

Registration number: 04849648

Four Counties Insurance Brokers Limited

Financial Statements

for the year ended 30 December 2015

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Four Counties Insurance Brokers Limited
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Four Counties Insurance Brokers Limited

Strategic report for the year ended 30 December 2015

The director presents his strategic report for the year ended 30 December 2015 for Four Counties Insurance Brokers Limited ("the Company"). The strategic report provides a review of the business for the financial year and describes how the director manages risks. The report outlines the developments and performance of the Company during the financial year, the position at the end of the year and discusses the main trends and factors that could affect the future. The Company is part of the Sentry Holdings Limited Group ("the Group"). Whilst Sentry Holdings Limited is the ultimate parent company, the directors' of its subsidiary TIG Topco Limited ("Topco") manage the Group's operations on a daily basis.

Principal activities and business review

The principal activity of the Company is insurance broking.

The results for the Company show turnover of £2,752,075 (2014: £3,419,505) and profit on ordinary activities before taxation of £602,485 (2014: £1,089,447) for the year. At 30 December 2015 the Company had net assets of £5,293,893 (2014: £4,816,071).

Business objectives

The Company continues to emphasise the fundamental importance of putting customers first. The Company has developed policies and processes with the aim of treating every customer fairly and consistently. This includes endeavouring to provide them with the best products, advice and service, which can build loyalty and advocacy, which in turn will strengthen reputation and support profits. Serving customers well involves dealing with complaints promptly and effectively, having high standards around underwriting and pricing, and taking a customer-focused approach to sales and marketing. The development of a strong customer base assists in developing income growth which is another objective of the business. The Company aims to both increase retention rates and attract new customers.

The Company also aspires to create a high performance culture, creating excellent customer service through highly engaged employees. The Company aims to attract, develop and promote the best talent and to create a supportive environment in which every employee continuously learns and develops. The Company's culture and competitive remuneration packages enables it to attract and retain key staff. This will also be achieved by creating a shared understanding of the Company's strategic goals and objectives, building the capability of managers and leaders to manage performance and by every employee having the knowledge, skill and capability to perform their role.

Outlook

The Company will continue to focus on retention of customers through enhanced customer contact and gaining new business through targeted marketing campaigns.

Key performance indicators

The Company's financial key performance indicators are set out below:

	2015	2014
Gross written premium (GWP) (£'000)	7,272	8,738
Turnover (£'000)	2,752	3,420
Administrative expenses (£'000)	2,210	2,336
Turnover/GWP %	37.8%	39.1%
Expenses/turnover %	80.3%	68.3%

Four Counties Insurance Brokers Limited

Strategic report for the year ended 30 December 2015

Non financial key performance indicators include staffing levels which fell by 12% throughout the period. The Company actively encourages all employees to become involved in Group affairs and is also keen to encourage two way communications on relevant business issues. This is achieved through regular employee meetings and presentations by senior management and is supported by a Group wide communication plan. Further discussions on employee matters can be found in the director's report.

Principal risks and uncertainties

Group acquisition

On 2 April 2015 TIG Finco Plc (Finco), a newly formed intermediate holding company, acquired Towergate Insurance Limited (TIL), the previous ultimate parent company, for the total consideration of £735.0 million (m) from Towergate Finance Plc (who was ultimately owned by Advent International, a global private equity firm). This consideration was made up of the issue of £425.0m of senior secured notes by Finco and £310.0m cash which was provided through the issue of new shares in Finco's indirect parent company, TIG Topco Limited (Topco). On the same date Finco issued £300.0m share capital and received a capital contribution from Topco of £60.0m. There is a risk associated with the cost of debt which could impact other companies within the Group.

As a result of these arrangements, on 2 April 2015 funds controlled or managed by Highbridge Principal Strategies LLC became the Group's majority shareholder.

Risk management

The Company has a comprehensive strategy for the identification, mitigation and management of risk. A wide ranging assessment of business risks has been undertaken resulting in the compilation of a risk register. The risk register is subject to discussion at regular Risk Management Committee meetings and the Company's ongoing risk management ensures there is appropriate reporting from the business which will highlight changes in risk profile to the Risk Management Committee. The risks are managed and monitored to be within the agreed risk appetite. If a risk exceeds appetite, management actions will be put in place to bring it within appetite.

