Chester Crown Holdings Ltd
6654784

Company Registration No. 09900466 (England and Wales)

PIB GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

PIB GROUP LIMITED

COMPANY INFORMATION

Directors	J Burr B McManus R Brown C Giles
Company number	09900466
Registered office	Rossington's Business Park West Carr Road Retford Nottinghamshire DN22 7SW
Auditor	Deloitte LLP Hill House 1 Little New Street London United Kingdom EC4A 3TR

PIB GROUP LIMITED

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PIB GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their Strategic Report, which incorporates the information required in the non-financial information statement and the s172(1) statement, of PIB Group Limited ('the Company') together with subsidiaries ('the Group') for the year ended 31 December 2019. In presenting this report, the directors have complied with Section 414C of the Companies Act 2006.

This Strategic Report has been prepared for the entire Group and therefore gives greater emphasis to those matters which are significant to the Group and its subsidiary undertakings when viewed as a whole.

Background

PIB Group is a highly diversified insurance distribution consolidator focusing on specialist commercial lines and non-standard personal lines products with deep expertise across both direct and business to business (B2B) distribution through its broking, underwriting and network divisions.

The Group operates from 40 offices across the UK & Ireland and consists of aligned businesses trading under established, reputable brands, all operating under a small number of regulated entities and integrated into a secure and scalable core operating infrastructure. PIB's operations are segmented into six divisions which are split across direct and B2B insurance intermediation, the latter of which captures PIB's MGA, London Market and Network businesses.

The goal is to create the UK's leading independent diversified specialist insurance intermediary, and a business that can provide a genuinely credible alternative to the larger and more established intermediaries.

Principal activities

The principal activities of the Group's trading operations comprise retail insurance broking, employee benefits, wholesale broking, underwriting agencies and a broking network proposition.

The retail broking and risk management business combines specialist commercial lines which require a personal relationship with a broker, a broad range of risk management solutions and non-standard personal lines products. Its clients range from individuals and sole practitioners to small and medium-sized enterprises (SME's) and large corporations.

The employee benefits business uses a combination of specialist expertise and evolving technology to devise employee benefit strategies for corporate clients across pensions, risk and healthcare, protection and employee communications.

The wholesale broking business operates as a Lloyd's broker and is a leading supplier of specialist products and services to insurance intermediaries throughout the UK and Ireland. Its core product lines are commercial property insurance, commercial liability insurance, motor fleet insurance and professional indemnity as well as having a dedicated schemes and facilities department.

The underwriting agency business is a specialist provider of insurance solutions to UK retail brokers operating under delegated authority from leading insurers. The business offers products which cover niche commercial motor, liability for tradesmen and the construction industry, charities, social enterprises and recruitment agencies. It does not take underwriting risk and is therefore not capitalised to assume such risk.

The network proposition is a service the Group provides to a range of independent brokers to allow them access to a panel of products, enhanced business terms, a wider range of support services, including Financial Conduct Authority ('FCA') Compliance, Human Resources and Training support and discounts.

Business activity

Acquisitions
PIB Group was established as a greenfield consolidator, formed to take advantage of a fragmented marketplace for niche insurance segments that demonstrate attractive, sustainable growth characteristics. The Group is focused on acquiring businesses, teams and portfolios in niche and specialist markets, which we believe in the long term have more defensible positions in their chosen markets and offer more significant organic growth potential.

The Group operates a programmatic Mergers & Acquisitions ('M&A') consolidation programme, focusing on businesses that operate in niche segments, are "famous for something" and demonstrate attractive organic growth dynamics, additional product specialism and attractive synergy potential.

In pursuit of this strategy the Group made the following acquisitions in the year ended 31 December 2019.

On 15 February 2019, the Group acquired Optis Insurances Limited ('Optis'). Optis is a Managing General Agent for a number of A rated insurers based in Ireland, servicing the Irish SME sector. Over the last ten years, the business has grown rapidly and provides a suite of combined liability and commercial combined packaged products for sectors including construction, retail, hospitality, property owners, manufacturing and distribution.

On 19 July 2019, the Group acquired The COBRA group of companies ('COBRA'). COBRA is a network-centric proposition to independent insurance intermediaries and provides a wide range of services for its Network members, agents and clients. The group first formed in 2006 and its four main operating areas fit naturally into PIB Group's divisional structure.

On 1 October 2019, the Group acquired Sue Smith Limited, a health and safety consultancy, which naturally aligns with the Group's risk management offering.

On 5 December 2019, the Group acquired CMR Insurance Services Limited ('CMR'). CMR, whose roots go back to 1985, provides clients with insurance protection against bad debts for UK and export sales through managed credit insurance policies, as well as claims and debt collection services. The company tailors solutions and support for start-ups and major enterprises across multiple sectors and industries.

On 6 December 2019, the Group acquired Cooper Solutions Limited. Cooper Solutions provide online solutions for the retail automotive industry. At the heart of the Cooper Solutions portfolio of client propositions is a web-based fleet management system which tracks all vehicle movements within a dealership and incorporates the provision of daily rate insurance for customer courtesy, demonstration and rental car loans. This daily rate insurance product has been provided since 2004 by another PIB Group company, Cooke & Mason, who are experts in the provision of insurance solutions to the motor trade and haulage sectors.

For further information relating to these acquisitions see note 29.

Capital Management
With the support of several lenders, both existing and new, the Group refinanced its original term loan facility and raised an additional committed acquisition facility during the course of the year. This took the Group's total potential borrowings to in excess of £200m.

Integration
The integration of all acquired businesses is a key tenet of the Group's strategy. Building a core infrastructure with common systems and centralised functions continues to create significant value over the long term and a scalable platform that allows cost efficiencies to be realised whilst supporting strong governance and controls.

Post-acquisition of a business, PIB centrally assumes responsibility for key middle and back office functions, freeing up capacity for revenue generators to focus on driving new business. This enhances control of cost and risk across the Group and delivers increasing operational leverage.

People

The on-going success of the Group depends on its employees and its ability to continue to attract, motivate, develop and retain employees of the highest calibre and it aims to provide an environment where individuals can excel.

The Group is an equal opportunities employer and bases decisions on individual ability regardless of race, religion, gender, age, sexual orientation or disability. In line with Government policy, we have published our Gender Pay Gap report for 2019.

Performance Review

For the period ending 31 December 2019, the Group have moved to an International Financial Reporting Standards ('IFRS') reporting basis to allow greater comparability within the sector. The financial statements include a consolidated statement of profit or loss, consolidated statement of financial position (IFRS equivalent to the balance sheet) and consolidated cash flow statement for the year ended 31 December 2019, together with comparative figures for the year ended 31 December 2018. The statement of financial position has comparative figures for the year ended 31 December 2017 as well as for the year ended 31 December 2018.

The comparative figures for the years ended 31 December 2017 and 2018 have been restated to reflect the adoption by the Group of International Financial Reporting Standards (IFRS) as the basis of preparation of its consolidated accounts. The impact on the figures for both 2017 and 2018 is explained in note 35. The statutory accounts of the majority of individual companies within the Group continue to be prepared in accordance with local accounting standards and in this regard the balance sheet for the parent company, PIB Group Limited, has been prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The Directors of the Group make use of key performance indicators, including turnover, earnings before interest, tax, depreciation and amortisation ('EBITDA'), statutory trading result and staff numbers to measure performance against the Group's strategy. These measures provide the Directors with key, high level indicators of the Group's trading and operational progress. The Group's 2019 audited financial statements reflect both its strong organic performance and the results of its corporate activity through the year.

In addition to EBITDA, the Directors also look to utilise a performance measure whereby one-off, distortionary costs borne from our transformation, while kept to a minimum, are removed. This allows comparability with peers on an on-going, sustainable basis and is classified below as Adjusted EBITDA. The main areas of spend are considered by management to be material and specific to the Group's significant transformation initiatives – i.e. acquisition and restructuring costs, IT and infrastructure integration costs and costs associated with business line closure and alignment. The Group has prepared the 2019 financial statements under IFRS for the first time and under the previous FRS 102 basis, these amounts would have been classified as Exceptional costs.

Key performance indicators	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
Total income	**123,321**	**106,795**
Adjusted EBITDA	**26,678**	**17,731**
EBITDA	21,108	10,048
Operating Loss	(3,232)	(12,597)
Loss for the year	(7,796)	(17,521)
Employees	1,202	1,104

Total income grew 15% from £106,795k in 2018 to £123,321k in 2019. The organic revenue growth was 8%, which the Directors regard as a strong result in a highly competitive operating environment. The Directors are pleased with the result and progress made over the past 12 months. The result reflects a period of successful investment and integration of acquired businesses into the newly formed PIB Group as well as continued strong organic growth. The progress made during the year leaves the Group well placed to continue driving forward with its stated strategy.

Set out below is a reconciliation between the underlying performance of the Group and the financial performance of the Group as prepared under IFRS:

	2019 £000	2018 £000	% Uplift
IFRS Loss for the year	**(7,796)**	**(17,521)**	**56%**
Add back			
Interest payable, Group interest receivable, Depreciation, Amortisation, Other gains and losses and Tax	28,904	27,569	
EBITDA	21,108	10,048	**110%**
Add back			
Costs to acquire businesses	2,785	2,265	
Restructuring costs	1,537	1,430	
IT and infrastructure integration costs	1,156	2,355	
Business line closure and alignment	92	1,633	
Adjusted EBITDA	**26,678**	**17,731**	**50%**

Adjusted EBITDA increased by 50% from £17,731k to £26,678k. The Adjusted EBITDA margin increased from 16.6% to 21.6% *despite challenging market conditions and the continued investment in people and operations.*

The key items in moving to Adjusted EBITDA from the IFRS loss are as follows:

Depreciation & amortisation
There have been a number of acquisitions (as highlighted above) which have resulted in the recognition of customer relationship intangible assets. These intangible assets recognised in acquisitions are amortised over their estimated useful economic lives.

Financing costs
The finance charge for the year was £9,161k (2018: £6,589k), which mainly relates to interest on loan notes, related party loans and lease liabilities and the unwind of the discount on contingent and deferred consideration balances.

Costs to acquire businesses
These are the direct expenses incurred in the process of initial identification of a potential acquisition through to on-boarding them within the Group. This includes use of third-party due diligence specialists, direct staff costs involved on the specific acquisition and other professional fees.

Restructuring costs
Once a business has been acquired, a number of actions are taken to align the new business units with the PIB structure around location, staffing roles and existing business assets.

IT and infrastructure integration costs
The acquired businesses are required to transition to PIB systems, whether core IT platforms, specific broking, underwriting or accounting systems or general re-mapping of comparable systems onto PIB structures e.g. Acturis to Acturis migrations.

Business line closure and alignment
Within some acquired businesses, certain activities may not be required or fundamentally not aligned to the PIB Group strategy or accounting/reporting policies. When this happens, an exercise is undertaken to cease/transfer those business lines or activities.

Financial Position

The Board of Directors monitor the level of borrowings of the Group and continues to be confident in the ability of the Group to service its ongoing debt obligations as they fall due.

Future developments

The Group intends to continue with its strategy of both organic growth and growth by the acquisitions of businesses, teams and portfolios where suitable opportunities arise.

Section 172(1) statement

In performing their duties under s172 of the Companies Act (2006), the directors of PIB Group have had regard to the matters set out in s172(1) in terms of acting in good faith to promote the company's success for the benefit of its shareholders as follows:

The Board's approach

The role of the chair
The chair leads the Board in setting the strategic direction and risk appetite and exercise oversight and control over management's day-to-day running of the business. This is achieved by regular Board meetings incorporating all major stakeholders including investors. These meetings are supported by monthly and quarterly MI produced for key stakeholders covering financial, compliance, risk and operational performance, and by the chair facilitating open and challenging discussions and setting aside the necessary amount of time to discuss strategic issues, both in the Boardroom and in separate deep-dives with management.

Strategy and Linked Decision Making

PIB has both an on-going and defined strategy supported by a rolling 3 year plan. These both detail not only how the Group will identify and deliver long term value creation, but also the positives this delivers through a diversified, resilient Group structure for our customers, investors, employees and other stakeholders. This resilience has been demonstrated through the Covid-19 pandemic with some areas of the business experiencing growth to counteract challenges in some other areas within the Group.

Information

The Board meetings identified above are supported by monthly and quarterly MI produced for key stakeholders covering financial, compliance, risk and operational performance. This allows consideration of historic as well as potential future performance and risk. The information is scrutinised by internal as well as external parties including our investors.

Policies and practices

To support the Board, there are a number of committees in line with good governance, each with specific terms of reference which are reviewed with a frequency as appropriate. These committees include Audit, Risk & Compliance Committee, Underwriting Committee, Client Money Committee, Insurer Security Committee, Entity Rationalisation & Integration Committee and the Group Change Board & IT Committee.

The Group also has in place operational delegated authority (DA) matrices covering, expenditure, recruitment and other activities which commit Group resources. These matrices are reviewed on a regular basis along with the membership of those committees highlighted above. These reviews include ensuring that the decisions and intended consequences are in line with the evolution and size of the business.

Training

The Board skills and training are reviewed via the Chief People Officer along with other Board Officers. Where a requirement is identified, for example the Senior Management and Certification Regime (SMCR), a complete training identification and training programme is developed and delivered to ensure all effected individuals were appropriately versed in the requirements.

Culture, values and standards

Culture, values and standards underpin how a company creates and sustains value over the longer term and are key elements of how it maintains a reputation for high standards of business conduct. They also guide and assist in decision making and thereby help promote a company's success, recognising, amongst other things, the likely consequences of any decision in the long term and wider stakeholder considerations. The standards set by a board mandate certain requirements and behaviours with regards to the activities of its directors, employees and other associated with it.

