Abbey Insurance Brokers Limited

Report and Financial Statements

31 March 2017

Directors

D G Storey
A E A McKinley
I Bond
P R P Hanna
G H Storey
T Shaw
J McMichael
J Davidson (resigned 2 December 2016)
J McKelvey
J Hillen (appointed 1 December 2016)

Auditors

Ernst & Young LLP
Bedford House
16 Bedford Street
Belfast BT2 7DT

Bankers

Danske Bank Limited
PO Box 183
Donegall Square West
Belfast BT1 6JS

Solicitors

Kearney Sefton
Franklin House
12 Brunswick Street
Belfast BT2 7GE

Registered Office

10 Governors Place
Carrickfergus
County Antrim BT38 7BN

Strategic report

The directors present their Strategic Report for the year ended 31 March 2017.

Principal activity and review of the business

The principal activity of the company during the year was acting as an insurance broker.

The directors consider the results for the year to be satisfactory. The company will continue to seek every opportunity to increase profitable turnover.

The nature of the company results in significant non-cash amortisation expenses which contributed to the net current liabilities in the prior year balance sheet. The Directors consider that the company has adequate cash resources and bank facilities to achieve the company's objectives and meet the company's liabilities as they fall due.

Key performance indicators

The company's key performance indicators are as follows:

	2017	*2016*
Turnover (£000)	£20,423	£12,068
Operating profit (£000)	£2,740	£407
Operating profit as a % of turnover	13.42%	3.4%
EBITDA (before exceptional expenditure) (£000)	£5,076	£2,281
Average number of employees (Number)	381	239
Operating profit per staff member (£)	£7,191	£1,703

Principal risks and uncertainties

Performance in the sector is affected by general economic conditions and specific sectoral factors associated with the worldwide insurance market. The board is aware of competitor activity, market trends and forecasts and customer requirements. Insurance capacity availability and pricing are other sectoral risks faced.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in credit risk, price risk and liquidity risk. The company has in place a risk management programme that seeks to limit their adverse effects on its financial performance.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to individual customers is subject to a limit, which is reassessed regularly by the board.

Price risk

The company maintains a wide panel of insurance providers to ensure it remains competitive within the market and therefore address any associated price risk.

Liquidity risk

The company's parent group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure that it has sufficient available funds for operations and planned expansions.

On behalf of the Board

PRP Hanna

Director

19 December 2017

Registered No. NI053754

Directors' report

The directors present their report for the year ended 31 March 2017.

Results and dividends

The profit for the year after taxation amounted to £1,633,000 (2016 – loss of £15,000). The directors have declared a final dividend £1,500,000 (2016 – £500,000).

Future developments

The directors are committed to long term creation of shareholder value by increasing the company's market share through a combination of organic growth and acquisitions. Successful implementation of this growth strategy has resulted in a good EBITDA reported for 2017, despite the sector remaining highly competitive. While the incoming year is likely to continue to be very challenging, early results are satisfactory and the directors expect another year of good progress.

Going concern

The directors have a reasonable expectation that the company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the company directors' report and financial statements.

Directors

The directors who served the company during the year were as follows:

D G Storey
A E A McKinley
I Bond
P R P Hanna
G H Storey
T Shaw
J McMichael
J Davidson (resigned 2 December 2016)
J McKelvey
J Hillen (appointed 1 December 2016)

Political and charitable contributions

The company made charitable donations amounting to £17,000 (2016 – £21,000) during the year. No political donations were made during the year.

Health and safety

The company is committed to achieving the highest practicable standards in health and safety management and strives to make all sites and offices safe environments for employees and customers alike.

Environment

The company recognises its corporate responsibility to carry out its operations whilst minimising environmental impacts. The directors' continued aim is to comply with all applicable environmental legislation, prevent pollution and reduce waste wherever possible.

Human resources

The company's most important resource is its people; their knowledge and experience is crucial to meeting customer requirements. Retention of key staff is critical and the company has invested increasingly in employment training and development and has introduced appropriate incentive and career progression arrangements.