The principal risks and their mitigation are as follows:

Strategic and Commercial Risk

There are risks of changes to the competitive and / or economic environment. This is mitigated by a robust strategy and planning process, regular monitoring of economic and competitive environment and diversification of product lines and channels.

Financial Risk

There is the risk of adverse impact on business value or earning capacity as well as risk of inadequate cash flow to meet financial obligations. This risk is mitigated by proactive management of the business plan, regular monitoring of cash flows against risk appetite.

Operational Risk

There is the risk of losses arising from inadequate or failed internal processes or systems, from personnel and / or from external events. These are mitigated by having an Enterprise Risk Management Framework in place, which is owned by the Group Risk Officer. The framework requires all risks to have owners, and these owners have appropriate controls in place which are regularly monitored and significant changes to the risk escalated as required.

The Company's business depends on the ability of employees to process transactions using secure information systems. The capacity to service customers depends on storing, retrieving, processing and managing information. Interruption or loss of information processing capabilities through loss of stored data, the failure of computer equipment or software systems, a telecommunications failure or other disruption could have a material adverse effect on business, results of operations and financial condition. To mitigate these risks the Company has certain disaster recovery procedures in place and insurance to protect against such contingencies.

Four Counties Insurance Brokers Limited
Strategic report for the year ended 30 December 2015


Regulatory and Legal Risk

This is the risk of regulatory sanctions, material financial loss or loss to reputation suffered as a result of non compliance with laws, regulations and applicable administrative provisions. This risk is mitigated by a proactive relationship with the Financial Conduct Authority, a dedicated compliance function, and a compliance monitoring programme. Furthermore, there is a control framework that has been rolled out and embedded within the culture throughout the Company to reduce the risk of errors and non compliance.

Volatility in premiums and insurance market cycle

The Company derives most of its revenue from commissions and fees for broking services. Its commissions are generally based on insurance premiums, which are cyclical in nature and may vary widely based on market conditions. A significant reduction in commissions, along with general volatility or declines in premiums, could have a material adverse effect on the results of operations and the Company's financial condition. This risk is mitigated by ensuring that the Company has a range of products and by diversifying its portfolio. This should reduce the effect of a cycle on one specific class of business.

Approved by the Board on 2 August 2016 and signed on its behalf by:



.....
M S Mugge
Director

Four Counties Insurance Brokers Limited

Director's Report for the year ended 30 December 2015

The director presents his report and the financial statements for the year ended 30 December 2015.

Directors of the Company

The directors who held office during the year were as follows:

S Egan (resigned 14 September 2015)

M P Rea (resigned 16 April 2015)

M S Mugge (appointed 11 September 2015)

Dividends

The director does not recommend a final dividend payment to be made in respect of the financial year ended 30 December 2015 (2014: £Nil).

Political and charitable donations

The Company made charitable donations of £Nil (2014: £1,200) and political donations of £Nil (2014: £Nil) during the year.

Employment of disabled persons

The Company's policy is to recruit disabled workers for those vacancies that they have the appropriate skills and technical ability to perform. Once employed, a career plan is developed to ensure that suitable opportunities exist for each disabled person. Employees who become disabled during their working life will be retrained if necessary and wherever possible will be given help with any necessary rehabilitation and training. The Company is prepared to modify procedures or equipment, wherever practicable, so that full use can be made of an individual's abilities.

Employee involvement

Employees are key to the Company's success, so an appropriate remuneration package is offered which rewards an individual's performance and contribution to the organisation. The Company is also keen to encourage individual's personal development to ensure that they have the skills required to undertake their role.

Going concern

The financial statements of the Company set out on pages 9 to 24 have been prepared on a going concern basis. The director believes the going concern basis to be appropriate following their assessment of the Company's financial position and its ability to meet its obligations as and when they fall due. Further details of this assessment can be found in note 1 to these financial statements.

