

Registered number: 05601837

INSURANCE HOLDINGS LTD.

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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INSURANCE HOLDINGS LTD.

COMPANY INFORMATION

Directors	D J Ezzard N C Lenihan S S Sulaiman
Company secretary	S Goldstone
Registered number	05601837
Registered office	Mezzanine Floor 75 King William Street London EC4N 7BE
Independent auditors	Ernst & Young LLP Statutory Auditor 25 Churchill Place Canary Wharf London E14 5EY

INSURANCE HOLDINGS LTD.

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INSURANCE HOLDINGS LTD.

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2020

The Directors present their strategic report together with the audited financial statements for the year ended 30 June 2020.

Introduction

The Company's principal activity is as a holding company for subsidiaries operating as authorised insurance intermediaries. In addition, it acts as an introducer Appointed Representative to Australia-based clients seeking to place risks in UK markets.

The Company's main subsidiaries are Carroll & Partners Limited, Breeze Underwriting Limited and, following the acquisition of Carroll Insurance Brokers Limited and its subsidiaries in November 2019, Carroll Insurance Group Limited. Carroll & Partners is an accredited Lloyd's broker, as well as providing back office, accounting and market settlement services for other group and third party insurance businesses. Breeze is an underwriting agency, accepting business on behalf of insurance companies and Lloyd's syndicates into delegated authorities, and Carroll Insurance Group operates as both a retail and wholesale Lloyd's brokers.

Business review

The strategic objectives of the Company continue to be to generate sustainable growth in earnings and cash flow from its own and its subsidiaries' insurance broking activities through a combination of organic growth and acquisition.

The Company acquired 100% of the shares of Carroll Insurance Brokers Limited in November 2019, which owns 100% of the share capital of Carroll Insurance Group Limited (CIG), a regulated insurance intermediary. The process of integrating CIG into the group is now largely complete.

With the group's expansion, the Company and its subsidiaries have undertaken a major initiative during the year to improve operating efficiency by standardising systems and processes and centralising back office, administration, procurement and accounting functions within the Company's main operating subsidiary Carroll & Partners Limited. The initiative has also seen a streamlining of management responsibilities and reporting lines to improve responsiveness.

The Company moved to larger London offices during the year, which are able to accommodate its subsidiaries and other group entities on a single site. The move has provided enhanced client meeting facilities and having group companies all in one place allows improved internal collaboration and communication, albeit interrupted by the Coronavirus pandemic.

Finally, the Company refinanced its bank facilities during the year. The Company's previous facilities with Clydesdale Bank were repaid and the Company now participates via intercompany arrangements in an expanded facility arranged by its immediate parent company.

INSURANCE HOLDINGS LTD.

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

Principal risks and uncertainties

Management monitors the principal risks and uncertainties facing the Company and its subsidiaries and assesses the controls in place to mitigate these risks through the maintenance of a risk register, reflecting risks reported and reviewed by the Management Committee and the Board of Directors. The principal risks identified are as follows:

Commercial Risk

The Company operates in a highly competitive and dynamic market with an ever-present risk of clients changing their risk appetite, consolidating or moving to another intermediary. Market competition also brings rating/pricing uncertainty, leading to budgetary risk. Commercial risks, including risks associated with market consolidation, are mitigated through:

- maintaining and developing diverse client and supplier bases;
- investment in people and processes to improve customer and supplier experience and retention; and
- ongoing initiatives to ensure a competitive and flexible cost base.

Employee Risk

The success of our business depends upon the expertise and relationships of its employees. The Company and its subsidiaries are dependent on their broker representatives to maintain strong relationships with clients and insurers to sustain revenue generation; strong claims management and back office teams are vital in delivering customer and insurer satisfaction and contributing to a strong reputation that underpins long term financial performance. Management mitigates employee risks by investing in staff and making the group an attractive place to work by:

- ensuring remuneration is competitive;
- offering additional responsibilities and career progression that reward performance and initiative;
- investing in employee skills, career and personal development;
- building a corporate culture that encourages and empowers; and
- consulting staff on key issues.

