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Company Registration Number 07732946

JBA RISK MANAGEMENT LIMITED

FINANCIAL STATEMENTS

31 OCTOBER 2017



ArmstrongWatson®
Accountants, Business & Financial Advisers

JBA RISK MANAGEMENT LIMITED
REGISTERED NUMBER: 07732946

STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	5	230,189	-
Tangible assets	6	262,300	261,319
Investments	7	29,376	25,583
		<u>521,865</u>	<u>286,902</u>
Current assets			
Debtors: amounts falling due within one year	8	1,591,496	2,072,261
Cash at bank and in hand	9	1,062,796	292,244
		<u>2,654,292</u>	<u>2,364,505</u>
Creditors: amounts falling due within one year	10	(1,111,020)	(1,158,289)
Net current assets		<u>1,543,272</u>	<u>1,206,216</u>
Total assets less current liabilities		<u>2,065,137</u>	<u>1,493,118</u>
Net assets		<u><u>2,065,137</u></u>	<u><u>1,493,118</u></u>
Capital and reserves			
Called up share capital		12,500	12,500
Share options reserve	12	174,504	134,150
Profit and loss account	12	1,878,133	1,346,468
		<u>2,065,137</u>	<u>1,493,118</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



S G Waller
Director

Date: 14 June 2018

The notes on pages 2 to 12 form part of these financial statements.

JBA RISK MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

1. General information

The principal activity of the company is that of the provision of natural peril maps, models and data to the insurance, reinsurance and property sectors worldwide.

The company is a limited liability company incorporated and domiciled in the United Kingdom. The company is a tax resident in the United Kingdom.

These financial statements have been presented in Pound Sterling as this is the currency of the primary economic environment in which the company operates.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Revenue

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

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.3 Intangible assets

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

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

Licences are valued at cost less accumulated amortisation.

Development is valued at cost less accumulated amortisation.

Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful life of 2 to 4 years.

JBA RISK MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

2. Accounting policies (continued)

2.4 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Plant and machinery	-	25% straight line
Fixtures, fittings and equipment	-	10% straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.5 Long term contracts

Amounts recoverable on long term contracts, which are included in debtors are stated at the net sales value of the work done after provisions for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments received on account.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Debtors

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

2.8 Cash and cash equivalents

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

2.9 Financial instruments

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

JBA RISK MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

2. Accounting policies (continued)

2.10 Creditors

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

2.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

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

2.12 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

JBA RISK MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

2. Accounting policies (continued)

2.13 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of Comprehensive Income is charged with fair value of goods and services received.

2.14 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

2.15 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.16 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of Financial Position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

2.17 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

JBA RISK MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

2. Accounting policies (continued)

2.18 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

2.19 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

3. Employees

The average monthly number of employees, including directors, during the year was 59 (2016 - 59).

4. Dividends

	2017	2016
	£	£
Paid during the year	30,000	37,500
Proposed dividend	24,627	68,318
	54,627	105,818

On 6 December 2017 the directors proposed a dividend of £24,627

JBA RISK MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017**

5. Intangible assets

	Licences £	Development £	Total £
Cost			
At 1 November 2016	314,555	-	314,555
Additions	-	230,189	230,189
At 31 October 2017	314,555	230,189	544,744
Amortisation			
At 1 November 2016	314,555	-	314,555
At 31 October 2017	314,555	-	314,555
Net book value			
At 31 October 2017	-	230,189	230,189
At 31 October 2016	-	-	-

6. Tangible fixed assets

	Plant and machinery £	Fixtures, fittings and equipment £	Total £
Cost or valuation			
At 1 November 2016	625,436	22,706	648,142
Additions	110,455	-	110,455
At 31 October 2017	735,891	22,706	758,597
Depreciation			
At 1 November 2016	380,164	6,659	386,823
Charge for the year on owned assets	107,145	2,329	109,474
At 31 October 2017	487,309	8,988	496,297
Net book value			
At 31 October 2017	248,582	13,718	262,300
At 31 October 2016	245,272	16,047	261,319

