance. Items classified as exceptional items may include, but are not limited to: gains or losses arising from the sale of businesses and investments; closure costs for businesses; restructuring costs; professional fees in respect of acquisitions; post acquisition integration costs; post acquisition adjustments to balance sheet items; and other credits and charges of a non-recurring nature that require inclusion in order to provide additional insight into the underlying business performance.

1.23 Interest income

Interest income is recognised on the accruals basis.

1.24 Cost of sales

Cost of sales relate to fees paid to agents for the introduction of clients. They are recognised at the later of inception date or transaction date of the underlying policy to which they relate. The amounts recognised are the net amounts owed to the introducers.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements
The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Impairment of assets
The Group tests annually whether goodwill and other assets that have indefinite useful lives suffered any impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount.

The recoverable amount of an asset or a cash generating unit is determined based on value-in-use calculations prepared on the basis of management's assumptions and estimates. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investment, including factors such as industry and sector performance, changes in regional economies and operational and financing cash flow.

As a result of this assessment, an impairment loss of £860k (2017: £Nil) was recognised in the year.

Revenue recognition
Profit sharing arrangements, insurer overrider payments and other contingent and non-contingent trading deals are recognised in the period in which it relates to or if later, when it can be measured with reasonable certainty.

Key sources of estimation uncertainty
The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Deferral of income
The Group defers revenue on business where it retains contractual obligations to provide claims handling services to clients following the initial placement. Future claims activity is based upon historical trends, adjusted by known events following the period end date and up to the date of authorising the financial statements. Estimated costs to service these claims is measured using the current cost base of the claims handling personnel.

The carrying amount of this deferred income at the end of the reporting period was £2,506k (2017: £1,446k).

2 Judgements and key sources of estimation uncertainty

Contingent consideration

Contingent consideration provisions are created for future earn out payments on acquisitions made by the group. Earn out payments are based on certain financial performance indicators agreed at the point of acquisition. Estimates of these payments are made by reference to detailed reviews of historical performance, forecasts and retention of customers. The estimates are updated regularly and adjusted at each reporting date.

The carrying amount of this contingent consideration at the end of the reporting period was £10,245k (2017: £11,161k).

3 Turnover

An analysis of the Group's turnover is as follows:

	2018 £'000	2017 £'000
Brokerage fees and commission	103,618	57,482
Risk management fees	3,177	2,188
	106,795	59,670

Turnover analysed by geographical market

	2018 £'000	2017 £'000
United Kingdom	99,887	59,670
Rest of Europe	6,839	-
Rest of World	69	-
	106,795	59,670

4 Exceptional costs

	2018 £'000	2017 £'000
Staff restructuring costs	1,430	1,161
IT integration costs	1,644	320
Onerous office and service contracts	711	-
Non-recurring professional fees	623	16
Costs relating to business line closure	521	-
Other costs	1,112	679
	6,041	2,176

5 Operating loss

	Notes	2018 £'000	2017 £'000
Operating loss for the year is stated after charging/(crediting):			
Exchange gains		(33)	(8)
Amortisation and impairment of intangible fixed assets	12	26,079	14,273
Depreciation of tangible fixed assets	13	1,297	786
Loss on disposal of tangible fixed assets		22	-
Operating lease charges		3,614	2,306
Exceptional items	4	6,041	2,176
Auditor's remuneration	6	998	555

6 Auditor's remuneration

Fees payable to the company's auditor and associates:	2018 £'000	2017 £'000
For audit services		
Audit of the financial statements of the group and company	15	15
Audit of the financial statements of the company's subsidiaries	435	310
	450	325
For other services		
Audit-related assurance services	295	198
Taxation compliance services	9	3
Corporate finance services	244	29
	548	230
	998	555

7 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2018 Number	Group 2017 Number	Company 2018 Number	Company 2017 Number
Directors	4	4	4	4
Employees	1,100	706	-	-
	1,104	710	4	4

7 Employees

Their aggregate remuneration comprised:

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Wages and salaries	45,596	29,708	-	-
Social security costs	5,097	2,943	-	-
Pension costs	2,197	1,219	-	-
	52,890	33,870	-	-

The Company is a holding company and does not employ staff. Staff are employed by certain subsidary companies.

8 Directors' remuneration

	2018 £'000	2017 £'000
Remuneration for qualifying services	642	739
Company pension contributions to defined contribution schemes	24	24
	666	763

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2017 - 1).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

Remuneration for qualifying services	348	350

Pension contributions of £nil (2017: £24,000) were made to the highest paid director during the year.

