Company number: 05523613

JLT Reinsurance Brokers Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2015

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JLT Reinsurance Brokers Limited

Company number: 05523613

Contents

JLT Reinsurance Brokers Limited

Company number: 05523613

Company Information

Chairman	R C Howard
Directors	R C Howard K A Harrison M T Reynolds A M Tjay Mazuri M A Read J T Young (Non-Executive) G W Stuart-Clarke (Non-Executive)
Company secretary	S Hornsey
Registered office	The St Botolph Building 138 Houndsditch London EC3N 2PH
Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT

JLT Reinsurance Brokers Limited

Company number: 05523613

Strategic Report for the Year Ended 31 December 2015

The directors present their strategic report of the Company for the year ended 31 December 2015.

Principal Activities
The principal activity of the Company is reinsurance broking and it is authorised and regulated by the Financial Conduct Authority (FCA). The directors anticipate that the Company will continue trading for the foreseeable future.

Business Review
On 21 July 2015 the Company agreed to purchase the business of JLT Re Limited, excluding the French branch operation of JLT Re Limited, for a purchase price of £76,163,689 payable by the Company to JLT Re Limited satisfied by the issue by the Company to JLT Re Limited of 2,176,105 fully paid ordinary shares in the share capital of the Company.

On 19 October 2015 the Company agreed to purchase the Healthcare book of business from Lloyd and Partners Limited for a consideration of £9,500,000 satisfied by the issue of 202,127 ordinary shares.

On 23 December 2015 the Company agreed to purchase the French branch of JLT Re Limited for a consideration of £3,235,885 satisfied by the issue of 64,857 £1 ordinary shares.

Reflecting the above turnover grew by 57.6% to £84.7m (2014: £53.7m) producing an operating profit of £18.8m (2014: £6.2m).

Profit for the year before taxation amounts to £17.2m (2014: £4.4m).

The results of the Company for the year ended 31 December 2015 are set out in the financial statements on pages 14 to 61.

During the year the company adopted FRS101 Reduced Disclosure Framework and has taken advantage of the disclosure exemptions allowed under this standard. The impact of the adoption on the 2014 results is summarised in the transition note in page 57.

JLT Reinsurance Brokers Limited

Company number: 05523613

Strategic Report for the Year Ended 31 December 2015 (continued)

Key Performance Indicators (KPIs)
The Company has selected turnover per employee, trading profit per employee, salary to turnover ratio, indirect costs to turnover ratio and trading margin as KPIs for monitoring its performance. The objective is to monitor trends and achieve optimum trading performance both in terms of revenue growth and operational efficiency.

Turnover per employee - defined as turnover (fees and commissions) divided by total staff numbers (average for the year).

Trading profit per employee - defined as turnover less operating expenses (excluding exceptional items and impairment charges) divided by total staff numbers (average for the year).

Salary to turnover ratio - defined as direct salary costs (excluding exceptional items and impairment charges) divided by turnover (fees and commissions).

Indirect costs to turnover ratio - defined as indirect costs (operating expenses excluding direct salary costs, exceptional items and impairment charges) divided by turnover (fees and commissions).

	Unit	2015	2014
Turnover per employee	£'000	269.00	262.00
Trading profit per employee	£'000	45.00	36.00
Salary to turnover ratio	%	55.90	56.80
Indirect costs to turnover ratio	%	27.20	30.00

Principal risks and uncertainties and financial risk management
The company maintains a register of key risks that is regularly reviewed and updated by management. The principal risks identified are as follows:

Strategic and Operational Risks

Strategic Risks
Risks to the business model arising from changes in external events, insurance markets and customer behaviour as well as risks arising from growth strategies.

Mitigation
• Board review of strategic risks
• Strategic review of planning process
• Due diligence and risk assessment processes

Loss of Key Staff
Risks arising from the inability to retain key staff within the core business operations.

Mitigation
• Succession planning processes
• Effective appraisal and development programmes
• Robust contracts of employment

Business Interruption
Risk of business arising from a major external event.

Mitigation
• Dedicated business continuity management function
• Detailed business continuity policy and procedures
• Regular testing of business continuity plans

Loss of IT Environment
Risks arising from non-performance of an IT supplier, malicious act, cyber crime and staff not following IT policies and procedures.

Mitigation
• Detailed IT policy and procedures in place
• Strong governance procedures over IT outsourcing and service level agreements in place
• Monitoring of compliance with the Group IT security policy and service level agreements

Information Security
Risk of loss of records, breach of confidentiality or inadequate security measures.

Mitigation
• Limits of authority in place
• Information Security Policy
• Risk-based monitoring and reviews monitoring performed by Group Information Security Officer and Group Internal Audit

Conduct of Business Risks

Errors & Omissions
Risks arising from non-compliance with operating procedures in place across the Company, or alleged negligance in provision of services/advice.

Mitigation
- *Common operating procedures and compliance policy*
- *Continuous training in errors & omissions avoidance*
- *Formal and regular process of compliance monitoring*
- *Strong procedural and systems controls including workflow management*
- *Insurance*

Litigation
Litigation risk can arise from a number of different sources such as:
- M&A litigation (e.g. breach of Sale & Purchase Agreement)
- Breach of Employment Law
- Tortious liability arising from the recruitment of indivudals where appropriate recruitment controls are not adhered to

Mitigation
- Dedicated Group Legal and Group M&A functions with oversight responsibilities
- Continuous staff training in HR policies and procedures
- Formal recruitment processes based upon HR and legal advice

Regulatory Sanctions/Financial Crime
Risks arising from non-compliance with or misinterpretation of local and international regulations and failure to meet regulatory standards.

Mitigation
- Regular and ongoing quality and compliance audits
- Operating procedures and compliance policy
- Continuous staff training programmes
- Central risk and compliance resources
- Insurance

Financial Risks

Capital Risk and Liquidity
Risks arising from an inability to maintain minimum regulatory capital and ensure access to sufficient working capital appropriate to the volume of trading.

Mitigation
- Regular updates to Board on current and projected regulatory capital base requirements
- Sensitivity / Stress testing of regulatory capital base
- Regular cash flow forecasting
- Regular impairment testing of loans receivable from fellow JLT Group subsidiaries
- Dividend planning
- Quarterly reviews of the Company balance sheet

Foreign Currency
Exposures arising from significant foreign currency transactions, mainly US dollar earnings.

Mitigation
• Prudent management of currency exposures through the maintenance of a rolling hedging programme using forward foreign currency transactions and derivatives where appropriate
• Programme designed to hedge a minimum of 50% of forecast US dollar revenues in the subsequent 12 months
• Regular reviews and sensitivity analysis

Whilst the above policy may mitigate the impact of the major volatility in exchange rates to which the company has material exposures, it cannot eliminate the long term effects of permanent movements in rates.

Price Risk
The Company does not have a material exposure to commodity price risk.

Counterparty Risk
Risk of loss of own cash, fiduciary funds, investments and deposits, derivative assets and trade receivables as a result of the failure of key counterparties

Mitigation
• Board approved investment and counterparty policy to limit the concentration of funds and exposure with any one party
• Active management and monitoring of counterparty limits, financial strength and credit profile of key counterparties
• Regular review by Board and Risk & Audit Committee of counterparty limits, ratings, utilisation and compliance with applicable regulation
• Formal and regular review of trading partners

Defined Benefit Pension Scheme
Risk of adverse impact of the balance sheet and income statement as a consequence of increase in the Defined Benefit Pension Scheme deficit.

Mitigation
• Regular monitoring and reporting of scheme asset performance liability positions.
• Appropriate scheme investment strategy and diversification.
• Triennial actuarial valuations and regular trustee funding updates.
• Agreed deficit funding plan.
• Regular review of long term de-risking strategy.
• Regular scheme membership data verification.
• Effective independent trustee governance.
• Regular review of employer contract.