Directors' indemnity insurance

The director benefits from qualifying third-party indemnity provisions in place during the financial period and at the date of this report.

Disclosure of information to the auditors

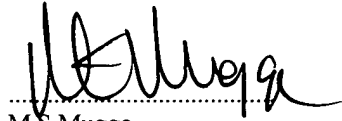
The director has taken steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The director confirms that there is no relevant information that he knows of and of which he knows the auditor is unaware.

Four Counties Insurance Brokers Limited
Director's Report for the year ended 30 December 2015

Reappointment of auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board on 2 August 2016 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'M S Mugge', written over a dotted line.

M S Mugge
Director

Registered Office:

Towergate House
Eclipse Park
Sittingbourne Road
Maidstone
Kent
ME14 3EN

Four Counties Insurance Brokers Limited

Statement of director's responsibilities

The director is responsible for preparing the strategic report, the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law he has elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Four Counties Insurance Brokers Limited

We have audited the financial statements of Four Counties Insurance Brokers Limited for the year ended 30 December 2015, set out on pages 9 to 24. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of director's responsibilities set out on page 6, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at 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 30 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

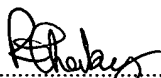
In our opinion the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Four Counties Insurance Brokers Limited

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.



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Rajan Thakrar (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor

15 Canada Square
Canary Wharf
London
E14 5GL

Date: 3 AUGUST 2016

Four Counties Insurance Brokers Limited
Profit and loss account for the year ended 30 December 2015

		Year ended 30 December 2015	January 2014 to 30 December 2014
	Note	£	£
Turnover		2,752,075	3,419,505
Administrative expenses		<u>(2,149,590)</u>	<u>(2,335,624)</u>
Operating profit	3	602,485	1,083,881
Other interest receivable and similar income	6	<u>-</u>	<u>5,566</u>
Profit on ordinary activities before taxation		602,485	1,089,447
Tax on profit on ordinary activities	7	<u>(124,663)</u>	<u>(219,360)</u>
Profit for the financial year	16	<u><u>477,822</u></u>	<u><u>870,087</u></u>

Turnover and operating profit derive wholly from continuing operations.

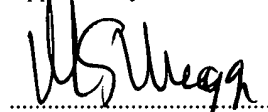
The Company has no recognised gains or losses for the year other than the results above.

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

Four Counties Insurance Brokers Limited
(Registration number: 04849648)
Balance sheet as at 30 December 2015

	Note	30 December 2015 £	30 December 2014 £
Fixed assets			
Intangible assets	8	1,528,675	1,621,760
Tangible assets	9	<u>37,466</u>	<u>56,302</u>
		<u>1,566,141</u>	<u>1,678,062</u>
Current assets			
Debtors	10	13,075,483	10,814,860
Cash at bank and in hand	11	<u>888,074</u>	<u>1,412,802</u>
		13,963,557	12,227,662
Creditors: Amounts falling due within one year	12	<u>(10,213,830)</u>	<u>(9,089,653)</u>
Net current assets		<u>3,749,727</u>	<u>3,138,009</u>
Total assets less current liabilities		5,315,868	4,816,071
Provisions for liabilities	14	<u>(21,975)</u>	<u>-</u>
Net assets		<u>5,293,893</u>	<u>4,816,071</u>
Capital and reserves			
Called up share capital	15	168	168
Share premium reserve	16	774,932	774,932
Profit and loss account	16	<u>4,518,793</u>	<u>4,040,971</u>
Shareholder's funds		<u>5,293,893</u>	<u>4,816,071</u>

Approved by the director on 2 August 2016



M S Mugge
Director

Four Counties Insurance Brokers Limited
Reconciliation of movement in shareholder's funds as at 30 December 2015

	30 December 2015	30 December 2014
	£	£
Profit attributable to the shareholder's of the Company	<u>477,822</u>	<u>870,087</u>
Shareholder's funds at start of period	<u>4,816,071</u>	<u>3,945,984</u>
Shareholder's funds at end of period	<u><u>5,293,893</u></u>	<u><u>4,816,071</u></u>

The notes on pages 12 to 24 form an integral part of these financial statements.

