

Registered number: 04152499

ASSURED PARTNERS LONDON LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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ASSURED PARTNERS LONDON LIMITED

COMPANY INFORMATION

DIRECTORS

S N Gough
J Henderson
D Heathfield
S J Quilter
B C Dyer

REGISTERED NUMBER

04152499

REGISTERED OFFICE

Centennium House
100 Lower Thames Street
London
EC3R 6DL

INDEPENDENT AUDITOR

Nexia Smith & Williamson
Registered Auditors & Chartered Accountants
25 Moorgate
London
EC2R 6AY

ASSURED PARTNERS LONDON LIMITED

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ASSURED PARTNERS LONDON LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present the Strategic report for AssuredPartners London Limited for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The company's principal activity is that of insurance broking, as a Lloyd's Broker, and the company is authorised and regulated by the Financial Conduct Authority.

BUSINESS REVIEW

I am very pleased to say that 2018 has been another successful year despite some challenging market conditions. We moved into 2018 with a foundation capable of supporting growth via acquisition and with a structure that allowed us to benefit from the opportunities available to us from our rapidly expanding operations in the United States.

An agreement to acquire B&W Brokers Limited was reached in May 2018 and we immediately set about implementing a comprehensive integration strategy which saw the staff of B&W move into our office premises a matter of weeks after the transaction received regulatory approval. Six months on and the acquisition has already yielded cost synergies across the business and put the company in a strong position from which to service the increasing flow of property and casualty business controlled by our partner offices in the United States.

2018 has been another strong year for the asset management division of the business reporting 18% revenue growth on last year. Our US wholesale division specialising in professional liability has also performed well and we will continue to look at ways of building on those successes throughout 2019 via the addition of new people and teams where possible. Other areas of the wholesale business faced the challenge of managing a hardening market in London at a time when rates were going down in the States but new business opportunities are already yielding revenue and we expect further growth across all divisions of the business as we move through 2019.

During the period we report revenue of £6.3m, which is an increase of just under 17% compared to the previous year. EBITDA margin remains strong at 26%.

We will continue to engage on new acquisition opportunities in 2019. The distribution opportunities have grown significantly again this year with AssuredPartners Inc pushing towards annualised revenue of \$1.2bn facilitated by a year of consistent organic growth across the group and many successful acquisitions. Beyond the obvious opportunities at group level we have consolidated our position as a market leader in the asset management space – all of which is direct business – and we will look carefully at ways in which we can build upon that success in 2019.

The company made a profit, after taxation of £667,712 for the year ended 31 December 2018 (2017 - £532,698).

ASSUREDPARTNERS LONDON LIMITED

**STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018**

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to competition and financial risks. These are liquidity risk, currency risk and counter-party risk.

FINANCIAL RISK MANAGEMENT

The company finances its operations through retained profits. Management's objectives are to retain sufficient liquid funds to enable the company to meet its day-to-day obligations as they fall due, whilst maximising returns on surplus funds.

LIQUID RESOURCES

For the purposes of the cash flow statement, liquid resources are considered to be cash at bank and in hand.

FINANCIAL RISK FACTORS

The company's activities expose it to a variety of financial risks: market risk (including currency risk and price risk), credit risk and liquidity risk. The company's overall risk management programme seeks to minimise any potentially adverse effects on the company's financial performance.

MARKET RISK/CURRENCY RISK

The company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and EURO. Foreign currency risk arises from commercial transactions denominated in foreign currencies.

CREDIT RISK

Amounts due from clients and insurers are monitored on an ongoing basis and provision is made for doubtful debts where appropriate. The company considers on a regular basis the credit ratings of banks in which it holds funds to reduce exposure to credit risk.

LIQUIDITY RISK

The company maintains sufficient levels of liquidity to ensure funds are available for operations and planned expansions.

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


D Heathfield
Director

Date: 29/01/2019

ASSURED PARTNERS LONDON LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS102, "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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

RESULTS, DIVIDENDS AND REPAYMENT OF CAPITAL RESERVE

The profit for the year, after taxation, amounted to £667,712 (2017 - £532,698).

The company paid an interim dividend of £1,604,217 (2017 - £nil). The Directors do not recommend that a final dividend is paid (2017 - £nil).