Regulatory Risk

The Insurance Holdings Limited group's ability to continue in operation is dependent on ongoing authorisation from its statutory regulator, the FCA. Financial performance could be affected materially by regulatory penalties or restrictions on the group's operations or officers should group companies fail to comply with relevant regulatory requirements. Management mitigates the risk that such authorisation might be withdrawn or reduced in scope by investment in strong compliance procedures and by embedding compliance within the Company's culture. The Company's Head of Compliance oversees the Company's compliance processes and its relationship with the FCA, coordinates monthly compliance KPI reporting and reports to the Company's Executive Management Committee. Annual employee training includes compliance modules and staff completion of these is monitored monthly. The finance function coordinates with the Head of Compliance to ensure the Company meets its fiduciary responsibilities in respect of client money. Systems and processes for administering client assets are audited annually.

Financial risk

The Company's ability to continue in operations is dependent on its ability to access adequate funding on a timely basis to meet obligations as they fall due. Group companies operate in multiple geographies and jurisdictions, with the result that financial performance can be affected materially by movements in exchange rates. Counterparty risks affect recoverability of Company assets. The Company is reliant for funding on the cash generation of its operating subsidiaries, together with access to banking facilities arranged through, and supported by, its immediate and ultimate parent companies.

Monthly Executive Committee meetings monitor financial performance and cash flow against annual budgets and performance benchmarks. Risks to recoverability of assets are mitigated by management reviews of where, and with whom, the Company does business and by thorough on-boarding processes for clients and trading partners. Management considers periodically whether the benefits of hedging foreign currency exposures outweigh its costs (the Company does not currently hedge its exposures).

Major External Event

The Company maintains a Business Continuity Plan in order to mitigate the risk from an external event impacting on its offices and staff. The plan includes use of secondary office locations, documentation recovery and remote working facilities.

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STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

Political Risk and Brexit

The Company operates in multiple geographies and is therefore exposed to political risks arising within and between those geographies which may affect its ability to conduct business, to make or receive payments, or to recover the value of its assets. Management reviews new and existing business regularly to ensure it meets acceptable risk criteria.

The Company's Board and Management Committee continue to consider Brexit as a standing agenda item at their meetings. A Brexit Committee has been formed to prepare for any potential impact on the group's business. The group has established a presence in Ireland to enable its constituent companies to carry on operating within the EU after Brexit occurs and to ensure continuity of cover for clients with existing policies that may be affected. Management continues to monitor closely insurers' Brexit planning to satisfy itself that they will be able to provide continuity of cover and claims settlement and maintains a diverse base of insurance partners. European clients outside the UK represented less than 2% of business of the group in the 2020 financial year, which the Directors consider also mitigates risks for the Company from Brexit.

Covid-19

The threat of Covid-19 has restricted the ability of our staff to travel to work and to meet clients and insurers. Our business is sufficiently flexible to allow staff to work remotely in most cases to ensure business continuity. Management has put in place a plan to facilitate this, including investment in additional computer equipment for home use and coordination with our IT outsourcing partners to ensure network availability and remote access. These measures increase the Company's reliance on, and exposure to risks associated with, IT infrastructure and cyber security, while eliminating some of the spontaneity, creativity and goodwill that comes from face-to-face contact. The Board and Executive Committee monitor these risks continuously and adjust operational arrangements accordingly.

The longer-term impact of the pandemic on the Company is unclear. It is dependent on the future response of governments, the extent and intensity of possible lockdowns or travel bans, availability and effectiveness of vaccines, and longer-term pandemic-driven changes in behaviour. It is already clear that some sectors of the global economy will be severely affected, potentially for a significant period. This is likely to affect negatively demand for our services from clients in these sectors and may affect our ability to realise the value of business already signed. Other sectors seem to be less severely affected, while some have positively benefitted. Increased demand for insurance against pandemic-related risks and higher pricing of some risks by insurers have already resulted in increased revenues in some parts of our business. The pandemic may affect the ability of insurers to take on, or their appetite for, some risks. The Board of Directors and the Executive Committee monitor these risks on an ongoing basis and feed their assessments into strategic and operational processes and decision making.

