ASHBROOKE FINANCIAL GROUP LIMITED

Company registration number: 09678901

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2016

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COMPANY INFORMATION

Directors	Steven Gowland Andrew Morpeth
Company Secretary	Jeremy Watt
Registered Office	8 Eagle Court London EC1M 5QD
Independent Auditor	Mazars LLP Tower Bridge House St Katharine's Way London E1W 1DD

STRATEGIC REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2016

The directors present their Strategic Report for the period ended 31 December 2016.

Principal activity and review of business

The Company was incorporated on 9 July 2015 in England & Wales with the company number 09678901. It is a holding company whose only investments are the entire issued share capital of Bestpark International Limited ('BIL') and Ashbrooke Ventures Limited ('AVL').

The principal activities of Ashbrooke Financial Group Limited and its subsidiaries (the 'Group') are the acquisition of insurance companies and portfolios in the legacy insurance market and the provision of outsourcing and consultancy services related to the management and administration of insurance operations.

On 19 February 2016 the Company purchased 100% of the shares in BIL. BIL formerly operated as an insurance company underwriting direct and reinsurance risks in the London market. On 29 November 2002 BIL ceased to accept new business. Since 29 November 2002 the principal activity of BIL has been the administration of existing business in force and the settlement of outstanding claims.

On 19 February 2016 the Company purchased 100% of the shares in AVL. AVL supports the management team to acquire insurance run-off portfolios and provides other management consultancy services to the international reinsurance market.

The profit for the period was £7.1m and the profit after taxation was £7.1m.

The directors believe that the treatment of negative goodwill under FRS102 arising on the acquisition of BIL is inconsistent with the fact specialist run-off managers are more able to manage the risks inherent within end of life insurance companies than non-specialists and so negative goodwill (also known as a gain on bargain purchase) is common in the specialist field of insurance run-off. Under International Financial Reporting Standards a gain on bargain purchase would be written immediately to the profit and loss account rather than amortised over a period as convention requires under FRS102. The directors believe that this treatment would more adequately represent the Group's net asset position at the period end. The pro forma group profit before taxation would therefore have been £8.8m rather than £7.1m if negative goodwill was treated in this way and net assets would be £8.9m rather than £7.1m. It should also be noted that goodwill is disregarded for the purposes of calculating capital requirements under Solvency II.

Strategy and financial performance during the period

The Group offers high quality, knowledgeable resources to administer run-off services in the UK. The directors continue to seek an orderly run-off of the Group's business as quickly as is consistent with protecting the interests of policyholders. In order to achieve this objective the Group will continue to seek to remove future uncertainty through effective claims management techniques including commutation agreements, where appropriate.

The key performance indicator used by the directors is the reported and forecast solvency of the Group which they seek to maintain at a level that meets the Group's regulatory capital requirements. During the period the net assets of the Group have increased to £7.1m at 31 December 2016 under FRS102 following positive claims development and a comprehensive review of the held reserves in relation to a number of classes of business. The directors currently expect a solvent run-off to be maintained in the future. The Group comfortably exceeds its Regulatory Capital requirements for both MCR and SCR as calculated in accordance with Solvency II requirements.

Principal financial risks and uncertainties

The financial risks and uncertainties facing the Company and Group are described below under "Financial risk management". In addition to these financial risks the Company is exposed to legal and regulatory risk. Non-compliance with regulation could give rise to fines or restrictions on approvals which might impair the Group's performance or financial position.

As further explained in note 17 to the financial statements, the directors consider that there is uncertainty attaching to the future development of certain classes of business. Whilst the directors consider that, on the basis of information currently available, the Company and the Group will conduct a solvent run-off, there is a risk that the future cost of claims may exceed the financial resources of the Group and hence the Company and the Group may not be able to meet liabilities to policyholders.

Financial risk management

The Group is exposed to financial risk through its financial assets, liabilities, reinsurance assets and policyholder liabilities. In particular, a key financial risk is that the proceeds from financial and reinsurance assets are not sufficient to fund the obligations arising from policies as they fall due. The most important components of this financial risk are that the Group is exposed to interest rate risk, currency risk, credit risk and liquidity risk. The Group does not use hedging or adopt hedge accounting for any type of transactions.

Interest rate risk
The Group is exposed to interest rate risk in relation to its bank deposit balances. The Group manages this risk by investing cash balances so as to optimise returns whilst having regard to the minimum investment criteria as set out in the Investment Policy Statement.