On 31 December 2018, the company made a repayment of the capital reserve amounting to £1,395,370 (2017 - £nil).

DIRECTORS

The directors who served during the year were:

S N Gough
J Henderson
D Heathfield
S J Quilter
G J Richards (resigned on 11 October 2018)
B C Dyer

ASSURED PARTNERS LONDON LIMITED

**DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018**

DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each person who was a director at the time this report was approved:

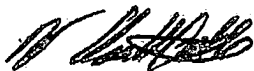
- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director had taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors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

This information should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

AUDITORS

The auditors, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



D Heathfield
Director

Date: 29/01/2019

ASSUREDPARTNERS LONDON LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSUREDPARTNERS LONDON LIMITED FOR THE YEAR ENDED 31 DECEMBER 2018



We have audited the financial statements of AssuredPartners London Limited for the year ended 31 December 2018 which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity, the Cash flow statement, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

ASSUREDPARTNERS LONDON LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSUREDPARTNERS LONDON LIMITED (continued) FOR THE YEAR ENDED 31 DECEMBER 2018



OTHER INFORMATION

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

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the 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.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement set out on page 3, 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.

ASSUREDPARTNERS LONDON LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSUREDPARTNERS LONDON LIMITED
(continued)
FOR THE YEAR ENDED 31 DECEMBER 2018**



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 aggregate, they could influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

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

Nexia Smith & Williamson

Kelth Jackman (Senior Statutory Auditor)

for and on behalf of
Nexia Smith & Williamson

Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

Date: *29 January 2019*

ASSURED PARTNERS LONDON LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
TURNOVER	1,3	6,297,515	5,420,742
Administrative expenses		<u>(5,527,688)</u>	<u>(4,755,686)</u>
OPERATING PROFIT	4	769,827	665,056
Interest receivable and similar income		<u>485</u>	<u>1,347</u>
PROFIT BEFORE TAXATION		770,312	666,403
Taxation on profit on ordinary activities	8	<u>(102,600)</u>	<u>(133,705)</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		<u>667,712</u>	<u>532,698</u>

All amounts relate to continuing operations.

There were no gains or losses in either year other than those included in the above statement of comprehensive income.

The notes on pages 12 to 25 form part of these financial statements.

ASSURED PARTNERS LONDON LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2018**

	Note	£	2018 £	£	2017 £
FIXED ASSETS					
Tangible assets	10		486,422		399,105
Intangible assets	11		<u>832,789</u>		<u>1,529,915</u>
			1,299,221		1,929,020
CURRENT ASSETS					
Debtors	12	6,383,867		3,760,209	
Cash at bank		<u>4,555,316</u>		<u>5,770,147</u>	
		10,919,183		9,530,356	
CREDITORS: amounts falling due within one year	13	<u>(9,306,914)</u>		<u>(6,230,111)</u>	
NET CURRENT ASSETS			<u>1,612,269</u>		<u>3,300,245</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,911,490		5,229,265
CREDITORS: amounts falling due after more than one year	14		(92,400)		(78,300)
PROVISIONS	16		<u>(26,850)</u>		<u>(26,850)</u>
NET ASSETS			<u>2,792,240</u>		<u>5,124,115</u>
CAPITAL AND RESERVES					
Called up share capital	17		534,739		534,739
Share Premium	18		243,219		243,219
Capital Reserve	18		1,763,692		3,159,062
Profit and loss account	18		<u>250,590</u>		<u>1,187,095</u>
EQUITY			<u>2,792,240</u>		<u>5,124,115</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
29 January 2019.



S Quilter
Director

The notes on pages 12 to 25 form part of these financial statements.
Company's Registered Number: 04152499 England and Wales

ASSURED PARTNERS LONDON LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2018**

	Share Capital £	Share Premium £	Capital Reserve £	Retained Earnings £	Total Equity £
At 1 January 2017	534,739	243,219	3,159,062	654,397	4,591,417
Comprehensive Income for the year					
Profit for the year	-	-	-	532,698	532,698
At 31 December 2017	534,739	243,219	3,159,062	1,187,095	5,124,115
Comprehensive Income for the year					
Profit for the year	-	-	-	667,712	667,712
Dividends	-	-	-	(1,604,217)	(1,604,217)
Repayment of Capital Reserve	-	-	(1,395,370)	-	(1,395,370)
At 31 December 2018	534,739	243,219	1,763,692	250,590	2,792,240

The notes on pages 12 to 25 form part of these financial statements.