Maintaining our license to operate

The Directors take seriously their responsibility to act in a way they consider, in good faith, promotes the success of PIB Group for the benefit of its stakeholders as a whole and in doing so have regard to the likely consequences of any decision in the long term, the interests of the group's employees, the need to foster the group's business relationships with suppliers, customers and others, the impact of the group's operations on the community and the environment, the desirability of the group maintaining a reputation for high standards of business conduct and the need to act fairly as between stakeholders of the group.

Employees

People are at the heart of our specialist services. The continuing success of the Group depends on its employees and its ability to continue to attract, motivate, develop and retain employees of the highest calibre and it aims to provide an environment where individuals can excel. We must also ensure that we share common values that inform and guide our behaviour so we achieve our goals in the right way. Regular engagement with our employees is critical in this context and our independent non-executive directors are active in visiting offices and listening to the views of our employees.

Customers and Suppliers

One of the key tenets of the Group is the ability to leverage not only economies of scale within certain markets but also generate collaboration between Group companies, working together to provide integrated solutions for customers. Whether this is relationships with Speciality customers incorporating Employee Benefits offerings, or the extent members of the Network now accessing PIB products to sell onto their existing customers.

Suppliers are monitored constantly in terms of value of offerings from both a financial but also market development perspective. Product suppliers are consistently benchmarked to ensure they working with us to maximise both customer as well as shareholder value. In other group servicing suppliers such as utilities, etc, a central programme lead by the PIB commercial team continues to look at establishing not just value for money but quality of service partnerships to allow the business lines to focus on growing revenue.

Community and the environment

PIB as a Group continues to support a whole range of both local as well as national charities with donations in the year being initiated from local teams up to Group. Not least is the huge initiative driven by PIB across the whole sector with the Insurance Day of Giving which in 2019 PIB raised over £10,000.

Beyond this, we have a comprehensive environmental plan both in terms of reducing our carbon footprint, recycling in all offices, etc. PIB have set up a new environmental working group to support and further develop the Group's environmental policy.

Principal risks and uncertainties

The following sets out the Group's principal risks with examples given of actions taken to mitigate them in line with agreed tolerances reviewed by the Group Audit, Risk & Compliance Committee and approved by the Group Board.

Decline in economic conditions

The Group operates predominantly in the UK and is affected by economic conditions in the UK and the associated possibility of decline in business and customer confidence. Recently, the Covid-19 pandemic has had an adverse impact on global commercial activity, including the global supply chain; and has contributed to significant volatility in financial markets, including, among others, a decline in equity markets, changes in interest rates and reduced liquidity. It has also resulted in increased travel restrictions and extended shutdowns of businesses in various industries including, among others, travel, trade, tourism, health systems and food supply, and significantly reduced overall economic output.

The Board has developed a strategy that is heavily focused on the achievement of long-term sustainable growth including a diversified business portfolio and the Board believes that this is the most effective way of mitigating the risk of general decline in economic conditions as a result of the Covid-19 pandemic. Other operational measures taken to mitigate the risks associated with Covid-19 include continued system development and enhancements to ensure consistency of speed, customer service and resilience. This has allowed employees across the Group to work remotely with secure access to all records and files they would normally have, resulting in minimal disruption to our service to clients. Credit control data continues to be closely monitored to identify any issues promptly and consequently consider any necessity for increasing bad debt provision.

Competitive markets risk

There is a risk to the business model arising from changes in insurance markets and customer behaviour, external events and risks arising from growth strategies. This is mitigated by regular Board review of strategic risks, a strategic planning process and due diligence and risk assessments.

Integration of acquired companies

Acquiring and integrating quality businesses is a central tenet of the Group's strategy. How these companies are acquired and integrated into the Group is crucial to retaining and growing value, thereby meeting client, employee and stakeholder requirements. This is managed by a clear, consistent and well governed acquisition process and a defined approach to integration monitored by the Group's Integration Committee.

Underwriting capacity risk

The Group is reliant on capacity providers to support its underwriting operations and delegated authority business. The Group manages this risk by constant monitoring and management of underwriting performance by the Underwriting Committee and proactive management of relationships with capacity providers.

Loss of key staff

There is a risk arising from the inability to retain key staff. As a provider of professional services, the Group's reputation is built on the quality of their key staff members. The Group mitigates this risk through commitment to employee engagement, empowering managers to act as 'owners' of the business, along with effective appraisal and development programs and succession planning processes.

Loss of key clients

The Group depends on underlying operations to ensure client satisfaction. The Covid-19 pandemic could materially disrupt our business operations and the services we provide, as well as the business operations of our clients, suppliers and other third parties with whom we interact. This risk is mitigated by contacting clients to outline the Group's response to Covid-19 and provide assurance and practical information regarding continuity of service. The impact of natural client turnover is mitigated by monitoring client service levels, diversification of business lines and distribution channels and the implementation of strong new business strategies. Whilst certain areas were more directly impacted such as those around the car sales industry and risk management, these have monitored closely and have seen significant and rapid recovery as restrictions were lifted.

Failure of IT systems

IT systems are a key part of the Group's business and any disruption of systems or the supporting infrastructure could adversely impact its operations, income and financial results. To mitigate this risk, investment has been made in robust and reliable IT systems and associated controls.

Accounting assumptions & estimates

The Group is required to make assumptions and judgmental estimates that affect the reported amounts of assets and liabilities and the disclosure of certain contingent assets and liabilities at the date of our financial statements. The Group manages this process by management and peer review of key assumptions and judgemental estimates.

Cashflow and liquidity risk

The group is dependent on cash flows from its trading operations, which in turn are reliant on the commissions earned in its subsidiaries. The Group is therefore exposed to the cyclical nature of the insurance industry. The Group manages this risk by focusing on niche profitable lines which are less subject to the cyclical nature of the wider market. Forecasting and cashflow monitoring are carried out to ensure that the capital structure is as efficient as possible.

Foreign currency

The Group's activities expose it to foreign exchange risks. This is mitigated by the Group regularly assessing foreign currency exposure and by using derivatives. A strategy of using preferential spot rates and select forward contracts for Euro and US Dollar denominated contracts are in place with proposals to extend further in 2020.

Errors and omissions

The Group is subject to risks arising from non-compliance or misinterpretation of local regulations and failure to meet regulatory standards in connection with the placement of insurance or the provision of financial services advice in the ordinary course of business. In the uncertain times around Covid-19, brokers have a key role to play to help consumers understand the market, the impact of Covid-19 and search the market for products that meet their demands and needs.

The Group mitigates these risks by ensuring that specific training is given in errors and omissions prevention, independent compliance monitoring and having strong procedural and system controls including a workflow management. In addition, the Group maintains Professional Indemnity insurance cover for errors and omissions claims. Whilst there is increased pressure within the sector around customers challenging around potential errors and omissions, the Group do not perceive we have any material increased exposure in this respect.

Regulatory risk

There is the risk arising from non-compliance or misinterpretation of local regulations and failure to meet regulatory standards. The Group manages this by having in place operational policies and procedures and regular ongoing quality and compliance audits. In addition, training and development is provided to staff and there is centralised risk and compliance training.

Political risk

Following the 2019 general election, the Prime Minister has been clear that he is driven to deliver Brexit with a transition period ending on 31st December 2020. We continue to believe that the direct impact on the Group will not be significant because it conducts only limited business within the EU and, importantly, because several additional mitigation strategies have been put in place during the course of 2019 to reduce the risk. However, the loss of passporting rights may affect the insurance markets in which the Group operates, possibly reducing insurance capacity, competition and choice.

Brexit could also lead to a general decline in economic conditions in the UK where the Group operates predominantly. The diversified business portfolio of the Group continues to mitigate the risk of a general decline in economic conditions.

Human rights & modern slavery

As a service-based insurance broking and employee benefits business we believe the risk of modern slavery and/or human trafficking in our business and supply chain is low. We respect and uphold the human rights and principles and we have a zero tolerance for modern slavery and human trafficking in our organisation and in our supply chain. Our supply chains include providers of professional services.

Anti-bribery / Whistleblowing

The Group is committed to conducting its business in an ethical, honest and transparent manner. Bribery and corruption are not consistent with PIBs values and present significant risks to its business. The Group has a zero-tolerance approach towards bribery and corruption, and is committed to the prevention, deterrence and detection of bribery, corruption and related offences.

PIB has a whistleblowing policy and dedicated hotline. This provides an alternative channel for those colleagues who might feel unable to report wrongdoing, or suspicions of wrongdoing, through their normal line management channels. The hotline allows employees to report issues or concerns online or by phone with complete confidence and without fear of dismissal or retaliation.

Events subsequent to the reporting date

On 14 February 2020 the Group acquired B. K. Insurance Brokers Limited. Established in 1981, BK Insurance Brokers provides insurance solutions to the Property, Corporate, Private Clients and SME sectors.

On 6 March 2020 the Group acquired R A Insurance Brokers Limited, a leading commercial insurance broker arranging business insurance protection for a range of business sectors. Other areas of strong expertise provided by RA Insurance Brokers include the hotel and property owners' sector, as well as domiciliary care, food, hospitality, marine and professional risks.

On 29 May 2020 the Group acquired Marx Re-Insurance Brokers GmbH, a reinsurance and insurance broking company with a global network of clients, who are based in Munich, Germany.

In addition, the Group also acquired books of business from Sanlam wealth Planning UK on 6 January 2020 and from Avidus Scott Lang on 1 April 2020.

In early 2020, the existence of a new coronavirus, Covid-19, was confirmed. The virus has since spread across the globe and on 11 March 2020 was characterised by the World Health Organisation as a pandemic. As countries and their Governments react to help contain or delay the spread of the virus, this has led to an increase in economic uncertainty, presenting the Group with increased business and operational risk.

The impact of Covid-19 is being felt by all businesses around the world and the lockdown measures that were instigated in March across the UK created some challenges within the Group. The fall in demand for daily rate car insurance as a result of the reduction in car sales across the UK has initially impacted Cooper Solutions and social distancing measures have impacted PIB Risk Management and its ability to deliver on site assessments and consultations. The easing of restrictions in June however is showing a number of positive signs in recovering performance in these lines. The used car market in England has bounced back to pre Covid-19 levels in June and Risk Management employees who were furloughed in May have now returned to work, due to a surge in demand for Risk Management services.

The business has run a series of stress tests to assess the impact of Covid-19 to the extent it would result in the Group not being a going concern. To that end, the scenarios would have to result in:

- A 27% reduction in Group income for the next 12 months;
- Cash drain that would consume the £11m un-committed loan facility available to the Group;
- Management taking no other corrective actions around the existing cost base including capital and revenue expenditure.

The Directors consider this scenario to be extremely remote. The Group is already out-performing its most recent quarterly reforecast and continues to work on acquiring a range of new businesses along with securing the associated credit facilities to purchase them.

The Group has taken action to ensure it continues to operate effectively and meet the needs of its clients. The Group continues to expect to meet its statutory and regulatory requirements. Although Covid-19 has impacted how the business operates, business continuity plans have been used which have ensured the Group is able to continue to support its clients and perform other functions for the Group. The Group has continued to deliver services and expect to continue to do so over the foreseeable future.

The Group continues to closely monitor the heightened risk arising from Covid-19 and take all appropriate steps to manage the impact on customers and other stakeholders.

In accordance with the guidance issued by the Financial Reporting Council, the emergence and spread of COVID-19 has been treated as a non-adjusting post balance sheet event under IAS 10 Events After the Reporting Period in these financial statements. It is not practical to provide further quantitative disclosure of the impact of COVID-19 on assets and liabilities.

The Strategic Report was approved by the board and is signed on its behalf by:

B McManus
Director
29 June 2020

PIB GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

Results and dividends
The results for the year are set out on page 17.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Going concern
The directors have a reasonable expectation that the Company and Group as a whole, has adequate resources to continue in operation for the foreseeable future. The Group therefore continues to adopt the going concern basis for preparing the annual financial statements (see note 1.3).

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

J Burr
B McManus
R Brown
C Giles

Qualifying third party indemnity provisions
The Group has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the reporting date. Additional cover for the directors against personal financial exposure has been made under a directors' and officers' liability insurance policy.

Political donations
The Group made no political contributions during the year (2018: £Nil).

Auditor
Deloitte LLP were appointed as auditor to the Group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Directors' responsibilities
The directors are responsible for preparing the Annual 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 IFRS as adopted by the European Union and Article 4 of the IAS Regulation. 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 Group and of the profit or loss of the Group for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group'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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Matters covered in the Strategic Report
As permitted by Paragraph 1A of Schedule 7 of the Large and Medium-sized Companies on Groups (Accounts and Reports) Regulations 2008 certain matters (including events subsequent to the reporting date, future developments, use of financial instruments) which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on pages 1 to 9.

The Director's Report was approved by the board on [date] and is signed on its behalf by:

B McManus
Director
29 June 2020

PIB GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PIB GROUP LIMITED

Opinion

In our opinion:

- the financial statements of PIB Group Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, which comprise:

- the consolidated statement profit or loss;
- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated statement of cash flows; and
- the related notes 1 to 35.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

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 our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors
As explained more fully in the Directors' Responsibilities Statement, 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of our audit:

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

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 and the Directors' Report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

We have nothing to report in respect of these matters.

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.