9 Interest receivable and similar income

	2018 £'000	2017 £'000
Interest receivable from group undertakings	134	279
Interest receivable and similar income	653	55
	787	334

Interest receivable from group undertakings relates to preference share dividends receivable on Ivy Topco Limited preference shares held by the Group (see note 14).

Interest receivable and similar income relates to interest on bank deposits.

9 Interest receivable and similar income

	2018 £'000	2017 £'000
Interest income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	787	334

10 Interest payable and similar expenses

	2018 £'000	2017 £'000
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	1	7
Interest on loan notes	1,148	1,018
Interest on loan from related parties	3,960	-
	5,109	1,025
Other finance costs:		
Unwinding of discount on provisions	1,084	679
Total finance costs	6,193	1,704

11 Taxation

	2018 £'000	2017 £'000
Current tax		
Adjustments in respect of prior periods	309	-
Deferred tax		
Origination and reversal of timing differences	(1,323)	(2,321)
Adjustments in respect of prior periods	(249)	-
Total deferred tax	(1,572)	(2,321)
Total tax credit	(1,263)	(2,321)

11 Taxation

The actual credit for the year can be reconciled to the expected credit based on the profit or loss and the standard rate of tax as follows:

	2018 £'000	2017 £'000
Loss before taxation	(24,374)	(14,639)
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	(4,631)	(2,819)
Tax effect of expenses that are not deductible in determining taxable profit	341	238
Tax effect of income not taxable in determining taxable profit	(25)	-
Gains not taxable	-	(54)
Unutilised tax losses carried forward	77	935
Adjustments in respect of prior years	96	(1,178)
Group relief	(39)	-
Permanent capital allowances in excess of depreciation	554	371
Accrued interest on loan notes	216	196
Non-deductible amortisation	2,241	2,295
Deferred tax movements	(26)	(2,321)
Other timing differences	(67)	16
Tax credit for the year	(1,263)	(2,321)

12 Intangible fixed assets

Group	Goodwill	Customer relationships	Software	Patents, trademarks & licences	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2018	61,683	126,886	2,465	1,377	192,411
Reclassification to tangible fixed assets	-	-	150	-	150
Other reclassifications	-	-	1,890	(1,348)	542
Additions - internally developed	-	-	2,816	-	2,816
Additions - business combinations	20,060	38,215	1,007	-	59,282
Disposals	-	-	(1,239)	-	(1,239)
Other changes	282	-	-	-	282
At 31 December 2018	82,025	165,101	7,089	29	254,244
Amortisation and impairment					
At 1 January 2018	6,459	11,587	125	463	18,634
Other reclassifications	-	-	976	(434)	542
Amortisation charged for the year	6,751	16,211	2,257	-	25,219
Impairment losses	-	-	860	-	860
Additions - business combinations	-	-	587	-	587
Disposals	-	-	(1,220)	-	(1,220)
At 31 December 2018	13,210	27,798	3,585	29	44,622
Carrying amount					
At 31 December 2018	68,815	137,303	3,504	-	209,622
At 31 December 2017	55,224	115,299	2,340	914	173,777

The other reclassifications relate partly to assets being recategorised between classes in order to better reflect their substance and partly to a presentational change where assets acquired on business combinations are included at their grossed up cost and accumulated amortisation amounts instead of being included within cost at net book value.

The other changes to goodwill relate to the finalisation of the consideration paid for business acquisitions made in the prior year.

The impairment loss relates to a software system becoming obsolete on the closure of a line of business.

13 Tangible fixed assets

Group	Leasehold improvements	Office equipment	Computer hardware	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2018	442	1,831	934	386	3,593
Reclassification from intangible fixed assets	-	-	(150)	-	(150)
Other reclassifications	1,529	271	1,405	63	3,268
Additions - internally developed	302	137	1,097	-	1,536
Additions - business combinations	432	534	1,583	25	2,574
Disposals	(3)	(28)	(92)	(216)	(339)
At 31 December 2018	2,702	2,745	4,777	258	10,482
Depreciation and impairment					
At 1 January 2018	101	565	131	58	855
Other reclassifications	1,352	994	836	86	3,268
Depreciation charged for the year	168	341	714	74	1,297
Additions - business combinations	275	454	1,466	-	2,195
Eliminated in respect of disposals	(3)	(2)	(14)	(116)	(135)
At 31 December 2018	1,893	2,352	3,133	102	7,480
Carrying amount					
At 31 December 2018	809	393	1,644	156	3,002
At 31 December 2017	341	1,266	803	328	2,738

The other reclassifications relate partly to assets being recategorised between classes in order to better reflect their substance and partly to a presentational change where assets acquired on business combinations are included at their grossed up cost and accumulated depreciation amounts instead of being included within cost at net book value.