ASSURED PARTNERS LONDON LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Net cash generated from operating activities	19	635,347	54,075
Investing activities			
Net proceeds from sale of divisions		-	80,000
Purchase of intangible fixed assets		(108,895)	(54,500)
Purchase of tangible fixed assets		(137,551)	(376,797)
Interest received		485	1,347
Net cash used in investing activities		(245,961)	(349,950)
Financing activities			
Dividends paid		(1,604,217)	-
Net cash generated used in financing activities		(1,604,217)	-
Net decrease in cash and cash equivalents		(1,214,831)	(295,875)
Cash and cash equivalents at beginning of year		5,770,147	6,066,022
Cash and cash equivalents at the end of year		4,555,316	5,770,147

The notes on pages 12 to 25 form part of these financial statements.

ASSUREDPARTNERS LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below.

1.1 Statutory Information

AssuredPartners London Limited is a private limited company, limited by shares, incorporated in England and Wales, registration number 04152499. The address of the registered office is 100 Lower Thames Street, London, EC3R 6DL. The entity's nature of operations and principal activity is that of insurance broking.

1.2 Basis of preparation of financial statements

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets in accordance with the company's accounting policies. The presentation and functional currency of the company is GBP.

1.3 Going concern

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current credit facilities.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.4 Turnover

The whole of turnover is attributable to the company's principal activity being that of insurance broking. Brokerage is credited to turnover at the inception date. Income in relation to profit commission and binding authorities is recognised on notification by a third party for the profit commission earned and receipt of the bordereau respectively.

Other fees receivable are recognised in the period to which they relate or when they can be measured with reasonable certainty.

Due to the long term nature of the services provided by the company to its clients, deferral of income has been made to cover the servicing costs of claims.

1.5 Tangible fixed assets and depreciation

Tangible assets comprise fixtures and fittings and other fixed assets. Fixtures and fittings and other fixed assets are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged so as to write off the cost of assets to their residual values, over their estimated useful lives, using the straight-line method, on the following bases:

Fixtures and fittings	-	20 - 25% straight line
Leasehold improvements	-	10% straight line
Computer equipment	-	10 - 33% straight line

ASSURED PARTNERS LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES (continued)

1.6 Intangible assets

Customer lists are recognised when acquired as part of a business combination at the fair value at the date of acquisition. They are subsequently amortised over their estimated useful life of five years.

Acquired computer software licences are capitalised on the basis of the incurred costs to acquire. These costs are considered to have a definite useful life and are amortised on the basis of that useful life (ten years) on a straight line basis.

1.7 Impairment of non-financial assets

At each balance sheet date, tangible assets and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

1.8 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. At the balance sheet date all leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are spread on a straight line basis over the non-cancellable period for which the company has contracted to lease the asset.

1.9 Taxation

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

The current tax charge is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences between taxable profits and profit and loss account that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised.

ASSURED PARTNERS LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES (continued)

1.10 Foreign currencies

Transactions in foreign currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Exchange differences on transactions are taken to operating profit.

1.11 Employee benefits

Short term employee benefits including holiday pay and annual bonuses are accrued as services are rendered. Contributions to defined contribution pension schemes are charged to profit or loss as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and those actually paid are shown as either accruals or prepayments in the balance sheet.

1.12 Insurance broking debtors and creditors

Insurance brokers usually act as agents in placing the insurable risks of their clients with insurers and, as such, generally are not liable as principals for amounts arising from such transactions. Notwithstanding these legal relationships, debtors and creditors arising from insurance broking transactions are shown as assets and liabilities. This recognises that the insurance broker is entitled to retain the investment income on any cash flows arising from these transactions.

Debtors and creditors arising from a transaction between clients and insurers are recorded simultaneously. Consequently, there is a high level of correlation between the totals reported in respect of insurance broking debtors and insurance broking creditors.

The position of the insurance broker as agent means that generally the credit risk is borne by the principals. There can be circumstances when the insurance broker acquires the credit risk. There is much legal uncertainty surrounding the circumstances and the extent of such exposure and consequently it cannot be evaluated. However, the total of insurance broking debtors appearing in the balance sheet is not an indication of credit risk.