Mark McIlquham ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London
United Kingdom

29 June 2020

PIB GROUP LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £000	2018 £000
Revenue	3	123,321	106,795
Commissions paid		(16,868)	(13,104)
Gross profit		106,453	93,691
Salaries and associated costs		(57,622)	(54,303)
Other operating expenses		(28,185)	(29,993)
Amortisation and impairment of intangible fixed assets	12	(19,434)	(18,520)
Depreciation of property, plant and equipment	13	(1,466)	(1,297)
Depreciation and impairment of right-of-use assets	14	(2,970)	(2,153)
Loss on disposal of fixed assets		(8)	(22)
	4	(3,232)	(12,597)
Operating profit/(loss) before the items identified below		2,338	(4,914)
Costs to acquire businesses		(2,785)	(2,265)
Restructuring cost		(1,537)	(1,430)
IT and infrastructure integration costs		(1,156)	(2,355)
Business line closure and alignment		(92)	(1,633)
	4	(3,232)	(12,597)
Finance income from group undertakings	8	242	134
Finance income	8	462	653
Finance costs	9	(9,161)	(6,589)
Other gains and losses	10	(557)	(385)
Loss before tax		(12,246)	(18,784)
Income tax credit	11	4,450	1,263
Loss for the year		(7,796)	(17,521)

The statement of profit or loss has been prepared on the basis that all operations are continuing operations.

The loss for the year is attributable to the owners of the parent.

The accompanying notes are an integral part of the financial statements.

PIB GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £000	2018 £000
Loss for the year	(7,796)	(17,521)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Foreign exchange differences on translation of foreign operations	(14)	-
Total items that may be reclassified subsequently to profit or loss	(14)	-
Total comprehensive loss for the year	(7,810)	(17,521)

The comprehensive loss for the year is attributable to the owners of the parent.

PIB GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Notes	2019 £000	2018 £000	2017 £000
Non-current assets				
Goodwill	12	97,793	75,298	55,224
Intangible assets	12	184,823	139,643	118,553
Property, plant and equipment	13	2,696	3,002	2,738
Right-of-use assets	14	11,619	7,710	6,473
Financial assets	15	2,491	2,230	1,777
Contract assets	20	595	1,696	1,696
		300,017	229,579	186,461
Current assets				
Inventories		-	39	40
Trade and other receivables	18	28,516	19,150	14,431
Current tax recoverable		986	291	24
Cash and cash equivalents	19	77,584	58,369	46,006
Contract assets	20	6,627	6,220	2,005
Derivative financial instruments	21	50	32	4
		113,763	84,101	62,510
Total assets		413,780	313,680	248,971
Current liabilities				
Trade and other payables	23	104,043	65,847	55,618
Lease liabilities	14	2,992	2,475	1,308
Contract liabilities	20	4,596	3,392	1,446
Provisions	25	192	288	134
		111,823	72,002	58,506
Net current assets		1,940	12,099	4,004
Non-current liabilities				
Trade and other payables	23	1,667	2,948	2,427
Lease liabilities	14	9,218	5,544	5,083
Borrowings	22	144,983	87,547	35,814
Provisions	25	193	314	-
Deferred tax liabilities	24	25,770	20,206	18,543
		181,831	116,559	61,867
Total liabilities		293,654	188,561	120,373
Net assets		120,126	125,119	128,598

PIB GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2019

	Notes	2019 £000	2018 £000	2017 £000
Equity				
Called up share capital	**28**	167	164	149
Share premium account		162,918	160,104	146,077
Other reserves		(14)	-	-
Retained earnings		(42,945)	(35,149)	(17,628)
Total equity		120,126	125,119	128,598

The accompanying notes are an integral part of the financial statements.

The financial statements were approved by the board of directors and authorised for issue on 29 June 2020 and are signed on its behalf by:

R Brown
Director

Company Registration No. 09900466

PIB GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £000	Share premium account £000	Other reserves £000	Retained earnings £000	Total £000
Balance at 1 January 2018		149	146,077	-	(17,628)	128,598
Loss for the year		-	-	-	(17,521)	(17,521)
Issue of share capital	28	15	14,027	-	-	14,042
Balance at 31 December 2018		164	160,104	-	(35,149)	125,119
Balance at 1 January 2019		164	160,104	-	(35,149)	125,119
Loss for the year		-	-	-	(7,796)	(7,796)
Other comprehensive income		-	-	(14)	-	(14)
Issue of share capital	28	3	2,814	-	-	2,817
Balance at 31 December 2019		167	162,918	(14)	(42,945)	120,126

There were no dividends recognised as distributions to the owners during the year (2018: £Nil). No dividends have been proposed or declared before the financial statements have been authorised for issue.

PIB GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £000	£000	2018 £000	£000
Cash flows from operating activities					
Cash generated from operations	34		25,897		7,973
Income taxes paid			(817)		(1,506)
Net cash inflow from operating activities			25,080		6,467
Investing activities					
Acquisition of businesses		(46,701)		(42,224	
Payment of deferred consideration		(3,954)		(6,785	
Payment of contingent consideration		(7,288)		(6,653	
Cash acquired on acquisitions	29	12,214		8,112	
Purchase of intangible assets	12	(6,872)		(2,816	
Purchase of property, plant and equipment	13	(823)		(1,536	
Proceeds on disposal of property, plant and equipment		207		198	
Proceeds on disposal of other investments		909		34	
Interest received		462		653	
Repayment of derivatives		(18)		-	
Net cash used in investing activities			(51,864)		(51,017)
Financing activities					
Proceeds from issue of shares		205		12,446	
Proceeds from related company loan		55,820		50,271	
Repayment of lease liabilities		(3,301)		(2,157	
Interest paid		(6,725)		(3,647	
Net cash generated from financing activities			45,999		56,913
Net increase in cash and cash equivalents			19,215		12,363
Cash and cash equivalents at beginning of year			58,369		46,006
Cash and cash equivalents at end of year	19		77,584		58,369

1 Accounting policies

Company information
PIB Group Limited is a private company limited by shares incorporated in England and Wales. The registered office is Rossington's Business Park, West Carr Road, Retford, Nottinghamshire, DN22 7SW.

The principal activities of the Group and the nature of the Group's operations are set out in the strategic report.

1.1 Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, (except as otherwise stated). These are the Group's first consolidated financial statements prepared in accordance with IFRS (see note 35 for explanation of the transition to IFRS).

The financial statements are prepared in sterling, which is the currency of the primary economic environment in which the Group operates. Monetary amounts in these financial statements are rounded to the nearest £'000. Foreign operations are included in accordance with the policies set out in note 1.21.

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

1.2 Adoption of new and revised standards

The Group has early adopted the following amendments to standards, the effect of which was not material:

Amendments to IAS 1 and IAS 8 'Definition of Material': and
Amendments to IFRS 3 'Definition of Business'.

There are no standards, amendments to standards or interpretations which are not yet effective and that are expected to materially impact the Group's financial statements.

1.3 Going concern

The directors evaluate at each annual period whether there are conditions or events, considered in the aggregate, that raise a material uncertainty about the Group's ability to continue as a going concern within one year after the date that the financial statements are issued. The directors' evaluation is based on relevant conditions and events that are known and reasonably knowable at the date that the financial statements are issued.

In light of the on-going uncertainty regarding the impact of Covid-19 the Group has performed additional activity as part of its monthly management activity around its financial position and future performance. Specifically, the Group has conducted stress testing around current and future performance to demonstrate it has sufficient cash resources and has no concerns over the ability to meet its current and future commitments. Well established business continuity plans have been used and the Group is able to continue to support its clients and expects to be able to do so for the foreseeable future. As such, the directors have no reason to believe there is a material uncertainty that would prevent them from continuing to adopt a going concern basis of accounting in preparing the financial statements.

1 Accounting policies

1.4 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue would be initially recognised in the latter of the period in which the provision was invoiced or the performance obligation was delivered e.g. a policy placed was incepted. Where a service has a performance obligation that spans beyond a single event, that revenue will be deferred over the period of the performance obligation to extent it can be reasonably forecasted. This may include both directly contracted elements e.g. fixed number of customer visits, or reactive activity such processing customer insurance claims.
The business has determined that as significant judgement, where a performance obligation period spans a financial period end, the associated revenue and costs will be deferred into the following period in proportion to the balance of the remaining obligation period. This reflects the most reasonable approach given the variability of forecasting when a single contract performance obligation will be met in the following period.

Where an element of revenue has variable consideration such as annual profit commissions, this will be recognised in the reporting period to which the performance obligations relate to. A prudent estimate will be established to reflect the most probable recoverable value incorporating appropriate estimates. The estimate will reflect suitable risk variables including anticipated post-period claims where they adjust the amounts receivable as well as prior performance of comparable products where appropriate.

A provision is established for post period credit notes which reflects cancellations and changes to financial period. For revenues generated from policy placement, the early cessation of a policy is a direct financial relationship between insurer and ultimate customer and does not impact on the commission or fee due.

In line with revenue recognition in accordance with paragraphs 91 and 95 of IFRS15, the business has established an estimate of costs to obtain and costs to fulfil the contract. These estimates reflect the operational lead time and therefore associated resource in both initial capture and delivery of the revenue source. These are reviewed annually to establish the associated amortisation, additions or impairments in the contractasset.

The Group utilises the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less. The Group also utilises the practical expedient to not adjust the promised amount of consideration for the effects of a significant financing component if the Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

1.5 Commissions paid

Commissions paid relate to fees to paid to agents for the introduction of clients. They are recognised at the later of the inception date or transaction date of the underlying policy to which they relate. The amounts recognised are the net amounts owed to the introducer.

1 Accounting policies

1.6 Goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less impairment losses.

The gain on a bargain purchase is recognised in profit or loss in the period of the acquisition.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not subsequently reversed. On disposal of a cash-generating unit, attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1.7 Intangible assets other than goodwill

Intangible assets with finite useful lives acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Intangible assets relate to computer software, licenses and customer relationships. Customer relationships relate to assets such as customer lists and access to distribution networks that arise on the acquisition of businesses.

Software	3-5 years on a straight line basis
Patents and licenses	5 years on a straight line basis
Customer relationships	10 years on a straight line basis

1.8 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Over the term of the lease
Office equipment	4 years on a straight line basis
Computer Hardware	3 years on a straight line basis
Motor vehicles	4 years on a straight line basis

1 Accounting policies

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of profit or loss.

1.9 Leases

The Group has entered into contracts as a lessee. It assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses the interest rate implicit in the lease and where that is not readily determinable, its incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset. The Group did not make any such adjustments during the periods presented.

Short-term leases and leases of low-value assets

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient for car leases. The Group applies the short-term lease recognition exemption to its short-term leases which are those leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense in the statement of profit or loss on a straight-line basis over the lease term.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

1 Accounting policies

1.10 Impairment of tangible and intangible assets

At each reporting end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.11 Inventories

Inventories held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

1.12 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in bank, bank deposits and petty cash. Whilst held in the Group's regulatory trust accounts under appropriate client money regulation, fiduciary funds held are controlled by the Group and economic benefits are derived from them. As such these funds are recognised as an asset on the Group's statement of financial position.

1.13 Financial assets

Financial assets are recognised in the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument.

On initial recognition, financial assets are measured at fair value and either classified as financial assets at fair value through profit or loss or loans and receivables.

Financial assets at fair value through profit or loss

Equity instruments and derivative assets have been mandatorily classified as fair value through profit or loss.

1 Accounting policies

Loans and receivables

Trade receivables, other debtors, preference shares, profit commission and amounts due from related parties that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss (FVTPL), are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.14 Financial liabilities

Financial liabilities are recognised in the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument.

On initial recognition, financial liabilities are measured at fair value and classified as either subsequently measured at amortised cost or as financial liabilities at fair value through profit or loss.

Financial liabilities measured at amortised cost

Borrowings, trade and other payables and deferred consideration are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Financial liabilities at fair value through profit or loss

Derivative liabilities are mandatorily classified as fair value through profit or loss. Contingent consideration is subsequently measured at fair value through profit or loss in accordance with IFRS 3 Business Combinations.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1 Accounting policies

1.15 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Group.

1.16 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are classified as current.

1.17 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1 Accounting policies

1.18 Provisions

Provisions are recognised when the Group has a legal or constructive present obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for the costs to restore leased plant assets to their original condition, as required by the terms and conditions of the lease, are recognised when the obligation is incurred, either at the commencement date or as a consequence of having used the underlying asset during a particular period of the lease, at the directors' best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

1.19 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.
The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.20 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.21 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the statement of profit or loss for the period.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

There were no critical judgements made that had a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Impairment of assets

The Group 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 Group evaluates, among other factors, the duration and extent to which the fair value of an asset is less than its cost; and the financial health of and near-term business outlook for the asset, including factors such as industry and sector performance, changes in regional economies and operational and financing cash flow.

As a result of this assessment, an impairment loss of £Nil (2018: £860k) relating to software was recognised in the year.

Revenue recognition

The Group has entered into profit sharing arrangements with insurers. The timing and amount of such variable revenue is inherently uncertain. At each reporting date, the Group measures the outstanding revenue on a best estimate basis to the extent that a significant reversal will not occur.

The carrying amount of profit commission receivable as at the reporting date was £6,137k (2018: £7,080k).

Cost of fulfilment asset

The Group recognises a cost of fulfilment asset that represents time spent by staff in the placement of new and renewed policies. The value of that asset is estimated by way of surveying management for their estimate, on a line of business basis, of time spent by staff of various job descriptions on those activities.