14 Fixed asset investments

	Notes	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Shares in group undertakings	15	-	-	264,160	208,300
Shares in ultimate parent company		2,048	1,595	-	-
Other investments		182	182	-	-
		2,230	1,777	264,160	208,300

The shares in ultimate parent company represents 1,508,698 (2017: 1,508,698) preference shares issued by Ivy Topco Limited.These preference shares are recorded at amortised cost and their carrying amount includes accrued dividends. They are redeemable on 21 April 2026 and carry a fixed cumulative dividend of 12%, compounding annually on 31 December. These shares do not carry voting rights.

The Group has reclassified the presentation of dividends receivable in respect of these preference shares on the statement of financial position. In the prior period, the Group presented accrued dividends of £319k in debtors and in the current period this amount is presented within fixed asset investments. The effect on net assets is £nil and there is no impact on the other financial statements.

The other investments of £182k (2017: £182k) relate to a minority equity shareholding in ProAktive Ltd.

Movements in fixed asset investments

Group	**Shares in ultimate parent company £'000**	**Other investments £'000**	**Total £'000**
Cost or valuation			
At 1 January 2018	1,595	182	1,777
Additions on business combinations	-	34	34
Disposals	-	(34)	(34)
Accrued dividends	134	-	134
Reclassification	319	-	319
At 31 December 2018	2,048	182	2,230
Carrying amount			
At 31 December 2018	2,048	182	2,230
At 31 December 2017	1,595	182	1,777

14 Fixed asset investments

Movements in fixed asset investments

Company	**Shares in group undertakings**
	£'000
Cost or valuation	
At 1 January 2018	208,300
Additions	55,860
At 31 December 2018	264,160
Carrying amount	
At 31 December 2018	264,160
At 31 December 2017	208,300

15 Subsidiaries

Details of the company's subsidiaries at 31 December 2018 are as follows:

Name of undertaking	**Registered office**	**Nature of business**	**Class of shares held**	**% Held Direct**	**Indirect**
aQmen Holdings Limited	Rossington's Business Park, West Carr Road, Retford, Nottinghamshire, DN22 7SW	Intermediate holding company	Ordinary shares	100	
aQmen Limited	As above	Insurance brokers	As above		100
Case Insurance Services Limited	As above	Insurance brokers	As above		100
Chester Crown Holdings Limited	As above	Intermediate holding company	As above	100	
Citynet Insurance Brokers Limited	As above	Insurance brokers	As above		100
Citynet London Holdings Limited	As above	Intermediate holding company	As above	100	
D. E. Ford Holdings Limited	As above	Intermediate holding company	As above	100	
D. E. Ford (Insurance Brokers) Limited	As above	Insurance brokers	As above		100
ENSCO 1069 Limited	As above	Employee Benefit Trust	As above		100
Fish Administration Limited	As above	Insurance brokers	As above	100	
i2 Healthcare Limited	As above	Insurance brokers	As above	100	
KRM Sigerson Limited	As above	Insurance brokers	As above		100
Lorica Insurance Brokers Limited	As above	Insurance brokers	As above	100	

15 Subsidiaries

Morton Michel Holdings Limited	As above	Intermediate holding company	As above	100	
Morton Michel Limited	As above	Insurance brokers	As above		100
Online Risk Solutions Limited	As above	Insurance brokers	As above	100	
Premier Business Cost Saving Specialists Limited	As above	Procurement advice	As above	100	
PIB Employee Benefits Limited	As above	Employee benefit services	As above	100	
PIB (Group Services) Limited	As above	Management company	As above	100	
PIB (Legacy EB) Limited	As above	Insurance brokers	As above	100	
PIB Risk Management Limited	As above	Risk management	As above		100
PIB Risk Services Limited	As above	Insurance brokers	As above	100	
PJF Holdings Limited	As above	Intermediate holding company	As above	100	
QPI Legal Limited	As above	Insurance brokers	As above	100	
Stephensons (2000) Limited	As above	Insurance brokers	As above	100	
TFP Schemes Limited Limited	As above	Insurance brokers	As above	100	
Thistle Insurance Services Limited	As above	Insurance brokers	As above	100	
Wheatley Wright Insurance Services Limited	As above	Insurance brokers	As above	100	
Wilby Limited	As above	Insurance brokers	As above		100
Wilby Holdings Limited	As above	Intermediate holding company	As above		100
Wilby (Group) Limited	As above	Intermediate holding company	As above	100	
Xcenta Limited	As above	Insurance brokers	As above		100
Xcenta Solutions Limited	As above	Insurance brokers	As above		100
Albany Asset Management Limited	5th Floor Stock Exchange Court, 77 Nelson Mandela Place, Glasgow, Lanarkshire, G2 1QY	Insurance brokers	As above	100	
Carmichael (Aberdeen) Limited	14 Golden Square, Aberdeen, AB10 1RH	Insurance brokers	As above	100	
Care Home Cover Limited	Poppleton Grange, York, YO26 6GZ	Insurance brokers	As above		100
DEFCG Limited	As above	Insurance brokers	As above		100

15 Subsidiaries

Channel Insurance Brokers Limited	PO Box 664, No 4 South Esplanade, St Peter Port, Guernsey, GY1 1AN	Insurance brokers	As above	100

Channel Insurance Brokers Limited is a company incorporated in Guernsey, all other subsidiaries are incorporated in the United Kingdom.

