

**Company No: 4474263**

**AAA INSURANCE & REINSURANCE BROKERS LIMITED**

**REPORTS AND FINANCIAL STATEMENTS**

**31 DECEMBER 2014**

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**AAA INSURANCE & REINSURANCE BROKERS LIMITED**

**DIRECTORS:**

Dr C Sao Vicente  
S A Clark  
N L Millar  
J P Smith  
A Murray  
M J Smith

**SECRETARY:**

D J D Brown

**REGISTERED NUMBER:**

4474263

**REGISTERED OFFICE:**

6 Gracechurch Street  
London EC3V 0AT

**STATUTORY AUDITORS:**

Mazars LLP  
Tower Bridge House  
St Katharine's Way  
London E1W 1DD

**SOLICITORS:**

EC3\ Legal  
106 Leadenhall Street  
London  
EC3A 4AA

**BANKERS:**

Barclays Bank plc  
One Churchill Place  
London E14 5HP

Butterfield Bank (UK) Limited  
99 Gresham Street  
London  
EC2V 7NG

# **AAA INSURANCE & REINSURANCE BROKERS LIMITED**

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**AAA INSURANCE & REINSURANCE BROKERS LIMITED**  
**STRATEGIC REPORT**

The Directors present their strategic report for the Company for the year ended 31 December 2014.

**Review and analysis of the business during the current year**

The Company continued its principal activities throughout the current year, which are those of insurance and reinsurance broking.

Turnover for the Company was up 10.5% year on year to £15.72m. The Company continues to derive a significant proportion of its income from its related companies in respect of oil activities in Angola. Growth in this area has been strong and the outlook for future years is equally strong.

The increase in the Company's revenue year on year reflected an increased level of activity in the Angolan oil and gas sector which was driven by the high price of oil. Given the decline in oil price during Q4 2014 the Company expect to experience a corresponding contraction in activity in 2015 but nevertheless fully expect that the Company will continue to be profitable in 2015.

**Key Performance Indicators**

Management use a range of financial and non-financial key performance indicators to monitor and manage the business. The performance measures are as set out below.

*Turnover*

As reported in the profit and loss account on page 9, turnover increased during the year to £15.72m (2013: £14.22m).

*Net Assets*

As at 31 December 2014 the Company's net assets stood at £3.84m (December 2013: £3.67m). Management continue to put emphasis on creating long term shareholder value.

***Non-financial***

*Customer service levels*

The Company is committed to treating clients fairly and to providing 'contract certainty' to its clients in accordance with best market practice and guidelines. As a company we consider that we have achieved this objective and continue to strive for the highest level of client retention and all these objectives are embedded in our culture.

## AAA INSURANCE & REINSURANCE BROKERS LIMITED

### STRATEGIC REPORT (Continued)

#### *Credit control and terms of trade*

The Company closely monitors its insurance debtors, creditors and cash balances to ensure adherence with all regulatory and legal considerations and uses its best endeavours to ensure compliance with terms of trade.

#### *Regulatory & Compliance issues*

Management reviews and monitors the Company's compliance and regulatory obligations very closely and has achieved 100% compliance therewith (2013: 100%).

#### **Principal risks and uncertainties facing the business**

Management continually monitor the key risks facing the Company together with assessing the controls used for managing these risks. The Board of Directors formally reviews and documents the principal risks facing the business at least annually.

The principal risks and uncertainties facing the Company are as follows:-

- 1) The Company is exposed to political risks arising in Angola (eg: regime change; cancellation of contracts) and in this regard the Company relies on the continued respect for the process of law in Angola.
- 2) A surplus in the capital position in global insurance markets which may lead to premium pressure. We invest in top quality staff who have the necessary intellectual ability to handle our client business through the entire market cycle – whether hard or soft.
- 3) Exchange rate risk has been managed downwards by converting the majority of our earnings into a Pound Sterling fee so we expect that no more than 20% of our revenue will be exposed to adverse exchange rate fluctuations henceforth.

In addition:

#### *Disaster recovery, business continuity and loss of systems*

The Company has adopted Business Interruption and Disaster Recovery procedures which are regularly reviewed and assessed to ensure that they are practical, robust and appropriate. The Company relies on a variety of third party systems and software in order to carry out its business and these are assessed regularly to ensure they are reliable and secure.

