ANGLO LONDON LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 December 2014

Registered Number: 08470590

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Company Number	8470590
Directors	B P Russell J P Bates I P Russell S A Wainwright
Secretary	S A Wainwright
Registered Office	80 Leadenhall Street London EC3A 3DH
Auditors	PKF Littlejohn LLP 1 Westferry Circus Canary Wharf London E14 4HD

The Directors have pleasure in presenting this report together with the Financial Statements for the year ended 31 December 2014.

Principal Activities

The Principal activities of the Group was that of Insurance Intermediaries/Managing General Agents (MGA) and, following the acquisition of Folgate Insurance Company Limited ('Folgate') it also has an interest in a run-off insurance company.

Results and Dividends

The consolidated results for the year are set out on page 10 of the Financial Statements.

The profit for the financial year amounted to £1,689,979 (2013: loss of £158,197) and has been transferred to accumulated reserves. A review of the Group's business and its future prospects is set out within the Strategic Report.

On 4 February 2015 the directors recommended the payment of a dividend of £100,000 in respect of the year ended 31 December 2014.

Directors

The Directors of the Company in office during the year were as follows:

B P Russell
J P Bates
I P Russell
S A Wainwright

Provision of Information to Auditors

So far as each of the Directors is aware at the time this report is approved:

(a) there is no relevant audit information of which the Company's auditors are unaware, and

(b) The Directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

PKF Littlejohn have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

This report was approved by the Board on 14 July 2015 and signed on its behalf by:

B P Russell
Director

The Directors have pleasure in presenting the Strategic Report for the year ended 31 December 2014.

The Strategic Report provides a review of the business for the financial year and describes how we manage risks. The report outlines the developments and performance of Anglo London Limited during the financial year, the position at the end of the year and discusses the main trends and factors that could affect the future.

Review of the business and future developments

For Anglo Pacific Consultants (London) Limited ('APC'), the Group's main insurance broking and MGA business, 2014 was a year of continued stability.

The first quarter saw early signs of the hardening of rates as some fringe insurers withdrew from the market, however, this was offset in the second quarter as some insurers aggressively sought to gain market share through cutting rates.

With the market remaining competitive, the directors are delighted to advise that APC continued to achieve significant growth in Gross Written Premiums ('GWP') of 12.72% on its MGA business and considerable growth from its recently formed London Markets wholesale division. Overall the company handled in excess of £21 million of GWP.

2014 results were strong with Earnings Before Interest Depreciation and Amortisation ("EBITDA") being £1,515,968. As expected the result was bolstered by the returns from the Group's investment in two start up MGA businesses as well as benefitting from strong underwriting performance by way of profit commission received from prior years of account.

The directors expect to see continued growth in 2015, especially within the smaller ticket premium business as APC rolls out its property owner's online product in partnership with Acturis in the third quarter. This will be a first for both APC and Acturis.

Further products are expected to be developed and rolled out during 2015 and this should give APC access to the bigger national brokers, this opening up new opportunities of distribution, which should lead to significant growth in future years.

On 29 August 2014 the Group acquired Folgate. This company is in run-off and it has not had a material impact on the Group's 2014 profit. However, an application has been made to the Prudential Regulation Authority (PRA) to start writing the reinsurance of business underwritten by APC. It is hoped that approval will be received in 2015 and that this company will make a positive contribution to the Group.

The directors feel optimistic about future development and together with the above mentioned factors feel confident that the Group will see a strong performance in 2015 and beyond.

Key Performance Indicators

For APC the directors consider the main KPIs to be

	2014 **£**	**2013 (*)** **£**
Gross written premium processed	21,391,934	18,493,357
EBITDA	1,515,968	641,263
Capital Resources in excess of minimum Requirement	867,714	487,488

* Anglo London Limited acquired APC in October 2013. Because of this, the KPIs presented for the comparative period are taken from APC's financial statements presented for the year ended 31 December 2013.

Key Performance Indicators (Continued)

In respect of Folgate, the Company is in run-off and the directors consider the main KPI to be the level of claims outstanding and the growth of investments. The financial statements show that net claims outstanding have deteriorated by £13,150 in the period since acquisition.

Claims are measured on a monthly basis and significant peaks or exceptional items and these are reported to the Claims Committee.

The Company operates an Investment policy detailing its strategy and appetite towards investments, any events that trigger the companies appetite tolerances are reported to the Investment Committee.

The Balance Sheet is reconciled on a monthly basis against the ICA & Solvency II requirements in preparation for the new legislation from January 2016.

Risk Management

The Group's activities expose it to a variety of financial and non-financial risks. The directors are responsible for managing the Company's exposure to these risks and, where possible, introducing controls and procedures that mitigate the effects of the exposure to risk.