Approved by the Board on 22 September 2016 and signed on its behalf by:

....
K A Harrison
Director

JLT Reinsurance Brokers Limited

Company number: 05523613

Directors Report for the Year Ended 31 December 2015

The directors present their annual report and the financial statements of the Company for the year ended 31 December 2015.

Directors of the company

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

R C Howard - Chairman

K A Harrison

M T Reynolds

A M Tjay Mazuri

M A Read

J T Young (Non-Executive)

G W Stuart-Clarke (Non-Executive)

T A Rhodes (Non-Executive) (resigned 30 September 2015)

There being no provision in the Company's Articles of Association for the retirement of directors by rotation, the present directors will continue in office.

The Company maintains appropriate directors' and officers' liability insurance in respect of legal actions against its directors.

Finanical Risk Management

The financial risk management of the Company has been disclosed in the principal risks and uncertainties and financial risk management role within the Strategic Report of this document.

Dividends

Final dividends of £nil were recommended by the directors and paid during the year (2014: £1,105,526).

Adoption of FRS101

The Company has adopted Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS101) for the first time in these financial statements and prior year comparatives have been restated to reflect this.

Business transfer and changes in share capital

On 21 July 2015 the Company agreed to purchase the business of JLT Re Limited, excluding the French branch operation of JLT Re Limited, for a purchase price of £76,163,689 payable by the Company to JLT Re Limited satisfied by the issue by the Company to JLT Re Limited of 2,176,105 fully paid ordinary shares in the share capital of the Company.

On 21 July 2015, the Company agreed to sell its wholly owned subsidiary JLT Re Limited to a fellow group undertaking JLT Insurance Group Holdings Limited (JLTIGH) for a purchase price of £95,260,107. The consideration was satisfied by the novation of the loan of £93,662,652 and the balance left as an intercompany liability to be settled in due course.

On 19 October 2015 the Company agreed to purchase the Healthcare book of buisness from Lloyd and Partners Limited for a consideration of £9,500,000 satisfied by the issue of 202,127 £1 ordinary shares.

On 23 December 2015 the Company agreed to purchase the French branch of JLT Re Limited for a consideration of £2,270,000 satisifed by the issue of 64,857 £1 ordinary shares.

Charitable donations

During the year the company made charitable donations of £21,830 (2014: £3,683). No donations were made for political purposes (2014: £nil).

Employment of disabled persons

Applications for employment by disabled people are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of employees becoming disabled every effort is made to ensure that their employment with the Company continues and that the appropriate training is arranged. It is the Company's intention that opportunities for training, career development and promotion of disabled persons should, as far as possible, be identical with those for other employees.

JLT Reinsurance Brokers Limited

Company number: 05523613

Directors Report for the Year Ended 31 December 2015 (continued)

Employee involvement
It is the Company's policy to provide an environment in which individual talents can excel. Employee involvement is encouraged and there is wide staff participation in share ownership and share option schemes of the ultimate holding company, Jardine Lloyd Thompson Group plc. Employees are kept informed of the Company's performance and all matters affecting them as employees by means of regular briefings and consultation.

The Company is an equal opportunities employer and bases all decisions on individual ability regardless of race, religion, age or disability.

Creditor payment policy
The Company agrees payment terms with suppliers when it enters into contracts for the purchase of goods or services and seeks to abide by those terms when it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

Payment of suppliers has been centralised for all UK operating companies of Jardine Lloyd Thompson Group plc, and is carried out by JLT Management Services Limited and then recharged onto the Company by means of an inter-company recharge. The Group does not have a standard or code that deals specifically with the payment of suppliers.

Disclosure of information to the auditors
So far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and the directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Reappointment of auditors
The auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office. Accordingly, pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and and will therefore continue in office.

Approved by the Board on 22 September 2016 and signed on its behalf by:

K A Harrison
Director

JLT Reinsurance Brokers Limited

Company number: 05523613

Statement of Directors' Responsibilities

The directors are responsible for preparing the directors' report, Strategic 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has 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.

JLT Reinsurance Brokers Limited

Company number: 05523613

Independent Auditors' report to the members of JLT Reinsurance Brokers Limited

Report on the financial statements

Our Opinion

In our opinion, JLT Reinsurance Brokers Limited's financial statements (the "financial statements"):

- give a true and fair view of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 December 2015;
- Income Statement and the Statement of Comprehensive Income for the year then ended; and
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on 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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

JLT Reinsurance Brokers Limited

Company number: 05523613

Independent Auditors' report to the members of JLT Reinsurance Brokers Limited (continued)

Directors' remuneration

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 10, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent Auditors' report to the members of JLT Reinsurance Brokers Limited (continued)

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

• whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
• the reasonableness of significant accounting estimates made by the directors; and
• the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Nick Wilks

....
Nick Wilks (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

27 September 2016

JLT Reinsurance Brokers Limited

Company number: 05523613

Income Statement for the Year Ended 31 December 2015

	Note	2015 £ 000	2014 £ 000
Turnover	2	84,729	53,748
Administrative expenses		(69,772)	(45,653)
Exceptional Items	9	4,532	(1,903)
Operating Profit	3	19,489	6,192
Income from shares in group undertakings		-	1,106
Other interest receivable and similar income	4	362	234
Interest payable and similar charges	5	(2,610)	(3,150)
Profit before tax		17,241	4,382
Tax on profit on ordinary activities	10	(4,057)	(757)
Profit for the year		13,184	3,625

The above results were derived from continuing operations.

JLT Reinsurance Brokers Limited

Company number: 05523613

Statement of Comprehensive Income for the Year Ended 31 December 2015

	Note	2015 £ 000	2014 £ 000
Profit for the year		13,184	3,625
Items that will not be reclassified subsequently to profit or loss (net of tax)			
Remeasurements of post employment benefit obligations	22	3,352	(3,976)
Deferred tax	16	(884)	796
		2,468	(3,180)
Items that may be reclassified subsequently to profit or loss (net of tax)			
Fair value losses on cashflow hedges	23	(3,469)	(3,491)
Deferred Tax	16	263	698
		(3,206)	(2,793)
Total comprehensive income for the year		12,446	(2,348)

The notes on pages 18 to 61 form an integral part of these financial statements.

JLT Reinsurance Brokers Limited

Company number: 05523613

Balance Sheet as at 31 December 2015

	Note	2015 £ 000	2014 £ 000
Fixed assets			
Intangible assets	12	8,881	4,118
Property, plant and equipment	13	16	-
Investments	14	245	241
		9,142	4,359
Current assets			
Debtors	17	71,549	53,107
Investments			95,260
Cash at bank and in hand	18	112,058	95,021
		183,607	243,388
Creditors: Amounts falling due within one year	19	(139,985)	(206,846)
Net current assets		43,622	36,542
Retirement benefit obligations	22	(3,449)	(16,066)
Net assets		49,315	24,835
Capital and reserves			
Called up share capital	20	5,877	3,434
Share premium		13,729	12,357
Hedging reserves		(3,251)	(45)
Profit and loss account		32,960	9,089
Shareholders' funds		49,315	24,835

Approved by the Board on 22 September 2016 and signed on its behalf by:

....

M A Read

Director

The notes on pages 18 to 61 form an integral part of these financial statements.

