

EUROPA EQUITY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

WEDNESDAY



A7F9TE4X

A12

26/09/2018

#419

COMPANIES HOUSE



shawgibbs

accountants & business advisers

EUROPA EQUITY LIMITED

COMPANY INFORMATION

Directors	T J Duggan D M Saville I G Donald
Company number	09376227
Registered office	Europa House Midland Way Thornbury Bristol BS35 2JX
Auditor	Shaw Gibbs Limited 264 Banbury Road Oxford OX2 7DY

EUROPA EQUITY LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 7
Statement of comprehensive income	8
Group balance sheet	9
Company balance sheet	10
Group statement of changes in equity	11
Company statement of changes in equity	12
Group statement of cash flows	13
Notes to the financial statements	14 - 26

EUROPA EQUITY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present the strategic report for the year ended 31 December 2017.

Principal activities and business review

The principal activities of the group during the year was that of an insurance intermediary and insurance services provider.

The directors are satisfied with the performance of the group during the year which whilst loss making was a year of significant change following the cessation of underwriting activities at the end of 2016. This led to the handling of the natural expiry of those policies throughout 2017 or transitioning many of them at their renewal to other insurers within the insurer panel available.

The group continues to regularly review its procedures, processes and customer solutions, as well as actively encouraging new initiatives from its staff to ensure the continued improvement in customer service. The directors believe this continued commitment to improving customer solutions will enhance the underlying flexibility of the group to support its future development and return to profitability.

Principal risks and uncertainties

The group operates in a sector subject to various regulatory and competitive risks. The group regularly reviews the business risks it faces and seeks to manage and mitigate those risks through its risk and controls framework. The principal risks the group faces are indicated below:

- *Market Risk*

The continuing competitive retail market place which continues to cause pressure on income. To counter this, the group continues to develop new solutions and strategies for its customers who remain the focus of the business.

- *Regulatory Risk*

One Quote Direct Insurance Services Limited is an Appointed Representative of Europa Group Limited which is regulated by the Financial Conduct Authority, registration number 309794.

The personal lines retail intermediary sector faces continued scrutiny and reviews in relation to sales methods and disclosures to customers. The Head of Risk and Compliance monitors continuously those matters falling within the Financial Conduct Authority rules and guidelines and the group seeks to proactively enhance the customer journey and the information provided to mitigate these regulatory changes.

The group does not hold client money. Policies and procedures to detect and avoid money laundering are in place and regularly reviewed.

- *Financial and Credit Risk*

The group does not have material exposures to financial risks. The group has not issued any financial instruments.

Credit risk is managed through the group's control procedures and all the group's current liabilities can be met from liquid funds.

EUROPA EQUITY LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

- *Operational Risk*

The group operates in a sector with a high degree of reliance on people and IT systems.

Internal audits of the controls in place are completed throughout the year. Disaster Recovery Plans are tested regularly by the group to ensure they remain fit for purpose and confirmations are obtained from key suppliers of the robustness of their own disaster recovery plans.

Staff are monitored against the procedures in place and provided with regular feedback by their line management as well as having a comprehensive training programme in place. The bespoke e-learning solution which was implemented during 2016 has continued to be extended during 2017 with an increasing number of modules being introduced to offer an effective and flexible learning environment for staff.

Corporate governance

The Executive Directors of the subsidiaries act as the Internal Audit Committee on Corporate Governance and hold regular meetings to review policies and procedures.

Where appropriate the group consults with external consultancy professionals.

On behalf of the board



T J Duggan

Director

24 September 2018

EUROPA EQUITY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their annual report and financial statements for the year ended 31 December 2017.

Basis of reporting

The company was incorporated on 6 January 2015 as part of a group reconstruction and proposed refinancing of Brentstar Holdings Limited and its subsidiary undertakings. The company is wholly owned by the directors.

For the reasons outlined in note 1.2 to the financial statements, Horizon Insurance Company Limited and Octagon Services Limited, subsidiary undertakings incorporated and operating in Gibraltar, have not been included in the consolidated financial statements for the years ended 31 December 2016 and 31 December 2017.