MGA business risks

The Group's MGA business operates in a very competitive market. It has forged good relationships with a number of insurers who have intimated that they would be interested in providing underwriting capacity. However, for 2015, is underwriting on behalf of one lead insurer and it is possible that a breakdown in the relationship with this insurer could lead to a loss of underwriting capacity. To mitigate this risk, strong links have been established which should lead to the businesses working more closely, particularly if the Group is authorised to reinsure APC's business within Folgate.

The MGA business operates in the SME marketplace and is not dependent on any one client. In view of this there is no significant credit concentration.

In addition, insurance business underwritten by APC could be lost due to uncompetitive pricing, but pricing structures are revised on a monthly basis and price adjusted accordingly.

Insurance business risks

The Group's insurance business exposes it to the possibility that claims will arise on business written. Each risk or group of risks are continually reassessed so that adequate reserves are maintained taking into account full information available at that time. As the insurance business is in run-off, this exposure only relates to risks already written. The main underwriting risks which affect the company are:

- Reserving – the risk that the reserves established at a previous year-end prove to be inadequate.
- Reinsurance proves inadequate.

In order to mitigate the reserving risk, the Company uses actuarial techniques to project insurance liabilities. The results of these techniques are discussed by management to establish the level of reserves to be held.

Risk Management (Continued)

General business risks

Investment risk

The directors monitor the performance of invested funds on a regular basis and periodically agrees on the investment strategy to be adopted to mitigate risks of interest rate fluctuation and credit risks and to provide appropriate liquidity.

Regulatory risk

The Group is authorised by the PRA and regulated by the Financial Conduct Authority. Failure to comply with applicable regulations could result in a variety of sanctions, the most extreme being a withdrawal of the right to carry out regulated business. The directors have established a business ethos in which best practice is the required standard for all operations, both in the commercial interests of the business and to ensure regulatory compliance. Management has also put in place appropriate monitoring structures to mitigate the risk of failing to meet this standard.

Operational risk

The main operational risk is in relation to the business continuity, i.e. the risk that the ability of the Group to continue business in extreme circumstances, for example the impact of terrorist activity and in the management of relationships and arrangements with key individuals. In relation to the former, the management maintains a Business Continuity Plan (BCP) which sets out the main anticipated risks, including those relating to the robustness and sustainability of IT infrastructure and business applications and the arrangements to mitigate those risks. The BCP is monitored and updated regularly. In addition, the management seeks to maintain sufficient personnel with appropriate experience and expertise to reduce the dependence on any one individual, so far as is practicably possible.

This report was approved by the Board on 14 July 2015 and signed on its behalf by:

B P Russell
Director

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's report to the members of Anglo London Limited

We have audited the Financial Statements of Anglo London Limited for the year ended 31 December 2014 which comprise the Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of Directors and Auditors

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

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group and Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the Financial Statements:

- Give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 December 2014 and of the Group's profit for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Report of the Directors for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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.

Philip Alexander (Senior statutory auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

1 Westferry Circus
Canary Wharf
London E14 4HD

14 July 2015

	Note	2014 £	2013 (8 months) £
Turnover	2	4,713,046	971,658
Loss on run-off	3	(13,150)	-
Administrative expenses		(3,984,353)	(1,075,804)
Write back of negative goodwill	4	1,446,542	-
Operating profit/(loss)	5	2,162,085	(104,146)
Investment income	8	17,445	583
Interest payable	9	(201,877)	(1,202)
Share of results of associated undertakings	13	2,226	(34,155)
Profit/(loss) on ordinary activities before taxation		1,979,879	(138,920)
Tax on profit on ordinary activities	10	(289,900)	(19,277)
Profit/(loss) on ordinary activities after taxation		1,689,979	(158,197)
Profit/(loss) for the financial year	25/26	1,689,979	(158,197)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the profit and loss account.

The Accounting Policies and Notes set out on pages 14 to 32 form part of these Financial Statements.

ANGLO LONDON LIMITED

GROUP BALANCE SHEET
AT 31 December 2014

	Note	2014 £	2014 £	2013 £	2013 £
Fixed assets					
Intangible assets	11	4,607,092		5,341,592	
Tangible assets	12	106,463		132,807	
Investments	13	71,103		68,877	
			4,784,658		5,543,276
Current assets					
Other financial investments	14	1,232,965		-	
Debtors	15	2,591,182		2,442,603	
Cash at bank and in hand	16	6,897,482		3,150,945	
		10,721,629		5,593,548	
Creditors: amounts falling due within one year	17	7,023,588		5,522,323	
Net current assets			3,698,041		71,225
Total Assets less Current Liabilities			8,482,699		5,614,501
Creditors: amounts falling due after more than one year	18		6,650,000		5,751,664
Deferred taxation	22		-		11,034
Provisions for Liabilities	23		290,917		-
Net assets / (liabilities)			1,541,782		(148,197)
Capital and reserves					
Called up share capital	24		10,000		10,000
Profit and loss account	25		1,531,782		(158.197)
Shareholders' Funds	**26**		1,541,782		(148,197)

The financial statements set out on pages 10 to 32 were approved by the Board of Directors and authorised for issue on 14 July 2015.