JLT Reinsurance Brokers Limited

Company number: 05523613

Statement of Changes in Equity for the Year Ended 31 December 2015

	Share capital £ 000	Share premium £ 000	Hedging reserves £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2015	3,434	12,357	(45)	10,197	25,943
Profit for the year	-	-	-	13,184	13,184
Other comprehensive income	-	-	(3,206)	2,468	(738)
Total comprehensive income	-	-	(3,206)	15,652	12,446
Issue of ordinary shares related to business combination	2,443	1,372	-	-	3,815
Change in accounting estimate for pension	-	-	-	7,093	7,093
Share based payment transactions	-	-	-	18	18
At 31 December 2015	5,877	13,729	(3,251)	32,960	49,315

	Share capital £ 000	Share premium £ 000	Hedging reserves £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2014	3,434	12,357	2,748	9,812	28,351
Profit for the year	-	-	-	3,625	3,625
Other comprehensive income	-	-	(2,793)	(3,180)	(5,973)
Total comprehensive income	-	-	(2,793)	445	(2,348)
Dividends	-	-	-	(1,105)	(1,105)
Share based payment transactions	-	-	-	(63)	(63)
At 31 December 2014	3,434	12,357	(45)	9,089	24,835

The change in accounting estimate for pension was £8,680k (see note 22) less deferred tax of £1,562k (see note 16)

1 Accounting policies

Summary of significant accounting policies and key accounting estimates and judgements
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
These financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS101).

These financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006, except for the following:

• the available-for-sale financial assets, financial assets and liabilities (including derivative financial instruments) are measured at fair value and
• defined benefit pension plans where plan assets are measured at fair value.

Summary of disclosure exemptions
The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

1 Accounting policies (continued)

1. IFRS 7 "Financial Instruments disclosures" as the equivalent disclosures are included in the consolidated financial statements of the Group.

2. Paragraphs 91 to 99 of IFRS 13 "Fair value measurement" in respect of disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities.

3. Paragraph 30 and 31 of IAS 8 "Accounting policies, changes in accounting estimates and errors" in respect of the requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective.

4. IAS 24 "Related party disclosures" in respect of the disclosure of related party transactions entered into between two or more members of a Group.

5. IAS 7 "Statement of cash flows" in respect of the preparation of a statement of cash flow.

6. The following paragraphs of IAS 1 "Presentation of financial statements":
i. Paragraph 79(a)(iv) of IAS 1 in respect of the disclosure of the number of shares outstanding at the beginning and at the end of the period
ii. Paragraph 10(d) in respect of the disclosure of Statement of cash flows
iii. Paragraph 10(f) in respect of the Balance Sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements
iv. Paragraph 16 in respect of the statement of compliance with all IFRS
v. Paragraph 38A in respect of the requirement for minimum of two primary statements, including cash flow statements
vi. Paragraph 40A-D in respect of the requirement for a third balance sheet when an accounting policy is applied retrospectively or makes a retrospective restatement of items in its financial statements or reclassifies items in its financial statements,
vii. Paragraph 111 in respect of cash flow information which provides users of financial statements with a basis to assess the ability of the entity to generate cash and cash equivalents and the needs of the entity to utilise those cash flows and
viii. Paragraph 134-136 in respect of capital management disclosures.

7. The following paragraphs of IFRS3 "Business combinations":
i. Paragraph 62 - disclosure requirements of paragraph B67
ii. Paragraph B64(d) - the primary reasons for the business combination and a description of how the acquirer obtained control of the acquiree
iii. Paragraph B64(e) - a qualitative description of the factors that make up the goodwill recognised
iv. Paragraph B64(g) - requirements around contingent consideration arrangements and indemnification assets
v. Paragraph B64(h) - requirements around acquired receivables
vi. Paragraph B64(j) - requirements around unrecognised contingent liabilities
vii. Paragraph B64(k) - goodwill expected to be deductible for tax purposes
viii. Paragraph B64(l-m) - disclosure requirements of transaction recognised separately from the acquisition of assets and assumption of liabilities in the business combination
ix. Paragraph B64(n)(ii) - reasons for gains in a bargain purchase

JLT Reinsurance Brokers Limited

Company number: 05523613

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

1 Accounting policies (continued)

x. Paragraph B64(o)(ii) - valuation techniques and inputs of NCI, if measured at fair value, in acquisitions of less than 100% ownership acquired
xi. Paragraph B64(p) - requirements of business combinations achieved in stages
xii. Paragraph B64(q)(ii) - disclosure of revenue and profit/loss of combined entity for the current reporting period as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the annual reporting period
xiii. Paragraph B66 - requirements of business combinations acquired after the end of the current reporting period but before the financial statements are authorised for issue
xiv. Paragraph B67 - requirements for each material business combination or in the aggregate for individually immaterial business combinations that are material collectively:

8. Paragraphs 134(d-f) and 135(c-e) of IAS 36 "Impairment of assets" in respect of assumptions involved in estimating recoverable amounts of cash generation units containing goodwill or intangible assets with indefinite useful lives and management's approach to determining these amounts.

Exemption from preparing group accounts
The Company is a wholly owned subsidiary of JLT Insurance Group Holdings Limited and of its ultimate parent, Jardine Lloyd Thompson Group plc. It is included in the consolidated financial statements of Jardine Lloyd Thompson Group plc which are publically available. Therefore the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

Revenue recognition
Turnover represents retained commissions and fees receivable.

Insurance broking:
Income relating to insurance broking is brought into account at the later of the policy inception date or when the policy placement has been completed and confirmed. Where there is an expectation of future servicing requirements an element of income relating to the policy is deferred to cover the associated future obligation.

Other services:
Fees and other income receivable are recognised in the year to which they relate or when they can be measured with reasonable certainty.

Investment Income
Investment income arises from the holding of cash and investments relating to fiduciary and own corporate funds and is recognised on an accrual basis.

Foreign currency transactions and balances
Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

1 Accounting policies (continued)

Income & Deferred Income Tax

Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shreholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income, Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulation is subject to interpretation, It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The charge for taxation is based on the result for the year at current rates of tax and takes into account deferred tax.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not recognised. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax sset is realised or the deferred income tax liability is settled.

Deferred income tax is charged or credited to equity in respect of any item, which is itself either charged or credited directly to equity. Any subsequent recognition of the deferred gain or loss in the income statement is accompanied by the corresponding deferred income tax.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Company controls the timing of the reversal of the temporary difference and it is probable that the temprary difference will not reverse in the forseeable future.

Exceptional items

Exceptional items are separately identified to provide greater understanding of the Company's underlying performance. Items classified as exceptional items include: gains or losses arising from the sale of businesses and investments; closure costs for businesses; restructuring costs; professional fees in respect of acquisitions; post acquisition integration costs; and other credits and charges of non-recurring nature that require inclusion in order to provide additional insight into the underlying business performance. Items of a non-recurring and material nature are charged or credited to operating profit and are classified to the appropriate income statement headings.

Investment in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

1 Accounting policies (continued)

Common control acquisitions
Transactions in which combining entities are controlled by the same parties before and after the transaction, and that control is not transitory, are referred to as common control transactions. Where there are common control transactions predecessor accounting is applied. Under predecessor accounting the acquired net assets are held at carrying value and goodwill is not recognised.

Property, plant and equipment
Assets are stated at their net book amount (historical cost less accumulated depreciation). Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost of such assets over their estimated useful lives.

The principal rates of depreciation are as follows:
• Furniture and office equipment - between 10% and 20% per annum.

The depreciation rates are reviewed on an annual basis

Intangible assets and amortisation
Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Goodwill is not subject to amortisation but is tested for impairment.

Negative goodwill arising on an acquisition is recognised directly in the income statement. On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the income statement on disposal.

Capitalised employment contract payments
The Company makes payments to certain key employees in recognition of them signing a long-term employment contact, usually three to five years. These payments are capitalised as intangible assets since legal rights protect the expected benefits that the Company will derive from the contracts.