The carrying amount of this cost of fulfilment asset at the end of the reporting period was £1,085k (2018: £836k)

2 Critical accounting judgements and key sources of estimation uncertainty

Lease discount rate
The lease liability is recognised as the future payments remaining under a lease term discounted by the discount rate implicit in the lease. Leases for premises do not have an implicit discount rate and therefore an incremental borrowing rate is estimated which reflects the rate of interest that the Group would need to pay to borrow over a similar term and with a similar security and the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The Group has used the interest rate on its bank loan facility as the starting point for this rate and then applied specific factors such as term and lessee credit rating to estimate the most appropriate rate on a lease by lease basis.

The carrying amount of the lease liability at the end of the reporting period was £12,210k (2018: £8,019k).

3 Revenue

An analysis of the group's revenue is as follows:

	2019	2018
	£000	£000
Brokerage fees and commission	119,403	103,617
Risk management and consultancy fees	3,918	3,178
	123,321	106,795

4 Operating loss

	2019	2018
	£000	£000
Operating loss for the year is stated after charging/(crediting):		
Foreign exchange losses/(gains)	31	(33)
Depreciation of property, plant and equipment	1,466	1,297
Loss on disposal of property, plant and equipment	8	22
Amortisation and impairment of intangible assets	19,434	18,520
Depreciation and impairment of right-of-use assets	2,970	2,153

5 Auditor's remuneration

	2019 £000	2018 £000
Fees payable to the Group's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	15	15
Audit of the financial statements of Group subsidiaries	578	435
	593	450
For other services		
Audit-related client money assurance services	292	295
Taxation compliance services	9	9
Corporate finance services	617	244
Total non-audit fees	918	548

6 Employees

The average monthly number of persons (including directors) employed by the Group during the year was:

	2019 Number	2018 Number
Directors	4	4
Employees	1,198	1,100
	1,202	1,104

Their aggregate remuneration comprised:

	2019 £000	2018 £000
Wages and salaries	48,813	45,596
Social security costs	5,432	5,097
Pension costs	2,398	2,197
	56,643	52,890

7 Directors' remuneration

	2019 £000	2018 £000
Remuneration for qualifying services	775	642
Group pension contributions to defined contribution schemes	25	24
	800	666

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2018 - 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2019 £000	2018 £000
Remuneration for qualifying services	378	348

8 Finance income

	2019 £000	2018 £000
Financial assets measured at amortised cost		
Interest receivable from group undertakings	242	134
Interest receivable and similar income	462	653
Total finance income	704	787

Interest receivable from group undertakings relates to preference share dividends receivable on Ivy Topco Limited preference shares held by the Group (see note 15).

Interest receivable and similar income relates to interest on bank deposits.

9 Finance costs

	2019 £000	2018 £000
Financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	137	1
Interest on loan notes	1,276	1,148
Interest on loan from related parties	6,589	3,960
Interest on lease liabilities	613	396
Total interest expense	8,615	5,505
Unwinding of discount on contingent consideration	390	1,084
Unwinding of discount on deferred consideration	156	-
Total unwinding of discount	546	1,084
Total finance costs	9,161	6,589

10 Other gains and losses

	2019 £000	2018 £000
Net gain/(loss) on financial liabilities mandatorily measured at fair value through profit or loss:		
Contingent consideration	(557)	(385)

11 Income tax credit

	2019 £000	2018 £000
Current tax		
UK corporation tax on profits for the current period	(156)	-
Adjustments in respect of prior periods	(212)	309
Total current tax	(368)	309
Deferred tax		
Origination and reversal of temporary differences	(3,490)	(1,323)
Adjustment in respect of prior periods	(592)	(249)
Total deferred tax	(4,082)	(1,572)
Total tax credit	(4,450)	(1,263)

11 Income tax credit

The credit for the year can be reconciled to the loss per the statement of profit or loss as follows:

	2019 £000	2018 £000
Loss before taxation	(12,246)	(18,784)
Expected tax charge/(credit) based on a corporation tax rate of 19.00%	(2,327)	(3,569)
Expenses not deductible in determining taxable profit	715	1,738
Income not taxable	(405)	(25)
Unutilised tax losses carried forward	(1,771)	77
Adjustment in respect of prior years	(987)	68
Group relief	(125)	(39)
Permanent capital allowances in excess of depreciation	504	554
Other non-reversing timing differences	(54)	(67)
Tax credit for the year	(4,450)	(1,263)

12 Intangible assets

	Goodwill	Software	Patents & licences	Customer relationships	Total
	£000	£000	£000	£000	£000
Cost					
At 1 January 2018	61,683	2,465	1,377	126,886	192,411
Reclassification to tangible fixed assets	-	150	-	-	150
Other reclassifications	-	1,890	(1,348)	-	542
Additions	-	2,816	-	-	2,816
Additions - business combinations	19,353	1,007	-	36,964	57,324
Disposals	-	(1,239)	-	-	(1,239)
At 31 December 2018	81,036	7,089	29	163,850	252,004
Additions	-	6,872	-	-	6,872
Additions - business combinations	22,495	173	-	57,753	80,421
Disposals	-	(76)	-	-	(76)
At 31 December 2019	103,531	14,058	29	221,603	339,221
Amortisation and impairment					
At 1 January 2018	6,459	125	463	11,587	18,634
Other reclassifications	(721)	976	(434)	721	542
Charge for the year	-	2,257	-	15,403	17,660
Impairment loss for the year	-	860	-	-	860
Additions - business combinations	-	587	-	-	587
Disposals	-	(1,220)	-	-	(1,220)
At 31 December 2018	5,738	3,585	29	27,711	37,063
Charge for the year	-	1,358	-	18,076	19,434
Additions - business combinations	-	158	-	-	158
Disposals	-	(50)	-	-	(50)
At 31 December 2019	5,738	5,051	29	45,787	56,605
Carrying amount					
At 31 December 2019	97,793	9,007	-	175,816	282,616
At 31 December 2018	75,298	3,504	-	136,139	214,941
At 31 December 2017	55,224	2,340	914	115,299	173,777

The other reclassifications in 2018 relate partly to assets being recategorised between classes in order to better reflect their substance and partly to a presentational change where assets acquired on business combinations are included at their grossed up cost and accumulated amortisation amounts instead of being included within cost at net book value. The impairment loss in 2018 relates to a software system becoming obsolete on the closure of a line of business.

There are no accumulated impairment losses recognised in respect of goodwill as at 31 December 2019 (2018: £Nil).

12 Intangible assets

Impairment tests for goodwill

Goodwill is allocated to the Group's identified cash generating units (CGUs) according to how acquired businesses have been integrated into the Group.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial forecasts approved by management covering a three year period followed by extrapolated cash flows based on the 2022 forecast and a steady perpetual growth rate.

The net book value of goodwill by CGU is shown in the table below:

	2019 £000	2018 £000	2017 £000
Cooke & Mason	7,017	7,017	7,017
Channel Insurance Brokers	291	291	291
CMR Insurance Services	1,211	-	-
Cobra	8,853	-	-
Cooper Solutions	7,850	-	-
DE Ford Insurance	5,705	5,705	5,705
PIB Insurance Brokers and PIB Employee Benefits	11,146	11,146	3,385
PIB Risk Management	516	449	181
Wilby	3,240	3,240	-
Wheatley Wright and ORS	5,973	5,973	-
Fish Administration	5,746	5,746	5,746
aQmen	3,900	3,900	3,900
Morton Michel	3,489	3,489	3,093
Thistle	9,185	9,185	9,185
i2 Healthcare	2,415	2,415	-
TFP Schemes	7,298	7,298	7,298
Citynet	9,444	9,444	9,423
Optis	4,514	-	-
Total	97,793	75,298	55,224

The key assumptions used in the value-in-use calculations were:

A perpetual growth rate of 1.9% *per year has been used from* 2023 *onwards which is based on the expected* rate of CPI for 2020.

A discount rate of 9.7% has been used which is an estimated market participant weighted average cost of capital.

The three year forecasts are based on historical performance, management expectations of revenue growth and savings from committed integration initiatives.

12 Intangible assets

The key sensitivity analyses are:

The key assumptions to which the recoverable amount is most sensitive is the EBITDA growth rates in the three year forecast and the perpetual growth rate. Sensitivity analysis was performed whereby these key assumptions were subjected to reasonable changes. The sensitivity was tested for the following three scenarios:

- Scenario one: Reduction of perpetual growth rate to 0%
- Scenario two: Reduction of forecasted three year EBITDA growth rates to 0%
- Scenario three: Applying scenarios one and two simultaneously

Scenario one resulted in no impairment charges for any of the CGU's. Scenario two resulted in the carrying amount of Cooper Solutions exceeding its recoverable amount by £4,001k and under scenario three that amount increased to £8,959k. There were no impairments arising for other CGU's in any of the three scenarios.

Management do not consider the Cooper Solutions CGU to be impaired based on these results. This is based on the likelihood of the sensitised scenarios occurring and the mitigating actions open to management such as further reduction in discretionary costs and other cost optimisation actions.

No further reasonably possible changes in these assumptions alone would result in an impairment to any other CGU.

13 Property, plant and equipment

	Leasehold improvements	Office equipment	Computer Hardware	Motor vehicles	Total
	£000	£000	£000	£000	£000
Cost					
At 1 January 2018	442	1,831	934	386	3,593
Reclassification from intangible fixed assets	-	-	(150)	-	(150)
Other reclassifications	1,529	271	1,405	63	3,268
Additions	302	137	1,097	-	1,536
Additions - business combinations	432	534	1,583	25	2,574
Disposals	(3)	(28)	(92)	(216)	(339)
At 31 December 2018	2,702	2,745	4,777	258	10,482
Additions	171	101	551	-	823
Additions - business combinations	357	214	489	158	1,218
Disposals	(36)	(31)	(37)	(332)	(436)
At 31 December 2019	3,194	3,029	5,780	84	12,087
Accumulated depreciation and impairment					
At 1 January 2018	101	565	131	58	855
Other reclassifications	1,352	994	836	86	3,268
Charge for the year	168	341	714	74	1,297
Additions - business combinations	275	454	1,466	-	2,195
Disposals	(3)	(2)	(14)	(116)	(135)
At 31 December 2018	1,893	2,352	3,133	102	7,480
Charge for the year	263	227	949	27	1,466
Additions - business combinations	78	143	399	73	693
Disposals	(31)	(30)	(33)	(154)	(248)
At 31 December 2019	2,203	2,692	4,448	48	9,391
Carrying amount					
At 31 December 2019	991	337	1,332	36	2,696
At 31 December 2018	809	393	1,644	156	3,002
At 31 December 2017	341	1,266	803	328	2,738

The other reclassifications in 2018 relate partly to assets being recategorised between classes in order to better reflect their substance and partly to a presentational change where assets acquired on business combinations are included at their grossed up cost and accumulated depreciation amounts instead of being included within cost at net book value.

14 Leases

The material leases held by the Group are for property and motor vehicles. Property leases typically run for a period of five to ten years but can be considerably longer. Motor vehicle leases are typically three years.

Lease payments on properties may be subject to a review every few years. Many of the Group's long-term contracts have an option to terminate the lease prior to its end date. However, in most cases, termination options are not reasonably certain to be exercised so that the lease liability reflects all lease payments through to the ultimate end date of the lease.

Right-of-use assets	**Property £000**	**Motor vehicles £000**	**Total £000**
Cost			
At 1 January 2018	6,024	449	6,473
Additions	1,730	519	2,249
On acquisition	1,063	78	1,141
Disposals	(24)	-	(24)
At 31 December 2018	8,793	1,046	9,839
Additions	4,403	323	4,726
On acquisition	2,045	108	2,153
Disposals	(768)	(145)	(913)
At 31 December 2019	14,473	1,332	15,805
Accumulated depreciation			
At 1 January 2018	-	-	-
Charge for the year	1,594	310	1,904
Impairment	249	-	249
Disposals	(24)	-	(24)
At 31 December 2018	1,819	310	2,129
Charge for the year	2,340	452	2,792
Impairment	178	-	178
Disposals	(768)	(145)	(913)
At 31 December 2019	3,569	617	4,186
Carrying amount			
At 31 December 2019	10,904	715	11,619
At 31 December 2018	6,974	736	7,710
At 31 December 2017	6,024	449	6,473

14 Leases

Lease liabilities

The maturity analysis of lease liabilities is shown below:	2019 £000	2018 £000	2017 £000
Maturity analysis			
Within one year	3,076	2,543	1,345
In one to five years	8,194	4,579	4,035
In over five years	3,861	2,942	2,861
	15,131	10,064	8,241
Less: unearned interest	(2,921)	(2,045)	(1,850)
	12,210	8,019	6,391
Analysed as:			
Current	2,992	2,475	1,308
Non-current	9,218	5,544	5,083
	12,210	8,019	6,391

The Group does not face a significant liquidity risk with regard to its lease liabilities. The total cash outflow for leases, including short-term leases and leases of low value assets was £5,556k (2018: £4,714k).

	2019 £000	2018 £000
Amounts recognised in the statement of profit or loss		
Depreciation and impairment of right-of-use assets	2,970	2,153
Interest expense on lease liabilities	613	396
Expense relating to short-term leases	1,117	1,467
Expense relating to leases of low value assets	211	259
Expenses relating to variable lease payments	1,019	841

The variable lease payments relate to service charges. The expenses relating to short-term leases, low value leases and variable lease payments are presented within other operating expenses.

15 Financial assets

	2019 £000	2018 £000	2017 £000
Financial assets measured at amortised cost			
Shares in ultimate parent company	2,291	2,048	1,595
Financial assets mandatorily measured at fair value through profit or loss			
Other investments	200	182	182
	2,491	2,230	1,777

The shares in ultimate parent company represents 1,508,698 (2018: 1,508,698) preference shares issued by Ivy Topco Limited. These preference shares are recorded at amortised cost and their carrying amount includes accrued dividends. They are redeemable on 21 April 2026 and carry a fixed cumulative dividend of 12%, compounding annually on 31 December. These shares do not carry voting rights.