Directors

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

T J Duggan
D M Saville
I G Donald

Results and dividends

The results for the year are set out on page 8.

The reported loss for the year, after taxation, amounted to £1,930,660 (2016: £24,555,041). The directors have not recommended a dividend.

Employee policies, training and development

The group treats all staff and job applicants equally. Selection, recruitment, advancement and promotion are based on merit and not on any consideration of age, gender, marital status, colour or religion.

The group continues to recognise its social and statutory duty to employ disabled persons, and pursues a policy of providing, where possible, the same employment opportunities to disabled persons as to others.

The training department provides training for all of the group's key services. Group policy is to deliver consistently high client service through continuous monitoring and feedback on sales and administration activities, assisted by regular in-house coaching, tutoring and development courses. Staff are encouraged, where applicable, to qualify through examination with the Chartered Insurance Institute and relevant NVQ's. The group meets the costs of training materials and examination fees and additionally provides time and tuition within normal working hours in the group's performance.

Future developments and going concern

The group's business activities, together with the risks and uncertainties likely to affect its future development and performance are indicated within the strategic report. In December 2016, the group ceased to underwrite new business from January 2017, as such 2017 was the start of the transformation for the business as it repositions for 2018 and beyond.

The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

Auditor

The auditor, Shaw Gibbs Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

EUROPA EQUITY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Statement of 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 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 group and company, and of the profit or loss of the group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 auditor of the company 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 auditor of the company is aware of that information.

On behalf of the board



T J Duggan

Director

24 September 2018

EUROPA EQUITY LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EUROPA EQUITY LIMITED

Opinion

We have audited the financial statements of Europa Equity Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2017 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's *responsibilities for the audit of the financial statements* section of our report. 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 group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

EUROPA EQUITY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF EUROPA EQUITY LIMITED

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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent 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.

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.

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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

EUROPA EQUITY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF EUROPA EQUITY LIMITED

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.

S. J. Wetherall

Stephen John Wetherall (Senior Statutory Auditor)
for and on behalf of Shaw Gibbs Limited

24 September 2018

Chartered Certified Accountants
Statutory Auditor

264 Banbury Road
Oxford
OX2 7DY

EUROPA EQUITY LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

		2017	2016
	Notes	£	£
Turnover	3	9,044,440	19,713,309
Administrative expenses		(11,515,055)	(17,958,813)
Operating (loss)/profit	4	(2,470,615)	1,754,496
Interest receivable	7	786	28,849
Interest credit	8	-	118,218
Fair value loss on investments		-	(26,000,000)
Loss before taxation		(2,469,829)	(24,098,437)
Tax credit/(charge) on loss	9	539,169	(456,604)
Loss for the financial year		(1,930,660)	(24,555,041)

Loss for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

The group has no recognised gains or losses other than the results for the year as set out above.

The statement of total comprehensive income has been prepared on the basis that all operations are continuing operations.

EUROPA EQUITY LIMITED

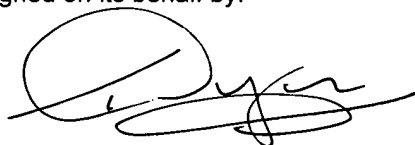
GROUP BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	10		29,108		57,454
Current assets					
Debtors	13	2,140,236		7,183,783	
Cash at bank and in hand	14	4,687,834		5,260,108	
		6,828,070		12,443,891	
Creditors: amounts falling due within one year	15	(3,722,462)		(9,435,969)	
Net current assets			3,105,608		3,007,922
Total assets less current liabilities			3,134,716		3,065,376
Creditors: amounts falling due after more than one year	16		(2,000,000)		(2,000,000)
Net assets			1,134,716		1,065,376
Controlling shareholders' loans	18		21,000,000		19,000,000
Capital and reserves					
Called up share capital	20		100		100
Profit and loss reserves			(19,865,384)		(17,934,724)
Total equity			(19,865,284)		(17,934,624)
Total shareholder funds			1,134,716		1,065,376