The asset recognised is then amortised over the duration of the underlying contract within salaries and associated expenses.

1 Accounting policies (continued)

Other intangible assets
For acquisitions completed after 1st January 2004, the business acquired is reviewed to identify assets that meet the definition of an intangible asset per IAS 38. Examples of such assets include customer contracts, expectations of business renewal and contract related customer relationships. These assets are valued on the basis of the present value of future cash flows and are amortised to the income statement over the life of the contract or their estimated economic life.

The current maximum estimated economic life is fifteen years.

Computer software
Acquired computer software licences are capitialised on the basis of the costs incurred to acquire them and bring them to use. These costs are amortised over their estimated useful lives. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Development costs that are directly associated with the production of identifiable and unique software products controlled by the Company, and that will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads, Capitalised development costs are amortised over their useful lives from the point when the asset is ready to use.

Impairment of assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

1 Accounting policies (continued)

Financial assets

Classification

The Company classifies its financial assets as loans and receivables and available-for-sale assets. The classification depends upon the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Recognition and measurement

Available-for-sale financial assets

Available-for-sale financial assets are categorised into one of two categories:

1) Investments and deposits consist mainly of fixed term deposits, bonds and certificates of deposit. These investments are held at fair value and are classified between current and non-current assets according to the maturity date.

2) Other investments include securities and other investments held for strategic purposes. These investments are held at fair value unless a fair value cannot be accurately determined in which case they are held at cost less any provision for impairment.

Interest on deposits and interest-bearing investments is credited as it is earned.

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale assets are subsequently carried at fair value.

The fair values of quoted investments are determined based upon current bid price.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of finance income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of finance income when the Company's right to receive payments is established.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet. Loans and receivables are carried at amortised cost.

1 Accounting policies (continued)

Financial liabilities

Derivatives and hedging

The Company only enters into derivative financial instruments in order to hedge underlying financial and commercial exposures.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

The method of recognising the resulting gain or loss is dependent on the nature of the item being hedged.

The Company designates derivatives as either a hedge of the fair value of a recognised asset or liability (fair value hedge), a hedge of a forecasted transaction or of the foreign currency risk on a firm commitment (cash flow hedge), or a hedge of a net investment in a foreign entity (net investment hedges).

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective, are recorded in the income statement, along with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.
Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective, are recognised in equity. Where the forecasted transaction or firm commitment results in the recognition of a non-financial asset or of a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts deferred in equity are transferred to the income statement and classified as income or expense in the same periods during which the hedged firm commitment or forecasted transaction affects the income statement.

The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

When a hedging instrument expires or is sold, any cumulative gain or loss existing in equity at that time remains in the hedging reserves and is recognised in the income statement when a hedge no longer meets the criteria for hedge accounting or when the committed or forecasted transaction ultimately occurs. When a committed or forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately recognised in the income statement.

1 Accounting policies (continued)

Insurance broking receivables and payables
Insurance brokers act as agents in placing the insurable risks of their clients with insurers and, as such, are not liable as principals for amounts arising from such transactions. In recognition of this relationship, debtors from insurance broking transactions are not included as an asset of the Company. Other than the receivable for fees and commissions earned on a transaction, no recognition of the insurance transaction occurs until the Company receives cash in respect of premiums or claims, at which time a corresponding liability is established in favour of the insurer or the client. In certain circumstances, the Company advances premiums, refunds or claims to insurance underwriters or clients prior to collection. These advances are reflected in the consolidated balance sheet as part of trade receivables.

Trade receivables
Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

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

Trade payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Dividend distribution
Dividends proposed or declared after the balance sheet dates are not recognised as a liability at the balance sheet date. Dividend distributions to the Company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

1 Accounting policies (continued)

Defined benefit pension obligation
Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets. The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are charged or credited to other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

Defined contribution pension obligation
A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

Share based compensation
The Group operates a number of equity-settled, share based compensation plans, under which the Company receives services from employees as consideration for equity instruments (options) of the ultimate parent company Jardine Lloyd Thompson Group plx. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable, At each balance sheet date the entity revised its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (at nominal value) and share premium (excess over nominal value) when the options are exercised.

1 Accounting policies (continued)

Critical accounting estimates and judgments

Estimates and judgments used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below.

Fair value estimation

The fair value of financial instruments traded in active markets (such as available-for-sale) is based upon quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Company is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair values of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

The fair value of acquired intangible assets is estimated based upon the present value of modelled related expected future cash flows.

Judgement may be applied in the determination of the growth rates, discount rates and the expected cash flows.

Impairment of assets

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

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

1 Accounting policies (continued)

Pension obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions.

The assumption used in determining the net cost or income for pension obligations is a discount rate based upon high quality corporate bonds.

Any changes in the assumptions may impact the carrying amount of pension obligations, the charge in the income statement, or statement of comprehensive income.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations.

In determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions. As well as the discount rate, the inflation rates and life expectancy are also key assumptions.

To set the price inflation assumptions the Company considers market expectations of inflation at the appropriate durations. Adjustments are made to these rates where necessary to reflect an inflation risk premium.

In determining the life expectancy assumptions the Company considers the mortality assumptions used by the Trustees of the pension schemes in their latest actuarial valuations and also mortality guidance laid out by legislation. This enables the Company to determine a best estimate of life expectancy that is appropriate for accounting purposes.

Errors and omissions liability

During the ordinary course of business the Company can be subject to claims for errors and omissions made in connection with its business activities.

A balance sheet provision is established in respect of such claims when it is probable that the liability has been incurred and the amount of the liability can be reasonably estimated.

The Company analyses its litigation exposures based on available information, including external legal consultation where appropriate, to assess its potential liability.

The outcome of the currently pending and future proceedings cannot be predicted with certainty. Thus, an adverse decision in a current or future lawsuit could result in additional costs that are not covered, either wholly or partially, under insurance policies and are in excess of the presently established provisions. It is possible therefore that the financial position, results of operations or cash flows of the Company could be materially affected by the unfavourable outcome of litigation.

1 Accounting policies (continued)

Investments

Investments in securities are classified on initial recognition as available-for-sale and are carried at fair value, except where their fair value cannot be measured reliably, in which case they are carried at cost, less any impairment.

Unrealised holding gains and losses other than impairments are recognised in other comprehensive income. On maturity or disposal, net gains and losses previously deferred in accumulated other comprehensive income are recognised in income.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

2 Turnover

	2015 £ 000	2014 £ 000
Europe	41,538	34,098
North America	33,858	10,622
South America	1,747	138
Rest of the world	7,586	8,892
	84,729	53,749

3 Operating profit

Arrived at after charging/(crediting)

	2015 £ 000	2014 £ 000
Depreciation expense	6	-
Amortisation expense	268	44
Foreign exchange gains	(1,852)	(537)
Loss on disposal of property, plant and equipment	-	12

4 Other interest receivable and similar income

	2015 £ 000	2014 £ 000
Interest receivable - Group	216	123
Interest receivable – Third party	146	111
	362	234

5 Interest payable and similar charges

	2015 £ 000	2014 £ 000
Interest payable to group undertakings	2,118	2,599
Pension scheme finance costs	492	551
	2,610	3,150

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2015 £ 000	2014 £ 000
Wages and salaries	34,466	21,474
Social security costs	2,472	2,975
Pension costs, defined contribution scheme (see Note 22)	2,660	1,836
Pension costs, defined benefit scheme (see Note 22)	129	57
Other post-employment benefit costs	2,554	189
Share-based payment expenses	3,401	2,196
Other employee expense	1,614	989
	47,296	29,716

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

	2015 No.	2014 No.
Broking and technical	315	253

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2015 £ 000	2014 £ 000
Remuneration	2,566	3,616
Contributions paid to money purchase schemes	106	132
	2,672	3,748

7 Directors' remuneration (continued)

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2015 No.	2014 No.
Accruing benefits under money purchase pension scheme	5	8

In respect of the highest paid director:

	2015 £ 000	2014 £ 000
Remuneration	857	792
Company contributions to money purchase pension schemes	12	11
Defined benefit accrued pension entitlement at the end of the period	-	28

During the year the highest paid director exercised share options and also received or was entitled to receive shares under a long term incentive scheme.