Financial key performance indicators

Management uses revenue and EBITDA (earnings before interest, taxation, depreciation and amortisation) as its primary financial KPIs. These are reviewed monthly against prior year and agreed budgets, along with key operating cost categories, cash flow and aging of receivables.

During the year, Company revenue was up 20% y/y to £487k (FY19: £407k) and EBITDA up 11% to £415k (FY19: £375k). Net income was down 31% y/y to £795k (FY19: £1,157k) as a result of lower dividend income from subsidiaries. Company net assets increased 5% to £1.33m at the end of the financial year (2019: £1.22m) and the return on equity remained strong at 64% (2019:106%).

Within the Company's subsidiaries, Breeze Underwriting had another very strong year, growing revenues 19% and EBITDA 13%, while Carroll & Partners saw EBITDA broadly flat on an underlying basis on revenues 2% lower y/y.

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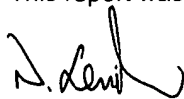
**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

Other key performance indicators

Monthly Executive Committee meetings consider a comprehensive range of non-financial KPIs, including:

- Brokerage: business pipeline and revenue prospects;
- Operations: response times for processing of policy documentation, claims settlements and client queries;
- Compliance: client/supplier complaints, procedural breaches identified, breaches of FCA requirements;
- Client money: response times for payments and receipts, reconciliation of bank and client accounts;
- Human Resources: staff retention, training course completion rates.

This report was approved by the board on 16 March 2021 and signed on its behalf.



N C Lenihan
Director

INSURANCE HOLDINGS LTD.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

The Directors present their report and the financial statements for the year ended 30 June 2020.

Results and dividends

The profit for the year, after taxation, amounted to £794,819 (2019 - £1,157,430).

The Directors have proposed a dividend of £588,000.

Directors

The Directors who served during the year were:

D J Ezzard
N C Lenihan
S S Sulaiman

Future developments

The Company continues to seek opportunities for further growth and improved operating efficiency.

Qualifying third party indemnity provisions

A subsidiary undertaking of the Company has purchased and maintained directors' and officers' liability insurance for the Company and its Directors throughout the year.

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

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

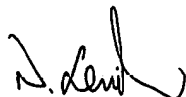
Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 16 March 2021 and signed on its behalf.



N C Lenihan
Director

INSURANCE HOLDINGS LTD.

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020**

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INSURANCE HOLDINGS LIMITED

Opinion

We have audited the financial statements of Insurance Holdings Limited for the year ended 30 June 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 28, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 30 June 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we

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identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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Use of our report

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

DocuSigned by:

Ernst & Young LLP

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Ed Jervis (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
16 March 2021

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 £	2019 £
Turnover	4	487,093	406,964
Administrative expenses		(79,544)	(31,801)
Operating profit	5	407,549	375,163
Income from shares in group undertakings		494,650	936,660
Interest receivable and similar income	8	-	169
Interest payable and expenses	9	(30,841)	(103,519)
Profit before tax		871,358	1,208,473
Tax on profit	10	(76,539)	(51,043)
Profit for the financial year		794,819	1,157,430

There was no other comprehensive income for 2020 (2019:£NIL).

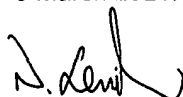
The notes on pages 13 to 29 form part of these financial statements.