Four Counties Insurance Brokers Limited
Notes to the financial statements for the year ended 30 December 2015

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom (UK Generally Accepted Accounting Practice) and under historical cost accounting rules.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly-owned subsidiary of Sentry Holdings Limited the Company has taken advantage of the exemption contained in FRS 8 and therefore not disclose transactions or balances with entities which form part of the Group (or investees of the Group qualifying as related parties.) The consolidated financial statements within which the Company results will be consolidated, can be obtained from the address given in note 19.

Going concern

The financial statements of the Company set out on pages 9 to 24 have been prepared on a going concern basis. The director believes the going concern basis to be appropriate following their assessment of the Company's financial position and its ability to meet its obligations as and when they fall due as described below.

At 30 December 2015 the Company had net assets of £5,293,893 (2014: £4,816,071) and net current assets of £3,749,727 (2014: £3,138,009). The net assets include an amount owed by group undertakings of £12,655,712 (2014: £10,340,211), an amount due to group undertakings of £9,167,651 (2014: £7,202,869) and goodwill of £1,528,675 (2014: £1,621,760).

In reaching their view on preparation of the Company's financial statements on a going concern basis, the director has therefore considered significant uncertainties facing the Towergate Group surrounding the potential liabilities arising from the past business review of enhanced transfer value ("ETV") and unregulated collective investment schemes ("UCIS") products that existed at the balance sheet date of 30 December 2015, and subsequent actions and developments in the period up to the date of approval of these financial statements.

A contingent liability has been recognised in respect of ETV at Group level, as there are a number of material uncertainties and it is not yet possible to make a reliable estimate of the Group's ultimate liability and related payment profile. A provision has been recognised in respect of UCIS at Group level, however uncertainty remains over the expected profile of redress payments.

During Q1 2016 the Group secured two sources of additional funding totalling up to £59m from Highbridge. Details are as follows:

- Disposal of the entire issued share capital of The Broker Network Limited and Countrywide Insurance Management Limited, both wholly owned subsidiaries of the Group, and the assets of Broker Network Underwriting, a trading style of Towergate Underwriting Group Limited. The consideration for the acquisition shall be satisfied in part by the allotment to Towergate of approximately 19.9% of the shares in the acquisition vehicle, Bravo Investment Holdings Limited, in part through an initial cash consideration of £29m and contingent consideration of up to a further £17.2m if certain events and performance measures occur. This transaction completed on 1 July 2016; and
- A five year facility from Highbridge secured by certain legacy assets of the Group. Binding heads of terms have been signed for this transaction, however, it remains subject to appropriate consents and/or approvals.

The first initiative resulted in a cash injection into the Group in July 2016, the second initiative will result in a cash injection to the Group if the facility is utilised.

Four Counties Insurance Brokers Limited
Notes to the financial statements for the year ended 30 December 2015

Proceeds from these initiatives will largely be applied towards an acceleration of the strategic investments in the group transformation plan.

On the basis of the Director's assessment of the Company's financial position and of the Group's ability to continue to provide such support as might be required, the Director has a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Hence the Director continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

(a) Commission and fees

Revenue includes commission and fees receivable at the later of policy inception date or when the policy placement has been completed and confirmed. To the extent that the Company is contractually obliged to provide services after this date, a suitable proportion of income is deferred and recognised over the life of the relevant contracts to ensure that revenue appropriately reflects the cost of fulfilment of these obligations.

(b) Trading deals and profit commission arrangements

Profit sharing arrangements, fees for the provision of payment instalment plans and other contingent and non-contingent trading deals with third parties are recognised over the life of the relevant arrangement or when they can be measured with reasonable certainty. Trading deal income includes contributions to marketing or product development, volume payments and profit commissions receivable.