8 Auditors' remuneration

	2015 £ 000	2014 £ 000
Audit of the financial statements	97	40
Other fees to auditors		
Audit-related assurance services	36	19

9 Exceptional items

The exceptional gain of £4,532k (2014: £1,903k cost) includes the settlement following a dispute resolution less the final elements of the integration of the Towers Watson Re acquisition.

10 Income tax expense

10 Income tax expense (continued)

	2015 £ 000	2014 £ 000
Current tax expense		
Current year	4,065	1,165
Adjustments in respect of prior periods	168	8
	4,233	1,173
Deferred tax expense		
Origination and reversal of temporary differences	(176)	(326)
Adjustments in respect of prior years	-	(90)
	(176)	(416)
Total income tax expense	4,057	757

The UK Government introduced a 1% reduction in the headline rate of corporation tax from April 2015. This reduction reduced the UK tax rate from 21% to 20%.

In July 2015 the UK Government announced further measures in relation to the UK corporation tax rate, reducing the headline rate of corporation tax to 19% from April 2017 and then to 18% from April 2020. As at 31 December 2015, these further rate reductions have been enacted. The impact of these further rate reductions has therefore been incorporated into the income tax charge for the year ended 31st December 2015, taking into consideration when timing differences are expected to reverse.

The tax on profit before tax 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 - 21.5%).

The differences are reconciled below:

	2015 £ 000	2014 £ 000
Profit before tax	17,241	4,382
Tax calculated at UK Corporation Tax rate	3,491	942
Non-deductible expenses	373	(136)
Tax losses not previously recognised	169	(83)
Withholding tax	50	39
Rate difference on current year movement	22	(5)
Total tax charge	4,105	757

11 Dividends

	2015 £ 000	2014 £ 000
Final dividend of £Nil (2014 - £0.32) per ordinary share		1,106

JLT Reinsurance Brokers Limited

Company number: 05523613

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

12 Intangible assets

	Goodwill £ 000	Computer Software £ 000	Internally generated software development costs £ 000	Capitalised employment contract £ 000	Total £ 000
Cost or valuation					
At 1 January 2015	2,751	472	2,531	844	6,598
Additions	-	10	4,389	335	4,734
Interentity Acquisitions	-	-	-	1,337	1,337
Disposals	-	-	-	(394)	(394)
At 31 December 2015	2,751	482	6,920	2,122	12,275
Amortisation					
At 1 January 2015	1,535	266	-	678	2,479
Amortisation charge	-	125	140	546	811
Amortisation eliminated on disposals	-	-	-	(395)	(395)
Interentity Acquisitions	-	-	-	499	499
At 31 December 2015	1,535	391	140	1,328	3,394
Carrying amount					

JLT Reinsurance Brokers Limited

Company number: 05523613

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

12 Intangible assets (continued)

	Goodwill £ 000	Computer Software £ 000	Internally generated software development costs £ 000	Capitalised employment contract £ 000	Total £ 000
At 31 December 2015	1,216	91	6,780	794	8,881
At 31 December 2014	1,215	2,737	-	166	4,118

13 Property, plant and equipment

	Furniture, fittings and equipment £ 000	Total £ 000
Cost or valuation		
Additions	22	22
At 31 December 2015	22	22
Depreciation		
Charge for the year	6	6
At 31 December 2015	6	6
Carrying amount		

13 Property, plant and equipment (continued)

	Furniture, fittings and equipment £ 000	Total £ 000
At 31 December 2015	16	16

14 Investments

Subsidiaries	**£ 000**
Cost	
At 1 January 2014	95,276
Additions	225
Disposals	(95,260)
At 31 December 2014	241
At 1 January 2015	95,582
Additions	(82)
Disposals	(95,260)
At 31 December 2015	240
Carrying amount	
At 31 December 2015	240
At 31 December 2014	241

The principal companies in which the company's interest at the year end is more than 20% are as follows:

Details of undertakings

Entity Name	**Country of operation**	**Principal activity**	**Class of shares**	**Percentage of shares held**
Subsidiary undertakings				
JLT Advisory Limited	England	Corporate finance services	Ordinary	100%
JLT Capital Markets Limited	England	Corporate finance services	Ordinary	100%

The Company is exempt from the requirements to prepare consolidated financial statements under section 400 of the Companies Act 2006, as the Company is included in the consolidated financial statements of Jardine Lloyd Thompson Group plc, a company registered in England.

14 Investments (continued)

Fixed Asset Investments

	£ 000
Cost or valuation	
Additions	5
At 31 December 2015	5
Carrying amount	
At 31 December 2015	5

Fixed Asset Investments were recorded at cost; 2015 Unquoted cost £5,256 (2014: £Nil)

15 Acquisitions

On 21 July 2015 the company acquired the business of its wholly owned subsidiary JLT Re Limited excluding the business of its French branch. The consideration for the aquisition was £76,163,689 settled by the issue of 2,176,105 fully paid ordinary shares and applying section 611 Group Reorganisation Relief under the Companies Act 2006.

The acquired net assets and consideration were as follows:

	21 July 2015 £ 000
Property, plant and equipment	160
Debtors	11,789
Creditors	(2,523)
Accruals and deferred income	(7,245)
Net assets transferred	2,181
Purchase consideration	76,164
Settled by:	
Issued shares	2,176
Share premium	5
	2,181

On 19 October 2015, as part of an internal reorganisation within the JLT Group, the company acquired the Healthcare division of Lloyd and Partners Limited. The consideration for the acquisition of the division was £9,500,000 settled by the allotment of 202,017 shares of £1 each and applying section 611 Group Reorganisation Relief under the Companies Act 2006.

The acquired net assets and consideration were as follows:

	19 October 2015
	£ 000
Intangible assets	838
Other debtors	716
Other creditors	85
Accruals and deferred income	(39)
Provision for liabilities	(37)
Net assets transferred	1,563
Purchase consideration	**9,500**
Settled by:	
Issued shares	202
Share premium	1,360
	1,562

On 23 December 2015 the Company agreed to purchase the French branch of JLT Re Limited for a consideration of £2,270,000 settled by the issue of 64,857 £1 ordinary shares and applying section 611 Group Reorgansation Relief under the Companies Act 2006.