All subsidiaries above have been included within these consolidated financial statements.

16 Subsidiary guarantees

As a parent company established under the law of the UK (an EEA state) for the 12 month period ended 31 December 2018, PIB Group Limited took advantage of the exemption from audit under section 479A of the Companies Act 2006 for the following subsidiary undertakings:

- Albany Asset Management Limited (SC188800)
- aQmen Holdings Limited (10153214)
- aQmen Limited (05769545)
- Carmichael (Aberdeen) Limited (SC161121)
- Case Insurance Services Limited (07456845)
- Chester Crown Holdings Limited (06654784)
- Citynet London Holdings Limited (08218863)
- D. E. Ford Holdings Limited (08038956)
- D. E. Ford (Insurance Brokers) Limited (01282731)
- ENSCO 1069 Limited (09033987)
- Fish Administration Limited (04214119)
- i2 Healthcare Limited (06243798)
- Lorica Insurance Brokers Limited (01417032)
- Morton Michel Holdings Limited (07837994)
- Morton Michel Limited (05120835)
- Online Risk Solutions Limited (07822050)
- PIB Employee Benefits Holdings Limited (03702198)
- PIB (Group Services) Limited (10315628)
- PIB (Legacy EB) Limited (10315612)
- PIB Risk Management Limited (07473310)
- Premier Business Cost Saving Specialists Limited (07966466)
- QPI Legal Limited (05160880)
- Stephensons (2000) Limited (03900356)
- Wheatley Wright Insurance Services Limited (04664478)
- Wilby (Group) Limited (07834330)
- Wilby Holdings Limited (062920259)
- Wilby Limited (02592184)

PIB Group Limited guarantees the subsidiaries above under section 479C of the Companies Act 2006 in

17 Financial instruments

	Group 2018	Group 2017	Company 2018	Company 2017
	£'000	£'000	£'000	£'000
Carrying amount of financial assets				
Measured at amortised cost				
- Shares in ultimate parent company	2,048	1,595	-	-
- Other investments	182	182	-	-
	2,230	1,777	-	-
Measured at undiscounted amount receivable				
- Trade and other debtors	15,446	11,407	-	-
- Corporation tax recoverable	291	24	699	470
- Amounts due from subsidiary undertakings	-	-	7,177	2,715
- Amounts due from related parties	316	101	187	30
- Profit commissions due	4,934	930	-	-
- Cash at bank and in hand	58,369	46,006	1,452	678
	79,356	58,468	9,515	3,893
	81,586	60,245	9,515	3,893
Carrying amount of financial liabilities				
Measured at amortised cost				
- Loan notes	10,640	9,501	10,640	9,501
- Deferred consideration	232	2,026	20	2,026
	10,872	11,527	10,660	11,527
Measured at undiscounted amount payable				
- Amounts due to related parties	76,907	26,313	76,907	26,313
- Trade and other creditors	47,424	36,668	90	4
- Amounts due to group undertakings	-	-	18,928	15,315
- Other taxation and social security	2,341	1,429	-	-
	126,672	64,410	95,925	41,632
Measured at fair value				
- Contingent consideration	10,245	11,161	7,589	7,476
- Dilapidations, onerous lease and other provisions	851	134	-	-
	11,096	11,295	7,589	7,476
	148,640	87,232	114,174	60,635

18 Stocks

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Training manuals and equipment	39	40	-	-

19 Debtors

Amounts falling due within one year:	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Trade debtors	14,309	10,639	-	-
Corporation tax recoverable	291	24	699	470
Amounts due from subsidiary undertakings	-	-	7,177	2,715
Amounts due from related parties	316	101	187	30
Profit commissions due	4,934	930	-	-
Prepayments and accrued income	3,510	3,009	69	101
Other debtors	1,137	768	-	-
	24,497	15,471	8,132	3,316
Deferred tax asset (note 25)	-	1,137	-	-
	24,497	16,608	8,132	3,316

20 Cash at bank and in hand

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Office cash	12,566	11,980	1,452	678
Client cash	45,803	34,026	-	-
	58,369	46,006	1,452	678