It is normal practice for insurance brokers to settle accounts with other intermediaries, clients, insurers and market settlement bureaux on a net basis. Thus, large changes in both insurance broking debtors and creditors can result from comparatively small cash settlements. For this reason, the totals of insurance broking debtors and creditors give no indication of future cashflows.

The legal status of this practice of net settlement is uncertain and in the event of an insolvency is generally abandoned. Financial Reporting Standard 102 section 11 requires that offset of assets and liabilities should be recognised in the financial statements where, and only where, the offset would survive the insolvency of the other party. Accordingly, only such offsets have been recognised in calculating insurance broking debtors and creditors.

ASSURED PARTNERS LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. ACCOUNTING POLICIES (continued)

1.13 Financial Instruments

Financial assets and financial liabilities are recognised in the balance sheet when the company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank and short-term bank deposits with an original maturity of three months or less which are an integral part of the company's cash management.

Derivative financial instruments are classified as other financial instruments. They are measured at fair value on initial recognition and at the end of each reporting period, with changes in fair value recognised in profit or loss.

Financial liabilities and equity instruments issued by the company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

1.14 Business combinations and goodwill

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the group.

The cost of a business combination is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group in exchange for control and the costs directly attributable to the business combination. The consideration transferred includes the estimate of any asset or liability resulting from a contingent consideration arrangement where the transfer of further consideration is probable and can be measured reliably. Identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair values at the acquisition date. Contingent liabilities are only recognised where the fair value can be measured reliably.

The group measures goodwill at the acquisition date as the excess of the cost of the business combination over the acquirer's interest in the net amount of the identifiable assets, liabilities and contingent liabilities recognised. Subsequently goodwill is amortised on a straight line basis over its useful life.

When the excess is negative, the negative goodwill arising is recognised separately on the face of the balance sheet and released up to the fair value of the non-monetary assets as the non-monetary assets are recovered and otherwise in the periods expected to be benefited.

ASSURED PARTNERS LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

Judgements

Recognition of intangible assets

The recognition of intangible assets arising on a business combination requires judgement as to whether all the applicable conditions for recognition are met. This includes consideration of the form of the intangible asset and the reliability of the estimate of its fair value.

Financial instruments classification

The classification of financial instruments as "basic" or "other" requires judgement as to whether all the applicable conditions for classification as basic are met. This includes consideration of the form of the instrument and its return.

Key sources of estimation uncertainty

Impairment of assets

Assets not measured at fair value in the balance sheet are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of the asset exceeds its recoverable amount. Management judgement is required to establish indicators of impairment based upon knowledge of the business and results and upon future cash flows.

Revenue

A portion of revenue received for the arrangement of insurance contracts is deferred where the Company retains the obligation to handle claims on policies placed. The amount of revenue deferred is based on the forecast associated costs of claims handling at the Balance Sheet date.

3. ANALYSIS OF TURNOVER

An analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	1,153,511	1,414,454
Rest of Europe	466,199	276,228
Rest of the World	4,677,805	3,730,060
	<u>6,297,515</u>	<u>5,420,742</u>

All revenue was earned through the business of insurance broking.

ASSURED PARTNERS LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2018 £	2017 £
Depreciation of tangible fixed assets	70,234	54,423
Amortisation of goodwill	806,011	795,120
Operating lease rentals	156,790	155,455
Difference on foreign exchange	(176,468)	154,676

5. AUDITORS' REMUNERATION

	2018 £	2017 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	18,750	16,000
Fees payable to the company's auditor and its associates in respect of:		
Audit-related assurance services	6,765	7,850
Taxation compliance services	7,500	7,050
Tax advisory	11,285	-
Tax Investigation Services	810	771
Company Secretarial Services	475	-
XBRL tagging	250	250

ASSURED PARTNERS LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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6. STAFF COSTS

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

	2018 £	2017 £
Wages and salaries	2,664,151	2,033,396
Social security costs	321,061	244,634
Other pension costs	330,692	262,095
	<u>3,315,904</u>	<u>2,540,125</u>

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

	2018 No.	2017 No.
Administration	22	19
Brokers	19	16
	<u>41</u>	<u>35</u>

7. DIRECTORS' REMUNERATION

	2018 £	2017 £
Remuneration	<u>755,690</u>	<u>711,103</u>
Company pension contributions to defined contribution pension schemes	<u>90,843</u>	<u>94,716</u>

During the year retirement benefits were accruing to 4 directors (during the year 2017 - 4) in respect of defined contribution pension schemes. The highest paid director was paid £252,174 in the year (2017 - £215,284).