Insurance transactions, client money and insurer money

Insurance transactions arise from the settlement of transactions with insurance companies on behalf of insurance intermediaries who are members of the network. A debtor balance representing amounts owing from individual customers is recognised in line with the turnover policy above, along with a creditor balance representing amounts due to the ultimate insurance provider and commissions earned by the intermediary and Four Counties Insurance Brokers Limited. That element of commission earned by Four Counties Insurance Brokers Limited is recognised in the profit and loss account at inception date or when the policy placement is completed.

Insurance broking debtors and creditors are reported in accordance with the requirements of FRS 5, 'Reporting the Substance of Transactions'. The standard precludes assets and liabilities being offset unless net settlement is legally enforceable, and as a result the insurance broking debtors and creditors have been shown as the gross amounts due in respect of each contract, instead of the net amount due to or from clients and underwriters.

The insurance broking account relates to money held by the Company in a client money bank account for future settlement of insurance transactions.

Goodwill

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Amortisation

Amortisation is provided on intangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Goodwill	Straight line over 20 years
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Four Counties Insurance Brokers Limited
Notes to the financial statements for the year ended 30 December 2015

Property, plant and equipment

Property, plant and equipment is stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the profit and loss account in the period of derecognition.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Fixture, fittings and equipment	25% per annum straight line
Computer equipment	25% per annum straight line
Leasehold improvements	Over the remaining life of the lease
Motor vehicles	25% per annum straight line

Impairment of fixed assets

The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable and at least annually, in the case of goodwill. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

Impairment losses recognised in respect of income-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income generating units. An income-generating unit is the smallest identifiable group of assets that generate income that is largely independent of the income streams from other assets or group of assets.

Calculation of recoverable amount

An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the assets fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

Reversals of impairment

An impairment loss is reversed on intangible assets and goodwill only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment or the loss arose on an intangible asset with a readily ascertainable market value and that market value has increased above the impaired carrying amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Four Counties Insurance Brokers Limited
Notes to the financial statements for the year ended 30 December 2015

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) 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.

Provisions are measured at the director's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Taxation

The tax expense for the period comprises current and deferred tax. Income tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legal enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority which permits the Company to make a single net payment.

Post retirement benefits

The company operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

Four Counties Insurance Brokers Limited
Notes to the financial statements for the year ended 30 December 2015

2 Turnover

The analysis of the Company's turnover for the year is as follows:

	Year ended 30 1 December 2015	January 2014 to 30 December 2014
	£	£
Commission and fees	2,539,821	3,147,697
Trading deals and profit commissions	212,254	271,808
	<u>2,752,075</u>	<u>3,419,505</u>

Turnover consists entirely of sales made in the United Kingdom.

3 Operating profit

Operating profit is stated after charging:

	Year ended 30 1 December 2015	January 2014 to 30 December 2014
	£	£
Operating leases - land and buildings	-	58,458
Loss on sale of tangible fixed assets	1,024	-
Depreciation of owned assets	24,465	26,456
Amortisation of intangible fixed assets	93,085	93,085
Auditor's remuneration - audit of these financial statements	<u>18,300</u>	<u>11,760</u>

Amounts receivable by the Company's auditor in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, Sentry Holdings Limited.

4 Staff costs

The average number of persons employed by the Company (including the director) during the year, analysed by category was as follows:

	Year ended 30 1 December 2015	January 2014 to 30 December 2014
	No.	No.
Management	6	2
Administration and support	3	37
Sales	<u>27</u>	<u>2</u>
	<u>36</u>	<u>41</u>

Four Counties Insurance Brokers Limited
Notes to the financial statements for the year ended 30 December 2015

The aggregate payroll costs were as follows:

	Year ended 30 December 2015	1 January 2014 to 30 December 2014
	£	£
Wages and salaries	875,604	1,082,284
Social security costs	74,185	104,203
Other pension schemes	34,355	46,220
	<u>984,144</u>	<u>1,232,707</u>

5 Directors' remuneration

During the current financial period, the emoluments of all directors are paid by other Group Companies, which make no recharge to the Company. The directors are/were directors of TIG Topco Limited and the predecessor parent company (Towergate Insurance Limited) and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Their total emoluments are included in the consolidated financial statements of TIG Topco Limited.