The other investments mainly relate to a minority equity shareholding in ProAktive Risk Group Limited which has a fair value of £182k (2018: £182k).

Movements in financial assets

	Shares in ultimate parent company £000	Other investments £000	Total £000
Cost or valuation			
At 1 January 2019	2,048	182	2,230
Additions on business combinations	-	18	18
Accrued dividends	243	-	243
At 31 December 2019	2,291	200	2,491
Carrying amount			
At 31 December 2019	2,291	200	2,491
At 31 December 2018	2,048	182	2,230

Management have considered that there has not been a significant rise in credit risk since these assets were initially recognised. This follows an assessment of growth, ability to raise finance and the stability of the markets in which they operate. In assessing 12 month Expected Credit Losses (ECL), management have considered similar factors and the financial support available to the ultimate parent company. The possibility of a default in the 12 months following the reporting date is negligible and the ECL is therefore nil.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.

16 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Registered Office	Country of incorporation	Ownership interest (%)	Nature of business
Alto Insurance Group Limited	Rossington's Business Park, West Carr Road, Retford, Nottinghamshire, DN22 7SW	England	100	Intermediate holding company
aQmen Holdings Limited	As above	England	100	Intermediate holding company
aQmen Limited	As above	England	100	Insurance brokers
BKG West Limited	As above	England	100	Insurance brokers
Case Insurance Services Limited	As above	England	100	Insurance brokers
Chester Crown Holdings Limited	As above	England	100	Intermediate holding company
Citynet Insurance Brokers Limited	As above	England	100	Insurance brokers
Citynet London Holdings Limited	As above	England	100	Intermediate holding company
CMR Insurance Services Limited	As above	England	100	Insurance brokers
Cobra Corporate Solutions Limited	As above	England	100	Insurance brokers
Cobra GAL (Holdings) Limited	As above	England	100	Intermediate holding company
Cobra Holdings Limited	As above	England	100	Intermediate holding company
Cobra Insurance Brokers Limited	As above	England	100	Insurance brokers
Cobra London Markets Limited	As above	England	100	Insurance brokers
Cobra Network Limited	As above	England	100	Insurance brokers
Cobra Resource Management Limited	As above	England	100	Insurance brokers
Cobra Underwriting Agencies Limited	As above	England	100	Insurance brokers
Cooper Solutions Limited	As above	England	100	Insurance brokers
D. E. Ford Holdings Limited	As above	England	100	Intermediate holding company
D. E. Ford (Insurance Brokers) Limited	As above	England	100	Insurance brokers
ENSCO 1069 Limited	As above	England	100	Employee benefit trust
Fish Administration Limited	As above	England	100	Insurance brokers
i2 Healthcare Limited	As above	England	100	Insurance brokers
Lorica Insurance Brokers Limited	As above	England	100	Insurance brokers
Morton Michel Holdings Limited	As above	England	100	Intermediate holding company
Morton Michel Limited	As above	England	100	Insurance brokers
Online Risk Solutions Limited	As above	England	100	Insurance brokers
Philip Paul & Associates Limited	As above	England	100	Insurance brokers
PIB Employee Benefits Limited	As above	England	100	Employee benefit services
PIB Employee Benefits Holdings Limited	As above	England	100	Intermediate holding company

16 Subsidiaries

PIB (Group Services) Limited	As above	England	100	Management company
PIB (Legacy EB) Limited	As above	England	100	Insurance brokers
PIB Risk Management Limited	As above	England	100	Risk management services
PIB Risk Services Limited	As above	England	100	Insurance brokers
Premier Business Cost Saving Specialists Limited	As above	England	100	Procurement services
QPI Legal Limited	As above	England	100	Insurance brokers
Robert Edwards Southern Limited	As above	England	100	Insurance brokers
Stephensons (2000) Limited	As above	England	100	Insurance brokers
Sue Smith Limited	As above	England	100	Health and safety services
Q Underwriting Limited	As above	England	100	Insurance brokers
Thistle Insurance Services Limited	As above	England	100	Insurance brokers
Wheatley Wright Insurance Services Limited	As above	England	100	Insurance brokers
Wilby Limited	As above	England	100	Insurance brokers
Wilby Holdings Limited	As above	England	100	Intermediate holding company
Wilby (Group) Limited	As above	England	100	Intermediate holding company
Albany Asset Management Limited	5th Floor Stock Exchange Court, 77 Nelson Mandela Place, Glasgow, Lanarkshire, G2 1QY	Scotland	100	Insurance brokers
Carmichael (Aberdeen) Limited	14 Golden Square, Aberdeen, AB10 1RH	Scotland	100	Insurance brokers
Channel Insurance Brokers Limited	PO Box 664, No 4 South Esplanade, St Peter Port, Guernsey, GY1 1AN	Guernsey	100	Insurance brokers
Optis Insurances Limited	Unit 1, Knightsbrook Square, Knightsbrook, Trim, Co.Meath, Ireland, C15 AN81	Ireland	100	Insurance brokers
PIB Insurance (Europe) Limited	25-28 North Wall Quay, Dublin 1, Ireland, D01 H104	Ireland	100	Intermediate holding company

All subsidiaries above have been included within these consolidated financial statements.

17 Subsidiary guarantees

As a parent company established under the law of the UK (an EEA state) for the 12 month period ended 31 December 2019, PIB Group Limited took advantage of the exemption from audit under section 479A of the Companies Act 2006 for the following subsidiary undertakings:

- Albany Asset Management Limited (SC188800)
- Alto Insurance Group Ltd (07903709)
- aQmen Holdings Limited (10153214)
- aQmen Limited (05769545)
- BKG West Limited (04320747)
- Carmichael (Aberdeen) Limited (SC161121)
- Case Insurance Services Limited (07456845)
- Chester Crown Holdings Limited (06654784)
- Citynet London Holdings Limited (08218863)
- CMR Insurance Services Limited (03239596)
- Cobra Corporate Solutions Limited (03426633)
- Cobra GAL (Holdings) Limited (05074528)
- Cobra Holdings Limited (05548507)
- Cobra Insurance Brokers Limited (03233679)
- Cobra Network Limited (04628555)
- Cobra Resource Management Limited (05553037)
- Cobra Underwriting Agencies Limited (04731994)
- Cooper Solutions Limited (05168547)
- D. E. Ford Holdings Limited (08038956)
- D. E. Ford (Insurance Brokers) Limited (01282731)
- ENSCO 1069 Limited (09033987)
- Fish Administration Limited (04214119)
- i2 Healthcare Limited (06243798)
- Lorica Insurance Brokers Limited (01417032)
- Morton Michel Holdings Limited (07837994)
- Morton Michel Limited (05120835)
- Online Risk Solutions Limited (07822050)
- Philip Paul & Associates Limited (06762003)
- PIB Employee Benefits Holdings Limited (03702198)
- PIB (Group Services) Limited (10315628)
- PIB Insurance (Europe) Limited (642396)
- PIB (Legacy EB) Limited (10315612)
- PIB Risk Management Limited (07473310)
- Premier Business Cost Saving Specialists Limited (07966466)
- QPI Legal Limited (05160880)
- Robert Edward (Southern) Limited (02278009)
- Stephensons (2000) Limited (03900356)
- Sue Smith Limited (07605649)
- Wheatley Wright Insurance Services Limited (04664478)
- Wilby (Group) Limited (07834330)
- Wilby Holdings Limited (062920259)
- Wilby Limited (02592184)

PIB Group Limited guarantees the subsidiaries above under section 479C of the Companies Act 2006 in respect of the year ended 31 December 2019. The aggregate carrying value of liabilities guaranteed by the company under the use of this exemption at the end of the reporting date was £38,452k (2018: £13,148k).

18 Trade and other receivables

	2019 £000	2018 £000	2017 £000
Trade receivables	20,491	14,310	10,639
Other debtors	2,356	1,105	764
Amounts due from related parties	655	316	101
Prepayments	5,014	3,419	2,927
	28,516	19,150	14,431

19 Cash and cash equivalents

	2019 £'000	2018 £'000	2017 £'000
Office cash	16,443	12,566	11,980
Client cash	61,141	45,803	34,026
	77,584	58,369	46,006

20 Contract balances

	2019 £'000	2018 £'000	2017 £'000
Current contract assets			
Cost of fulfilment asset	1,085	836	625
Profit commission	5,542	5,384	1,380
	6,627	6,220	2,005

	2019 £'000	2018 £'000	2017 £'000
Non-current contract assets			
Profit commission	595	1,696	1,696

The cost of fulfilment asset relates to the time spent by staff in the placement of new and renewed policies in a reporting period prior to the recognition of the related revenue.

As the period of time over which these placement activities takes place is typically only up to two months, the full balance at the end of each reporting period has been released to the statement of profit or loss in the following year.

No impairment loss has been recognised in respect of the cost of fulfilment asset either in 2018 or 2019.

20 Contract balances

Management measure the loss allowance on profit commission at an amount equal to lifetime ECL. Taking into account the historical default experience and the future prospects of the insurance industry, the ECL has been assessed as nil. There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for profit commission.

	2019 £'000	2018 £'000	2017 £'000
Contract liabilities			
Claims handling obligations	925	886	378
Other deferred revenue	3,671	2,506	1,068
	4,596	3,392	1,446

All contract liabilities are due within 12 months.

21 Derivative financial instruments

As at the end of the year, there were EUR 2,850k (2018: 1,000k) of open forward contracts for sale to Sterling to purchase £2,509k (2018: £879k). The following table provides details relating to those contracts as at the reporting date:

As at 31 December 2019 **Expires**	**Amount** **€'000**	**Committed exchange rate** **%**	**Contracted value** **£000**	**Fair value** **£000**
15 October 2020	2,000	1.1331	1,765	39
1 September 2020	850	1.1423	744	11
				50

As at 31 December 2018 **Expires**	**Amount** **€'000**	**Committed exchange rate** **%**	**Contracted value** **£000**	**Fair value** **£000**
20 November 2019	1,000	1.1379	879	32

21 Derivative financial instruments

As at 31 December 2017	Amount	Committed exchange rate	Contracted value	Fair value
Expires	**€'000**	**%**	**£000**	**£000**
14 May 2018	250	1.1407	219	4
17 May 2018	250	1.1226	223	-
				4

22 Borrowings

	2019 £000	2018 £000	2017 £000
Unsecured borrowings at amortised cost			
Loans from related parties	133,066	76,907	26,313
Loan notes	11,917	10,640	9,501
	144,983	87,547	35,814

Ivy Finco Limited, the group's immediate parent company, has a borrowing facility in place which it draws down on and on lends to the Group on similar terms. The facility consists of a £204,000k senior six year term loan and a £10,000k super senior five and a half year revolving credit facility. The interest rate on the facility is 1 month LIBOR + 5.0% plus a commitment fee on any undrawn amount of the revolving credit facility.

The loan notes represent a principal of £7,826k (2018: £7,826k) plus accrued interest which is compounded annually on 31 December. The loan notes carry an effective interest rate of 12% and are redeemable in 2026 in full.

23 Trade and other payables

	2019 £000	2018 £000	2017 £000
Current			
Trade payables	61,879	46,479	35,946
Accruals	9,946	8,550	6,761
Deferred consideration	19,618	232	2,026
Social security and other taxation	2,126	2,342	1,429
Contingent consideration	9,305	7,298	8,734
Other creditors	1,169	946	722
	104,043	65,847	55,618

	2019 £000	2018 £000	2017 £000
Non-current			
Deferred consideration	191	-	-
Contingent consideration	1,476	2,948	2,427
	1,667	2,948	2,427

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Management consider that the carrying amount of trade payables approximates to their fair value.

24 Deferred taxation

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2019 £000	2018 £000	2017 £000
On acquisition of customer relationships	(29,862)	(23,229)	(18,452)
Accelerated tax depreciation	330	471	82
Short term timing differences	100	141	(773)
Unutilised losses	3,662	2,411	600
	(25,770)	(20,206)	(18,543)

Movements in the year:	**£000**
Net liability as at 1 January 2019	(20,206)
Credit to statement of profit or loss	4,082
On acquisition of business combinations	172
On acquisition of customer relationships	(9,818)
Net liability as at 31 December 2019	([illegible],770)

Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur and the corporation tax rate will be held at 19%. As substantive enactment is after the reporting date, deferred tax balances as at 31 December 2019 continue to be measured at a rate of 17%. If the amended tax rate had been used, the deferred tax liability would have been £3,032k higher.

25 Provisions for liabilities

	2019 £000	2018 £000	2017 £000
Dilapidations provision	193	182	126
Service charge provision	143	-	-
Other provisions	49	420	8
	385	602	134

25 Provisions for liabilities

Analysis of provisions

Provisions are classified based on the amounts that are due within the next 12 months and after more than 12 months from the reporting date, as follows:

	2019	2018	2017
	£000	£000	£000
Current liabilities	192	288	134
Non-current liabilities	193	314	-
	385	602	134

Movements on provisions:	Dilapidations provision	Service charge provision	Other provisions	Total
	£000	£000	£000	£000
At 1 January 2019	182	-	420	602
Additional provisions in the year	11	143	-	154
Utilisation	-	-	(371)	(371)
At 31 December 2019	193	143	49	385

Provisions have not been discounted as the effect of the time value of money is immaterial.

The following information describes how the best estimate for each provision has been calculated.