Brian Russell

Director

	Note	2014 £	2014 £	2013 £	2013 £
Fixed Assets					
Investments	13		8,173,127		6,205,189
Current Assets					
Debtors	15	-		-	
Cash at bank	16	89,452		14,861	
		89,452		14,861	
Creditors: due within one year	17	(1,034,948)		(462,500)	
Net Current Liabilities			(945,496)		(447,639)
Creditors: due after more than one year	18		(6,650,000)		(5,750,000)
			577,631		7,550
Capital and Reserves					
Called-up share capital	24		10,000		10,000
Profit and loss account	25		567,631		(2,450)
	26		577,631		7,550

The financial statements set out on pages 10 to 32 were approved by the Board of Directors and authorised for issue on 14 July 2015.

Brian Russell

Director

	Note	2014	2013 (8 months)
Net Cash Inflow from Operating Activities	32	2,261,466	1,713,312
Returns on Investments and Servicing of Finance			
Interest received		17,445	583
Interest paid		(201,877)	(1,202)
Net Cash Outflow from Returns on Investments and Servicing of Finance		(184,432)	(619)
Taxation (paid)/repaid		(118,477)	100,380
Capital Expenditure and Financial Investment			
Purchase of tangible fixed assets		(38,761)	-
Purchase of investments		(1,221,849)	-
Investment in associate		-	(2,932)
Net Cash Outflow from Capital Expenditure and Financial Investment		(1,260,610)	(2,932)
Acquisitions and Disposals			
Acquisition of subsidiaries	27	(1,967,938)	(6,102,157)
Cash acquired with subsidiaries	27	3,626,528	1,402,961
Net Cash Inflow/(outflow) from Acquisitions and Disposals		1,658,590	(4,699,196)
Financing			
Issue of share capital		-	10,000
Issue of short term debt		-	250,000
Issue of long term debt		-	5,780,000
Coutts loan		1,700,000	-
Repayment of loan note		(250,000)	-
Repayment of bank loan		(60,000)	-
Net Cash Inflow from financing activities		1,390,000	6,040,000
Increase in cash in the year		3,746,537	3,150,945

1. **Basis of preparation**

The Group financial statements consolidate the financial statements of Folgate Insurance Company Limited, which is an insurance company regulated by the Prudential Regulation Authority. Notwithstanding this, the directors consider the primary business of the Anglo London Limited Group to be that of an MGA and the Group financial statements have been prepared under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) and applicable accounting standards and not in accordance with the special provisions which apply to insurance groups.

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

Anglo London Limited was formed on 3 April 2013 and the comparative period is for eight months.

Basis of Accounting

The Group financial statements have been prepared in accordance with applicable accounting standards and, except for investments held within the Group's insurance subsidiary undertaking which are shown at market value, under the historical convention.

They have also been prepared on a going concern basis. In this respect the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

Basis of consolidation

The Group Financial Statements consolidate the Financial Statements of Anglo London Limited with those of its subsidiaries for the year ended 31 December 2014. They also consolidate the Group's share of the results and post-acquisition reserves of associated undertakings, under the equity accounting method.

No profit and loss account is presented for Anglo London Limited as provided by s408 of the Companies Act 2006. The profit for the financial year dealt within the Financial Statements of Anglo London Limited was £570,081 (2013 – loss £2,450).

The profits and losses of Anglo Pacific Consultants (London) Limited and Folgate Insurance Company Limited are consolidated from the date of acquisition using the acquisition method of accounting. The difference between the cost of acquisition of shares in these subsidiaries and the fair value of the separable net assets acquired is amortised through the profit and loss account in equal instalments over its estimated useful life.

Uniform accounting policies are used for all Group companies. Profits or losses on intra-Group transactions are eliminated on consolidation.

Accounting Policies

The following principal accounting policies have been applied:

Turnover

Turnover comprises commissions and fees received for services provided. Insurance commission is recognised in full in the month when the policy concerned is incepted. This is subject to a deferral of commission in respect of post-placement services which constitute obligations under those policy contracts. Commission for policies written prior to the balance sheet date but incepting after the balance sheet date is deferred until the inception date.

Profit Commission

Profit commission arising from the placement of insurance contracts or the exercise of an underwriting agency is recognised when the right to such profit commission is established through a contract, but only to the extent that a reliable estimate of the amount due can be made. Such estimates are made on a prudent basis that reflects the level of uncertainty involved.

Loss on the run-off

The loss on the run off represents the claims incurred by Folgate Insurance Company Limited. As such it includes all claims and claims settlement expense payments made in respect of the period since this Company was acquired and the movement in provisions for outstanding claims, claims incurred but not reported and settlement expenses, net of salvage and subrogation recoveries.