6 Other interest receivable and similar income

	Year ended 30 December 2015	1 January 2014 to 30 December 2014
	£	£
Bank interest receivable	<u>-</u>	<u>5,566</u>

Four Counties Insurance Brokers Limited
Notes to the financial statements for the year ended 30 December 2015

7 Taxation

Tax on profit on ordinary activities

	Year ended 30 December 2015	1 January 2014 to 30 December 2014
	£	£
Current tax		
Corporation tax charge	125,675	238,411
Adjustments in respect of previous years	<u>1,612</u>	<u>(5,960)</u>
UK Corporation tax	127,287	232,451
Deferred tax		
Origination and reversal of timing differences	<u>(2,624)</u>	<u>(13,091)</u>
Total tax on profit on ordinary activities	<u><u>124,663</u></u>	<u><u>219,360</u></u>

Factors affecting current tax charge for the year

The tax on ordinary activities for the year is higher than the standard rate of corporation tax in the UK (2014 - lower than the standard rate of corporation tax in the UK) of 20.25% (2014 - 21.49%).

The differences are reconciled below:

	Year ended 30 December 2015	1 January 2014 to 30 December 2014
	£	£
Profit on ordinary activities before tax	<u>602,485</u>	<u>1,089,447</u>
Corporation tax at standard rate	122,003	234,122
Capital allowances in excess of depreciation	5,162	5,686
Expenses not deductible for tax purposes	29	215
Adjustment for prior periods	1,612	(5,960)
Short term timing differences	<u>(1,519)</u>	<u>(1,612)</u>
Total current tax	<u><u>127,287</u></u>	<u><u>232,451</u></u>

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 24% to 23% (effective 1 April 2013) was substantively enacted on 3 July 2012. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly.

The deferred tax asset at 30 December 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

Four Counties Insurance Brokers Limited
Notes to the financial statements for the year ended 30 December 2015

8 Intangible fixed assets

	Goodwill £
Cost	
At 31 December 2014	<u>2,789,099</u>
At 30 December 2015	<u>2,789,099</u>
Amortisation	
At 31 December 2014	1,167,339
Charge for the year	<u>93,085</u>
At 30 December 2015	<u>1,260,424</u>
Net book value	
At 30 December 2015	<u>1,528,675</u>
At 30 December 2014	<u>1,621,760</u>

Goodwill relates to the following portfolios:

	Date of Acquisition	Cost £
Four Counties Insurance Brokers portfolio	2003	791,727
TIS portfolio	2004	135,666
Camouse Insurance Services portfolio	2008	301,155
Kempton Insurance portfolio	2009	66,000
Derek Buckett Insurance Services portfolio	2010	5,511
Norwich & Peterborough Insurance Brokers portfolio	2013	<u>1,489,040</u>
		<u>2,789,099</u>

Four Counties Insurance Brokers Limited
Notes to the financial statements for the year ended 30 December 2015

9 Tangible fixed assets

	Fixtures and fittings £	Motor vehicles £	Office equipment £	Computer equipment £	Total £
Cost					
At 31 December 2014	19,229	19,042	47,686	155,140	241,097
Additions	6,653	-	-	-	6,653
Disposals	(19,229)	-	(43,023)	(54,093)	(116,345)
At 30 December 2015	<u>6,653</u>	<u>19,042</u>	<u>4,663</u>	<u>101,047</u>	<u>131,405</u>
Depreciation					
At 31 December 2014	19,229	19,042	47,686	98,838	184,795
Charge for the year	913	-	-	23,552	24,465
Eliminated on disposals	(19,229)	-	(43,023)	(53,069)	(115,321)
At 30 December 2015	<u>913</u>	<u>19,042</u>	<u>4,663</u>	<u>69,321</u>	<u>93,939</u>
Net book value					
At 30 December 2015	<u>5,740</u>	<u>-</u>	<u>-</u>	<u>31,726</u>	<u>37,466</u>
At 30 December 2014	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,302</u>	<u>56,302</u>

Four Counties Insurance Brokers Limited
Notes to the financial statements for the year ended 30 December 2015