Credit risk
Credit risk is the risk that a counterparty will be unable to pay the amounts in full when due. The main areas where the Group is exposed to credit risk is in relation to bank deposits with credit institutions and reinsurance assets. The Group seeks to minimise this risk by monitoring the financial security of credit institutions and reinsurers, and collecting reinsurance recoveries as soon as they become due. The Group manages this risk by investing cash balances with regard to the minimum investment criteria as set out in the Investment Policy Statement.

Liquidity risk
Liquidity risk is the risk that cash may not be available to pay obligations when due. The Group seeks to mitigate this risk by maintaining sufficient cash to meet its obligations as they fall due. Instant access accounts holding at least £1m are maintained at all times.

Claims deterioration

Insurance risk is the risk that new claims may arise and that reserves on existing claims are inadequate. The Group seeks to mitigate this risk by regularly reviewing claim developments and carefully reviewing the adequacy of reserves including incurred but not reported ("IBNR") reserves within BIL.

This report was approved by the Board of Directors and signed on behalf of the Board

Steven Gowland
Director

7 April 2017

DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2016

The directors present their report and the audited financial statements for the period ended 31 December 2016.

Incorporation and principal activities

Ashbrooke Financial Group Limited was incorporated on 9 July 2015 and commenced trading on 19 February 2016. The principal activities of the Group are the acquisition of insurance companies and portfolios in the legacy insurance market and the provision of outsourcing and consultancy services related to the management of insurance operations and management consulting to the international reinsurance market.

Dividends

The directors do not recommend the payment of a dividend in the period.

Directors

The directors who served during the period were:

Steven Gowland – Appointed 9 July 2015
Andrew Morpeth – Appointed 9 July 2015

Going concern

The financial statements have been prepared on a going concern basis. As explained in note 17 there is uncertainty regarding the ultimate cost of claims of the subsidiary company, BIL, particularly those in relation to liability, latent defects and financial institutions business. These could vary materially from the amounts currently estimated and exceed the financial resources of the Group. However, the Group maintains sufficient liquid resources to meet claims as they fall due over the next year and the claims subject to greatest uncertainty are those that are long-tail in nature. Financial risk management and future developments are covered within the Strategic Report.

Accordingly, the directors consider that on the basis of information currently available it is appropriate to prepare the financial statements on the basis that the Company and the Group is a going concern.

Matters covered in the Strategic Report

As permitted in paragraph 1A of Schedule 7 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on pages 2 and 3. These matters relate to the financial risk management disclosures.

Events since the end of the year

There have been no significant post balance sheet events.

This report was approved by the board of directors and signed on its behalf by:

Steven Gowland
Director

7 April 2017

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the Company and the Group 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 judgments 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to Auditor

Each of the persons who is a director at the date of this Directors' Report has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418(2) of the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHBROOKE FINANCIAL GROUP LIMITED
FOR THE PERIOD ENDED 31 DECEMBER 2016

We have audited the financial statements of Ashbrooke Financial Group Limited for the period ended 31 December 2016 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated and Company Statement of Changes in Equity and the Consolidated Statement of Cash Flows. 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).

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. 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent's affairs as at 31 December 2016 and of the group's profit for the period 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.

Emphasis of matter

In forming our opinion on the financial statements, which is not modified, we draw attention to the disclosure in note 17 to the financial statements concerning the Group's technical provisions. Uncertainty exists regarding the ultimate cost of settlement of these liabilities and the recoverability of the reinsurers' share of the technical provisions. These uncertainties are such that the ultimate liabilities, which will vary as a result of subsequent information and events, may result in material, but presently unquantifiable, adjustments to the amounts provided. Adjustments to the amount of provisions are reflected in the financial statements for the period in which they occur.

Opinion on other matters 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHBROOKE FINANCIAL GROUP LIMITED
FOR THE PERIOD ENDED 31 DECEMBER 2016

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or 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, 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.

Steve Liddell

Steve Liddell (Senior Statutory Auditor)

for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD

7 April 2017

ASHBROOKE FINANCIAL GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2016

	Note	2016
		£'000
TECHNICAL ACCOUNT - GENERAL BUSINESS		
Earned Premiums, net of reinsurance		
Gross premiums written	3	-
Outward reinsurance premiums	3	-
Change in the gross provision for unearned premiums		-
Change in the provision for unearned premiums, reinsurers' share		-
Allocated investment return transfer from technical account	4	5
Other operating income		-
Other income		5
Technical income		5
Claims Incurred, Net Of Reinsurance		
Claims Paid		
Gross Amount		(1,799)
Reinsurers' share		523
Net claims paid		(1,276)
Change in Provision For claims	17,19	4,594
Gross amount		
Reinsurer's share	17,19	(778)
Net Change in Provision for Claims		3,816
Net operating expenses	5	(66)
Total Technical Charges		2,474
Balance on Technical Account		2,479
NON TECHNICAL ACCOUNT		
Balance on Technical Account – General Business		2,479
Investment Income		5
Investment Income Allocated to Technical Account		(5)
Other Income		
Amortisation of negative goodwill	11	4,035
Foreign Exchange Gains	8	623
Other Charges including Value Adjustments	11	(14)
Profit on Ordinary Activities Before Taxation		7,123
Income tax expense	10	(1)
Profit For The Financial Period		7,122