The Group has dilapidation provisions in respect of premises that it occupies. The provision relates to future reparation costs on these premises. The dilapidation costs have been estimated using the Group's past experience of similar expenses. Dilapidation payments are due at the earlier of the break option or end of the property lease.

The Group makes a service charge provision where the Group vacates a building and is still required to pay the service charge until the end of the contract. The unused rent element of the lease is recognised as an impairment to the associated right-of-use asset.

Other provisions relate to restructuring. The Group recognises a provision for restructuring when it has a legal or constructive obligation to carry out the restructuring. The restructuring may be the sale or termination of a line of business, the closure or relocation of business activities in a particular region, changes in management structure or any other reorganisations with a material effect on the entities operations. The Group only recognises the provision when it has a formal detailed plan and it has raised a valid expectation in those affected that it will carry out the restructuring. A restructuring provision has been recognised which relates to the closure of a business division in 2018.

26 Financial instruments

The carrying amounts of the group's financial assets and liabilities in each measurement category are as follows:

Financial assets	2019 £000	2018 £000	2017 £000
Measured at amortised cost:			
Shares in ultimate parent company	2,291	2,048	1,595
Trade receivables and other debtors	22,847	15,415	11,403
Profit commission	6,137	7,080	3,076
Amounts due from related parties	655	316	101
Cash at bank and in hand	77,584	58,369	46,006
	109,514	83,228	62,181
Mandatorily measured at fair value through profit or loss:			
Other investments	200	182	182
Derivative financial instruments	50	32	4
	250	214	186
	109,764	83,442	62,367

Financial liabilities	2019 £000	2018 £000	2017 £000
Measured at amortised cost:			
Loan notes	11,917	10,640	9,501
Deferred consideration	19,809	232	2,026
Loans from related parties	133,066	76,907	26,313
Trade payables and other creditors	63,048	47,425	36,668
	227,840	135,204	74,508
Mandatorily measured at fair value through profit or loss:			
Contingent consideration	10,781	10,246	11,161
	238,621	145,450	85,669

The carrying value of financial assets and liabilities held at amortised cost approximate to their fair value.

Financial instruments held at fair value

The disclosure of fair value measurements by level is assessed using the following fair value measurement hierarchy

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability (Level 2)
- inputs for the asset or liability that are not based on observable market data (Level 3)

The level 2 instruments are not traded in an active market and therefore their fair value has been determined using forward exchange rates or forward interest rates derived from market sourced data.

26 Financial instruments

The fair value of level 3 instruments have been determined using the probable cash flow profile using management forecast data, with the cash flows discounted back to present value.

The fair value of other investments has been estimated as cost due to insufficient recent available information being available to determine fair value. There are no indicators that cost is not representative of fair value.

Contingent consideration relates to estimated future earn out payments resulting from business combinations. Earn out payments are linear based on either revenue or EBITDAE and typically cover a period of one to two years. Estimates of these payments are made by reference to detailed reviews of historical performance, forecasts and expected customer retention. The estimated cashflows are discounted where material. Apart from where the earn out period has been completed, the range of outcomes has not changed during the year.

At 31 December 2019	Level 1 £000	Level 2 £000	Level 3 £000
Other investments	-	-	200
Derivative financial instruments	-	50	
Contingent consideration	-	-	(10,781)

At 31 December 2018	Level 1 £000	Level 2 £000	Level 3 £000
Other investments	-	-	182
Derivative financial instruments	-	32	-
Contingent consideration	-	-	(10,246)

At 31 December 2017	Level 1 £000	Level 2 £000	Level 3 £000
Other investments	-	-	182
Derivative financial instruments	-	4	-
Contingent consideration	-	-	(11,161)

26 Financial instruments

Reconciliation of movements in Level 3 financial instruments

	Other investments £000	Contingent consideration £000	Total £000
Balance at 1 January 2019	182	(10,246)	(10,064)
Gains and losses recognised in profit or loss	-	(557)	(557)
Acquisitions	18	(6,876)	(6,858)
Settlements	-	7,236	7,236
Unwinding of discount	-	(390)	(390)
Exchange differences	-	52	52
Balance at 31 December 2019	200	(10,781)	(10,581)

	Other investments £000	Contingent consideration £000	Total £000
Balance at 1 January 2018	182	(11,161)	(10,979)
Gains and losses recognised in profit or loss	-	(385)	(385)
Acquisitions	-	(4,268)	(4,268)
Settlements	-	6,652	6,652
Unwinding of discount	-	(1,084)	(1,084)
Balance at 31 December 2018	182	(10,246)	(10,064)

Sensitivity analysis on level 3 instruments

The other investments mainly relate to a minority non-quoted equity holding in ProAktive Risk Group Limited with a carrying value of £182k and which was acquired as part of an historical group acquisition. Any change in the carrying value of that asset would be offset by an equal and opposite change in contingent consideration as any proceeds from the disposal of the holding would be payable to the vendors under the terms of that acquisition.

The contingent consideration is dependent on the future revenue performance of certain historical group acquisitions. A 10% increase/(decrease) in performance over their remaining respective performance periods would result in a £602k increase/(decrease) in contingent consideration and a corresponding gain/loss in the statement of profit or loss.

27 Retirement benefit schemes

Defined contribution schemes	2019 £000	2018 £000
Charge to statement of profit or loss in respect of defined contribution schemes	2,398	2,197

The Group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

28 Share capital

	2019 £000	2018 £000	2017 £000
Ordinary share capital			
Issued and fully paid			
163,082,143 Ordinary A of £0.001 each	163	160	145
4,000 Ordinary B of £1 each	4	4	4
	167	164	149

The Company has two classes of ordinary shares neither of which carry a right to fixed income. All shares classes have full voting rights, the right to receive a dividend and the right on a distribution of capital (including on a winding up) to participate equally with the other shares in issue.

Reconciliation of movements in ordinary A shares during the year:

	Number
At 1 January 2019	160,264,867
Issue of fully paid shares	2,817,276
At 31 December 2019	163,082,143

29 Acquisitions

During the year the Group acquired the issued share capital of Optis Insurances Limited, Alto Insurance Group Limited (trading as the COBRA group of companies), Sue Smith Limited, CMR Insurance Services Limited and Cooper Solutions Limited. The summary of the acquired balances is detailed below:

Summary

	Book Value £000	Adjustments £000	Fair Value £000
Intangible fixed assets	15	57,753	57,768
Property, plant and equipment	525	-	525
Right-of-use assets	2,153	-	2,153
Other investments	425	504	929
Trade and other receivables	6,999	-	6,999
Cash and cash equivalents	12,214	-	12,214
Trade and other payables	(12,130)	-	(12,130)
Lease liabilities	(2,153)	-	(2,153)
Borrowings	(3,076)	-	(3,076)
Corporation tax	(490)	-	(490)
Deferred tax	172	(9,818)	(9,646)
Total identifiable net assets	4,654	48,439	53,093
Goodwill			22,495
Total consideration			75,588

The consideration was satisfied by:	£000
Cash	43,738
Deferred consideration	22,362
Contingent consideration	6,876
Issue of ultimate parent company shares	2,612
	75,588

Contribution by the acquired businesses for the reporting period since acquisition:	£000
Revenue	(8,489)
Profit before tax	2,939

If all of these acquisitions had completed on the first day of the reporting period, Group revenues would have been reported as £134,957k and loss before tax as £12,250k.

29 Acquisitions

The business combinations included within the summary above are shown individually below:

On 15 February 2019 the Group acquired 100% of the issued share capital of Optis Insurances Limited, a commercial insurance broker operating from Ireland:

	Book Value £000	Adjustments £000	Fair Value £000
Intangible fixed assets	-	7,539	7,539
Trade and other receivables	258	-	258
Cash and cash equivalents	1,650	-	1,650
Trade and other payables	(1,053)	-	(1,053)
Corporation tax	(14)	-	(14)
Deferred tax	34	(1,282)	(1,248)
Total identifiable net assets	875	6,257	7,132
Goodwill			4,514
Total consideration			11,646

The consideration was satisfied by:	£000
Cash	6,743
Deferred consideration	682
Contingent consideration	2,029
Issue of ultimate parent company shares	2,192
	11,646

Contribution by the acquired businesses for the reporting period since acquisition:	£000
Revenue	2,015
Profit before tax	1,618

If this acquisition had completed on the first day of the reporting period, Group revenues would have been reported as £123,511k and loss before tax as £12,431k.

Goodwill represents the assembled workforce, IT synergies and the opportunity to cross-sell group products.

The contingent consideration is linear based on a percentage of revenue and therefore the minimum payment is nil and the maximum is unlimited

29 Acquisitions

On 19 July 2019 the Group acquired 100% of the issued share capital of Alto Insurance Group Limited and its subsidiaries (trading as the COBRA group of companies), a commercial insurance broker operating from the UK:

	Book Value £000	Adjustments £000	Fair Value £000
Intangible fixed assets	-	19,243	19,243
Property, plant and equipment	452	-	452
Right-of-use assets	2,064	-	2,064
Other investments	410	504	914
Trade and other receivables	3,863	-	3,863
Cash and cash equivalents	4,980	-	4,980
Trade and other payables	(9,433)	-	(9,433)
Lease liabilities	(2,064)	-	(2,064)
Borrowings	(3,076)	-	(3,076)
Corporation tax	33	-	33
Deferred tax	144	(3,271)	(3,127)
Total identifiable net assets	(2,627)	16,476	13,849
Goodwill			8,853
Total consideration			22,702

The consideration was satisfied by:	£000
Cash	16,502
Deferred consideration	6,200
	22,702

Contribution by the acquired businesses for the reporting period since acquisition:	£000
Revenue	5,679
Profit before tax	951

If this acquisition had completed on the first day of the reporting period, Group revenues would have been reported as £129,043k and loss before tax as £14,235k.

Goodwill represents the assembled workforce, IT synergies and the opportunity to cross-sell group products.

29 Acquisitions

On 1 October 2019 the Group acquired 100% of the issued share capital of Sue Smith Limited, a health and safety consultancy business operating from the UK:

	Book Value	Adjustments	Fair Value
	£000	**£000**	**£000**
Intangible fixed assets	-	160	160
Cash and cash equivalents	33	-	33
Trade and other payables	(11)	-	(11)
Corporation tax	(10)	-	(10)
Deferred tax	-	(27)	(27)
Total identifiable net assets	12	133	145
Goodwill			67
Total consideration			212

The consideration was satisfied by:	£000
Cash	150
Deferred consideration	62
	212

Contribution by the acquired businesses for the reporting period since acquisition:	£000
Revenue	45
Profit before tax	15

If this acquisition had completed on the first day of the reporting period, Group revenues would have been reported as £123,476k and loss before tax as £12,187k.

Goodwill represents the assembled workforce, IT synergies and the opportunity to cross-sell group products.

29 Acquisitions

On 5 December 2019 the Group acquired 100% of the issued share capital of CMR Insurance Services Limited, a commercial insurance broker operating from the UK:

	Book Value £000	Adjustments £000	Fair Value £000
Intangible fixed assets	-	2,883	2,883
Property, plant and equipment	20	-	20
Trade and other receivables	1,589	-	1,589
Cash and cash equivalents	813	-	813
Trade and other payables	(415)	-	(415)
Borrowings	-	-	-
Corporation tax	(84)	-	(84)
Deferred tax	1	(490)	(489)
Total identifiable net assets	1,924	2,393	4,317
Goodwill			1,211
Total consideration			5,528

The consideration was satisfied by:	£000
Cash	4,604
Deferred consideration	18
Contingent consideration	906
	5,528

Contribution by the acquired businesses for the reporting period since acquisition:	£000
Revenue	203
Profit before tax	40

If this acquisition had completed on the first day of the reporting period, Group revenues would have been reported as £124,411k and loss before tax as £11,897k.

Goodwill represents the assembled workforce, IT synergies and the opportunity to cross-sell group products.

The contingent consideration is linear based on a percentage of revenue and therefore the minimum payment is nil and the maximum is unlimited

29 Acquisitions

On 6 December 2019 the Group acquired 100% of the issued share capital of Cooper Solutions Limited, a commercial insurance broker operating from the UK:

	Book Value £000	Adjustments £000	Fair Value £000
Intangible fixed assets	15	27,927	27,942
Property, plant and equipment	53	-	53
Right-of-use assets	89	-	89
Other investments	15	-	15
Trade and other receivables	1,289	-	1,289
Cash and cash equivalents	4,738	-	4,738
Trade and other payables	(1,218)	-	(1,218)
Lease liabilities	(89)	-	(89)
Borrowings	-	-	-
Corporation tax	(415)	-	(415)
Deferred tax	(7)	(4,747)	(4,754)
Total identifiable net assets	4,470	23,180	27,650
Goodwill			7,850
Total consideration			35,500

The consideration was satisfied by:	£000
Cash	15,739
Deferred consideration	15,400
Contingent consideration	3,941
Issue of ultimate parent company shares	420
	35,500

Contribution by the acquired businesses for the reporting period since acquisition:	£000
Revenue	592
Profit before tax	329

If this acquisition had completed on the first day of the reporting period, Group revenues would have been reported as £127,800k and loss before tax as £10,484k.

Goodwill represents the assembled workforce, IT synergies and the opportunity to cross-sell group products.

The contingent consideration is linear based on a percentage of EBITDAE and therefore the minimum payment is nil and the maximum is unlimited

30 Financial risk management

Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the group.