21 Creditors: amounts falling due within one year

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Trade creditors	46,478	35,946	90	4
Amounts due to group undertakings	-	-	18,928	15,315
Other taxation and social security	2,341	1,429	-	-
Deferred consideration	232	2,026	20	2,026
Accruals and deferred income	11,942	8,207	-	-
Other creditors	946	722	-	-
	61,939	48,330	19,038	17,345

22 Derivative financial instruments

As at the end of the year, there were EUR 1,000k (2017: 500k) of open forward contracts for sale to Sterling to purchase £879k (2017: £442k). The following table provides details relating to those contracts as at the reporting date:

As at 31 December 2018	**Amount**	**Average committed rate**	**Contracted value**	**Fair value**
Expires	**€'000**	**%**	**£'000**	**£'000**
20 November 2019	1,000	1.1379	879	32

As at 31 December 2017	**Amount**	**Average committed rate**	**Contracted value**	**Fair value**
Expires	**€'000**	**%**	**£'000**	**£'000**
14 May 2018	250	1.1407	219	4
17 May 2018	250	1.1226	223	-

All derivatives have been measured at fair value. Fair value has been calculated from data sources from an independent financial market data provider.

23 Creditors: amounts falling due after more than one year

	Notes	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Due within one to five years:					
Amounts due to related parties	30	76,907	26,313	76,907	26,313
Due in over five years:					
Loan notes		10,640	9,501	10,640	9,501
		87,547	35,814	87,547	35,814

The loan notes for both the Group and the Company represent a principal of £7,826k (2017: £7,826k) plus accrued interest which is compounded annually on 31 December. The loan notes carry an effective interest rate of 12% and are redeemable in 2026 in full.

For further information relating to the terms of the amounts due to related parties, refer to note 30.

24 Provisions for liabilities

	Notes	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Contingent consideration		10,245	11,161	10,010	7,476
Dilapidations provision		182	126	-	-
Onerous lease		249	-	-	-
Other provisions		420	8	-	-
		11,096	11,295	10,010	7,476
Deferred tax liabilities	25	20,419	19,680	-	-
		31,515	30,975	10,010	7,476

24 Provisions for liabilities

Movements on provisions apart from deferred tax liabilities:

Group	Contingent consideration £'000	Dilapidations provision £'000	Onerous lease £'000	Other provisions £'000	Total £'000
At 1 January 2018	11,161	126	-	8	11,295
Additional provisions in the year	4,628	56	249	420	5,353
Reversal of provision	25	-	-	(8)	17
Utilisation of provision	(6,653)	-	-	-	(6,653)
Unwinding of discount	1,084	-	-	-	1,084
At 31 December 2018	10,245	182	249	420	11,096
Due within one year	7,298	-	117	420	7,835
Due between two to five years	2,947	182	132	-	3,261
	10,245	182	249	420	11,096

Company	Contingent consideration £'000	Dilapidations provision £'000	Onerous lease £'000	Other provisions £'000	Total £'000
At 1 January 2018	7,476	-	-	-	7,476
Additional provisions in the year	4,255	-	-	-	4,255
Reversal of provision	15	-	-	-	15
Utilisation of provision	(2,706)	-	-	-	(2,706)
Unwinding of discount	970	-	-	-	970
At 31 December 2018	10,010	-	-	-	10,010
Due within one year	7,063	-	-	-	7,063
Due between two to five years	2,947	-	-		2,947
	10,010	-	-	-	10,010

Provisions are measured at fair value. The following information describes how the fair value for each provision is estimated.

Contingent consideration provisions are created for future earn out payments on acquisitions made by the group. Earn out payments are based on certain financial performance indicators agreed at the point of acquisition. Estimates of these payments are made by reference to detailed reviews of historical performance, forecasts and retention of customers. The estimates are updated regularly and adjusted at each reporting date.

24 Provisions for liabilities

The Group has dilapidation provisions in respect of premises that it occupies. The provision relates to future reparation costs on these premises. The dilapidation costs have been estimated using the Group's past experience of similar expenses. Dilapidation payments are due at the earlier of the break option or end of the property lease.

The Group makes an onerous lease provision where the unavoidable costs of meeting the obligations under a lease contract exceed the economic benefits expected to be received under that contract. This typically occurs where the Group vacates a building and is still required to pay the rent until the end of the contract.

Other provisions relate to litigation and restructuring.

At any point the Group can be involved in a variety of litigation issues. The Group analyses its litigation exposures based on available information, including legal consultation where appropriate, to assess its potential liability. Where appropriate the Group also provides for the cost of defending or initiating such matters. Where a litigation provision has been made it is recorded gross of any related third party recovery and any such recovery is included within debtors. At 31 December 2018, the Group's gross litigation provision was £nil (2017: £8k). Litigation payments are due upon the settlement of each case.