ASSURED PARTNERS LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. TAXATION

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	95,188	105,111
Adjustments in respect of prior periods	-	(1,784)
Total current tax	<u>95,188</u>	<u>103,327</u>
Deferred tax		
Arising from origination and reversal of timing differences	7,432	30,041
Adjustments in respect of prior periods	-	337
Total deferred tax	<u>7,432</u>	<u>30,378</u>
Taxation on profit on ordinary activities	<u>102,600</u>	<u>133,705</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017: *higher than*) the average standard rate of corporation tax in the UK of 19% (2017 – 19.25%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>770,312</u>	<u>666,403</u>
Profit on ordinary activities multiplied by average standard rate of corporation tax in the UK of 19% (2017 – 19.25%)	146,359	128,283
Effects of:		
Expenses not deductible for tax purposes	20,703	13,104
Re-measurement of deferred tax – change in the UK tax rate	(874)	(3,970)
Fixed asset timing differences	3,028	1,067
Adjustments to tax charge in respect of previous periods	-	(1,447)
Group relief claimed	(68,448)	(3,309)
Income tax not deductible	(170)	-
Other tax adjustments, reliefs and transfers	-	(23)
Total tax charge for the year (see note above)	<u>102,600</u>	<u>133,705</u>

ASSURED PARTNERS LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

9. DEFERRED TAX LIABILITY

	2018 £	2017 £
Fixed asset timing differences	53,646	38,577
Short term timing differences	(13,060)	(5,423)
At 31 December (note 13)	<u>40,586</u>	<u>33,154</u>

As at 31 December 2018, the company has recognised a deferred tax liability of £40,586 (2017 - £33,154) relating to fixed asset and short term timing differences. The deferred tax liability has been calculated at 17% (2017 - 17%).

10. TANGIBLE FIXED ASSETS

	Leasehold improvements £	Fixtures & fittings £	Computer equipment £	Total £
Cost				
At 1 January 2018	111,272	32,088	360,699	504,059
Additions	12,160	4,197	121,194	137,551
At 31 December 2018	<u>123,432</u>	<u>36,285</u>	<u>481,893</u>	<u>641,610</u>
Depreciation				
At 1 January 2018	18,102	24,200	62,652	104,954
Charge for the year	14,473	4,703	51,058	70,234
At 31 December 2018	<u>32,575</u>	<u>28,903</u>	<u>113,710</u>	<u>175,188</u>
Net book value				
At 31 December 2018	<u>90,857</u>	<u>7,382</u>	<u>368,183</u>	<u>466,422</u>
At 31 December 2017	<u>93,170</u>	<u>7,888</u>	<u>298,047</u>	<u>399,105</u>

ASSURED PARTNERS LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

11. INTANGIBLE FIXED ASSETS

	Computer Software	Customer Lists £	Total £
Cost			
At 1 January 2018	54,500	3,789,330	3,843,830
Additions	-	108,895	108,895
At 31 December 2018	<u>54,500</u>	<u>3,898,225</u>	<u>3,952,725</u>
Depreciation			
At 1 January 2018	5,450	2,308,465	2,313,915
Charge for the year	<u>5,450</u>	<u>800,581</u>	<u>806,011</u>
At 31 December 2018	<u>10,900</u>	<u>3,109,026</u>	<u>3,119,926</u>
Net book value			
At 31 December 2018	<u>43,600</u>	<u>789,199</u>	<u>832,799</u>
At 31 December 2017	<u>49,050</u>	<u>1,480,865</u>	<u>1,529,915</u>

12. DEBTORS

	2018 £	2017 £
Insurance broking debtors and accrued income	6,111,549	2,560,901
Amounts due from parent undertaking	-	979,526
Other debtors	66,923	47,927
Prepayments	185,395	171,855
	<u>6,363,867</u>	<u>3,760,209</u>

Amounts due from parent undertaking are unsecured, interest free and repayable on demand.