INSURANCE HOLDINGS LTD.
REGISTERED NUMBER: 05601837

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	12	4,013	-
Tangible assets	13	394,197	-
Investments	14	13,356,899	6,839,039
		<u>13,755,109</u>	<u>6,839,039</u>
Current assets			
Debtors: amounts falling due within one year	15	696,184	75,277
Cash at bank and in hand	16	9,709	114,596
		<u>705,893</u>	<u>189,873</u>
Creditors: amounts falling due within one year	17	(12,851,665)	(3,989,505)
Net current liabilities		<u>(12,145,772)</u>	<u>(3,799,632)</u>
Total assets less current liabilities		<u>1,609,337</u>	<u>3,039,407</u>
Creditors: amounts falling due after more than one year	18	(317,958)	(1,819,689)
Provisions for liabilities			
Deferred tax	22	(14,667)	-
		<u>(14,667)</u>	<u>-</u>
Net assets		<u>1,276,712</u>	<u>1,219,718</u>
Capital and reserves			
Called up share capital	23	2	2
Share premium account	24	186,276	186,276
Profit and loss account	24	1,090,434	1,033,440
		<u>1,276,712</u>	<u>1,219,718</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 March 2021.



N C Lenihan
 Director

The notes on pages 13 to 29 form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 July 2018	2	186,276	776,652	962,930
Comprehensive income for the year				
Profit for the year	-	-	1,157,430	1,157,430
Total comprehensive income for the year	-	-	1,157,430	1,157,430
Dividends: Equity capital	-	-	(900,642)	(900,642)
Total transactions with owners	-	-	(900,642)	(900,642)
At 1 July 2019	2	186,276	1,033,440	1,219,718
Comprehensive income for the year				
Profit for the year	-	-	794,819	794,819
Total comprehensive income for the year	-	-	794,819	794,819
Dividends: Equity capital	-	-	(737,825)	(737,825)
Total transactions with owners	-	-	(737,825)	(737,825)
At 30 June 2020	2	186,276	1,090,434	1,276,712

The notes on pages 13 to 29 form part of these financial statements.

INSURANCE HOLDINGS LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1. General information

Insurance Holdings Limited ('the Company') is a private company limited by shares, incorporated and domiciled in England and Wales. Its registered office is Mezzanine Floor, 75 King William Street, London, EC4N 7BE. Its registered company number is 05601837.

The Company's principal activities are those of an investment holding company.

Amounts in these financial statements have been rounded to the nearest pound sterling, which is the Company's functional and operational currency (note 2.5).

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of PSC Insurance Group Limited as at 30 June 2020 and these financial statements may be obtained from its registered office, 96 Wellington Parade, East Melbourne, Victoria, 3002, Australia.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its ultimate parent undertaking established under the law of a non-EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2. Accounting policies (continued)

2.4 Going concern

As a holding company, the Company's ability to continue as a going concern is dependent on the performance of its subsidiaries. The Company's subsidiaries continue to generate substantial profits in aggregate which has resulted in continued strong dividend income and cash flow during the year for the Company. In collaboration with its parent, the Company has refinanced its bank facilities during the year and now benefits from a larger facility available via intra-group funding arrangements, providing increased financial headroom for the Company and its subsidiaries.

The Company's Directors regularly receive and review financial and operational information from its operating subsidiaries. The Directors' reviews of this information have included careful consideration of the impact Covid-19 might have on the the Company's business, the businesses of subsidiaries and the potential impact on the Company's financial statements. The main risks from the pandemic that the Directors have identified are summarised in the Strategic Report.

After reviewing relevant forecasts and projections and taking account of reasonable assumptions regarding likely trading performance, the Directors have satisfied themselves that the Company has adequate operational resources to continue to operate for the foreseeable future. The financial statements have therefore been prepared on the going concern basis.

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

INSURANCE HOLDINGS LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. Accounting policies (continued)

2.6 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

The Company generates revenue from commissions and fees associated with placing insurance contracts. Revenues are recognised at the point at which placement services are substantially complete.

Revenues from profit commissions and fees on adjustment to minimum premiums are recognised when the revenue is confirmed by third parties.

2.7 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.9 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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 income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.12 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Computer Software	-	4	years
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2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

INSURANCE HOLDINGS LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. Accounting policies (continued)

2.13 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Fixtures and fittings	- 10 years
Office equipment	- 5 years
Computer equipment	- 4 years
Leasehold improvements	- 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.15 Associates and joint ventures

Associates and Joint Ventures are held at cost less impairment.