The acquired net assets and consideration were as follows:

	23 December 2015
	£ 000
Trade and Other Debtors	32
Other Creditors	(641)
Intercompany	681
Net assets transferred	71
Purchase consideration	**2,270**
Satisfied by:	
Issued shares	65
Share premium	6

71

JLT Reinsurance Brokers Limited

Company number: 05523613

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

16 Deferred income taxes

Deferred tax movement during the year:

	At 1 January 2015 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	Recognised in equity £ 000	At 31 December 2015 £ 000
Revaluation of property, plant and equipment	148	(173)	-	-	(25)
Provisions	131	47	32	-	210
Tax losses carry-forwards	-	-	-	-	-
Deferred income	-	-	-	-	-
Revaluation of intangible assets	-	-	-	-	-
Other items	21	-	-	-	21
Pension benefit obligations	3,213	(99)	-	(2,448)	666
Share-based payment	862	167	77	(186)	920
Financial assets at fair value through profit or loss	13	-	242	263	518
Net tax assets/(liabilities)	4,388	(58)	351	(2,371)	2,310

Deferred tax movement during the prior year:

	At 1 January 2014 £ 000	Recognised in income £ 000	Recognised in equity £ 000	At 31 December 2014 £ 000
Revaluation of property, plant and equipment	28	120	-	148
Provisions	87	44	-	131
Tax losses carry-forwards	-	-	-	-
Deferred income	-	-	-	-
Revaluation of intangible assets	-	-	-	-
Other items	40	(19)	-	21
Pension benefit obligations	2,470	(52)	795	3,213
Share-based payment	619	324	(81)	862
Financial assets at fair value through profit or loss	(685)	-	698	13
Net tax assets/(liabilities)	2,559	417	1,412	4,388

16 Deferred income taxes (continued)

The total current and deferred income tax charged to equity during the year is as follows:

	Credit / (charge) to equity
	£000s
Pensions via other comprehensive income	(884)
Pensions via changes in equity	(1,562)
Share based payments	1
Fair values - foreign exchange	263
	(2,183)

17 Trade and other receivables

	2015 £ 000	2014 £ 000
Trade receivables	28,483	20,639
Receivables from related parties	36,503	22,969
Prepayments	1,496	836
Other receivables	2,763	4,275
Deferred tax	2,304	4,388
Total current trade and other receivables	71,549	53,107

An effective interest rate of 1.74% (2014: 2.24%) has been charged on certain amounts owed by group undertakings averaging £7,993k (2014: £2,117k).
The interest rate charged on the term loan balance of £15,996k can be split 0.5% on balance of £10,709k, 3 month LIBOR and margin of -0.15% on the balance of £(2,485k) and 6 month LIBOR plus 2% margin on the balance of £7,771k (2014 6 month LIBOR plus 2% margin on £93,663k).

The remaining amounts are unsecured, interest free and repayable on demand.

Other receivables also include Derivative Financial Instruments £74k (2014: £1,182k) see note 23.

The company's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in the financial risk management and impairment note.

18 Cash and cash equivalents

	2015 £ 000	2014 £ 000
Fiduciary funds	106,671	88,957
Own funds	5,387	6,064
	112,058	95,021

19 Trade and other payables

	2015 £ 000	2014 £ 000
Accrued expenses	9,302	5,735
Amounts due to related parties	9,491	98,674
Social security and other taxes	2,504	2,164
Other payables	114,990	96,000
Corporation tax control	3,698	4,273
	139,985	206,846

An effective interest rate of 1.74% (2014: 2.24%) has been charged on certain amounts owed to group undertakings averaging £9,544k (2014: 9,306k). The remaining amounts are unsecured, interest free and repayable on demand.

Other payables include Derviative Financial Instruments £3,583k (2014: £1,182k), see note 23.

20 Share capital

Allotted, called up and fully paid shares

	2015 No.	2015 £	2014 No.	2014 £
Ordinary share of £1 each	5,876,985	5,876,985	3,433,896	3,433,896

All shares rank pari passu in all respects.

21 Equity-settled share based payments

The Group's equity-settled share-based payments, which the Company is a member of, comprise the JLT Long Term Incentive Plan (2004/2013), Senior Executive Share Scheme, Executive Share Option Scheme and the Sharesave Scheme.

JLT Long Term Incentive Plan (2004/2013)

The Group, which the Company is a member of, operates the Long Term Incentive Plan (LTIP) for Executive Directors and persons discharging managerial responsibility (PDMR's). The scheme was renewed in 2013. Awards under the scheme are granted in the form of nil-priced options and are satisfied using market-purchased shares. The awards vest in full or in part depending on satisfaction of the performance conditions. The awards have a 3 year performance period and have a 10 year life from the date of grant.

For pre-2013 LTIP awards, the performance conditions are based on the Group's basic earnings per share (EPS) growth (excluding exceptional items and impairment charges) over three years benchmarked against the UK's Retail Price Index (RPI). For post-2013 LTIP awards, it is based on the Group's basic EPS growth (excluding exceptional items and impairment charges) over three years. The EPS will be adjusted to neutralise the impact of IAS 19 (revised) as well as the impact from the net cost of the US investment on a discretionary basis. This is described in the tables below.

LTIP awarded prior to 2013

EPS growth over a three year period	Vesting (% of maximum)
Below RPI + 5% per annum (RPI + 15% over 3 years)	0%
RPI + 5% per annum (RPI + 15% over 3 years)	16.67%
RPI + 10% per annum or above (RPI + 30% over 3 years)	100%
Vesting on a pro-rata basis between these points	

LTIP awarded post 2013

EPS growth over a three year period	Vesting (% of maximum)
Below 6% per annum (18% over 3 years)	0%
6% per annum (18% over 3 years)	20%
12% per annum or above (36% over 3 years)	100%
Vesting on a pro-rata basis between these points	

21 Equity-settled share based payments (continued)

Senior Executive Share Scheme

The Group, which the Company is a member of, operates a Senior Executive Share Scheme for senior management and employees. Awards under the scheme are granted in the form of nil-priced options and are satisfied using market-purchased shares. The majority of awards have no specific performance criteria attached, other than the requirement that employees remain in employment with the Group. Certain awards have been granted with specific performance targets defined for the individual executives. In general these require targets for revenue and profit growth to be met over the vesting period. The awards have a 10 year life from the date of grant.

Executive Share Option Scheme

Options were granted at a fixed price (usually market price) and are exercisable after the vesting period (usually 3 years). Options are satisfied by the issue of new shares or market-purchased shares. Some options carry performance conditions where they are only exercisable when earnings per share is in excess of RPI for the three consecutive financial accounting periods preceding the date of exercise. The awards have a 10 year life from the date of grant. This scheme is now closed for new grants and options were last granted under this scheme on 29th September 2006.

Sharesave Scheme

The Sharesave scheme is open to all employees and are exercised after either 3 or 5 years from the date of grant. Options are satisfied by the issue of new shares or market-purchased shares. The price at which options are offered is not less than 80% of the market price on the date preceding the date of invitation. All Sharesave scheme options have no performance criteria attached, other than the requirement that the employee remains in employment with the Group. All options must be exercised within 6 months of the vesting date.

All options granted under the share option schemes are conditional upon the employees remaining in the Group's employment during the vesting period of the option, the actual period varies according to the scheme in which the employee participates. In calculating the cost of options granted, a factor is included to take account of anticipated lapse rates. For Executive Share Option and Sharesave schemes this is 20%. For the JLT Long Term Incentive Plan (2004/2013) and the Senior Executive Share Scheme it is nil as both are issued with no cost to the employee.

The following table illustrates the number and weighted average exercise prices (WAEP) of share options exercised during the year, the outstanding options and the remaining contractual life:

21 Equity-settled share based payments (continued)

	Exercised	Weighted average exercise (sale)	Options outstanding at 31st December 2015	Remaining contractual life
	2015			
	Number	price (p)	Number	Years
JLT Long Term Incentive Plan (2004/2013)	(48,600)	1,040.00	120,468	8.82
Senior Executive Share Scheme	(202,893)	1,037.40	971,249	8.48
Executive Share Option Scheme	-	-	2,500	0.75
Sharesave Scheme	(38,807)	1,014.31	-	-
Total	(290,300)	1,034.75	1,094,217	8.50
	2014			
JLT Long Term Incentive Plan (2004/2013)	(18,630)	1,005.90	48,600	9.01
Senior Executive Share Scheme	(103,594)	1,045.24	1,029,325	8.68
Executive Share Option Scheme	(1,500)	1,040.00	2,500	1.75
Sharesave Scheme	-	-	38,807	1.00
Total	(123,724)	1,039.25	1,119,232	8.41

Range of option prices of outstanding awards

The outstanding awards at 31 December 2015 have the following option prices and weighted average remaining contractual life:

	Executive Share Option Scheme	
	Number	Years
£3.50-£4.00	2,500	0.75

The LTIP and SESS awards are nil priced and therefore have not been analysed above.