Directors' report

Employment policies

It is the policy of the company to ensure that there is no discrimination regarding the employment, training, career development and promotion of employees who are handicapped. Where existing employees become disabled, it is the company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Within the bounds of commercial confidentiality, information is disseminated to all levels of employees about matters that affect the progress of the company and are of interest and concern to them as employees, thereby encouraging their involvement in the company's performance.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Matters included in the Strategic Report

Under section 414 of Companies Act 2006 all matters not disclosed in the Directors' Report have been included in the Strategic Report.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board

G H Storey

GH Storey
Director
19 December 2017

Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report, 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, including FRS 102 '*The Financial Reporting Standard applicable in the UK and Republic of Ireland*' (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 judgments and 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 auditors' report

to the members of Abbey Insurance Brokers Limited

We have audited the financial statements of Abbey Insurance Brokers Limited for the year ended 31 March 2017 which comprise the Profit and Loss account, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 22. 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), including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement (set out on page 5), 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report and financial statements 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 company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditors' report

to the members of Abbey Insurance Brokers Limited

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Ruth Logan (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast
Date: 20.12.17

Profit and loss account

for the year ended 31 March 2017

	Notes	*2017* *£000*	*2016* *£000*
Turnover	3	20,423	12,068
Net operating expenses:			
Before exceptional items		(17,683)	(10,858)
Exceptional redundancy costs	5	–	(803)
		(17,683)	(11,661)
Operating profit	4	2,740	407
Interest receivable and similar income		–	8
Interest payable and similar charges	8	(233)	(137)
Profit before taxation		2,507	278
Tax charge	9	(874)	(293)
Profit/(loss) for the financial year		1,633	(15)

All amounts relate to continuing activities.

Statement of comprehensive income

for the year ended 31 March 2017

There is no comprehensive income or loss other than the profit attributable to the shareholders of the company of £1,633,000 in the year ended 31 March 2017 (2016 – loss of £15,000).

Statement of changes in equity

for the year ended 31 March 2017

	Share capital	*Profit and loss account*	*Total*
	£000	*£000*	*£000*
At 1 April 2015	8,100	795	8,895
Loss for the year	–	(15)	(15)
Dividends paid (note 17)	–	(500)	(500)
At 31 March 2016	8,100	280	8,380
Issued share capital (note 16)	4,800	–	4,800
Profit for the year	–	1,633	1,633
Dividends paid (note 17)	–	(1,500)	(1,500)
At 31 March 2017	12,900	413	13,313

Called up share capital
Share capital represents the nominal value of shares that have been issued.

Profit and loss account
Profit and loss account includes all current and prior period retained profits and losses.

Registered No. NI053754

Balance sheet

at 31 March 2017

	Notes	2017 £000	2016 £000
Fixed assets			
Intangible assets	10	15,200	16,944
Tangible assets	11	1,922	1,045
		17,122	17,989
Current assets			
Debtors	12	6,583	6,334
Cash at bank and in hand		8,615	6,543
		15,198	12,877
Creditors: amounts falling due within one year	13	(15,311)	(18,823)
Net current liabilities		(113)	(5,946)
Total assets less current liabilities		17,009	12,043
Creditors: amounts falling due after more than one year	14	(3,673)	(3,604)
Provisions for liabilities			
Deferred taxation	9(c)	(23)	(59)
Net assets		13,313	8,380
Capital and reserves			
Called up share capital	16	12,900	8,100
Profit and loss account		413	280
Shareholder funds		13,313	8,380

DG Storey

Director

19 December 2017

Notes to the financial statements

at 31 March 2017

1. Accounting policies

Statement of compliance

The company is a private company limited by shares and is incorporated in Northern Ireland. The address of its registered office is 10 Governors Place, Carrickfergus, and County Antrim, BT38 7BN.

The company's financial statements have been prepared in compliance with FRS 102 as it applies to the company for the year ended 31 March 2017.

Basis of preparation

The financial statements are prepared on a going concern basis under the historical cost convention, in accordance with applicable accounting standards.

The financial statements are prepared in Sterling which is the functional currency of the company and rounded to the nearest £000.

Reduced disclosure framework

The company has taken advantage of the following disclosure exemptions under FRS 102:

(a) The requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);

(b) The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d);

(c) The requirements of Section 11 Basic Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c) and Section 12 paragraph 12.26; and

(d) Section 33 Related Party Disclosures paragraph 33.7.