Intangible Assets: Goodwill arising on consolidation

Goodwill represents the excess of cost of acquisition over the fair value of the separable net assets of businesses acquired. Goodwill is amortised through the profit and loss account in equal instalments over its estimated useful life of 8 years. The useful life represents the time it is planned it will take for Anglo London Limited to extinguish its liability under the loan notes issued to finance the acquisition of Anglo Pacific Consultants (London) Limited.

Negative goodwill arose on the acquisition of Folgate Insurance Company Limited as the cost of acquisition was less than the fair value of the separable net assets acquired. This amount has been released to the profit and loss account.

Other Intangible Assets

Intangible assets are measured at cost less accumulated amortisation and impairment losses. Intangible assets are amortised on a straight line basis over 2 years.

Capitalisation of software costs

Costs relating to the creation and bringing into use of defined elements of the company's business systems are capitalised as having an enduring value to the business. The software concerned is an integral part of the business functionality of the company's IT systems, and the costs concerned are accordingly included in tangible fixed assets. Costs relating to the incremental enhancement or development of existing elements of those business systems are written off as expenses as incurred.

Depreciation

Depreciation is provided on all tangible and intangible fixed assets, at rates calculated to write off the cost or valuation of each asset, less any estimated residual value, evenly over its expected useful life. It is calculated at the following rates:

Office equipment, fixtures	-	20% per annum on the straight line basis
Improvements to leasehold property	-	Over the life of the lease
Computer equipment	-	33% per annum on the straight line basis
Computer software development	-	33% per annum on the straight line basis

Fixed Asset Investments

Fixed asset investments represent investments in subsidiary and associated undertakings and are shown at cost less any provision for impairment.

Other Financial Investments

Other Financial Investments are stated at their current value. Listed investments are stated at market value and deposits with credit institutions are stated at cost.

Investment income is accounted for on a receivable basis and interest is accrued up to the balance sheet date. Realised gains and losses represent the difference between net sales and proceeds and purchase price or latest carrying value for investments carried at market value.

Insurance Debtors and Creditors

Where the Group acts as agent in broking the insurable risk of clients, it is not liable as principal for premiums due to underwriters or for claims payable to clients. Notwithstanding the legal relationship with clients and underwriters, the Group has followed generally accepted accounting practice for insurance intermediaries by showing debtors, creditors and cash balances relating to insurance business as assets and liabilities of the Group itself. This recognises that the company is entitled to retain the investment income on any cash flows arising from these transactions.

In the ordinary course of insurance broking business, settlement is required to be made with certain market settlement bureaux, insurance intermediaries or insurance companies on the basis of the net balance due to or from them rather than the amount due to and from the individual third parties which it represents.

However, under Financial Reporting Standard 5 ('FRS5') assets and liabilities may not be offset unless net settlement is legally enforceable, and therefore insurance broking debtors and creditors are shown gross within these financial statements.

Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities have not been discounted.

Technical Provisions

Technical provisions represent the net provision for claims outstanding. These comprise amounts set aside for claims notified and claims incurred but not yet reported (IBNR), together with related claims handling expenses. As the insurance business has been in run off since 2002, it is no longer meaningful to use standard actuarial claims projection techniques to project the ultimate cost of claims. Instead management estimates cost of all notified claims based on the information provided to the company. In addition a provision for claims incurred but reported established based on management judgement of the potential for new notifications and reopened claims based on recent years' experience. Provisions are calculated allowing for reinsurance recoveries and separate asset is recorded for the reinsurers' share, having regard to collectability. Where applicable, prudent estimates are made for salvage and subrogation recoveries, which are shown in the balance sheet as assets. These methodologies and adjustments are revisited by management each year in the light of experience of the continuing run off and, if necessary, revised.

Future administration expenses are only provided where they are expected to exceed future income.

Foreign Exchange

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Profit and loss items denominated in foreign currencies are translated at the average rate of exchange.

In order to show a true and fair view, the company's accounting of foreign risk is stated at the year end rate as reported by Lloyds of London. The Euro rate employed is at an average rate of £1 to €1.2 (€1 = £0.83) (£1 to €1.23). The US Dollar rate employed is at an average rate of £1 to $1.66 ($1 = £0.60), and a closing rate of £1 to $1.66 ($1 = £0.60).

Leases

Where the Group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life. Future instalments under such leases, net of finance charges are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments. Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Pension contributions

A subsidiary undertaking within the Group operates a defined contribution pension scheme for its employees. The funds of the scheme are administrated by Trustees and are separate from the company. Contributions are paid by the company and employees. The pension charge represents contributions payable by the company for the year. The company's liability is limited to the amounts of the contribution.

2. Turnover

The turnover and pre-tax results are solely attributable to the company's principal activity of insurance intermediaries, and arise in the United Kingdom, Republic of Ireland and the Netherlands.