The financial statements were approved by the board of directors and authorised for issue on 24 September 2018 and are signed on its behalf by:

T J Duggan
Director



EUROPA EQUITY LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Investments	11		998		998
Current assets					
Creditors: amounts falling due within one year	15	(38,318)		(23,448)	
Net current liabilities			(38,318)		(23,448)
Total assets less current liabilities			(37,320)		(22,450)
Capital and reserves					
Called up share capital	20		100		100
Profit and loss reserves			(37,420)		(22,550)
Total equity			(37,320)		(22,450)

As permitted by s408 Companies Act 2006, the company has not presented its own statement of comprehensive income and related notes. The company's loss for the year was £14,870 (2016 - £11,350 loss).

The financial statements were approved by the board of directors and authorised for issue on 24 September 2018 and are signed on its behalf by:

T J Duggan
Director



Company Registration No. 09376227

EUROPA EQUITY LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2016	100	6,620,317	6,620,417
Year ended 31 December 2016:			
Loss and total comprehensive income for the year	-	(24,555,041)	(24,555,041)
Balance at 31 December 2016	100	(17,934,724)	(17,934,624)
Year ended 31 December 2017:			
Loss and total comprehensive income for the year	-	(1,930,660)	(1,930,660)
Balance at 31 December 2017	100	(19,865,384)	(19,865,284)

EUROPA EQUITY LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2016	100	(11,200)	(11,100)
Year ended 31 December 2016:			
Loss and total comprehensive income for the year	-	(11,350)	(11,350)
Balance at 31 December 2016	100	(22,550)	(22,450)
Year ended 31 December 2017:			
Loss and total comprehensive income for the year	-	(14,870)	(14,870)
Balance at 31 December 2017	100	(37,420)	(37,320)

EUROPA EQUITY LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash absorbed by operations	23	(2,303,695)		(3,177,642)	
Interest paid		-		118,218	
Income taxes paid		(269,365)		(457,713)	
Net cash outflow from operating activities		(2,573,060)		(3,517,137)	
Investing activities					
Purchase of tangible fixed assets		-	(28,720)		
Investment in subsidiaries		-	(2,000,000)		
Interest received		786	28,849		
Net cash generated from/(used in) investing activities			786		(1,999,871)
Financing activities					
Loans		2,000,000	2,000,000		
Net cash generated from financing activities		2,000,000		2,000,000	
Net decrease in cash and cash equivalents		(572,274)		(3,517,008)	
Cash and cash equivalents at beginning of year		5,260,108		8,777,116	
Cash and cash equivalents at end of year		4,687,834		5,260,108	

EUROPA EQUITY LIMITED

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

1 Accounting policies

Company information

Europa Equity Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Europa House, Midland Way, Thornbury, Bristol, BS35 2JX.

The group consists of Europa Equity Limited and all of its subsidiaries.

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 £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

As permitted by s408 Companies Act 2006, the company has not presented its own statement of total comprehensive income and related notes. The company's loss for the year was £14,870.

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Europa Equity Limited and all of its UK subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). All financial statements are made up to 31 December 2017.

The company is wholly owned by the directors.

Horizon Insurance Company Limited ("Horizon") and Octagon Services Limited, subsidiary undertakings incorporated and operating in Gibraltar, have not been included in the consolidated financial statements for the years ended 31 December 2016 and 31 December 2017.

Horizon ceased to carry out new underwriting business and entered underwriting run off as at the end of December 2016 leading to a curtailment of the exercise of the company's rights over the assets and management of those subsidiaries.

As a result audited financial statements for Horizon have not been made available and the company's investment has been impaired in full. Furthermore, the shareholders have agreed further financial support to Horizon, up to a maximum of £2 million.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

1.3 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 controlling shareholders have undertaken not to seek repayment of their loans for the foreseeable future unless finance permits. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

EUROPA EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.4 Turnover

Fees & Commission Income

Fees and commissions represent income due to the group and are recognised on the date of the inception of the policy or transaction date if later. Other insurance services are based on amounts invoiced in respect of services provided in the year.