#### *Credit risk*

The financial instrument which most crucially subjects the Company to credit risk is cash. The Company manages this risk by maintaining investment practices that restrict placement of cash and investments solely to financial institutions considered to be secure and creditworthy. In addition, there is a risk that third party debtors do not settle amounts due. The Company seeks to minimise this risk by maintaining robust credit control and collection practices.

**AAA INSURANCE & REINSURANCE BROKERS LIMITED**

**STRATEGIC REPORT (Continued)**

*Liquidity risk*

The Company manages its cash closely to ensure it has sufficient liquid resources to finance operations on a day to day basis. Projected future cash requirements are closely monitored and banks used by the Company to hold cash periodically reviewed. Client money is held in strict accordance with FCA regulations.

*Regulatory risk*

The Company has ongoing regulatory and statutory duties and responsibilities which it is obliged to meet and has implemented systems and procedures which enable senior management to monitor, review and control the operations of the business to ensure compliance with these obligations.

Approved by the Board on.....19th May.....2015  
Signed on its behalf by:



SIMON A CLARK, CHAIRMAN  
6 Gracechurch Street  
London EC3V 0AT

**AAA INSURANCE & REINSURANCE BROKERS LIMITED**  
**DIRECTORS' REPORT**

The directors present their report and financial statements for the year ended 31 December 2014.

**PRINCIPAL ACTIVITY**

The Company is an accredited Lloyd's broker whose principal activities are those of insurance and reinsurance broking. There has not been any significant change in the principal activities of the Company over the year under review and the directors are unaware, at the date of this report, of any major changes in the Company's principal activities in the forthcoming year.

**REGULATION OF THE BUSINESS**

The Company was fully accredited as a Lloyd's broker in September 2002 and is regulated by the Financial Conduct Authority.

**REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS**

The directors report that turnover for the year ended 31 December 2014 is £15,718,144 (2013: £14,222,441). Profit before tax is £261,827 (2013: £223,310).

The business has performed consistently over the period and despite challenging market conditions in certain sectors, income has remained firm across the client base. The directors expect that the business will continue to prosper for the foreseeable future.

The Company remains dedicated to providing a professional, value-added and complete service to its clients. It is committed to treating clients fairly and to providing 'contract certainty' to its clients in accordance with best market practice and guidelines.

**RESULTS AND DIVIDENDS**

The results for the year are set out in the financial statements on pages 9 to 11. No dividend was declared or paid in 2014 or 2013.

## **AAA INSURANCE & REINSURANCE BROKERS LIMITED**

### **DIRECTORS' REPORT (Continued)**

#### **DIRECTORS**

The directors set out below have held office during the whole of the period from 1 January 2014 to the date of this report, unless otherwise stated.

Dr C Sao Vicente - President and Non-Executive Director

S A Clark - Chairman

N L Millar - Chief Executive Officer

J P Smith - Finance Director - Appointed 20 April 2014

B I Nottage - Finance Director – Retired 30 May 2014

A Murray - Appointed 1 April 2014

M J Smith - Appointed 1 April 2014

All directors are Approved Persons with the Financial Conduct Authority.

#### **DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.



**AAA INSURANCE & REINSURANCE BROKERS LIMITED**

**DIRECTORS' REPORT (Continued)**

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

The directors have taken all the necessary steps to obtain all relevant audit information and to establish that the auditors are aware of that information.

As far as the directors are aware, there is no relevant information of which the Company's auditors are unaware.

Approved by the Board on..19th May.....2015  
Signed on its behalf by:

A handwritten signature in black ink, appearing to be 'DJB', followed by a horizontal line extending to the right.

DANIEL J D BROWN, SECRETARY  
6 Gracechurch Street  
London EC3V 0AT

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF  
AAA INSURANCE & REINSURANCE BROKERS LIMITED**

We have audited the financial statements of AAA Insurance & Reinsurance Brokers Limited for the year ended 31 December 2014 which comprise the Profit & Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. 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).

**Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. This report is made solely to the company's member 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 member those matters we are required to state to it in an auditors' 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 member for our audit work, for this report, or for the opinions we have formed.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on the other matter prescribed by the Companies Act 2006**

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF  
AAA INSURANCE & REINSURANCE BROKERS LIMITED (continued)**

**Matters on which we are required to report by exception**

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

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



Sam Porritt (Senior Statutory Auditor)  
For and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditors  
Tower Bridge House  
St Katharine's Way  
London E1W 1DD

.....20 MAY.....2015

**AAA INSURANCE & REINSURANCE BROKERS LIMITED**

**PROFIT & LOSS ACCOUNT**

**For the year ended 31 December 2014**

	Notes	2014 £	2013 £
<b>TURNOVER</b>	2	15,718,144	14,222,441
OTHER OPERATING INCOME/(EXPENSES)	3	210,493	(59,351)
TRADING EXPENSES	4 to 6	<u>(15,666,810)</u>	<u>(13,939,780)</u>
<b>OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		261,827	223,310
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	7	<u>(94,616)</u>	<u>(87,674)</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED PROFIT FOR THE YEAR</b>	14	<u><u>167,211</u></u>	<u><u>135,636</u></u>
<b>STATEMENT OF RESERVES</b>			
RESERVES AT BEGINNING OF YEAR		2,674,788	2,539,152
RETAINED PROFIT FOR THE YEAR		<u>167,211</u>	<u>135,636</u>
RESERVES AT END OF YEAR		<u><u>2,841,999</u></u>	<u><u>2,674,788</u></u>

The Company's turnover and expenses all relate to continuing operations.

The Company has no recognised gains or losses other than the profit for the year, which is calculated on the historical cost basis.

The notes on pages 12 to 21 form part of these financial statements.

**AAA INSURANCE & REINSURANCE BROKERS LIMITED**

**BALANCE SHEET**

**As at 31 December 2014**

	Notes	2014 £	2013 £
<b>FIXED ASSETS</b>			
TANGIBLE ASSETS	9	49,297	68,249
		<u>          </u>	<u>          </u>
<b>CURRENT ASSETS</b>			
DEBTORS	10	78,031,982	19,029,169
CASH AT BANK		8,912,158	10,730,808
		<u>          </u>	<u>          </u>
		86,944,140	29,759,977
		<u>          </u>	<u>          </u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	11	83,023,984	26,034,586
		<u>          </u>	<u>          </u>
<b>NET CURRENT ASSETS</b>		3,920,156	3,725,391
		<u>          </u>	<u>          </u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		3,969,453	3,793,640
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	12	127,454	118,852
		<u>          </u>	<u>          </u>
<b>NET ASSETS</b>		3,841,999	3,674,788
		<u>          </u>	<u>          </u>
<b>CAPITAL AND RESERVES</b>			
CALLED UP SHARE CAPITAL	13	1,000,000	1,000,000
PROFIT AND LOSS ACCOUNT		2,841,999	2,674,788
		<u>          </u>	<u>          </u>
<b>EQUITY SHAREHOLDER'S FUNDS</b>	14	3,841,999	3,674,788
		<u>          </u>	<u>          </u>

Approved by the Board on 19th May.....2015  
and signed on its behalf by:



SIMON A CLARK, CHAIRMAN

The notes on pages 12 to 21 form part of these financial statements.

**AAA INSURANCE & REINSURANCE BROKERS LIMITED**

**CASH FLOW STATEMENT**

**For the year ended 31 December 2014**

	<b>2014</b>		<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES (note 15)</b>	<b>(2,300,842)</b>		<b>285,397</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
INTEREST RECEIVED	<u>37,258</u>		<u>39,943</u>
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	<b>37,258</b>		<b>39,943</b>
<b>TAXATION</b>			
UK CORPORATION TAX RECEIVED / (PAID)	<u>462,504</u>		<u>(182,979)</u>
<b>TAX RECEIVED/(PAID)</b>	<b>462,504</b>		<b>(182,979)</b>
<b>CAPITAL EXPENDITURE &amp; FINANCIAL INVESTMENT</b>			
PAYMENTS TO ACQUIRE TANGIBLE FIXED ASSETS	<u>(17,570)</u>		<u>(29,080)</u>
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE &amp; FINANCIAL INVESTMENT</b>	<b>(17,570)</b>		<b>(29,080)</b>
<b>(DECREASE)/INCREASE IN CASH (note 16)</b>	<b><u>(1,818,650)</u></b>		<b><u>113,281</u></b>

The notes on pages 12 to 21 form part of these financial statements.