22 Retirement benefit obligations

The Company is a member of the Jardine Lloyd Thompson UK Pension Scheme ("The Scheme"). The scheme has two sections: one providing defined benefits; and the other providing benefits on a defined contribution basis. The assets of the scheme are held in a trustee administered fund separate from the Company. With effect from 1st December 2006, the defined benefit section of the Scheme was amended to cease future benefits accruals. Under the Scheme, as amended, a participant's normal retirement benefit will be determined based on their service and compensation prior to 1st December 2006. The latest finalised triennial actuarial funding valuation of the Jardine Lloyd Thompson UK Pension Scheme was at 31st March 2014. This valuation was updated to 31st December 2015 by a qualified actuary employed by a fellow Jardine Lloyd Thompson Group subsidiary; JLT Benefit Solutions Limited.

Following the transition to FRS 101, the Company now recognises a share of the UK defined benefits section of the Scheme net liability in its balance sheet. This has been reflected as a change in the opening balances of the 2014 financial position. For the period from transition until 31st October 2015, the defined benefits net liability has been allocated to the Company based on the proportion of the overall cash contributions paid by the Company towards the pension scheme in the period. On 1st November 2015, following a reassessment of the methodology used to more accurately reflect the pension liability for the employees still working for the Company as at the transition date, a revision to the estimate was made. This revision affected the attributable net assets, the share of Scheme liabilities and the deficit recognised. The change in the deficit recognised has been dealt with through retained earnings and can be seen as a movement in the following tables and the Statement of changes in Equity. The change has been equitably applied to all of the members of the scheme.

The pension costs accrued for the year are comprised as follows:

	UK Scheme	
	2015	**2014**
	£ 000	**£ 000**
Defined benefit schemes	22	57
Defined contribution schemes	2,660	1,704
	2,682	**1,761**

22 Retirement benefit obligations (continued)

The principal actuarial assumptions used were as follows:

	UK Scheme	
	At 31 December 2015	**At 31 December 2014**
Rate of increase in salaries	n/a	n/a
Rate of increase of pensions in payment (a)	2.82%	3.11%
Discount rate (b)	3.86%	3.59%
Inflation rate	2.92%	2.78-3.21%
Revaluation rate for deferred pensioners	1.92%	1.78%
Mortality - life expectancy at age 65 for male members: (c)		
Aged 65 at 31st December (years)	21.70	22.00

(a) In respect of the UK scheme, where there are inflation linked benefits, the inflation increases are limited to a maximum of 5% per annum (some are limited to 3% per annum).

(b) In line with IAS 19 (Revised) the expected return on scheme assets assumption is the same as the discount rate assumed for the liabilities.

(c) Mortality assumptions for the UK scheme are based on 105% of the S2PxA tables, with improvements based on CMI 2015 tables with a 1.25% p.a. long-term rate of improvement.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation	
	Change in assumptions	**Change to obligation**
Discount rate	decrease of 0.1%	increase of 2.0%
Inflation rate	increase of 0.1%	increase of 1.0%
Life expectancy	increase of 1 year	increase of 4.0%

JLT Reinsurance Brokers Limited

Company number: 05523613

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

22 Retirement benefit obligations (continued)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the balance sheet. Note this sensitivity is for defined benefit obligations only and does not consider the impact that changes in assumptions may have on the assets, in particular the assets held in respect of the insured pensioners.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

Defined benefit obligation	**2015 £ 000**	**2014 £ 000**
Present value of funded obligations	(16,714)	(63,419)
Fair value of plan assets	13,265	47,353
Net liability recognised in the balance sheet	**(3,449)**	**(16,066)**

Reconciliation of defined benefit liability	**2015 £ 000**	**2014 £ 000**
Opening defined benefit liability	(16,066)	(12,351)
Pension expense	(515)	(608)
Employer contributions	1,098	869
Change in accounting estimate going through reserves	8,680	-
Total (loss)/gain recognised in reserves	3,352	(3,976)
Net liability recognised in the balance sheet	**(3,449)**	**16,066**

22 Retirement benefit obligations (continued)

Reconciliation of defined benefit obligation	**2015 £ 000**	**2014 £ 000**
Opening defined benefit obligation	(63,419)	(57,670)
Interest cost	(1,950)	(2,597)
(Loss)/gain on defined benefit obligation	4,363	(5,617)
Change in accounting estimate going through reserves	41,003	-
Actual benefit payments	3,289	2,465
Closing defined benefit obligation	**(16,714)**	**(63,419)**

Reconciliation of fair value of assets	**2015 £ 000**	**2014 £ 000**
Opening value of assets	47,353	45,319
Expected return on assets	1,458	2,046
Actuarial gains/(losses)	(1,011)	1,641
Employer contributions	1,098	869
Actual benefit payments	(3,289)	(2,465)
Settlement amount	(32,323)	-
Expenses	(22)	(57)
Closing value of assets	**13,264**	**47,353**

The analysis of the fair value of the scheme assets is as follows:

	2015		**2014**	
	Value £ 000	**Value %**	**Value £ 000**	**Value %**
Equities	5,071	38%	18,024	38%
Investment funds	2,873	22%	10,470	22%
Qualifying insurance policies	5,133	39%	18,668	39%
Cash	188	1%	191	0%
Total market value	**13,264**	**100%**	**47,353**	**100%**

22 Retirement benefit obligations (continued)

Other assets include hedge funds and property. The schemes do not hold cash as a strategic investment and cash balances at 31st December represent working balances.

	2015	2014
Reconciliation of return on assets	**£ 000**	**£ 000**
Expected return on assets	1,458	2,046
Acturial gains/(losses)	(1,011)	1,624
Actual return on assets	**447**	**3,670**

The amounts recognised in the consolidated income statement are as follows:

	2015	2014
	£ 000	**£ 000**
Expenses	(22)	(57)
Total (included within salaries and associated expenses)	**(22)**	**(57)**
Interest cost	(1,950)	(2,597)
Expected return on assets	1,458	2,046
Total (included within finance costs)	**(492)**	**(551)**
Expense before taxation	**(514)**	**(608)**

The amounts included in the consolidated statement of comprehensive income are as follows:

	2015	2014
	£ 000	**£ 000**
(Losses)/gains on defined benefit obligation	4,363	(5,600)
Actuarial gains/(losses)	(1,011)	1,624
Change in accounting estimate going through reserves	8,680	-
Total actuarial (losses)/gains recognised	**12,032**	**(3,976)**
Cumulative actuarial losses recognised	**(12,064)**	**(24,096)**

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

22 Retirement benefit obligations (continued)

	2015	2014
Difference between the actual and expected return on plan assets		
- amount (£'000)	(1,011)	1,624
- expressed as a percentage of the plan assets	(2.24%)	3.43%
Experience losses on plan liabilities		
- amount (£'000)	(771)	157
- expressed as a percentage of the present value of the plan liabilities	1.59%	(0.25%)

The expected employer contributions for the year ending 31st December 2016 are as follows :

	2016
Company contribution to the UK scheme	1,037
Total expected contributions	**1,037**

23 Financial Instruments

	2015		2014	
	Assets	Liabilities	Assets	Liabilities
	£ 000	£ 000	£ 000	£ 000
Forward foreign exchange contracts -				
Cash flow hedges:				
Non-current portion	-	947	203	403
Current portion	74	2,636	367	211
Total	**74**	**3,583**	**570**	**614**

At 31 December 2015, the outstanding contracts mature within 3 year (2014: 3 years). The Company is committed to sell USD127.6m and EUR1.7m and to buy INR45.2m.