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2016

Other comprehensive income	-
TOTAL COMPREHENSIVE INCOME	**7,122**

The notes on pages 14 to 30 form an integral part of these financial statements.

ASHBROOKE FINANCIAL GROUP LIMITED

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016
Intangible Assets		**£'000**
Positive Goodwill	11	**54**
Negative Goodwill	11	**(1,729)**
		(1,675)
Reinsurers' share of technical provisions		
Provision for unearned premiums	17	**-**
Claims outstanding	17,19	**2,090**
		2,090
Debtors		
Debtors arising out of direct insurance operations	13	**29**
Debtors arising out of reinsurance operations	13	**1,061**
Other debtors	13	**-**
		1,090
Other assets		
Tangible Assets	12	**11**
Cash at bank and in hand	14	**14,956**
		14,967
Prepayments and accrued income		
Other prepayments and accrued income		**34**
		34
TOTAL ASSETS		**16,506**
Capital and reserves		
Called up share capital	16	**20**
Profit and loss account		**7,122**
Total shareholders' funds		**7,142**
Technical provisions		
Provision for unearned premiums	17	**-**
Claims outstanding	17,19	**8,817**
		8,817
Creditors		
Creditors arising out of direct insurance operations		**111**
Creditors arising out of reinsurance operations		**21**
Other creditors		**320**
		452
Accruals and deferred income		**95**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**16,506**

The financial statements were approved by the board of directors on 7 April 2017 and were signed on its behalf by:

Andrew Morpeth
Director

The notes on pages 14 to 30 form an integral part of these financial statements.

ASHBROOKE FINANCIAL GROUP LIMITED

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £'000
ASSETS		
Non-current assets		
Investments	15	211
		211
Current assets		
Trade and other receivables	13	-
Cash at bank and in hand	14	-
		-
TOTAL ASSETS		211
EQUITY		
Capital and reserves		
Called up share capital	16	20
Profit and loss account		-
Total shareholders' funds		20
LIABILITIES		
Current liabilities		
Trade and other payables	18	191
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		211

The financial statements were approved by the board of directors on 7 April 2017 and were signed on its behalf by:

Andrew Morpeth
Director

Company Registration No 09678901

The notes on pages 14 to 30 form an integral part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2016

Consolidated	Called up share capital £'000	Profit and loss account £'000	Total share-holders' equity £'000
Issue of share capital on incorporation	20	-	**20**
Profit for the period	-	7,122	**7,122**
Other comprehensive income	-	-	**-**
Total comprehensive income	**20**	**7,122**	**7,142**
At 31 December 2016	**20**	**7,122**	**7,142**

Reserves

Profit and loss account
This reserve represents the cumulative profits and losses of the Group.

Company

	Called up share capital £'000	Profit and loss account £'000	Total shareholers' equity £'000
On incorporation	20	-	-
Profit for the period	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income	20	-	20
At 31 December 2016	**20**	**-**	**20**

Reserves

Profit and loss account
This reserve represents the cumulative profits and losses of the Company.

The notes on pages 14 to 30 form an integral part of these financial statements.

ASHBROOKE FINANCIAL GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2016

	Notes	2016
		£ '000
Net cash from operating activities		
Profit on Ordinary Activities Before Taxation		7,123
Interest receivable		(5)
Goodwill Adjustment		(4,021)
Depreciation		4
Adjustments to Reconcile Cash Flows Used in Operating Activities		
Reinsurers share of Technical Account	17,19	573
Debtors Arising From Direct Insurance Activities	13	(29)
Debtors Arising From Reinsurance Activities	13	(252)
Other Debtors		12
Technical Provisions	17,19	(3,549)
Creditors Arising From Direct Insurance Activities		111
Creditors Arising From Reinsurance Activities		(590)
Other Creditors		97
Taxation paid		(1)
Net cash absorbed by operating activities		(527)
Cash flow from investing activities		
Purchase of Ashbrooke Ventures Limited		10
Purchase of Bestpark International Limited		15,463
Purchase of Tangible Assets		(15)
Interest received		5
Net cash used in investing activities		15,463
Cash flow from financing activities		
Issue of Shares		20
Net cash used in financing activities		20
Net increase in cash at bank and in hand		**14,956**
Cash and cash equivalents on incorporation		0
Cash and cash equivalents at the end of the period		14,956

1 ACCOUNTING POLICIES

General information

The Company is registered in England & Wales with the registered number: 09678901 and is a holding company whose only investments are the entire issued share capital of Bestpark International Limited and Ashbrooke Ventures Limited. The address of its registered office and principal place of business is 8 Eagle Court, London EC1M 5QD.