# **AAA INSURANCE & REINSURANCE BROKERS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2014**

### **1. ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable accounting standards.

#### **a) Accounting Convention**

The financial statements are prepared under the historical cost convention.

#### **b) Turnover**

Turnover represents brokerage and fees which are principally taken to credit when our contractual undertakings to our clients have been met and the right to related income arises.

Alterations in brokerage arising from additional and return premiums and adjustments are taken to credit / debit in the year in which they are notified.

#### **c) Expenses**

Expenses are written off as incurred.

#### **d) Depreciation**

Depreciation is calculated to write off the cost of tangible fixed assets on a straight-line basis over their estimated useful lives.

#### **e) Foreign Currencies**

Assets, liabilities, revenue and costs expressed in foreign currencies are translated into Sterling at rates of exchange ruling on the date on which transactions occur, except for:

- i) monetary assets and liabilities, which are translated at the rate ruling at the balance sheet date, other than those in ii) below; and
- ii) transactions covered by forward and other contracts which are translated at those contractual rates.

Differences arising on the translation of such items are dealt with in the profit and loss account.

**AAA INSURANCE & REINSURANCE BROKERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2014 (continued)**

**1. ACCOUNTING POLICIES (continued)**

**f) Insurance broking assets and liabilities**

The Company acts as agents in broking the insurable risks of clients and, generally speaking, is not liable as a principal for premiums due to underwriters or for claims payable to clients. Notwithstanding the legal relationship with clients and underwriters, the Company has followed generally accepted accounting practice for insurance intermediaries by showing debtors, creditors and cash balances relating to insurance business as assets and liabilities of the Company itself. This recognizes that the Company is entitled to retain the investment income on any cash flows arising from these transactions.

In the ordinary course of insurance broking business, settlement is required to be made with certain market settlement bureaux, insurance intermediaries or insurance companies on the basis of the net balance due to or from them rather than the amount due to or from the individual third-parties which it represents.

However, under Financial Reporting Standard 5 ("FRS5"), assets and liabilities may not be offset unless net settlement is legally enforceable and, therefore, insurance debtors and creditors are shown gross within these financial statements where applicable.

**g) Operating leases**

Rentals payable under operating leases are charged on a straight-line basis over the term of the lease. Similarly, the reverse premium receivable on the property lease has been credited on a straight line basis over the lease term.

**h) Pension Costs**

Contributions payable to the Company's pension schemes are charged in the profit and loss account in the period to which they relate.



**AAA INSURANCE & REINSURANCE BROKERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2014 (continued)**

<b>2. TURNOVER AND SEGMENTAL INFORMATION</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>

Turnover and profit before taxation are attributable to the principal activity of Lloyd's insurance broking.

Turnover relates to energy business and emanates from:

Bermuda	13,732,259	11,737,378
Other	1,985,885	2,485,063
	<u>15,718,144</u>	<u>14,222,441</u>

<b>3. OTHER OPERATING INCOME/(EXPENSES)</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>

Interest receivable	37,258	39,943
Exchange gains/(losses)	173,235	(99,294)
	<u>210,493</u>	<u>(59,351)</u>

<b>4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>

The profit on ordinary activities before taxation is stated after charging:

Staff costs (notes 5 and 6)	13,848,959	12,173,479
Depreciation of owned tangible fixed assets	36,522	46,108
Hire of equipment - operating leases	38,358	37,282
Hire of other assets - operating leases: land & buildings	196,884	196,884
Auditors' remuneration for the audit of the Company's accounts	34,950	31,000
Fees payable to the Company's Auditors for other services:		
Taxation Compliance Services	9,345	6,861
Other Non-Audit Services	3,657	2,495
	<u>13,968,615</u>	<u>12,383,008</u>

**AAA INSURANCE & REINSURANCE BROKERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2014 (continued)**

<b>5. STAFF COSTS</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>

The information in (a) and (b) includes directors  
(note 6)