The Group's maximum exposure to credit risk is limited to the carrying value of financial assets which are set out below:

	2019 £000	2018 £000	2017 £000
Cash and cash equivalents	77,584	58,369	46,006
Derivative financial instruments	50	32	4
Trade receivables	20,491	14,310	10,639
Other debtors	2,356	1,105	764
Amounts due from related parties	655	316	101
Profit commission	6,137	7,080	3,076
	107,273	81,212	60,590

The credit risk on cash and cash equivalents, derivative financial instruments and profit commissions is limited as the counterparties are banks or insurance companies with high credit ratings.

Other debtors mainly comprise landlord security deposits, staff loans, overriders and advance payments on the apprenticeship levy, none of which are rated or deemed to have significant credit risk.

The Group's largest credit risk relates to trade receivables. The Group applies a lifetime expected credit loss to trade receivables. It estimates the expected credit loss by reference to historical experience, the profile of overdue debt and available information relating to counterparties with a distressed financial situation. The Group mitigates credit losses by maintaining a credit control department that monitors outstanding debt and categorises it as being not past due or the number of days overdue.

The carrying amount of trade receivables is set out below:

	2019 £000	2018 £000	2017 £000
Gross carrying amount	20,873	14,647	10,861
Credit loss allowance	(382)	(337)	(222)
Net carrying amount	20,491	14,310	10,639

30 Financial risk management

Ageing information of trade receivables is as set out below:

	Not past due	0-3 months	More than 3 months	Total
	£000	£000	£000	£000
As at 31 December 2019				
Trade receivables	6,674	12,109	1,708	20,491

	Not past due	0-3 months	More than 3 months	Total
	£000	£000	£000	£000
As at 31 December 2018				
Trade receivables	4,644	8,788	878	14,310

	Not past due	0-3 months	More than 3 months	Total
	£000	£000	£000	£000
As at 31 December 2017				
Trade receivables	5,266	4,778	595	10,639

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Interest rate risk

Interest rate risk is the risk that future cashflows of a financial instrument will fluctuate because of changes in interest rates.

The Group's largest exposure to interest rate risk is on the loan from a related party set out in note 22 which has a variable interest rate of 1 month LIBOR + 5%. A 1% change in 1 month LIBOR would result in a £1,331k change in profit before tax based on the amount borrowed as at 31 December 2019 (2018: £769k).

Liquidity risk

Liquidity risk is the risk that the group might not be able to meet its obligations.

In order to maintain liquidity to ensure that sufficient funds are available for on-going operations and future developments, the Group uses a mixture of long-term and short-term debt finance.

30 Financial risk management

The following are the Group's remaining undiscounted contractual maturities excluding lease payments and excluding interest payments. The contractual maturities of lease payments are disclosed in note 14. The contractual maturity is based on the earliest date on which the Group may be required to pay the outstanding balance.

	Less than 1 year £000	1-5 years £000	More than 5 years £000	Total £000
As at 31 December 2019				
Loans from related parties	-	-	133,066	133,066
Loan notes	-	-	7,826	7,826
Trade and other payables	104,043	1,667	-	105,710
	104,043	1,667	140,892	246,602

	Less than 1 year £000	1-5 years £000	More than 5 years £000	Total £000
As at 31 December 2018				
Loans from related parties	-	76,907	-	76,907
Loan notes	-	-	7,826	7,826
Trade and other payables	65,847	2,948	-	68,795
	65,847	79,855	7,826	153,528

	Less than 1 year £000	1-5 years £000	More than 5 years £000	Total £000
As at 31 December 2017				
Loans from related parties	-	26,313	-	26,313
Loan notes	-	-	7,826	7,826
Trade and other payables	55,618	2,427	-	58,045
	55,618	28,740	7,826	92,184

Foreign currency risk

Foreign currency risk is the risk that movements in exchange rates impact the financial performance of the Group and arises where assets and liabilities of a subsidiary are denominated in a currency other than the functional currency of that subsidiary.

30 Financial risk management

The Group is broadly matched in terms of assets and liabilities in all currencies except euros. As at 31 December 2019, the group had euro net assets amounting to €4,821k (2018: €2,671k). The Group has used currency forwards to sell euros and buy sterling in order to mitigate foreign exchange risk. Details relating to currency forwards can be found in note 21. A 10% change in the euro exchange rate would result in a £167k change in profit before tax based on the hedged position as at 31 December 2019 (2018: £151k).

Capital management

The group manages its capital to ensure that the group is able to continue to meet its liabilities and sufficient capital is maintained to support the planned growth in the business. The objective is to maintain an optimal capital structure that reduces the cost of capital. The capital structure consists of equity in the form of share capital, share premium and retained earnings. Debt consists of loan notes and a long-term loan from the parent company.

Although the PIB Group is not regulated directly by the FCA, it holds restricted cash in a segregated account to satisfy the FCA's Threshold Condition 2.4. The segregated cash ensures that there are funds available to pay any costs and expenses necessary to achieve an orderly wind down of the Group. All UK regulated entities are able to utilise this ringfenced cash when necessary to facilitate their orderly wind down. In addition, certain subsidiaries have minimum capital levels required by the Financial Conduct Authority and these have been complied with during the year.

31 Events after the reporting date

Following the reporting date, the Group acquired 100% of the share capital of the following companies:

Acquisition	Date
B. K. Insurance Brokers Limited	14 February 2020
R A Insurance Brokers Limited	6 March 2020
Marx Re-Insurance Brokers GmbH	29 May 2020

At the time of the issue of the financial statements, the accounting for the acquisitions is incomplete and therefore the fair value of the consideration has not been disclosed.

In early 2020, the existence of a new coronavirus, Covid-19, was confirmed. The virus has since spread across the globe and on 11 March 2020 was characterised by the World Health Organisation as a pandemic. As countries and their Governments react to help contain or delay the spread of the virus, this has led to an increase in economic uncertainty, presenting the Group with increased business and operational risk.

The impact of Covid-19 is being felt by all businesses around the world and the lockdown measures that were instigated in March across the UK created some challenges within the Group. The fall in demand for daily rate car insurance as a result of the reduction in car sales across the UK has initially impacted Cooper Solutions and social distancing measures have impacted PIB Risk Management and its ability to deliver on site assessments and consultations. The easing of restrictions in June however is showing a number of positive signs in recovering performance in these lines. The used car market in England has bounced back to pre Covid-19 levels in June and Risk Management employees who were furloughed in May have now returned to work, due to a surge in demand for Risk Management services.

The Group has taken action to ensure it continues to operate effectively and meet the needs of its clients. The Group continues to expect to meet its statutory and regulatory requirements. Although Covid-19 has impacted how the business operates, business continuity plans have been used which have ensured the Group is able to continue to support its clients and perform other functions for the Group. The Group has continued to deliver services and expect to continue to do so over the foreseeable future.

31 Events after the reporting date

The Group continues to closely monitor the heightened risk arising from Covid-19 and take all appropriate steps to manage the impact on customers and other stakeholders.

In accordance with the guidance issued by the Financial Reporting Council, the emergence and spread of coronavirus (COVID-19) has been treated as a non-adjusting post balance sheet event under IAS 10 Events After the Reporting Period in these financial statements. It is not practical to provide further quantitative disclosure of the impact of COVID-19 on assets and liabilities.

32 Related party transactions

Compensation of key management personnel

Compensation awarded to key management, which is defined as the board of directors and executive committee, is as follows:

	2019 £000	2018 £000
Short-term employee benefits	1,887	1,263
Post-employment benefits	58	34
	1,945	1,297

Directors shareholdings

As at 31 December 2019, the directors B McManus, C Giles and R Brown held a total of 2,324 (2018: 2,324) ordinary B shares, 50 (2018: 50) ordinary F shares and 5,379,263 (2018: 5,379,263) preference shares in the Group's ultimate parent company, Ivy Topco Limited.

Transactions with related parties

Ivy Topco Limited is the Group's ultimate parent company. Ivy Debtco Limited, Ivy Midco Limited and Ivy Sub-Midco Limited are intermediate holding companies to the Group. Ivy Finco Limited is the company's immediate parent company.

As at 31 December 2019, the following balances were held with these related parties which were unsecured, repayable on demand and do not attract interest.:

	2019 £000	2018 £000	2017 £000
Balance due from the Group			
Ivy Topco Limited	452	184	51
Ivy Debtco Limited	23	9	1
Ivy Midco Limited	158	114	48
Ivy Submidco Limited	22	9	1
	655	316	101

These balances result from the payment of invoices by the Group on behalf of these companies.

In addition, the Group has a loan from Ivy Finco Limited. For further information relating to this loan, refer to note 22.

33 Controlling party

The company's immediate and ultimate parent companies are Ivy Finco Limited (registered company number 120451) and Ivy Topco Limited (registered company number 120448) respectively, registered in Jersey, registered office 44 Esplanade, St. Helier, Jersey JE4 9WG. Ivy Topco Limited is ultimately owned by entities doing business as 'The Carlyle Group'.

The smallest consolidated set of financial statements to include the Group are those of Ivy Sub-Midco Limited. The largest consolidated set of financial statements to include the Group are those of Ivy Topco Limited. These consolidated financial statements are available from the registered offices of Ivy Sub-Midco Limited and Ivy Topco Limited.

34 Cash generated from operations

	2019 £000	2018 £000
Loss for the year after tax	(7,796)	(17,521)
Adjustments for:		
Taxation credited	(4,450)	(1,263)
Finance costs	9,161	6,589
Investment income	(704)	(787)
Loss on disposal of property, plant and equipment	8	22
Amortisation and impairment of intangible assets	19,434	18,520
Depreciation and impairment of property, plant and equipment	1,466	1,297
Depreciation of right-of-use assets	2,970	2,153
Increase/(decrease) in provisions	(217)	2,890
Movements in working capital:		
Decrease in inventories	39	1
Increase in trade and other receivables	(2,044)	(733)
Increase/(decrease) in trade and other payables	6,131	(926)
(Increase)/decrease in contract assets	695	(4,215)
Increase/(decrease) in contract liabilities	1,204	1,946
Cash generated from operations	25,897	7,973

35 First time adoption of IFRS

These are the Group's first consolidated financial statements prepared in accordance with IFRS. The transition date is 1 January 2018.

The Group's IFRS accounting policies presented in note 1 have been applied in preparing the consolidated financial statements for the year ended 31 December 2019, the comparative information and the opening statement of financial position at the date of transition.

The Group has applied IFRS 1 (Revised 2008) in preparing these first IFRS consolidated financial statements. The effects of the transitions to IFRS on equity, total comprehensive income and reported cash flows are presented in this section.

First-time adoption exemptions applied

Upon transition, IFRS 1 permits certain exemptions from full retrospective application. The Group has applied the mandatory exceptions and the optional exemption not to apply IFRS 3 (Revised 2008) retrospectively to business combinations that occurred before the 1 January 2018 transition date.

35 First time adoption of IFRS

Reconciliation of the statement of financial position

Equity at the date of transition and at 1 January 2019 can be reconciled to the amounts reported under UK GAAP as follows:

		1 January 2018			1 January 2019		
		UK GAAP	Effect of transition	IFRS	UK GAAP	Effect of transition	IFRS
		£000	£000	£000	£000	£000	£000
Non-current assets							
Goodwill	a,b,c	55,224	-	55,224	68,815	6,483	75,298
Intangible assets	b	118,553	-	118,553	140,807	(1,164)	139,643
Property, plant and equipment		2,738	-	2,738	3,002	-	3,002
Right-of-use assets	d	-	6,473	6,473	-	7,710	7,710
Financial assets		1,777	-	1,777	2,230	-	2,230
Contract assets	h	-	1,696	1,696	-	1,696	1,696
		178,292	8,169	186,461	214,854	14,725	229,579
Current assets							
Inventories		40	-	40	39	-	39
Trade and other receivables	d,f	15,447	(1,016)	14,431	24,206	(5,056)	19,150
Current tax recoverable		24	-	24	291	-	291
Cash and cash equivalents		46,006	-	46,006	58,369	-	58,369
Contract assets	e,f,h	-	2,005	2,005	-	6,220	6,220
Derivative financial instruments	f	-	4	4	-	32	32
Deferred tax assets		1,137	(1,137)	-	-	-	-
		62,654	(144)	62,510	82,905	1,196	84,101
Total assets		240,946	8,025	248,971	297,759	15,921	313,680
Current liabilities							
Trade and other payables	c,f	48,330	7,288	55,618	61,939	3,908	65,847
Lease liabilities	d	-	1,308	1,308	-	2,475	2,475
Contract liabilities	f	-	1,446	1,446	-	3,392	3,392
Provisions	c	11,295	(11,161)	134	11,096	(10,808)	288
		59,625	(1,119)	58,506	73,035	(1,033)	72,002
Net current assets		3,029	975	4,004	9,870	2,229	12,099

35 First time adoption of IFRS

Non-current liabilities							
Trade and other payables	f	-	2,427	2,427	-	2,948	2,948
Lease liabilities	d	-	5,083	5,083	-	5,544	5,544
Borrowings		35,814	-	35,814	87,547	-	87,547
Provisions	d	-	-	-	-	314	314
Deferred tax liabilities	b	19,680	(1,137)	18,543	20,419	(213)	20,206
		55,494	6,373	61,867	107,966	8,593	116,559
Total liabilities		115,119	5,254	120,373	181,001	7,560	188,561
Total net assets		125,827	2,771	128,598	116,758	8,361	125,119
Equity							
Called up share capital		149	-	149	164	-	164
Share premium account		146,077	-	146,077	160,104	-	160,104
Retained earnings	a,b,c,d,e,h	(20,399)	2,771	(17,628)	(43,510)	8,361	(35,149)
Total equity		125,827	2,771	128,598	116,758	8,361	125,119