2.16 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.17 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.18 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

INSURANCE HOLDINGS LTD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2. Accounting policies (continued)

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.20 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

INSURANCE HOLDINGS LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

2. Accounting policies (continued)

2.21 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying accounting policies. Management continually evaluates estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates given the subjectivity involved in making them. Management has identified the following critical accounting estimates and key judgements:

Carrying value of fixed asset investments

Management reviews the operational and financial performance of its subsidiary undertakings monthly against budgets agreed annually in advance and against prior year with a view to identifying indicators of potential impairment of the carrying value of its investments in those businesses. Management's main considerations are current and expected future levels and growth of profitability and cash generation of the businesses. Management does not currently believe any impairment of the carrying value of these assets is warranted.

Deferred consideration payable

Total consideration payable for acquisitions made by the Company typically includes an element to be paid in the future whose quantum is dependent on the performance of the business over a specified period post-acquisition. At the date of acquisition, management estimates the quantum of the deferred consideration based on its expectations of the entity's future performance at that time. The estimate is subsequently revised where new information comes to light to suggest future payments may be materially different to the original estimate. The change in estimate is recognised in the financial statements at the point the change is identified.

4. Turnover

An analysis of turnover by class of business is as follows:

	2020 £	2019 £
Insurance brokerage	487,093	406,964
	<u>487,093</u>	<u>406,964</u>

Analysis of turnover by country of destination:

	2020 £	2019 £
Australia	487,093	406,964
	<u>487,093</u>	<u>406,964</u>

INSURANCE HOLDINGS LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**5. Operating profit**

The operating profit is stated after charging:

	2020 £	2019 £
Exchange differences	39,820	(4,910)
Other operating lease rentals	262,561	-
	<u>262,561</u>	<u>-</u>

6. Auditors' remuneration

	2020 £	2019 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	1,308	3,600
	<u>1,308</u>	<u>3,600</u>

7. Employees

The Company has no employees other than the Directors, who did not receive any remuneration (2019 - £NIL).

8. Interest receivable

	2020 £	2019 £
Other interest receivable	-	169
	<u>-</u>	<u>169</u>

9. Interest payable and similar expenses

	2020 £	2019 £
Bank interest payable	30,544	103,519
Finance leases and hire purchase contracts	297	-
	<u>30,841</u>	<u>103,519</u>

INSURANCE HOLDINGS LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

10. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	61,872	52,448
Adjustments in respect of previous periods	-	(1,405)
	<u>61,872</u>	<u>51,043</u>
Total current tax	<u>61,872</u>	<u>51,043</u>
Deferred tax		
Origination and reversal of timing differences	14,667	-
Total deferred tax	<u>14,667</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>76,539</u>	<u>51,043</u>
Factors affecting tax charge for the year		
The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:		
	2020 £	2019 £
Profit on ordinary activities before tax	<u>871,358</u>	<u>1,208,473</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	<u>165,558</u>	<u>229,610</u>
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4,964	974
Capital allowances for year in excess of depreciation	-	(170)
Adjustments to tax charge in respect of prior periods	-	(1,405)
Dividends from UK companies	(93,983)	(177,966)
Total tax charge for the year	<u>76,539</u>	<u>51,043</u>

INSURANCE HOLDINGS LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

10. Taxation (continued)

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17%, which was due to be effective from 1 April 2020, was enacted in September 2016. In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the rate would remain at 19% and not reduce to 17% as planned. As this new law change was substantively enacted in March 2020, the effect of the 19% rate has been included within these financial statements as at 30 June 2020.