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**NOTES TO THE FINANCIAL STATEMENTS
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7. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 November 2016	25,583
Additions	3,793
At 31 October 2017	<u>29,376</u>
Net book value	
At 31 October 2017	<u>29,376</u>
At 31 October 2016	<u>25,583</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
JBA Risk Management Pte Ltd	Republic of Singapore	Ordinary	100 %	The provision of natural peril maps, models and data to the insurance, reinsurance and property sectors worldwide
JBA Risk Management Inc	USA	Ordinary	92.5 %	The provision of natural peril maps, models and data to the insurance, reinsurance and property sectors worldwide

The aggregate of the share capital and reserves as at 31 October 2017 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
JBA Risk Management Pte Ltd	(88,152)	(62,277)
JBA Risk Management Inc	(145,871)	(152,840)
	<u>(234,023)</u>	<u>(215,117)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017**

8. Debtors

	2017 £	2016 £
Trade debtors	1,099,088	1,095,071
Amounts owed by group undertakings	384,208	829,393
Other debtors	57	57
Prepayments and accrued income	90,056	102,920
Amounts recoverable on long term contracts	18,087	44,820
	<u>1,591,496</u>	<u>2,072,261</u>

9. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	1,062,796	292,244
	<u>1,062,796</u>	<u>292,244</u>

10. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	91,275	70,705
Amounts owed to group undertakings	334,866	241,949
Other taxation and social security	77,475	109,541
Proposed dividend	24,627	68,318
Other creditors	15,786	12,485
Accruals and deferred income	586,981	655,291
	<u>1,111,020</u>	<u>1,158,289</u>

11. Deferred taxation

	2016 £
At beginning of year	(7,796)
Charged to profit or loss	<u>7,796</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

12. Reserves

Share options reserve

The share options reserve has arisen on the recognition of equity-settled share-based payments less the exercise or forfeiture/expiry of share options during the year.

13. Share based payments

Share options in the parent company are granted to senior management and long serving employees. The exercise price of the options is determined by the share valuation as agreed by HMRC on the date of the grant. The options will vest if the employee remains in service from the date of the grant for a period of three years for the CSOP schemes and two years for the EMI schemes, subject to personal and company performance criteria being met. The contractual life of the options is 10 years at which point any options remaining unexercised expire.

On 22 May 2006, EMI options over 9,327 shares were granted to 1 employee with an exercise price of £3.00 per share, being the amount agreed with HMRC as the market value per share on the date of the grant. These options became exercisable from 22 May 2008. These options expired on 22 May 2016.

On 30 July 2007, EMI options over 2,000 shares were granted to 1 employee with an exercise price of £3.00 per share, being the amount agreed with HMRC as the market value per share on the date of the grant. These options became exercisable from 30 July 2009. These options expired on 29 July 2017.

On 30 September 2008, EMI options over 2,000 shares were granted to 1 employee with an exercise price of £3.30 per share, being the amount agreed with HMRC as the market value per share on the date of the grant. These options became exercisable from 30 September 2010.

On 29 July 2009, EMI options over 13,000 shares were granted to 3 employees with an exercise price of £3.30 per share, being the amount agreed with HMRC as the market value per share on the date of the grant. These options became exercisable from 29 July 2011.

On 28 July 2011, EMI options over 6,000 shares were granted to 3 employees with an exercise price of £3.30 per share, being the amount agreed with HMRC as the market value per share on the date of the grant. These options became exercisable from 29 July 2013.

On 5 February 2013, EMI options over 15,000 shares were granted to 3 employees with an exercise price of £3.60 per share, being the amount agreed with HMRC as the market value per share on the date of the grant. These options became exercisable from 29 July 2015.

On 2 March 2015, CSOP options over 1,200 shares were granted to 4 employees with an exercise price of £3.75 per share, being the amount agreed with HMRC as the market value per share on the date of the grant. These options become exercisable from 2 March 2018.