The Group recognises a provision for restructuring when it has a legal or constructive obligation to carry out the restructuring. The restructuring may be the sale or termination of a line of business, the closure or relocation of business activities in a particular region, changes in management structure or any other reorganisations with a material effect on the entities operations. The Group only recognises the provision when it has a formal detailed plan and it has raised a valid expectation in those affected that it will carry out the restructuring. A restructuring provision of £420k (2017: £nil) has been recognised which relates to the closure of a business division in 2018.

25 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the Group:

Group	2018 £'000	2017 £'000
On acquisition of customer relationships	(23,442)	(19,589)
Depreciation in excess of capital allowances	546	177
Accelerated capital allowances	(75)	(95)
Short term timing differences	141	360
Unutilised losses	2,411	600
	(20,419)	(18,547)

The company has no deferred tax assets or liabilities.

These amounts are presented within the following statement of financial position line items:

	2018 £'000	2017 £'000
Debtors	-	1,137
Provision for liabilities	(20,419)	(19,684)
	(20,419)	(18,547)

Movements in the year:	Group 2018 £'000	Company 2018 £'000
Net liability as at 1 January 2018	(18,547)	-
Credit to income statement	1,572	-
On acquisition of business combinations	3,052	-
On acquisition of customer relationships	(6,496)	-
Net liability as at 31 December 2018	(20,419)	-

26 Retirement benefit schemes

Defined contribution schemes	2018 £'000	2017 £'000
Charge to income statement in respect of defined contribution schemes	2,197	1,219

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

27 Share capital

	Group and company	
	2018	2017
Ordinary share capital	£'000	£'000
Issued and fully paid		
160,264,867 Ordinary A of £0.001 each	160	145
4,000 Ordinary B of £1 each	4	4
	164	149

All share classes have full voting rights, the right to receive a dividend and the right on a distribution of capital (including on a winding up) to participate equally with the other shares in issue.

Reconciliation of movements during the year:

	Group and company £'000
At 1 January 2018	149
Issue of fully paid shares	15
At 31 December 2018	164

The following Ordinary A shares with a par value of £0.001 were issued during 2018 at £1 a share and fully paid in cash.

Issue date	Number of shares
29 March 2018	1,293,417
16 April 2018	50,000
28 June 2018	12,266,066
4 September 2018	175,000
4 September 2018	1,131,440
14 September 2018	1,045
	14,916,968

28 Acquisitions

During the year the Group acquired the issued share capital of Lorica Insurance Brokers Limited, Wilby (Group) Limited, i2 Healthcare Limited, Albany Asset Management Ltd, Wheatley Wright Insurance Services Limited, Online Risk Solutions Limited. The Group also acquired books of business from Wrightsure, Blackmore Borley and Lincsafe. The summary of the acquired balances is detailed below:

Summary

	Book Value £'000	Adjustments £'000	Fair Value £'000
Intangible fixed assets	420	38,215	38,635
Tangible fixed assets	379	-	379
Other investments	34	-	34
Trade and other receivables	4,539	-	4,539
Cash and cash equivalents	8,112	-	8,112
Trade and other payables	(14,958)	-	(14,958)
Borrowings	(1,711)	-	(1,711)
Corporation tax	(935)	-	(935)
Deferred tax	3,052	(6,496)	(3,444)
Total identifiable net assets	(1,068)	31,719	30,651
Goodwill			20,060
Total consideration			50,711

The consideration was satisfied by:	£'000
Cash	42,030
Deferred consideration	4,416
Contingent consideration	1,840
Issue of shares	2,425
	50,711

Contribution by the acquired businesses for the reporting period since acquisition:	£'000
Turnover	17,528
Profit before tax	4,203

28 Acquisitions

The business combinations included within the summary above are shown individually below:

On 28 February 2018 the Group acquired 100% of the issued share capital of Lorica Insurance Brokers Limited, a commercial insurance broker operating from the UK:

	Book Value £'000	Adjustments £'000	Fair Value £'000
Intangible fixed assets	420	17,038	17,458
Tangible fixed assets	125	-	125
Trade and other receivables	2,712	-	2,712
Cash and cash equivalents	3,579	-	3,579
Trade and other payables	(12,057)	-	(12,057)
Borrowings	(248)	-	(248)
Deferred tax	3,062	(2,896)	166
Total identifiable net assets	(2,407)	14,142	11,735
Goodwill			7,155
Total consideration			18,890

The consideration was satisfied by:	£'000
Cash	18,245
Deferred consideration	645
	18,890