**(a) Staff costs**

Wages and salaries	12,227,900	10,606,014
Social security costs	1,500,936	1,409,120
Other pension costs	120,123	158,345
	<u>13,848,959</u>	<u>12,173,479</u>

**(b) The average number of persons, including executive directors, employed by the Company during the period was as follows:**

	<b>2014</b>	<b>2013</b>
	<b>Number</b>	<b>Number</b>
Management	6	4
Broking and technical	9	12
Administration	4	4
	<u>19</u>	<u>20</u>

<b>6. DIRECTORS' EMOLUMENTS</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>

Emoluments	10,955,614	5,844,479
Compensation for loss of office	30,000	-
Company contributions to money purchase pension schemes	16,641	9,427
	<u>11,002,255</u>	<u>5,853,906</u>

One Director is accruing pension benefits under money purchase schemes (2013:Three)

The above details include the following amounts in respect of the highest paid Director.

Emoluments	4,161,225	3,486,274
Company contributions to money purchase pension schemes	-	-
	<u>4,161,225</u>	<u>3,486,274</u>

**AAA INSURANCE & REINSURANCE BROKERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2014 (continued)**

<b>7. TAXATION</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
<b>(a) Analysis of charge in the year:</b>		
UK corporation tax at 21.5% (2013: 23.25%)	95,500	87,000
(Over)/Under provision in prior years	(884)	674
	<u>94,616</u>	<u>87,674</u>
<b>(b) Factors affecting tax charge in the period:</b>		
The tax assessed in the year is higher than the applicable rate of corporation tax in the UK 21.5%. (2013: 23.25%). The differences are explained below:		
Profit on ordinary activities before tax	<u>261,827</u>	<u>223,310</u>
Tax on profit on ordinary activities at applicable rate of corporation tax in the UK of 21.5% (2013: 23.25%)	56,293	51,920
Effects of:		
Expenses not deductible for tax purposes	37,956	35,453
Depreciation for period in excess of Capital Allowances	1,075	3
(Over)/under provision in prior years	(884)	674
Other timing differences	1060	(1050)
Current tax charge for year (see (a) above)	<u>95,500</u>	<u>87,000</u>

**8. DIVIDENDS**

No dividend has been proposed or paid in the current year (2013: None)

**AAA INSURANCE & REINSURANCE BROKERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2014 (continued)**

<b>9. TANGIBLE FIXED ASSETS</b>	<b>Short leasehold improve- ments £</b>	<b>Computers and equipment £</b>	<b>Furniture £</b>	<b>Total £</b>
<b>COST</b>				
At 1 January 2014	338,732	240,540	164,403	743,675
Additions	-	17,570	-	17,570
At 31 December 2014	<u>338,732</u>	<u>258,110</u>	<u>164,403</u>	<u>761,245</u>
<b>ACCUMULATED DEPRECIATION</b>				
At 1 January 2014	294,467	225,547	155,412	675,426
Charge for the year	18,018	15,274	3,230	36,522
At 31 December 2014	<u>312,485</u>	<u>240,821</u>	<u>158,642</u>	<u>711,948</u>
<b>NET BOOK VALUES</b>				
At 31 December 2014	<u>26,247</u>	<u>17,289</u>	<u>5,761</u>	<u>49,297</u>
At 31 December 2013	<u>44,265</u>	<u>14,993</u>	<u>8,991</u>	<u>68,249</u>
 Depreciation rates	 Over the unexpired term of the lease	 50%	 25%	

<b>10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>2014 £</b>	<b>2013 £</b>
Insurance debtors - including group undertakings of £69,156,335 (2013: £15,561,105)	71,018,878	16,846,209
Corporation tax	-	554,652
Other debtors – including group undertakings of £6,400,000 (2013: £1,100,000)	6,472,113	1,147,556
Prepayments and accrued income	540,991	480,752
	<u>78,031,982</u>	<u>19,029,169</u>