On 2 March 2015, CSOP options over 17,598 shares were awarded to 3 employees as part of their profit share arrangement for the year ended 31 October 2014 with an exercise price of £3.75 per share, being the amount agreed with HMRC as the market value per share on the date of the grant. These options become exercisable from 2 March 2018.

On 2 March 2016, CSOP options over 900 shares were granted to 9 employees with an exercise price of £3.77 per share, being the amount agreed with HMRC as the market value per share on the date of the grant. These options become exercisable from 2 March 2019.

On 2 March 2016, options over 21,885 shares were awarded to 3 employees as part of their profit share arrangement for the year ended 31 October 2015, with an exercise price of £3.77 per share, being the amount agreed with HMRC as the market value per share at the date of the grant. The options become exercisable from 2 March 2019.

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**NOTES TO THE FINANCIAL STATEMENTS
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15. Share based payments (continued)

On 11 August 2017, CSOP options over 1,100 shares were granted to 9 employees with an exercise price of £3.79 per share, being the amount agreed with HMRC as the market value per share on the date of the grant. These options become exercisable from 11 August 2020.

On 11 August 2017, options over 9,433 shares were awarded to 3 employees as part of their profit share arrangement for the year ended 31 October 2016, with an exercise price of £3.77 per share, being the amount agreed with HMRC as the market value per share at the date of the grant. The options become exercisable from 11 August 2020.

	Weighted average exercise price (pence) 2017	Number 2017	Weighted average exercise price (pence) 2016	Number 2016
Outstanding at the beginning of the year	3.86	59,723	3.58	60,955
Granted during the year	3.79	10,533	3.77	1,100
Forfeited during the year	3.78	(800)	0	-
Exercised during the year	3.30	(403)	3.33	(2,332)
Outstanding at the end of the year	3.68	69,053	3.66	59,723

The weighted average share price at the date of exercise for share options exercised during the year was £3.30.

The fair values were calculated using the Black-Scholes Pricing Model. The inputs into the model were as follows:

	2017 Black- Scholes Pricing Model	2016 Black- Scholes Pricing Model
Option pricing model used		
Weighted average share price (pence)	3.79	3.77
Exercise price (pence)	3.30	3.33
Weighted average contractual life (years)	10	10
Expected volatility %	5	5
Expected dividend growth rate %	7.9	8
Risk-free interest rate %	1.33	1.38

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

Share based payments (continued) (continued)

	2017	2016
	£	£
Equity-settled schemes	40,354	10,008
	40,354	10,008

The volatility of the share price for the purposes of the valuation using the Black-Scholes Pricing model was determined by the directors having regard to actual share transactions undertaken in the shares of the company over recent years.

The share options outstanding at the end of the year have a weighted average remaining contractual life of 7.2 years (2016 - 7.7 years).

14. Pension commitments

The company operates a defined contribution pension scheme in respect of the directors and employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £118,655 (2016 - £120,474). Contributions totalling £15,796 (2016 - £12,485) were payable to the fund at the balance sheet date and are included in creditors.

15. Related party transactions

Included within creditors, amounts falling due within one year, is an amount of £2,604 (2016 - £29,633) due to JBA Trust Limited, an entity outside JBA Group Limited. This amount is interest free and payable on demand. During the year donations of £24,627 (2016 - £68,318) were charged through profit and loss.

The company has taken advantage of the exemption contained in Section 33 of FRS 102 "Related Party Disclosures" from disclosing transactions with entities which are part of the group, since 100% of the voting rights in the company are controlled within the group and the company is included within the group accounts which are publicly available.

16. Controlling party

The ultimate parent undertaking is JBA Group Limited, a company registered in England and Wales. There is no single ultimate controlling party.

The consolidated financial statements of JBA Group Limited are available to the public and may be obtained from The Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.

The company is exempt from the obligation to prepare and deliver group accounts on the basis that it is a wholly owned subsidiary of JBA Group Limited.

17. Auditors' information

The auditors' report on the financial statements for the period ended 31 October 2017 was unqualified.

The audit report was signed on 14 June 2018 by David Richmond (Senior statutory auditor) on behalf of Armstrong Watson Audit Limited.