	2014 £	2013 (8 months) £
UK	4,603,960	953,811
Republic of Ireland	55,025	13,472
The Netherlands	54,061	4,375
	4,713,046	971,658

3. Loss on run-off

The Group's insurance company business went into run off in 2002 and no premiums have been written since then. Accordingly, no amounts for gross premiums written or gross premiums earned are included in these financial statements.

An analysis of gross claims incurred and the reinsurance amounts thereon, together with details of the net technical provisions are set out below:

	Fire & other damage to property £	Third party liability £	Miscellaneous £	Total £
Gross claims incurred	13,292	1,319	-	14,611
Reinsurance balance	(848)	(613)	-	(1,461)
Net technical result	12,444	706	-	13,150
Net technical provisions	155,231	133,686	2,000	290,917

4. Write back of negative goodwill

	2014 £	2013 £
Negative goodwill arising on the acquisition of Folgate (see note 27)	1,446,542	-

5. Profit on Ordinary Activities before Taxation

	2014	2013 (8 months)
	£	£
This is stated after charging		
Fees payable to the Company's auditor for:		
- Audit of the financial statements	57,500	8,750
- Taxation services	7,200	4,000
Investment management fees	1,262	-
Amortisation of goodwill	682,532	170,633
Amortisation of other intangible assets	51,968	-
Depreciation own assets	65,105	17,944
Profit on sale of tangible fixed assets	-	114
Operating lease land and building	241,777	15,006

6. Employees

Staff costs consist of:

	2014	2013
Wages and salaries	1,890,128	535,419
Other staff costs	38,967	22,094
Social security costs	214,310	65,919
Pension contributions	112,844	38,220
	2,256,249	661,252

The average number of employees, including directors, during the year was:

	2014 Number	2013 Number
Directors and Officers	4	4
Underwriting	8	7
Sales and Marketing	10	11
Administration	19	15
	41	37

7. Directors

	2014	2013 (8 months)
	£	£
Directors' remuneration consists of:		
Remuneration in year including benefits-in-kind	510,671	110,021
Contributions to pension scheme	57,986	18,888
Aggregate emoluments	568,657	128,908
Highest paid Director		
Remuneration in year including benefits-in-kind	155,998	36,975
Contributions to pension scheme	22,500	12,500
	178,498	49,475

The highest paid Director is not in receipt of, or due any, share options. Contributions were made on behalf of 4 (2013 – 4) Directors to money purchase pension schemes.

8. Investment Income

	2014	2013
Dividends received from other financial investments	1,158	-
Unrealised gains on revaluation of other financial investments	11,115	-
Bank interest receivable	5,172	583
	17,445	583

9. Interest payable

	2014	2013
Interest payable on finance leases	300	-
Other interest payable	178,224	1,202
Bank interest payable	23,353	-
	201,877	1,202

10. Taxation

	2014	2013 (8 months)
	£	£
Analysis of Charge in Year		
Current tax:		
UK corporation tax on profit of the year	293,182	19,277
Adjustment in respect of previous periods	(589)	-
Total current tax	292,593	19,277
Deferred tax:		
Origination and reversal of timing differences	(2,693)	-
Taxation on profit on ordinary activities	289,900	19,277

Factors affecting tax charge for period

The tax assessed for the year is different to the standard rate of corporation tax in the UK. The differences are explained below:

	2014	2013 (8 months)
Profit/(loss) on ordinary activities before tax	1,979,879	(104,765)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.50% (2013 – 23.25%)	425,195	(24,358)
Effects of:		
Expenses not deductible for tax purposes	171,156	39,542
Income not subject to tax	(316,576)	-
Share of results of associated undertakings	(479)	-
Other short term timing differences	2,390	570
Unrelieved tax losses/deductions	11,053	-
Adjustment in respect of previous periods	(589)	-
Differences in respect of capital allowances	(36)	3,523
Current tax charge for year	292,593	19,277

11. Intangible Assets

Group	Goodwill arising on consolidation £	Other Intangible Assets £	Total £
Cost			
At 1 January 2014 and 31 December 2014	5,460,257	260,000	5,720,257
Amortisation			
At 1 January 2014	170,633	208,032	378,665
Charge for the year	682,532	51,968	734,500
At 31 December 2014	853,165	260,000	1,113,165
Net Book Value			
At 31 December 2014	4,607,092	-	4,607,092
At 31 December 2013	5,289,624	51,968	5,341,592

Other intangible assets are in respect of the renewal rights for a book of business acquired by Anglo Pacific Consultants (London) Limited in September 2013.