**AAA INSURANCE & REINSURANCE BROKERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2014 (continued)**

<b>11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>2014 £</b>	<b>2013 £</b>
Insurance creditors - including group undertakings of £7,446,053 (2013: £ NIL)	71,788,793	17,423,348
Corporation Tax	2,468	-
Other taxation and social security costs	132,103	153,262
Accruals and deferred income	11,080,460	8,440,462
Other creditors - including group undertakings of £NIL (2013: £ NIL)	20,160	17,514
	<u>83,023,984</u>	<u>26,034,586</u>

<b>12. PROVISIONS FOR LIABILITIES AND CHARGES</b>	<b>Dilapidations provision £</b>	<b>Other provisions £</b>	<b>Total £</b>
At 1 January 2014	118,852	-	118,852
Charge for the year	8,602	-	8,602
	<u>127,454</u>	<u>-</u>	<u>127,454</u>
At 31 December 2014	<u>127,454</u>	<u>-</u>	<u>127,454</u>

The Company is obliged under the terms of its lease to reinstate its premises to the condition they were in at commencement of the lease; the lease expires during 2016. The Company has provided for dilapidations over the period of the lease based on a valuation provided by a qualified surveyor.

**AAA INSURANCE & REINSURANCE BROKERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2014 (continued)**

<b>13. SHARE CAPITAL</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
(a) Authorised, allotted, called up and fully paid		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
<b>14. RECONCILIATION OF SHAREHOLDER'S FUNDS</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Opening shareholder's funds	3,674,788	3,539,152
Profit for the year	<u>167,211</u>	<u>135,636</u>
Closing shareholder's funds	<u><u>3,841,999</u></u>	<u><u>3,674,788</u></u>
<b>15. RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Operating profit	261,827	223,310
Depreciation charges	36,522	46,108
(Increase)/Decrease in debtors	(59,557,465)	7,138,344
Increase/(Decrease) in creditors	56,986,930	(7,091,025)
Increase in provision for liabilities and charges	8,602	8,603
Interest receivable	<u>(37,258)</u>	<u>(39,943)</u>
Net cash (outflow)/ inflow from operating activities	<u><u>(2,300,842)</u></u>	<u><u>285,397</u></u>
<b>16. RECONCILIATION OF NET CASH (OUTFLOW)/INFLOW TO MOVEMENT IN NET DEBT</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
(Decrease)/Increase in cash in the year	<u>(1,818,650)</u>	<u>113,281</u>
Change in net debt and net funds at 31 December	<u><u>(1,818,650)</u></u>	<u><u>113,281</u></u>

# AAA INSURANCE & REINSURANCE BROKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014 (continued)

17. ANALYSIS OF CHANGES IN NET DEBT	At 1 January 2014 £	Cash flows £	At 31 December 2014 £
Cash in hand, at bank	<u>10,730,808</u>	<u>(1,818,650)</u>	<u>8,912,158</u>

## 18. COMMITMENTS

### (a) Pensions

The Company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions payable by the Company to the funds and amounted to £120,123 (2013: £158,345). At 31 December 2014 £NIL (2013: £ NIL) of the amounts due to the pension funds had not been paid.

### (b) Foreign Exchange

The Company's future currency income is managed by the use of options and other exchange contracts, with the aim to minimise exposure to exchange rate fluctuations. At 31 December 2014 there were no contracts in place (2013: None).

## 19. LEASING OBLIGATIONS

At 31 December 2014, the Company was committed to making the following payments under non-cancellable operating leases in the year ending 31 December 2015.

	2014		2013	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Operating leases which expire:				
Within 1 year	-	28,549	-	27,771
Within 2 to 5 years	<u>196,884</u>	<u>-</u>	<u>196,884</u>	<u>-</u>

**AAA INSURANCE & REINSURANCE BROKERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2014 (continued)**

**20. RELATED PARTY TRANSACTIONS**

During the course of the year the Company earned brokerage of £1,913,411 (2013: £3,614,330) and service fees of £12,400,000 (2013: £8,750,000) from business introduced by or relating to fellow subsidiary companies AAA Reinsurance Ltd, AAA Risk Solutions Ltd and AAA Seguros SARL. Inter-group balances with these companies are disclosed separately in the debtors and creditors notes.

**21. ULTIMATE HOLDING COMPANY**

The ultimate holding company which directly owns 100% of the issued share capital is AAA International Limited, a company registered in Bermuda.