Contribution by the acquired business for the reporting period since acquisition:	£'000
Turnover	10,348
Profit before tax	2,342

28 Acquisitions

On 29 March 2018 the Group acquired 100% of the issued share capital of Wilby (Group) Limited and its subsidiaries, a commercial insurance broker operating from the UK:

	Book Value £'000	Adjustments £'000	Fair Value £'000
Intangible fixed assets	-	8,366	8,366
Tangible fixed assets	78	-	78
Other investments	34	-	34
Trade and other receivables	884	-	884
Cash and cash equivalents	947	-	947
Trade and other payables	(1,377)	-	(1,377)
Borrowings	(1,463)	-	(1,463)
Corporation tax	(359)	-	(359)
Deferred tax	(10)	(1,422)	(1,432)
Total identifiable net assets	(1,266)	6,944	5,678
Goodwill			3,514
Total consideration			9,192

The consideration was satisfied by:	£'000
Cash	7,037
Deferred consideration	861
Issue of shares	1,294
	9,192

Contribution by the acquired business for the reporting period since acquisition:	£'000
Turnover	3,661
Profit before tax	600

28 Acquisitions

On 7 June 2018 the Group acquired 100% of the issued share capital of i2 Healthcare Limited, a provider of specialist insurance in the UK for corporate healthcare:

	Book Value £'000	Adjustments £'000	Fair Value £'000
Intangible fixed assets	-	5,880	5,880
Tangible fixed assets	1	-	1
Trade and other receivables	353	-	353
Cash and cash equivalents	1,432	-	1,432
Trade and other payables	(1)	-	(1)
Corporation tax	(353)	-	(353)
Deferred tax		(1,000)	(1,000)
Total identifiable net assets	1,432	4,880	6,312
Goodwill			2,470
Total consideration			8,782

The consideration was satisfied by:	£'000
Cash	6,683
Deferred consideration	933
Contingent consideration	1,166
	8,782

Contribution by the acquired business for the reporting period since acquisition:	***£'000***
Turnover	706
Profit before tax	285

28 Acquisitions

On 2 July 2018 the Group acquired 100% of the issued share capital of Albany Asset Management Ltd, a provider of specialist insurance in the UK for childcare:

	Book Value £'000	Adjustments £'000	Fair Value £'000
Intangible fixed assets	-	1,002	1,002
Tangible fixed assets	4	-	4
Trade and other receivables	56	-	56
Cash and cash equivalents	231	-	231
Trade and other payables	(6)	-	(6)
Corporation tax	(61)	-	(61)
Deferred tax	-	(170)	(170)
Total identifiable net assets	224	832	1,056
Goodwill			421
Total consideration			1,477

The consideration was satisfied by:	£'000
Cash	1,002
Deferred consideration	175
Contingent consideration	300
	1,477

Contribution by the acquired business for the reporting period since acquisition:	£'000
Turnover	235
Profit before tax	67

28 Acquisitions

On 4 July 2018 the Group acquired 100% of the issued share capital of Wheatley Wright Insurance Services Limited, a Liability and Associated Risks Insurance Broker based in the UK.

	Book Value £'000	Adjustments £'000	Fair Value £'000
Intangible fixed assets	-	4,822	4,822
Tangible fixed assets	146	-	146
Trade and other receivables	436	-	436
Cash and cash equivalents	1,429	-	1,429
Trade and other payables	(1,217)	-	(1,217)
Corporation tax	(135)	-	(135)
Deferred tax	-	(820)	(820)
Total identifiable net assets	659	4,002	4,661
Goodwill			5,642
Total consideration			10,303

The consideration was satisfied by:	£'000
Cash	7,647
Deferred consideration	1,525
Issue of shares	1,131
	10,303

Contribution by the acquired business for the reporting period since acquisition:	£'000
Turnover	2,412
Profit before tax	812

28 Acquisitions

On 4 July 2018 the Group acquired 100% of the issued share capital of Online Risk Solutions Limited, an underwriting agency based in the UK.

	Book Value £'000	Adjustments £'000	Fair Value £'000
Intangible fixed assets	-	516	516
Trade and other receivables	98	-	98
Cash and cash equivalents	494	-	494
Trade and other payables	(255)	-	(255)
Corporation tax	(27)	-	(27)
Deferred tax	-	(88)	(88)
Total identifiable net assets	310	428	738
Goodwill			604
Total consideration			1,342

The consideration was satisfied by:	£'000
Cash	1,065
Deferred consideration	277
	1,342

Contribution by the acquired business for the reporting period since acquisition:	£'000
Turnover	166
Profit before tax	97

28 Acquisitions

The Group acquired a Professional Indemnity book from Blackmore Borley on 15 February 2018, a Risk Management book from Lincsafe on 30 May 2018 and a Motor and Combined liability book from Wrightsure on 5 September 2018, all based in the UK.