The company's ultimate parent undertaking and controlling party is Prestige Insurance Holdings Limited, a company incorporated in Northern Ireland, which is the parent undertaking of the largest group to consolidate these financial statements. Prestige Insurance Holdings Limited financial statements are available from 10 Governors Place, Carrickfergus, Co. Antrim, BT38 7BN.

Going concern

The company has net current liabilities arising from amounts payable to group companies. The Directors are comfortable that the company has sufficient resources to continue to meet its financial obligations and have financial support available from the ultimate parent undertaking, Prestige Insurance Holdings Limited.

Goodwill

Purchased goodwill is eliminated by amortisation through the profit and loss account over its useful economic life. The useful economic life of the assets shown in note 10 has been estimated by the directors at 20 years for the goodwill on the purchase of the trade and assets of Abbey Insurance Brokers, 10 years for the goodwill on the purchase of the trade and assets of Open and Direct Insurance Services and 3 years for the goodwill on other acquisitions. The goodwill arising on the other acquisitions has now been fully amortised.

The carrying values of goodwill are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost, or revaluation, of tangible fixed assets over the expected useful economic lives of the assets concerned. The principal annual rates used are as follows:

Office furniture and equipment	–	20% straight-line
Motor vehicles	–	25% reducing balance

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Notes to the financial statements

at 31 March 2017

1. Accounting policies (continued)

Turnover

Rendering of services

Income relating to insurance broking is brought into account at the earlier of, the policy inception date or when the policy placement has been completed and confirmed.

Fees and other income receivable are recognised in the period to which they relate and when they can be measured with reasonable certainty.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the asset's useful lives. A corresponding liability is recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments in the balance sheet. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered scheme. The contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Insurance broking assets and liabilities

The company acts as an agent in broking and insurable risks of its clients and, generally, is not liable as a principle for premiums due to underwriters or for claims payable to clients. Notwithstanding the company's legal relationship with clients and underwriters it has followed generally accepted accounting practice by showing cash, debtors and creditors relating to insurance business as assets and liabilities of the company itself.

Investments

Fixed asset investments are stated at their purchase cost less any provision for diminution in value.

The carrying values of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Notes to the financial statements

at 31 March 2017

1. Accounting policies (continued)

Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other debtors and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

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

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables and preference shares are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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

Trade payables are obligations to pay for goods or services that have been received in the ordinary course of business from suppliers. Trade payables are classified into amounts falling due within one year if payment is due within one year or less. If not, they are presented as amounts falling due after one year. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

Short term debtors and creditors

Debtors and creditors with no stated interest rate and are receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other operating expenses.

Notes to the financial statements

at 31 March 2017

2. Critical judgements and estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period.

The following judgement has had the most significant effect on amounts recognised in the financial statements:

Intangible assets

The goodwill on the acquisition of Abbey Insurance Brokers and Open and Direct Insurance Services has been reviewed by the directors and the remaining useful life (note 10) remains appropriate. The directors do not believe there is any additional impairment required to the asset.

3. Turnover

Income relates to the company's principal activity which is carried out in the United Kingdom.

All turnover relates to rendering of services.

	2017	*2016*
	£000	*£000*
Type of turnover		
Rendering of services	20,423	12,068

4. Operating profit

This is stated after charging/(crediting):

		2017	*2016*
		£000	*£000*
Auditors' remuneration	– audit services	20	30
	– non audit services – other assurance	9	6
Depreciation of owned fixed assets (note 11)		565	239
Depreciation of assets held under finance leases and hire purchase contracts (note 11)		27	16
Profit/(Loss) on disposal of fixed assets		6	(1)
Operating lease rentals	– property	92	92
	– motor vehicles	6	6
Goodwill amortisation (note 10)		1,744	816

Notes to the financial statements

at 31 March 2017

5. Exceptional items

	2017	*2016*
	£000	*£000*
Redundancy costs	–	803

The tax effect in the profit and loss account relating to the exceptional items recognised in arriving at the operating profit is:

	2017	*2016*
	£000	*£000*
Tax charge on fundamental reorganisation costs	–	161

The company undertook some cost cutting measures during 2016 as a result of the acquisition and subsequent integration of the Open and Direct Insurance Services business.

6. Directors' remuneration

	2017	*2016*
	£000	*£000*
Remuneration	879	654
Company contributions paid to defined contribution pension schemes	20	8

Retirement benefits are accruing to five (2016 – three) director under a defined contribution scheme.