35 First time adoption of IFRS

Reconciliation of total comprehensive income

Total comprehensive income for the reporting year ended 31 December 2018 can be reconciled to the amounts reported under UK GAAP as follows:

		UI GAAP	Effect of *transition*	*IFRS*
		£000	£000	£000
Revenue		106,795	-	106,795
Commissions paid		(13,104)	-	(13,104)
Gross profit		93,691	-	93,691
Salaries and associated costs		(54,303)	-	(54,303)
Other operating expenses	b,d,e,g	(24,917)	(5,076)	(29,993)
Exceptional costs	g	(6,041)	6,041	-
Amortisation and impairment of intangible assets	a,b	(26,079)	7,559	(18,520)
Depreciation of property, plant and equipment		(1,297)	-	(1,297)
Depreciation and impairment of right-of-use assets	d	-	(2,153)	(2,153)
Loss on disposal of fixed assets		(22)	-	(22)
Operating loss		(18,968)	6,371	(12,597)
Finance income from group undertakings		134	-	134
Finance income		653	-	653
Finance costs	d	(6,193)	(396)	(6,589)
Other gains and losses	c	-	(385)	(385)
Loss before tax		(24,374)	5,590	(18,784)
Income tax credit		1,263	-	1,263
Loss for the year		(23,111)	5,590	(17,521)

35 First time adoption of IFRS

Notes to the reconciliations

a) Under previous GAAP, goodwill was amortised over its estimated useful life of 10 years. Under IFRS, goodwill is measured at cost less impairment. The effect of the change is an increase in goodwill as at 31 December 2018 of £7,472k and a decrease in the amortisation charge of £7,472k for the year ending 31 December 2018. The change has no impact at 1 January 2018.

b) Under previous GAAP, expenses directly attributable to the acquisition of a subsidiary are capitalised within goodwill. Under IFRS, these expenses do not qualify for recognition as an asset. The effect of this change is a decrease in goodwill as at 31 December 2018 of £604k, a decrease in customer relationships of £1,164k, an increase in other operating expenses of £1,643k and a decrease in customer relationship amortisation of £87k for the year ended 31 December 2018. It has also resulted in a decrease in deferred tax liabilities of £213k as at 31 December 2018. The change has no impact at 1 January 2018.

c) Under previous GAAP, any contingent consideration arising on a business combination was measured on an annual basis with any movements being treated as a change to goodwill. Under IFRS, any movement in the liability is recognised in the statement of profit or loss. The effect of the change is a decrease in goodwill as at 31 December 2018 of £385k and a decrease in profit before tax for the year ended 31 December 2018 of £385k.

Under previous GAAP, contingent consideration was classified as a provision. Under IFRS, it has been classified as a financial liability and presented within trade and other payables.

d) Under previous GAAP, lease payments under operating leases were charged to the income statement on a straight line basis over the term of the relevant lease. Under IFRS, a lease liability is recognised and measured at the present value of lease payments to be made over the remaining lease term. A right-of-use asset is recognised at the commencement date of the lease. The right of use asset recognised on 1 January 2018 was £6,473k and the lease liability was £6,391k. These increased to £7,710k and £8,019k respectively on 31 December 2018. The change has also resulted in a decrease in trade and other receivables of £82k as at 1 January 2018 and £90k as at 31 December 2018. During 2018, the effect was to reduce other operating expenses by £2,397k, increase depreciation by £2,153k and increase finance costs by £396k.

e) Under IFRS, a new cost of fulfilment asset has been recognised which relates to the time spent by staff in the placement of new and renewed policies in a reporting period prior to recognition of the related revenue. The asset recognised at 1 January 2018 was £625k and had increased to £836k by 31 December 2018. The difference of £211k has been recognised as a credit in the statement of profit or loss for the year ending 31 December 2018.

f) Under previous GAAP, profit commission of £930k as at 1 January 2018 and £4,934k as at 31 December 2018 was presented within trade and other receivables and claims handling and other deferred income was presented within trade and other payables. Under IFRS these amounts have been presented as contract assets and liabilities respectively.

Under previous GAAP, derivative financial instrument assets were included within trade and other receivables and derivative financial instrument liabilities were included within trade and other payables. Under IFRS, they have been separately classified on the statement of financial position.

g) Under previous GAAP, certain items were permitted to be presented as exceptional items on the face of the income statement. Under IFRS, these are presented within other operating expenses. The amount reclassified in the year ending 31 December 2018 was £6,041k.

h) Under previous GAAP, profit commissions were recognised on settlement. Under IFRS, they are recognised on a best estimate basis. This has resulted in an increase in contract assets as at 31 December 2017 of £2,146k and the same amount as at 31 December 2018.

35 First time adoption of IFRS

Statement of cash flows

IFRS permits a choice as to how cash flows are classified, provided that the classification is consistently applied from period to period. Under previous GAAP, capitalised expenses directly attributable to the acquisition of a subsidiary were included in investing activities. Under IFRS, they are included within cashflows from operating activities. The cash flow statement has been restated to reflect the new classifications of contract assets and liabilities recognised under IFRS.

PIB GROUP LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Notes	2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Investments	4		336,138		264,160
Current assets					
Debtors	5	24,107		8,132	
Cash at bank and in hand		831		1,452	
		24,938		9,584	
Creditors: amounts falling due within one year	6	(53,809)		(19,038)	
Net current liabilities			(28,871)		(9,454)
Total assets less current liabilities			307,267		254,706
Creditors: amounts falling due after more than one year	7		(146,591)		(87,547)
Provisions for liabilities	8		(9,208)		(10,010)
Net assets			151,468		157,149
Capital and reserves					
Called up share capital	9		167		164
Share premium account			162,918		160,104
Profit and loss reserves			(11,617)		(3,119)
Total equity			151,468		157,149

As permitted by S408 Companies Act 2006, the company has not presented its own income statement and related notes. The company's loss for the year was £8,498k (2018: £8,552k).

The accompanying notes are an integral part of the financial statements.

The financial statements were approved by the board of directors and authorised for issue on 29 June 2020 and are signed on its behalf by:

R Brown
Director

Company Registration No. 09900466

PIB GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £000	Share premium account £000	Profit and loss reserves £000	Total £000
Balance at 1 January 2018		149	146,077	5,433	151,659
Year ended 31 December 2018:					
Loss for the year		-	-	(8,552)	(8,552)
Issue of share capital	9	15	14,027	-	14,042
Balance at 31 December 2018		164	160,104	(3,119)	157,149
Year ended 31 December 2019:					
Loss for the year		-	-	(8,498)	(8,498)
Issue of share capital	9	3	2,814	-	2,817
Balance at 31 December 2019		167	162,918	(11,617)	151,468

1 Accounting policies

Company information

PIB Group Limited is a private company limited by shares incorporated in England and Wales. The registered office is Rossington's Business Park, West Carr Road, Retford, Nottinghamshire, DN22 7SW.

These financial statements present information about the company as an individual undertaking.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments'- Paragraphs 11.42, 11.44, 11.45, 11.47, 11.48 (a) (iii), 11.48 (a) (iv), 11.48 (b), and 11.48 (c).
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

This information will be included in the consolidated financial statements of PIB Group Limited which are available from Registrar of Companies (England and Wales), Companies House, Crown Way, Cardiff CF14 3UZ.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The assessment of future performance included the collation and review of in depth annual budgets, review of the company's structure and detailed cash flow plans.

In light of the additional uncertainty regarding the impact of Covid-19 the Company has further considered its financial position and future performance. The Company has sufficient cash resources and has no concerns over the ability to meet its commitments. Well established business continuity plans have been used and the Company is able to continue to support its clients and expects to be able to do so for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

1 Accounting policies

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.4 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.5 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

1 Accounting policies

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method..

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.7 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1 Accounting policies

1.8 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision in measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.10 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.11 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements
There were no critical judgements made that had a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty
The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Impairment of assets
The Company tests annually whether investments in subsidiaries have suffered any impairment.

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

As a result of this assessment, an impairment loss of £Nil (2018: £Nil) was recognised in the year.

3 Directors' remuneration

	2019	2018
	£000	£000
Remuneration for qualifying services	775	642
Company pension contributions to defined contribution schemes	25	24
	800	666

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2018 - 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2019	2018
	£000	£000
Remuneration for qualifying services	378	348

Apart from the Directors, there were no other employees or staff costs.

4 Fixed asset investments

	2019	2018
	£000	£000
Shares in group undertakings	336,138	264,160

Please refer to the Group financial statements for a full list of subsidiaries at the reporting date.

Movements in fixed asset investments

	Shares in group undertakings
	£000
Cost or valuation	
At 1 January 2019	264,160
Additions	71,978
At 31 December 2019	336,138
Carrying amount	
At 31 December 2019	336,138
At 31 December 2018	264,160

Please refer to the Group accounts (note 29) for acquisitions made during the year.

5 Debtors

Amounts falling due within one year:	**2019 £000**	**2018 £000**
Corporation tax recoverable	690	699
Amounts due from subsidiary undertakings	22,878	7,177
Amounts due from related parties	324	187
Prepayments and accrued income	154	69
Other debtors	61	-
	24,107	8,132

Amounts due from subsidiary undertakings and related parties are unsecured, interest free and repayable on demand.

6 Creditors: amounts falling due within one year

	2019 £000	**2018 £000**
Trade creditors	-	90
Amounts due to group undertakings	33,959	18,928
Other taxation and social security	238	-
Deferred consideration	19,570	20
Other creditors	42	-
	53,809	19,038

Deferred consideration relates to future non contingent payments resulting from business combinations.

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

7 Creditors: amounts falling due after more than one year

	2019 £000	**2018 £000**
Loan notes	11,917	10,640
Amounts due to related parties	134,674	76,907
	146,591	87,547

The loan notes represent a principal of £7,826k (2018: £7,826k) plus accrued interest which is compounded annually on 31 December. The loan notes carry an effective interest rate of 12% and are redeemable in 2026 in full.

Ivy Finco Limited, the company's immediate parent company, has a borrowing facility in place which it draws down on and onlends to the company on similar terms. The facility consists of a £204,000k senior six year term loan and a £10,000k super senior five and a half year revolving credit facility. The interest rate on the facility is 1 month LIBOR + 5.0% plus a commitment fee on any undrawn amount of the revolving credit facility.

8 Provisions for liabilities

	2019 £000	2018 £000
Contingent consideration	9,208	10,010

Contingent consideration relates to estimated future earn out payments resulting from business combinations. Earn out payments are linear based on either revenue or EBITDAE and typically cover a period of one to two years. Estimates of these payments are made by reference to detailed reviews of historical performance, forecasts and expected customer retention.

Reconciliation of movement during the year:

	Contingent consideration £000
At 1 January 2019	10,010
Additional provisions in the year	5,251
Utilisation of provision	(7,000)
Unwinding of discount	390
Other movements	557
At 31 December 2019	9,208

9 Share capital

	2019 £000	2018 £000
Ordinary share capital		
Issued and fully paid		
163,082,143 Ordinary A of £0.001 each	163	160
4,000 Ordinary B of £1 each	4	4
	167	164

The Company has two classes of ordinary shares neither of which carry a right to fixed income. All shares classes have full voting rights, the right to receive a dividend and the right on a distribution of capital (including on a winding up) to participate equally with the other shares in issue.

10 Events after the reporting date

Following the reporting date, the company acquired 100% of the share capital of the following companies:

Acquisition	Date
B. K. Insurance Brokers Limited	14 February 2020
R A Insurance Brokers Limited	6 March 2020
Marx Re-Insurance Brokers GmbH	29 May 2020

In addition, the Group also acquired books of business from Sanlam wealth Planning UK on 6 January 2020 and from Avidus Scott Lang (ASL) on 1 April 2020.

In early 2020, the existence of a new coronavirus, Covid-19, was confirmed. The virus has since spread across the globe and on 11 March 2020 was characterised by the World Health Organisation as a pandemic. As countries and their Governments react to help contain or delay the spread of the virus, this has led to an increase in economic uncertainty, presenting the Company with increased business and operational risk.

In accordance with the guidance issued by the Financial Reporting Council, the emergence and spread of coronavirus (COVID-19) has been treated as a non-adjusting post balance sheet event in these financial statements. It is not practical to provide further quantitative disclosure of the impact of COVID-19 on assets and liabilities.

The Company has taken action to ensure it continues to operate effectively and meet the needs of its clients. The Company continues to expect to meet its statutory and regulatory requirements. Although Covid-19 has impacted how the business operates, business continuity plans have been used which have ensured the Company is able to continue to support its clients and perform other functions for the Company. The Company has continued to deliver services and expect to continue to do so over the foreseeable future.

The Company continues to closely monitor the heightened risk arising from Covid-19 and take all appropriate steps to manage the impact on customers and other stakeholders.

Other than the events above, the directors are not aware of any post balance sheet events prior to the financial statements being signed that need to be disclosed or adjusted.

11 Related party transactions

The company has taken advantage of the exemption available in FRS102 to not disclose related party transactions with subsidiary undertakings wholly owned within the group.

12 Controlling party

The company's immediate and ultimate parent companies are Ivy Finco Limited (registered company number 120451) and Ivy Topco Limited (registered company number 120448) respectively, registered in Jersey, registered office 44 Esplanade, St. Helier. Jersey JE4 9WG. Ivy Topco Limited is ultimately owned by entities doing business as 'The Carlyle Group'.

The smallest consolidated set of financial statements to include the company are those of PIB Group Limited. The largest consolidated set of financial statements to include the company are those of Ivy Topco Limited. These consolidated financial statements are available from the registered offices of PIB Group Limited and Ivy Topco Limited.