1.5 Tangible fixed assets

Tangible fixed assets 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:

Fixtures, fittings & equipment	20% straight line basis
Computer Equipment	33% straight line basis

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 comprehensive income.

1.6 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 the statement of total comprehensive income.

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.

1.7 Cash at bank and in hand

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

1.8 Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

1.9 Equity instruments

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.

1.10 Taxation

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

Current tax

The tax credit / (expense) represents the sum of the tax currently recoverable / (payable).

EUROPA EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

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 statement of comprehensive income, 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 if, and only if, there is 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.

1.11 Retirement benefits

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

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

2 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.

3 Turnover and other revenue

	2017 £	2016 £
Turnover analysed by class of business		
Commission from insurance broking operations and fees for other services	9,044,440	19,713,309
	<u> </u>	<u> </u>
	2017 £	2016 £
Turnover analysed by geographical market		
United Kingdom	9,044,440	19,713,309
	<u> </u>	<u> </u>

EUROPA EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

4 Operating (loss)/profit

	2017 £	2016 £
Operating (loss)/profit of the group for the year is stated after charging/(crediting)		
Depreciation of owned tangible fixed assets	28,346	43,900
Movement on provisions for specific purposes	(502,000)	418,000

5 Auditor's remuneration

	2017 £	2016 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the company	7,900	7,700
Accountancy and taxation	3,540	3,650
Audit of the company's subsidiaries	24,570	24,425
	36,010	35,775

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year in the UK was:

	Group 2017 Number	2016 Number	Company 2017 Number	2016 Number
Number of staff	291	387	3	3

Their aggregate remuneration comprised:

	Group 2017 £	2016 £	Company 2017 £	2016 £
Wages and salaries	7,839,484	9,331,730	-	-
Social security costs	664,490	753,965	-	-
Pension costs	132,336	150,636	-	-
	8,636,310	10,236,331	-	-

7 Interest receivable

	2017 £	2016 £
Interest income		
Interest on bank deposits	786	28,849

EUROPA EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

8 Interest payable

2017	2016
£	£

Interest credit	-	118,218
-----------------	---	---------

9 Taxation

2017	2016
£	£

Current tax

UK corporation tax on profits for the current period	-	451,458
Adjustments in respect of prior periods	(475,757)	23,935

Total current tax	(475,757)	475,393
-------------------	-----------	---------

Deferred tax

Origination and reversal of timing differences	(63,412)	(18,789)
--	----------	----------

Total tax (credit)/charge for the year	(539,169)	456,604
--	-----------	---------

The (credit)/ charge for the year can be reconciled to the loss per the statement of comprehensive income as follows:

2017	2016
£	£

Loss before taxation	(2,469,829)	(24,098,437)
----------------------	-------------	--------------

Expected tax credit based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)

(475,442)	(4,819,687)
-----------	-------------

Tax effect of expenses that are not deductible in determining taxable profit

6,499	36,570
-------	--------

Losses for the year

22,383	5,232,244
--------	-----------

Excess depreciation over capital allowances

4,900	2,331
-------	-------

Prior year adjustment

(34,097)	23,935
----------	--------

Deferred tax

(63,412)	(18,789)
----------	----------

Taxation (credit)/charge for the year

(539,169)	456,604
-----------	---------

EUROPA EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

10 Tangible fixed assets

Group	Plant and Machinery	Fixtures, fittings & equipment	Computer Equipment	Total
	£	£	£	£
Cost				
At 1 January 2017	33,242	47,111	244,034	324,387
Disposals	(33,242)	-	(191,510)	(224,752)
At 31 December 2017	-	47,111	52,524	99,635
Depreciation and impairment				
At 1 January 2017	33,242	24,476	209,215	266,933
Depreciation charged in the year	-	9,423	18,923	28,346
Eliminated in respect of disposals	(33,242)	-	(191,510)	(224,752)
At 31 December 2017	-	33,899	36,628	70,527
Carrying amount				
At 31 December 2017	-	13,212	15,896	29,108
At 31 December 2016	-	22,635	34,819	57,454

The company had no tangible fixed assets at 31 December 2017 or 31 December 2016.