	2017	*2016*
	£000	*£000*
Highest paid director:		
Aggregate remuneration	179	169

Notes to the financial statements

at 31 March 2017

7. Staff costs

	2017 £000	2016 £000
Wages and salaries	8,821	5,566
Social security costs	759	522
Other pension costs	173	121
	9,753	6,209

The average monthly number of employees, including directors, during the year was made up as follows:

	2017 No.	2016 No.
Administration	108	71
Sales	273	168
	381	239

8. Interest payable and similar charges

	2017 £000	2016 £000
Bank charges and fees	48	27
Preference share dividends paid	9	9
On hire purchase and finance leases	2	1
Credit card charges	174	100
	233	137

9. Tax

(a) Tax on profit

The tax charge is made up as follows:

	2017 £000	2016 £000
Current tax:		
UK corporation tax on the profit for the year	768	59
Adjustment to tax of prior years	22	40
Group relief payable	120	170
Total current tax	910	269
Deferred tax:		
Accelerated capital allowances and other timing differences	(12)	8
Adjustment in respect of prior periods	(24)	16
Total deferred tax	(36)	24
Tax on profit (note 9 (b))	874	293

Notes to the financial statements

at 31 March 2017

9. Tax (continued)

(b) Factors affecting total tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20% (2016 – 20%). The differences are explained below:

	2017	2016
	£000	£000
Profit before tax	2,507	278
Profit multiplied by standard rate of corporation tax in the UK of 20% (2016 – 20%)	501	56
Effects of:		
Expenses not deductible for tax purposes	375	181
Adjustments to tax charge in respect of previous years	(2)	56
Total tax for the year (note 9 (a))	874	293

(c) Deferred tax liability

	£000
At 1 April 2016	59
Credit to the profit and loss account	(36)
At 31 March 2017	23

	2017	2016
	£000	£000
Deferred taxation liability:		
Accelerated capital allowances	23	59

(d) Future tax rates

The tax rate for the current year remained at the prior year rate of 20%, accordingly the company's taxable profits are taxed at a rate of 20% during the year. Reductions to the UK Corporation Tax rate were introduced as part of Finance Act 2016 (substantively enacted on 5 September 2016). These reduce the main rate of tax to 19% from 1 April 2017 and to 17% from 1 April 2020. The deferred tax has been calculated at 17%.

Notes to the financial statements

at 31 March 2017

10. Intangible fixed assets

	Goodwill
	£000
Cost:	
At 1 April 2016	25,237
At 31 March 2017	25,237
Aggregated amortisation:	
At 1 April 2016	8,293
Charge for the year	1,744
At 31 March 2017	10,037
Net book value:	
At 31 March 2017	15,200
At 1 April 2016	16,944

The useful economic life of the goodwill has been estimated by the directors at 20 years for goodwill on the purchase of the trade and assets of Abbey Insurance Brokers, 10 years on the purchase of the trade and assets of Open and Direct Insurance Services and 3 years for the goodwill on other acquisitions. The remaining useful life of each component of goodwill is as follows, Abbey Insurance Brokers 8.5 years, Open and Direct Insurance Services 8.8 years and other acquisitions nil years.

11. Tangible fixed assets

	Office furniture and equipment	*Motor vehicles*	*Total*
	£000	*£000*	*£000*
Cost:			
At 1 April 2016	2,246	150	2,396
Additions	1,345	138	1,483
Disposals	–	(44)	(44)
At 31 March 2017	3,591	244	3,835
Accumulated depreciation:			
At 1 April 2016	1,255	96	1,351
Charge for the year	565	27	592
Disposals	–	(30)	(30)
At 31 March 2017	1,820	93	1,913
Net book value:			
At 31 March 2017	1,771	151	1,922
At 1 April 2016	991	54	1,045

The net book value of fixed assets includes £133,000 (2016 – £13,000) in respect of assets held under hire purchase and finance lease agreements.

Included within office furniture and equipment is an amount of £217,000 for assets in the course of construction. These assets are not yet brought into use and hence no deprecation has been charged.