	2015	2014
	£ 000	£ 000
Recognised in statement of other comprehensive income	(3,469)	(3,490)
Recognised in income statement	4	22

24 Controlling parties

The Company's immediate parent undertaking is JLT Insurance Group Holdings Limited, a company registered in England.

Jardine Lloyd Thompson Group plc is the ultimate parent undertaking and controlling party for which consolidated group financial statements are prepared and of which the Company is a member.

Copies of the group financial statements can be obtained from:

Name: Jardine Lloyd Thompson Group plc
Country of incorporation or registration: England
Address from where copies of the group financial statements can be obtained: The St Botolph Building, 138 Houndsditch, London, EC3A 7AW

25 Non adjusting events after the financial period

On 30 June 2016, it was agreed that those costs relating to the GRIT 1 project currently recorded in the Company be transferred to JLT Management Services Limited (JLTMS) (£3,401,885). Upon transfer JLTMS will take responsibility for the management of additional on-going costs such as licences, infrastructure maintenance and support, GRIT1 relates to the base Open Twins build-out which will benefit various JLT companies that use this system. As such the cost will be apportioned across those companies using a mix of users and revenue as a basis.

26 Transition to FRS 101

The adoption of IFRS has given rise to a number of accounting changes and reclassifications. Following the adoption of FRS101 and in accordance with the requirements of IFRS1, the main changes are summarised and explained below.

a. Intangible assets
IFRS1 requires the first-time adopter to apply IAS36 "Impairment of assets" in testing goodwill for impairment at the date of transition to IFRS. Goodwill is no longer amortised to the Income Statement consequently the 2014 amortisation charge has been reversed to the income statement.

IFRS1 requires the first-time adopter to apply IAS38 "Intangible assets", which requires that assets meeting the criteria for recognition as Intangibles should be reclassified on the balance sheet and amortised over their useful economic life.
Capitalised employment contract payments have been reclassified from debtors and are amortised over 3 and 5 years.

b. Retirement benefit obligations
Prior to adoption of FRS101, the company made payment contributions to the JLT Group defined benefit pension schemes. These contributions were charged to the Income Statement as incurred. The adoption of FRS101 required the share of underlying assets and liabilities of the scheme to be recognised by the Company.

c. Hedge accounting
The adoption of IFRS9 resulted in the inclusion of the fair values in respect of derivative financial instruments,

d. Deferred taxation
In addition to the provision of deferred taxation required prior to the adoption of FRS101, further deferred taxation has been recognised following the inclusion of the underlying pension assets and liabilities in the balance of the Company.

26 Transition to FRS 101 (continued)

Balance Sheet as at 1 January 2014

JLT Reinsurance Brokers Limited

Company number: 05523613

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

26 Transition to FRS 101 (continued)

	Note	As originally reported £ 000	Reclassification £ 000	Remeasurement £ 000	As restated £ 000
Fixed assets					
Intangible assets		1,216	559	-	1,775
Tangible fixed assets		13	-	-	13
Investments		95,276	-	-	95,276
		96,505	559	-	97,064
Current assets					
Debtors		23,678	(559)	5,904	29,023
Cash at bank and in hand		75,315	-	-	75,315
		98,993	(559)	5,904	104,338
Creditors: Amounts falling due within one year		(79,923)	-	(503)	(80,426)
Net current assets/(liabilities)		19,070	(559)	5,401	23,912
Total assets less current liabilities		115,575	-	5,401	120,976
Creditors: Amounts falling due after more than one year		(78,333)	-	-	(78,333)
Provisions for liabilities		(1,940)	-	(12,351)	(14,291)
Net assets/(liabilities)		35,302	-	(6,950)	28,352

26 Transition to FRS 101 (continued)

	Note	As originally reported £ 000	Reclassification £ 000	Remeasurement £ 000	As restated £ 000
Capital and reserves					
Share capital		3,434	-	-	3,434
Share premium		12,357	-	-	12,357
Other reserves		-	-	(6,950)	(6,950)
Profit and loss account		19,511	-	-	19,511
Shareholders' funds/(deficit)		35,302	-	(6,950)	28,352

Notes:

1. Capitalised employment contract payments have been reclassified from debtors to intangible assets, net balance of £559k.

2. The recognition of the pension liability of £12,351k net of deferred tax adjustment of £2,470k and £9,881k in reserves.

3. The recognition of cash flow hedges, £3,926k in Debtors, £503k in Creditors offset by deferred tax of £685k.

26 Transition to FRS 101 (continued)

Balance sheet at 31 December 2014

	Note	As originally reported £ 000	Reclassification £ 000	Remeasurement £ 000	As restated £ 000
Fixed assets					
Intangible assets		1,083	166	132	1,381
Tangible fixed assets		2,737	-	-	2,737
Investments		241	-	-	241
		4,061	166	132	4,359
Current assets					
Debtors		49,444	(166)	3,829	53,107
Derivative financial instruments		95,259	-	-	95,259
Cash at bank and in hand		95,022	-	-	95,022
		239,725	(166)	3,829	243,388
Creditors: Amounts falling due within one year		(206,231)	-	(614)	(206,845)
Net current assets/(liabilities)		33,494	(166)	3,215	36,543
Total assets less current liabilities		37,555	-	3,347	40,902
Provisions for liabilities		-	-	(16,066)	(16,066)
Net assets/(liabilities)		37,555	-	(12,719)	24,836

26 Transition to FRS 101 (continued)

	Note	As originally reported £ 000	Reclassification £ 000	Remeasurement £ 000	As restated £ 000
Capital and reserves					
Share capital		3,435	-	-	3,435
Share premium		12,357	-	-	12,357
Other reserves		-	-	(13,003)	(13,003)
Profit and loss account		21,763	-	284	22,047
Shareholders' funds/(deficit)		37,555	-	(12,719)	24,836

Notes

1. In accordance with IFRS5 the reclassification of cpaitalised employment contract payments from debtors to intangibles consisted of £166.

2. The re-measurement adjustments consist of:
- reversal of goodwill amortisation £132k
- recognition of pension liability of £16,066k which impacted reserves £13,061k, deferred tax £3,123k and retained earnings £209k.
- recognition of cash flow hedges £570k in debtors, £614k in creditors, £66k in hedging reserves and £22k in retained earnings.

26 Transition to FRS 101 (continued)

Profit and loss account for the year ended 31 December 2014

	Note	As originally reported £ 000	Remeasurement £ 000	As restated £ 000
Turnover		53,726	-	53,726
Administrative expenses		(48,488)	967	(47,521)
Loss on disposal of fixed assets		(12)	-	(12)
Operating profit/(loss)		5,226	967	6,193
Income from shares in group undertakings		1,105	-	1,105
Interest receivable and similar income		235	-	235
Interest payable and similar charges		(2,600)	(551)	(3,151)
		(1,260)	(551)	(1,811)
Profit/(loss) before tax		3,966	416	4,382
Tax on profit on ordinary activities		(625)	(132)	(757)
Profit/(loss) for the financial year		3,341	284	3,625

Notes

1. The re-measurement adjustment of £967k in administrative expenses comprises of goodwill amortisation £132k, fair value changes on hedge contracts £22k and pension £813k.

2. The re-measurement adjustment in interest payable and similar charges consists of finance costs for pension £551k.

3. The tax in respect of the above adjustments has been reflected as a re-measurement adjustment.