11 Fixed asset investments

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Investments in subsidiaries	12	-	-	998	998

EUROPA EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

11 Fixed asset investments (Continued)

Movements in fixed asset investments Group

Shares in
group
undertakings
£

Cost or valuation

At 1 January 2017 and 31 December 2017

26,000,000

Impairment

At 1 January 2017 and 31 December 2017

26,000,000

Carrying amount

At 31 December 2017

-

At 31 December 2016

-

Movements in fixed asset investments Company

Shares in
group
undertakings
£

Cost or valuation

At 1 January 2017 and 31 December 2017

998

Carrying amount

At 31 December 2017

998

At 31 December 2016

998

12 Subsidiaries

Details of the company's subsidiaries at 31 December 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Brentstar Holdings Limited	UK	Intermediate holding company	Ordinary	100.00	
One Quote Direct Insurance Services Limited (1)	UK	Insurance intermediary	Ordinary		100.00
Catalyst Consulting Solutions Limited (1)	UK	Administrative services to a fellow subsidiary undertaking	Ordinary		100.00
Horizon Insurance Company Limited (1)	Gibraltar	Direct motor insurer	Ordinary and redeemable preference		100.00
Octagon Services Limited (2, 3)	Gibraltar	Insurance intermediary	Ordinary		100.00

EUROPA EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

12 Subsidiaries

(Continued)

1- Shares are held by Brentstar Holdings Limited

2- Shares are held by Horizon Insurance Company Limited.

3- Change of name from Octagon Insurance Services Limited to Octagon Services Limited with effect from 11 April 2017.

The basis of consolidation and presentation of the group financial statements are detailed in note 1.2 on page 14.

13 Debtors

	Group 2017	2016	Company 2017	2016
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	1,297,229	6,731,187	-	-
Corporation tax recoverable	451,271	-	-	-
Amounts owed by group and associated undertakings	5,145	48,681	-	-
Other debtors	486	486	-	-
Prepayments and accrued income	219,228	299,964	-	-
	<u>1,973,359</u>	<u>7,080,318</u>	<u>-</u>	<u>-</u>
Deferred tax asset (note 17)	166,877	103,465	-	-
	<u>2,140,236</u>	<u>7,183,783</u>	<u>-</u>	<u>-</u>

The carrying amount of financial assets comprising trade debtors, other debtors, amounts due from group undertaking, and cash at bank and in hand measured at amortised cost totals £5,990,694 (2016: £12,040,462).

14 Cash at bank and in hand

Escrow account

On 11 December 2017, the group provided by deed a funding commitment to Horizon Insurance Company Limited up to a maximum of £2 million by way of a transfer of funds to an escrow account. The commitment ends on 31 December 2020.

EUROPA EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

15 Creditors: amounts falling due within one year

	Group 2017 £	2016 £	Company 2017 £	2016 £
Trade creditors	774,951	5,802,644	-	-
Amounts due to group and associated undertakings	251,561	244,907	14,150	11,200
Corporation tax payable	-	293,851	-	-
Other taxation and social security	51,900	136,181	-	-
Other creditors	1,345	1,345	898	898
Accruals and deferred income	2,642,705	2,957,041	23,270	11,350
	<u>3,722,462</u>	<u>9,435,969</u>	<u>38,318</u>	<u>23,448</u>

The carrying amount of financial liabilities comprising trade creditors, other creditors and amounts due to group and associated undertakings measured at amortised cost totals £1,027,857 (2016: £6,048,896).

16 Creditors: amounts falling due after more than one year

	Group 2017 £	2016 £	Company 2017 £	2016 £
Term loan from associated company	<u>2,000,000</u>	<u>2,000,000</u>	<u>-</u>	<u>-</u>

The term loan from Blue Boar Holdings Limited, an associated company under common control outside the Europa Equity Limited group, is unsecured and interest free. It is subject to a minimum of 12 months notice. At the date of approval of these accounts, no repayment notice has been received.