	Book Value £'000	Adjustments £'000	Fair Value £'000
Intangible fixed assets	-	591	591
Tangible fixed assets	25	-	25
Trade and other payables	(45)	-	(45)
Deferred tax	-	(100)	(100)
Total identifiable net assets	(20)	491	471
Goodwill			254
Total consideration			725

The consideration was satisfied by:	£'000
Cash	351
Contingent consideration	374
	725

29 Operating lease commitments

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Within one year	3,115	1,952	-	-
Between two and five years	3,703	2,775	-	-
In over five years	261	82	-	-
	7,079	4,809	-	-

30 Related party transactions

Transactions with related parties

Ivy Topco Limited is the Group's ultimate parent company. Ivy Debtco Limited, Ivy Midco Limited and Ivy Sub-Midco Limited are intermediate holding companies to the Group. Ivy Finco Limited is the company's immediate parent company.

During the year, the Group made payments of professional fees, loan fees and interest on behalf of these related parties, and recharged them back accordingly.

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
Balance due (to)/from Group and Company				
Ivy Topco Limited	184	51	126	2
Ivy Debtco Limited	9	1	-	-
Ivy Midco Limited	114	48	61	28
Ivy Submidco Limited	9	1	-	-
	316	101	187	30
Ivy Finco Limited	(76,907)	(26,313)	(76,907)	(26,313)
	(76,591)	(26,212)	(76,720)	(26,283)

Ivy Finco Limited has net borrowing arrangements in place which it draws down on and onlends to the Group on similar terms. These include a five year repayment term and an interest rate of 1 month LIBOR + 4.5%.

The remaining balances with related parties are repayable on demand and do not attract interest.

As at 31 December 2018, the directors B McManus, C Giles and R Brown held a total of 2,324 (2017: 2,324) ordinary B shares, 50 (2017: 50) ordinary F shares and 5,379,263 (2017: 5,379,263) preference shares in the Group's ultimate parent company, Ivy Topco Limited.

31 Cash flow from operating activities

	2018 £'000	2017 £'000
Loss for the year after tax	(23,111)	(12,318)
Adjustments for:		
Taxation credited	(1,263)	(2,321)
Finance costs	6,193	1,704
Investment income	(787)	(334)
Loss on disposal of tangible fixed assets	22	-
Amortisation and impairment of intangible fixed assets	26,079	14,273
Depreciation and impairment of tangible fixed assets	1,297	786
Movements in working capital:		
Decrease/(increase) in stocks	1	(2)
(Increase) in debtors	(4,747)	(1,345)
Increase/(decrease) in creditors	1,020	(861)
Increase in provisions	3,139	5
Cash generated from/(absorbed by) operations	7,843	(413)

32 Controlling party

The company's immediate and ultimate parent companies are Ivy Finco Limited (registered company number 120451) and Ivy Topco Limited (registered company number 120448) respectively, registered in Jersey, registered office 44 Esplanade, St. Helier. Jersey JE4 9WG. Ivy Topco Limited is ultimately owned by entities doing business as 'The Carlyle Group'.

The smallest consolidated set of financial statements to include the Group are those of Ivy Sub-Midco Limited. The largest consolidated set of financial statements to include the Group are those of Ivy Topco Limited. These consolidated financial statements are available from the registered offices of Ivy Sub-Midco Limited and Ivy Topco Limited.

33 Events after the reporting date

On 13 February 2019, the Company's intermediate parent company Ivy Finco Limited entered into an agreement to increase its borrowing to a £100,000k (2018: £90,000k) senior secured credit facility. The facility consists of a £95,000k (2018: £85,000k) five year term loan and a £5,000k (2018: £5,000k) revolving credit facility. Certain subsidiaries became guarantors to the debt, supported by an English Law debenture, including a fixed and floating charge on the company's assets in favour of the lender.

On 17 May 2019, IFC entered into an agreement to increase its borrowing to a £214,000k credit facility. The facility consists of a £204,000k senior six year term loan and a £10,000k super senior five and half years revolving credit facility. Certain subsidiaries became guarantors to the debt, supported by an English Law debenture, including a fixed and floating charge on the company's assets in favour of the lender.

33 Events after the reporting date

The following acquisition was made by the Company following the reporting date:

Acquisition	**Date**
Optis Insurances Ltd	15 February 2019

At the time of the issue of the financial statements, the accounting for the acquisitions is incomplete and therefore the fair value of the consideration has not been disclosed. This acquisition was for 100% of the issued share capital of the acquired company.