12. Tangible assets

	Computer software development £	Computer equipment £	Office equipment fixtures and fittings £	Improvements to leasehold property £	Total £
Cost					
At 1 January 2014	853,394	154,079	152,084	85,687	1,245,244
Additions	4,794	15,301	18,666	-	38,761
At 31 December 2014	858,189	169,380	170,750	85,687	1,284,005
Depreciation					
At 1 January 2014	837,433	99,438	139,149	36,417	1,112,437
Provided for the year	12,944	32,083	11,512	8,566	65,105
At 31 December 2014	850,377	131,521	150,661	44,982	1,177,542
Net book value					
At 31 December 2014	7,812	37,859	20,089	40,075	106,463
At 31 December 2013	15,961	54,961	12,935	49,270	132,807

13. Fixed Asset Investments

Group

Interests in joint ventures and associated undertakings are analysed as follows:

	2014 £	2013 £
At 1 January on formation	68,877	-
Additions in the period	-	103,032
Share of profit/(loss)	2,226	(34,155)
	71,103	68,877

The cost of the Group's investment associated undertakings was £103,032.

Company

	Investment in Subsidiary Undertakings	Investment in associated undertakings	Total
1 January 2014	6,102,157	103,032	6,205,189
Acquired during the year	1,967,938	-	1,967,938
31 December 2014	8,070,915	103,032	8,173,127

The Company has the following beneficial interest in group undertakings:

Name	Class of shares	Proportion of Shares held directly	County of incorporation	Business activity
Anglo Pacific Consultants (London) Limited	Ordinary	100%	England and Wales	Insurance Broker and Managing General Agent
FICL Holdco Limited *	Ordinary	100%	England and Wales	Investment Holding Company
Folgate Insurance Company Limited	Ordinary	100%	England and Wales	Insurance Company
Incorporated Insurance Group Limited	Ordinary	20%	England and Wales	Underwriting agent
Heparo BV	Ordinary	20%	Netherlands	Underwriting agent
Quotemac Limited	Ordinary	100%	England and Wales	Dormant

* At 31 December 2014, FICL Holdco Limited was in the process of being wound up.

14. Other Financial Investments

The Group's other financial investments comprise:

	2014 Carrying Value £	2014 Cost £	2013 Carrying Value £	2013 Cost £
Equity Investments	360,047	358,466	-	-
Fixed Interest Securities	828,818	820,890	-	-
Alternative Investments	44,100	44,256	-	-
	1,232,965	1,223,612	-	-
Listed investments included within the above	1,232,965	1,223,612	-	-

15. Debtors

Group

	2014 £	2013 £
Trade Debtors	2,333,175	2,313,432
Prepayments and accrued income	196,165	129,171
Deferred taxation (Note 22)	1,511	-
Other debtors	60,331	-
	2,591,182	2,442,603

16. Cash at Bank and in Hand

The Group cash at bank includes bank accounts which are specially designated Claims Trust Accounts and which contain monies to which the company has no rights. These accounts amount to £2,367,399 (2013: £1,920,038).

17. Creditors: amounts falling due within one year

Group

	2014	2013
Loan Notes (Note 20)	530,000	280,000
Bank loan (Note 19)	240,000	-
Obligations under finance leases and hire purchase contracts (Note 21)	1,534	3,097
Insurance creditors	5,449,075	4,691,554
Corporation tax	292,592	108,623
Other taxation and social security	61,902	106,464
Other creditors	19,879	45,708
Accruals and deferred income	428,606	286,877
	7,023,588	5,522,323

17. **Creditors: amounts falling due within one year (Continued)**

Company

	2014 £	2013 £
Loan Notes (Note 20)	530,000	280,000
Bank loan (Note 19)	240,000	-
Amount owed to subsidiary undertaking	251,928	180,000
Accruals and deferred income	13,020	2,500
	1,034,948	462,500

18. **Creditors: amounts falling due after more than one year**

Group

	2014 £	2013 £
Loan Notes (Note 20)	5,250,000	5,750,000
Bank loan (Note 19)	1,400,000	-
Obligations under finance leases and hire purchase transactions (Note 21)	-	1,664
	6,650,000	5,751,664

Company

	2014 £	2013 £
Loan Notes (Note 20)	5,250,000	5,750,000
Bank loan (Note 19)	1,400,000	-
	6,650,000	5,750,000

19. **Bank Loan**

On 28 August 2014 the Company entered into a bank loan for £1,700,000. This is repayable over five years in quarterly instalments and the first repayment of £60,000 was made during the year. The loan is secured by mortgage debentures provided by the Company and Anglo Pacific Consultants (London) Limited. A cross guarantee has been provided by Anglo London Limited, Anglo Pacific Consultants (London) Limited and FICL Holdco Limited. Brian Russell has made a personal guarantee of £160,000.