17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2017 £	Liabilities 2016 £	Assets 2017 £	Assets 2016 £
Group				
Accelerated capital allowances	(3,031)	(7,972)	-	-
General Provision	-	-	110,529	111,437
Tax losses	-	-	59,379	-
	<u>(3,031)</u>	<u>(7,972)</u>	<u>169,908</u>	<u>111,437</u>

The company has no deferred tax assets or liabilities.

EUROPA EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

17 Deferred taxation

(Continued)

Deferred tax assets and liabilities are offset where the group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes.

	Group 2017 £
Movements in the year:	
Asset at 1 January 2017	103,465
Accelerated capital allowances	4,941
General provision	397
Effect of change in tax rate - (loss)	(1,305)
Tax losses	59,379
	<hr/>
Asset at 31 December 2017	166,877
	<hr/>

18 Controlling shareholders' loans

	Group 2017 £	2016 £	Company 2017 £	2016 £
Term loans	21,000,000	19,000,000	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

The term loans, which are unsecured, are repayable subject to a minimum of 12 months notice. Interest was chargeable at 2.5% above the 3 months LIBOR. The loans are now interest free effective for the year ended 31 December 2016 and future periods. As reported in note 1.3 to the financial statements, the lenders have undertaken not to seek repayment of their loans for the foreseeable future.

19 Retirement benefit schemes

	2017 £	2016 £
Defined contribution schemes		
Charged to operating (loss)/profit in respect of defined contribution schemes	132,336	150,636
	<hr/>	<hr/>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

20 Share capital

	Group and company 2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of £1 each	100	100
	<hr/>	<hr/>

EUROPA EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

21 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Within one year	259,275	259,275	-	-
Between two and five years	345,700	604,975	-	-
	<u>604,975</u>	<u>864,250</u>	<u>-</u>	<u>-</u>

EUROPA EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

22 Related party transactions

There was no remuneration of key management personnel, who are also directors during the year (2016: £Nil).

Transactions with related parties

The company has taken advantage of the exemptions provided by FRS 102 - Related party disclosures not to disclose transactions with the UK related undertakings of Europa Equity Limited.

During the year ended 31 December 2017, the UK group received income from Horizon Insurance Company Limited in respect of brokers commission and other insurance services amounting to £Nil (2016: £9,028,508).

At the year end the group had a balance of £291,577 (2016: £5,199,813 owed to) owed from Horizon Insurance Company Limited.

During the year, expenditure totalling £6,794,589 (2016: £9,142,166) has been shared on an arms length basis with Europa Group Limited an associated company outside the Europa Equity group to cover salary, office running and other administrative expenses in respect of staff and other resources utilised by the group companies.

During the year, the group paid brokers commission totalling £301 (2016: £108,462) to Europa Underwriting Limited, an associated company outside the Europa Equity group.

At the year end the group had a balance of £196,048 (2016: £47,062 owed from) owed to Europa Group Limited, an associated company outside the Europa Equity group.

At the year end the group had a balance of £47,250 (2016: £239,947) owed to Europa Underwriting Limited, an associated company outside the Europa Equity group.

At the year end the group had a balance of £7,386 (2016: £4,960) owed to Blue Boar Holdings Limited, an associated company outside the Europa Equity group.

EUROPA EQUITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

23 Cash generated from group operations

	2017 £	2016 £
Loss for the year after tax	(1,930,660)	(24,555,041)
Adjustments for:		
Taxation (credited)/charged	(539,169)	456,604
Finance costs	-	(118,218)
Investment income	(786)	(28,849)
Fair value losses on investments	-	26,000,000
Depreciation and impairment of tangible fixed assets	28,346	43,900
Movements in working capital:		
Decrease/(increase) in debtors	5,558,230	(1,430,601)
(Decrease) in creditors	(5,419,656)	(3,545,437)
Cash absorbed by operations	(2,303,695)	(3,177,642)