11. Dividends

	2020 £	2019 £
£36.89 per A Ordinary share (2019: £45.03)	368,913	450,321
£36.89 per B Ordinary share (2019: £45.03)	368,912	450,321
	<u>737,825</u>	<u>900,642</u>

12. Intangible assets

	Computer software £
Cost	
Additions	4,074
At 30 June 2020	<u>4,074</u>
Amortisation	
Charge for the year on financed assets	61
At 30 June 2020	<u>61</u>
Net book value	
At 30 June 2020	<u>4,013</u>
At 30 June 2019	<u>-</u>

INSURANCE HOLDINGS LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

13. Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Computer equipment £	Leasehold improvements £	Total £
Cost or valuation					
Additions	20,177	3,222	28,416	349,898	401,713
At 30 June 2020	20,177	3,222	28,416	349,898	401,713
Depreciation					
Charge for the year on financed assets	166	53	584	6,713	7,516
At 30 June 2020	166	53	584	6,713	7,516
Net book value					
At 30 June 2020	20,011	3,169	27,832	343,185	394,197
At 30 June 2019	-	-	-	-	-

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2020 £	2019 £
Furniture, fittings and equipment	394,197	-
Computer Software	4,013	-
	<u>398,210</u>	<u>-</u>

Finance leases

The Company entered into finance leases during the year to finance the fitting-out and equipping of new offices at 75 King William Street, London. The leases are of 36 months duration, expiring between April and June 2023, and carry effective interest rates of 5.0-5.2% per annum.

INSURANCE HOLDINGS LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

14. Fixed asset investments

	Investments in subsidiary companies £	Investments in associates £	Total £
Cost or valuation			
At 1 July 2019	6,857,084	73,964	6,931,048
Additions	6,517,856	4	6,517,860
At 30 June 2020	13,374,940	73,968	13,448,908
Impairment			
At 1 July 2019	92,009	-	92,009
At 30 June 2020	92,009	-	92,009
Net book value			
At 30 June 2020	13,282,931	73,968	13,356,899
At 30 June 2019	6,765,075	73,964	6,839,039

The Company acquired 100% of the share capital of Carroll Insurance Brokers Limited on 11 November 2019. At the end of the financial year, £988,561 of deferred consideration partly contingent on the future performance of the acquired company and its subsidiaries was outstanding, payable within 12 months of the Statement of Financial Position, and included within accruals.

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
Carroll & Partners Limited	Ordinary	100%
Breeze Underwriting Limited	Ordinary	90%
Easy Broking Online Limited	Ordinary	100%
Carroll Insurance Group Limited	Ordinary	100%
Carroll London Markets Holdings Limited	Ordinary	100%
Carroll London Markets Limited	Ordinary	100%
Fenchurch Insurance Risk Management Limited	Ordinary	100%
UK Facilities Limited	Ordinary	100%
Carroll Harvey Insurance Brokers Limited	Ordinary	100%
Carroll Insurance Brokers Limited	Ordinary	100%

INSURANCE HOLDINGS LTD.**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020****14. Fixed asset investments (continued)****Subsidiary undertakings (continued)**

The aggregate of the share capital and reserves as at 30 June 2020 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Carroll & Partners Limited	5,202,093	1,039,818
Breeze Underwriting Limited	1,784,367	848,694
Easy Broking Online Limited	37,906	(138,754)
Carroll Insurance Group Limited	2,820,619	(209,874)
Carroll London Markets Holdings Limited	2	-
Carroll London Markets Limited	828,696	-
Fenchurch Insurance Risk Management Limited	600	-
UK Facilities Limited	80,000	-
Carroll Harvey Insurance Brokers Limited	1	-
Carroll Insurance Brokers Limited	327,000	-

All the Company's subsidiary undertakings share the same registered office address as the Company: Mezzanine Floor, 75 King William Street, London, EC4N 7BE.