The bank loan is shown within the financial statements as:

	2014 £	2013 £
Payable within one year	240,000	-
Payable after more than one year	1,400,000	-
	1,640,000	-

20. **Loan Notes**

On 19 October 2013 the Company acquired Anglo Pacific Consultants (London) Limited for £6,102,157. The acquisition was financed by way of the issue of convertible redeemable loan noted to Brian Russell, a director and the former owner of Anglo Pacific Consultants (London) Limited, and a trust that he established on behalf of his family. The loan notes bear interest at 3% and with the interest charge for 2013 being waived.

The loan notes are repayable over the next 7 (2013 – 8) years,

Year ended 31 December	**£**	**£**
2014	-	280,000
2015	530,000	500,000
2016	750,000	750,000
2017	750,000	750,000
2018	750,000	750,000
2019	1,000,000	1,000,000
2020	1,000,000	1,000,000
2021	1,000,000	1,000,000
	5,780,000	6,030,000

The loan notes are shown within the financial statements as:

	2014	**2013**
	£	**£**
Payable within one year	530,000	280,000
Payable after more than one year	5,250,000	5,750,000
	5,780,000	6,030,000

Should any of the loan notes not be repaid within the established timetable then there is an option to convert the loan notes to ordinary share capital.

21. **Obligations under finance leases and hire purchase contracts**

	2014	**2013**
	£	**£**
Within one year	1,534	3,097
In two to five years	-	1,664
	1,534	4,761

Included within tangible fixed assets (note 12) are assets acquired under finance leases. These comprise office equipment, fixtures and fittings and computer software development and the assets have a net book value of £1,197.

22. Deferred Taxation

	2014 £	2013 £
Group liability		
Opening balance	11,034	-
On acquisition of subsidiary undertakings	(9,852)	11,034
Profit and loss account credit (note 10)	(2,693)	-
Balance at 31 December 2014	(1,511)	11,034
Capital allowances in excess of depreciation	(1,511)	11,034

Company

No deferred taxation is held by the Company.

23. Technical Provisions

	Claims outstanding £
Gross Amount	
On acquisition	286,470
Movement in provision	8,890
At 31 December 2014	295,360
Reinsurance Amount	
On acquisition	3,830
Movement in provision	613
At 31 December 2014	4,443
Net Technical Provisions	
At 31 December 2014	290,917
On acquisition	282,640

24. Called-up Share Capital

	Allotted, issued and fully paid			
	2014 Number	2013 Number	2014 £	2013 £
Ordinary shares of £0.01 each	**1,000,000**	1,000,000	**10,000**	**10,000**

25. Reserves

Group

	Profit and Loss Account £	Total £
At 1 January 2014	(158,197)	(158,197)
Profit for the year	1,689,979	1,689,979
At 31 December 2014	1,531,782	1,531,782

Company

	Profit and Loss Account	Total
At 1 January 2014	(2,450)	(2,450)
Profit for the year	570,081	570,081
At 31 December 2014	567,631	567,631

26. Reconciliation of Movements in Shareholders' Funds

Group

	2014 £	2013 £
Opening shareholders' funds	(148,197)	-
Issue of share capital	-	10,000
Profit / (loss) for the financial year	1,689,979	(158,197)
Closing shareholders' funds	1,541,782	(148,197)

Company

	2014 £	2013 £
Opening shareholders' funds/on incorporation	7,550	-
Issue of share capital	-	10,000
Profit loss for the financial year	570,081	(2,450)
Closing shareholders' fund	577,631	7,550

27. Acquisitions

Folgate Insurance Company Limited

On 29 August 2014 The Group purchased 100% of the issued share capital of FICL Holdco Limited. This Company was an investment holding company which was set up in December 2013 to hold the Towergate Partnership's, the Company's former parent undertaking, interest in Folgate Insurance Company Limited ('Folgate'). The consideration paid was £1,967,938.

On 31 December 2014 FICL Holdco Limited sold its interest in Folgate to Anglo London Limited for consideration of £1,967,938.

On the acquisition of Folgate, adjustments were required to the book values of the intangible assets of Folgate Insurance Company Limited in order to present the net assets at fair values in accordance with group accounting principles. There were no other adjustments required. The purchase has been accounted for as an acquisition.

Folgate contributed a loss of £48,689 to the Group's profit after tax. In its last financial year, to 31 December 2014, Folgate Insurance Company Limited made a loss after tax of £34,720,907. During the period 1 January 2014 to 29 August 2014, Folgate did not have any premium income and made a loss of £34,672,218. Apart from the loss before and after taxation, there was no other recognised gains or losses that was attributable to the shareholders.

	Book and fair values		
	Book Value £	Fair Value Uplift £	Fair Value £
Debtors	20,592	50,000	70,592
Cash at bank	3,626,528	-	3,626,528
Net technical provisions	(232,640)	(50,000)	(282,640)
Net assets acquired	3,414,480	-	3,414,480
Share of company acquired (100%)			
Goodwill			(1,446,542)
Consideration			1,967,938
Consideration satisfied by:			
Cash			1,967,938

The accounting for the acquisition has been completed.