ASSURED PARTNERS LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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13. CREDITORS:
Amounts falling due within one year

	2018 £	2017 £
Insurance broking creditors	8,579,909	5,096,983
Amounts owed to group undertakings	30,693	526,163
Corporation tax	18,658	37,737
Deferred tax liability (note 9)	40,586	33,154
Other taxation and social security	272,156	199,145
Other creditors	123,755	57,183
Accruals and deferred income	241,157	279,746
	<u>9,308,914</u>	<u>6,230,111</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

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

	2018 £	2017 £
Accruals and deferred income	92,400	78,300
	<u>92,400</u>	<u>78,300</u>

ASSURED PARTNERS LONDON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

15. FINANCIAL INSTRUMENTS

	2018 £	2017 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	6,154,493	3,566,916
Cash at bank	4,555,316	5,770,147
	<u>10,709,809</u>	<u>9,337,063</u>
Financial liabilities		
Financial liabilities measured at amortised cost	8,907,669	5,903,277
	<u>8,907,669</u>	<u>5,903,277</u>

Financial assets measured at amortised cost comprise cash at bank and in hand, intercompany debtors, trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, intercompany creditors and loans, other creditors and accruals.

The company does not hold any financial instruments at fair value.

16. PROVISIONS FOR LIABILITIES

	2018 £	2017 £
Dilapidations	<u>26,850</u>	<u>26,850</u>

17. SHARE CAPITAL

	2018 £	2017 £
Allotted, called up and fully paid		
534,739 (2017 - 534,739) Ordinary shares of £1 each	<u>534,739</u>	<u>534,739</u>

ASSURED PARTNERS LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

18. RESERVES

Share Premium

The share premium account is used to record the aggregate amount or value of premiums paid when the company's shares are issued at an amount in excess of nominal value.

Capital Reserve

The capital reserve is used to record the aggregate amount of cash received in order to increase the equity of the company. The reserve is distributable and there is no requirement for the company to bear any servicing cost, nor can it be required to repay the contribution.

Profit and loss account

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

19. NET CASH GENERATED FROM OPERATING ACTIVITIES

	2018 £	2017 £
Operating profit	769,827	665,056
Depreciation of tangible fixed assets	70,234	54,423
Amortisation of intangible fixed assets	806,011	795,120
(Increase)/Decrease in debtors	(3,999,028)	1,220,581
Increase/(Decrease) in creditors	3,102,550	(2,597,718)
Cash generated from operating activities	749,594	137,462
Taxation paid	(114,247)	(83,387)
	<u>635,347</u>	<u>54,075</u>

20. PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered plan. The pension cost charge represents contributions payable by the company to the plan and amounted to £330,692 (2017 - £262,095). Included in creditors is £58,567 (2017 - £17,895) in respect of contributions payable to the plan at the balance sheet date.

21. CONTINGENT LIABILITIES

The company has no contingent liabilities as at 31 December 2018 (2017 - £nil).

ASSURED PARTNERS LONDON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

22. OPERATING LEASE COMMITMENTS

At 31 December 2018 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2018	2017	2018	2017
	£	£	£	£
Expiry date:				
Within one year	205,870	205,870	28,398	22,614
Within two to five years	823,480	85,779	90,439	35,903
After five years	82,685	-	-	-

23. RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of AssuredPartners Capital Inc. and is included in the consolidated financial statements of AssuredPartners Capital Inc.

Key management personnel are deemed to be the directors of the company and their remuneration is disclosed within note 7.

24. DIVIDENDS

	2018	2017
	£	£
Amounts recognised as distributions to equity holders:		
Interim dividend for the year ended 31 December 2018 of £3.00 (2017- £nil) per share	1,604,217	-
	<u>1,604,217</u>	<u>-</u>
Proposed final dividend for the year ended 31 December 2018 of £nil (2017- £nil) per share	-	-

25. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's 100% parent undertaking as at 31 December 2018 was AssuredPartners Holdings Limited incorporated in the UK.

The ultimate parent undertaking company as at 31 December 2018 was AssuredPartners Inc. incorporated in the United States of America. The company's results are consolidated in the group accounts of AssuredPartners Inc., copies of which are available from: 200 Colonial Center Parkway, Suite 140, Lake Mary, Florida 32746.