15. Debtors

	2020 £	2019 £
Amounts owed by group undertakings	207,062	541
Other debtors	328,201	74,736
Prepayments and accrued income	160,921	-
	696,184	75,277

16. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	9,709	114,596
	9,709	114,596

INSURANCE HOLDINGS LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

17. Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank loans	-	412,240
Amounts owed to group undertakings	11,624,918	3,285,451
Corporation tax	61,872	52,448
Obligations under finance lease and hire purchase contracts	148,633	-
Accruals and deferred income	1,016,242	239,366
	<u>12,851,665</u>	<u>3,989,505</u>

18. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Bank loans	-	1,819,689
Net obligations under finance leases and hire purchase contracts	317,958	-
	<u>317,958</u>	<u>1,819,689</u>

19. Loans

Analysis of the maturity of loans is given below:

	2020 £	2019 £
Amounts falling due within one year		
Bank loans	-	412,240
	<u>-</u>	<u>412,240</u>
Amounts falling due 1-2 years		
Bank loans	-	1,819,689
	<u>-</u>	<u>1,819,689</u>
	<u>-</u>	<u>2,231,929</u>

INSURANCE HOLDINGS LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**20. Hire purchase and finance leases**

Minimum lease payments under finance leases fall due as follows:

	2020 £	2019 £
Within one year	168,265	-
Between 1-5 years	334,408	-
	<u>502,673</u>	<u>-</u>

21. Financial instruments

	2020 £	2019 £
Financial assets		
Financial assets measured at fair value through profit or loss	<u>9,709</u>	<u>114,596</u>

Financial assets measured at fair value through profit or loss comprise cash and equivalents.

22. Deferred taxation

	2020 £
Charged to profit or loss	(14,667)
At end of year	<u>(14,667)</u>

The deferred tax balance is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(14,667)	-
	<u>(14,667)</u>	<u>-</u>
Comprising:		
Liability	(14,667)	-
	<u>(14,667)</u>	<u>-</u>

INSURANCE HOLDINGS LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**22. Deferred taxation (continued)**

All of the deferred tax balance is expected to reverse in the next financial reporting period.

23. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
10,000 (2019 - 10,000) A Ordinary shares of £0.0001 each	1	1
10,000 (2019 - 10,000) B Ordinary shares of £0.0001 each	1	1
	<u>2</u>	<u>2</u>

A and B ordinary shares carry rights to participate in dividends, other distributions and liquidation and have tag-along and drag-along rights in the event of a sale of the Company. They rank pari passu except that each A ordinary share carries 1 vote and the right to receive notice of Company general meetings, whereas B ordinary shares carry no voting rights or rights to receive notice of Company meetings.

24. Reserves**Share premium account**

Share premium represents the cumulative excess paid for shares on subscription over the nominal value of share capital subscribed.

Profit and loss account

Profit and loss reserve is the cumulative total retained profit of the company.

25. Contingent liabilities

Lucid Trustee Services Limited is the beneficiary of a charge over the assets of the Company as part of a security package to secure a credit facility of another Group company. Amounts outstanding on the facility as at 30 June 2020 were £40,635,344. This facility replaced a previous facility with Clydesdale Bank PLC during the year, security for which also included a charge over the Company's assets. £2,231,929 was outstanding under the Clydesdale facility as at 30 June 2019.

26. Commitments under operating leases

At 30 June 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	328,201	-
Later than 1 year and not later than 5 years	2,306,401	-
	<u>2,634,602</u>	<u>-</u>

INSURANCE HOLDINGS LTD.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

27. Related party transactions

The Company has taken advantage of the exemption conferred by Section 33 of FRS 102 not to disclose transactions with other group entities whose voting rights are 100% controlled within the same group.

Transactions between, and balances with, group companies where voting rights are not 100% controlled within the group were as follows:

During the year, the company received dividends of £124,650 (2019: £254,160) and funding of £859,792 (2019: £116,400) from its 90% owned subsidiary Breeze Underwriting Limited. At year-end, the Company owed Breeze £1,425,567 (2019: £690,426). These balances are repayable on demand and do not attract interest.

28. Controlling party

The company is a wholly owned subsidiary of PSC UK PTY Limited, a company incorporated in Australia. The ultimate controlling party is PSC Insurance Group Limited.

PSC Insurance Group Limited is the largest and smallest group undertaking for which consolidated financial statements are prepared. It is incorporated in Australia. Its registered office where group accounts can be obtained is 96 Wellington Parade, East Melbourne, Victoria, 3002, Australia.