27. **Acquisitions (Continued)**

Anglo Pacific Consultants (London) Limited

On 10 October 2013, the Group purchased 100% of the issued share capital of Anglo Pacific Consultants (London) Limited for a total of £6,102,157. No adjustments were required to the book values of this Company's net assets in order to present the net assets at fair values in accordance with group accounting principles. The purchase has been accounting for as an acquisition.

In 2013, Anglo Pacific Consultants (London) Limited contributed a profit of £49,042 to the Group's profit after tax.

	Book and fair values		
	Book Value £	**Fair Value Uplift** £	**Fair Value** £
Intangible assets	51,968	-	51,968
Tangible assets	153,941	-	153,941
Debtors	2,185,625	-	2,185,626
Investments	100,101	-	100,101
Cash at bank	1,402,961	-	1,402,961
Creditors	(3,252,696)	-	(3,252,696)
Net assets acquired	641,900	-	641,900
Share of company acquired (100%)			
Goodwill			5,460,257
Consideration			6,102,157
Consideration satisfied by:			
Cash			42,157
Loan notes			6,060,000
Cash/Loan Notes			6,102,157

The accounting for the acquisition has been completed.

28. **Commitments under Operating Leases**

The company had annual commitments under non-cancellable operating leases as set out below:

Operating Leases which expire:	**Land and buildings 2014** £	**Land and buildings 2013** £
In two to five years	193,500	14,026
After five years	-	107,500
	193,500	121,526

29. Post Balance Sheet Events

On 4 February 2015, the Company declared dividends at £100,000 in relation to the year ended 31 December 2014.

30. Ultimate Parent Undertaking and Controlling Party

The Directors consider Brian Russell to be the ultimate controlling party of the Company.

31. Related Parties

The Group has taken advantage of exemptions under Financial Reporting Standard 8 to not disclose inter group transactions as all such transactions have been eliminated on consolidation in these Group Financial Statements.

Anglo London Limited has a 20% holding in Heparo BV (APC Holland) which writes commercial combined and property business in Holland. It pay fees for using the Company's Quotemac System. The total income in these accounts from Heparo BV is €69,739 (2013 - €13,461). There are no outstanding balances at year end.

On 18 April 2013 the company acquired 20% of the share capital of Incorporated Insurance Group Limited (IIGL) an insurance underwriting company for a consideration of £100,000. IIGL pays fees for using the Company's Quotemac System and for bringing business to Lloyds. The total income in these accounts derived from IIGL is £103,294 (2013 - £48,423). This investment was transferred to Anglo London Limited on 10 October 2013. There are no outstanding balances at year end.

During 2013 Brian Russell sold his shareholding in APC to Anglo London Limited in a management buy-out. Anglo London Limited is a holding company for various companies and is owned by the directors of APC and various senior staff.

Brian Russell and Patricia Russell are shareholders of Brinpat Management Limited, which is the managing company for the property that APC rents in Hornchurch. The ultimate landlord is APC Benevolent fund. Rent and service charge paid in the period is £4,115.

32. Net Cash Flow from Operating Activities

	2014 £	2013 (8 months) £
Profit before tax	1,979,879	(138,919)
Amortisation of intangible fixed assets – goodwill	685,532	170,633
Amortisation of intangible fixed assets – other	51,968	-
Write back of negative goodwill	(1,446,542)	-
Depreciation of tangible fixed assets	65,105	21,134
Unrealised capital gains	(11,116)	-
Interest received	(17,445)	(583)
Interest paid	201,877	1,202
(Increase)/decrease in debtors	(76,476)	(256,978)
Increase/(decrease) in creditors	825,632	1,882,668
Share of Associates results	(2,226)	34,155
Increase in technical provisions	8,278	-
Net cash inflow from operating activities	2,261,466	1,713,312

33. **Reconciliation of Net Cash Flow to Movement In Net Cash**

	2014 £	2013 £
Net cash at 1 January	3,150,945	-
Increase in net cash	3,746,537	3,150,945
Net cash at *31 December*	6,897,482	3,150,945

34. **Analysis of Net Debt**

	As at 1 January 2014 £	Cash flow £	Other non-cash changes £	As at 31 December 2014 £
Cash in hand and at bank	3,150,945	3,746,537	-	6,897,482
Loan notes due within one year	(280,000)	250,000	(500,000)	(530,000)
Loan notes due after 1 year	(5,750,000)	-	500,000	(5,250,000)
Bank loan due within 1 year	-	(180,000)	(60,000)	(240,000)
Bank loan due after 1 year	-	(1,460,000)	60,000	(1,400,000)
Finance leases due within 1 year	(3,097)	3,227	(1,664)	(1,534)
Finance leases due after 1 year	(1,664)	-	1,664	-
	(2,883,816)	2,359,764	-	(524,052)