10 Debtors

	30 December 2015	30 December 2014
	£	£
Trade debtors	366,519	433,798
Amounts owed by Group undertakings	12,655,712	10,340,211
Other debtors	12,358	-
Deferred tax	22,262	19,638
Prepayments and accrued income	18,632	21,213
	<u>13,075,483</u>	<u>10,814,860</u>

Deferred tax

The movement in deferred tax in the year is as follows:

	Deferred tax
	£
At 31 December 2014	19,638
Credited to the profit and loss account	<u>2,624</u>
At 30 December 2015	<u>22,262</u>

Analysis of deferred tax

	30 December 2015	30 December 2014
	£	£
Difference between accumulated depreciation and amortisation and capital allowances	<u>22,262</u>	<u>19,638</u>

Four Counties Insurance Brokers Limited
Notes to the financial statements for the year ended 30 December 2015

11 Cash at bank and in hand

Cash at bank includes £581,731 (2014: £1,249,571) which constitutes restricted client money and insurer money and £210,631 (2014: £96,737) in office accounts which are considered restricted and not available to pay the general debts of the Group.

12 Creditors: Amounts falling due within one year

	30 December 2015	30 December 2014
	£	£
Trade creditors	868,611	1,560,893
Amounts owed to Group undertakings	9,167,651	7,202,869
Corporation tax	125,675	238,411
Other creditors	-	24,934
Accruals and deferred income	51,893	62,546
	<u>10,213,830</u>	<u>9,089,653</u>

13 Obligations under leases and hire purchase contracts

Operating lease commitments

As at 30 December 2015 the Company had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	30 December 2015	30 December 2014
	£	£
Land and buildings		
Within one year	-	20,208
Within two to five years	<u>-</u>	<u>38,250</u>
	<u>-</u>	<u>58,458</u>

Four Counties Insurance Brokers Limited
Notes to the financial statements for the year ended 30 December 2015

14 Provisions

	Dilapidations £	Other provision £	Total £
At 31 December 2014	-	-	-
Additional provisions	18,636	19,376	38,012
Credited to the profit and loss account	-	(16,037)	(16,037)
At 30 December 2015	<u>18,636</u>	<u>3,339</u>	<u>21,975</u>

Dilapidation provision - provides for the estimated amounts payable for dilapidation on each property at the end of the lease term.

Other provision - provides for the estimated onerous cost in relation to a single contract for a commercial electronic comparison platform.

The dilapidation provision recognised in the current period relates to property leases which expired in 2015. The value is therefore not discounted as the effect of the time value of money is not considered material.

15 Share capital

Allotted, called up and fully paid shares

	30 December 2015		30 December 2014	
	No.	£	No.	£
'A' Ordinary Shares of £1 each	159	159	159	159
'B' Ordinary Shares of £1 each	9	9	9	9
	<u>168</u>	<u>168</u>	<u>168</u>	<u>168</u>

16 Reserves

	Share premium account £	Profit and loss account £	Total £
At 31 December 2014	774,932	4,040,971	4,815,903
Profit for the year	-	477,822	477,822
At 30 December 2015	<u>774,932</u>	<u>4,518,793</u>	<u>5,293,725</u>

Four Counties Insurance Brokers Limited
Notes to the financial statements for the year ended 30 December 2015

17 Pension schemes

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £34,355 (2014 - £46,220).

18 Related party transactions

The Company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other members of the Group.

19 Control

At 30 December 2014, the ultimate parent company was Towergate Insurance Limited. On 2 April 2015, Highbridge Principal Strategies LLC became the Group's majority shareholder when its investment in Sentry Holdings Limited (incorporated in Jersey) acquired a direct interest in TIG Topco Limited (incorporated in Jersey) and indirect interests in Towergate Insurance Limited and its subsidiaries. At 30 December 2015, the ultimate parent company was Sentry Holdings Limited.

The consolidated financial statements of Sentry Holdings Limited are available upon request from:

Towergate House
Eclipse Park
Sittingbourne Road
Maidstone
Kent
ME14 3EN