Notes to the financial statements

at 31 March 2017

12. Debtors

	2017	*2016*
	£000	*£000*
Debtors in respect of insurance transactions	5,642	4,998
Prepayments and accrued income	941	1,336
	6,583	6,334

13. Creditors: amounts falling due within one year

	2017	*2016*
	£000	*£000*
Obligations under hire purchase and finance lease agreements (note 15)	32	4
Creditors in respect of insurance transactions	10,404	10,498
Amounts due to group companies	3,253	6,023
Current corporation tax	389	27
Other taxes and social security costs	206	200
Sundry creditors	201	1,104
Accruals and deferred income	826	967
	15,311	18,823

14. Creditors: amounts falling due after more than one year

	2017	*2016*
	£000	*£000*
Obligations under hire purchase and finance lease agreements (note 15)	73	4
Redeemable cumulative preference shares of £1 each	3,600	3,600
	3,673	3,604

Preference share capital

		2017		*2016*
Allotted, called up and fully paid	*No.*	*£000*	*No.*	*£000*
Redeemable cumulative preference shares of £1 each	3,600,000	3,600	3,600,000	3,600

The redeemable cumulative preference shares carry a fixed preferential dividend at the rate of 0.25% below Bank of England base rate per annum, payable half yearly in arrears on 30 June and 31 December. On a winding up the holders have priority before all other classes of shares to receive repayment of capital plus any arrears of dividend. The holders have no voting rights. The shares are redeemable at any time on giving the company not less than two years notice.

Notes to the financial statements

at 31 March 2017

15. Obligations under finance leases and hire purchase contracts

Future minimum payments under finance lease and hire purchase obligations:

	2017	*2016*
	£000	*£000*
Amount payable		
Within one year	35	4
In two to five years	82	5
	117	9
Less: finance charges allocated to future periods	(12)	(1)
	105	8

16. Issued share capital

		2017		*2016*
Allotted, called up and fully paid	*No.*	*£000*	*No.*	*£000*
Ordinary shares of £1 each	12,900,100	12,900	8,100,100	8,100

During the year the company issued 4,800,000 ordinary shares of £1 each at par.

17. Dividends

	2017	*2016*
	£000	*£000*
Dividend paid of 11.6279p per £1 ordinary share (2016 – 6.1728p)	1,500	500

18. Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

19. Other financial commitments

At 31 March 2017 the company had future minimum rentals under non-cancellable operating leases as set out below:

		2017		*2016*
	Land and buildings	*Motor vehicles*	*Land and buildings*	*Motor vehicles*
	£000	*£000*	*£000*	*£000*
Within one year	453	14	297	30
Between one and two years	401	–	273	14
Between two and five years	1,034	–	593	–
Over five years	1,904	–	542	–
	3,792	14	1,705	44

Notes to the financial statements

at 31 March 2017

20. Contingent liabilities

The assets of the company are subject to intercompany guarantee with all companies within the Prestige Insurance Holdings Limited Group. Group borrowings are secured by floating charges over all the company's assets and undertakings with the exception of any funds held on trust for insurers or clients in accordance with FCA client money regulations.

21. Related party transactions

The directors are related parties of the company as defined by FRS 102 Section 33 Related Party Disclosures paragraph 33.11.

The company's parent undertaking is Prestige Insurance Holdings Limited, which is registered in Northern Ireland.

As a wholly owned subsidiary of Prestige Insurance Holdings Limited, the company is exempt from the requirements of FRS 102 Section 33 Related Party Disclosures paragraph 33.11 to disclose transactions with other members of the group which are party to the transaction.

During the year Abbey Insurance Brokers Limited placed £947,937 (2016 – £303,534) of gross insurance premiums with Octane London Market Limited, a fellow subsidiary of the Prestige Insurance Holdings Limited Group. At the 31 March 2017, £136,504 (2016 – £158,994) was due from Octane London Market Limited.

During the year Abbey Insurance Brokers Limited incurred a rental charge of £51,000 (2016 – £51,000) from Mr G H Storey and Mr DG Storey, directors in the Company.

22. Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party is Prestige Insurance Holdings Limited, a Company incorporated in Northern Ireland, which is the parent undertaking of the largest group to consolidate these financial statements.

Copies of the group financial statements of Prestige Insurance Holdings Limited can be obtained from 10 Governors Place, Carrickfergus, and County Antrim, BT38 7BN.