These financial statements have been presented in Pounds Sterling as this is the Company's and subsidiaries' functional currency, being the currency of the primary economic environment in which the Group operates.

Basis of preparation

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 applicable legislation, as set out in the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 relating to insurance groups. These financial statements have been prepared under the historical cost convention.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 2). A summary of important and material accounting policies is set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and those of its subsidiaries made up to 31 December 2016. Where a subsidiary is acquired/disposed of during the period, the consolidated profits or losses are recognised from/until the effective date of the acquisition/disposal.

All intra-group balances, transactions, income and expenses are eliminated on consolidation. The consolidated accounts are prepared using uniform accounting policies. The profit and loss account for the period dealt with in the accounts of the Company was £Nil.

Business combinations

The Group applies the acquisition method of accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the fair value of assets transferred, liabilities incurred and the equity interest issued by the Group at the date of acquisition, which includes the fair value of any assets or liabilities arising from a contingent arrangement.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquired subsidiaries financial statements prior to the acquisition.

Goodwill and negative goodwill is stated after separate recognition of identifiable net assets. It is calculated as the difference between (i) the fair value of the consideration transferred; and (ii) the fair value of the reporting entity's share of the pre-transaction identifiable net assets of the other entity.

In accordance with section 408 of the Companies Act 2006 the Company has chosen not to present an individual profit and loss account for the period.

ACCOUNTING POLICIES (CONTINUED)

Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable and separately recognised. After initial recognition, goodwill is measured at cost less accumulated impairment losses and amortisation.

Negative goodwill is recognised and treated in accordance with FRS102 Section 19.24C. The directors assess the accounting periods expected to benefit from the excess of the fair value of non-monetary assets acquired and release negative goodwill in accordance with that assessment.

Going concern

The financial statements have been prepared on a going concern basis. As explained in note 17 there is uncertainty regarding the ultimate cost of claims of the subsidiary company, Bestpark International Limited, particularly those in relation to liability, latent defects and financial institutions business. These could vary materially from the amounts currently estimated and exceed the financial resources of the Group. However, the Company and Group maintains sufficient liquid resources to meet claims as they fall due over the next year and the claims subject to greatest uncertainty are those that are long-tail in nature. Accordingly, the directors consider that on the basis of information currently available it is appropriate to prepare the financial statements on the basis that the Company and the Group is a going concern.

Tangible fixed assets

Tangible fixed assets is recognised as an asset only if it is probable that economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. An item of property, plant and equipment that qualifies for recognition as an asset is measured at its cost. After recognition, all property, plant and equipment is carried at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided at rates calculated to write down the cost of assets, less estimated residual value, over their expected useful lives on the following basis:

Computer equipment	33.33 % per annum
Fixtures and fittings	20.00 % per annum

The residual value and the useful life of an asset is reviewed at least at each financial period-end. Gains or losses arising on disposal of tangible fixed assets are determined as the difference between the disposal proceeds and carrying value of the asset and are recognised in profit or loss.

Premiums written

Premiums written relate to business incepted during the period, together with any differences between booked premiums for prior years and those previously accrued, and include estimates of premiums due but not yet receivable or notified to the Company or the Group, less an allowance for cancellations.

Unearned premiums

Unearned premiums represent the proportion of premiums written that relate to unexpired terms of policies in force at the reporting date, calculated on a time apportionment basis.

Acquisition costs

Acquisition costs, which represent commission and other related expenses, are deferred over the period in which the related premiums are earned.

ACCOUNTING POLICIES (CONTINUED)

Claims incurred

Claims incurred comprise claims and related expenses paid in the period and changes in the provision for outstanding claims, including provision for claims incurred but not yet reported and related expenses, together with any other adjustments to claims from previous years. Where applicable, deductions are made for salvage and other recoveries.

Interest income

Interest income is recognised as interest accrues using the effective interest rate method.

Taxation

The tax expense for the period comprises current and deferred tax. Tax currently payable, relating to UK corporation tax, is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted as at the reporting date. Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date. Transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future give rise to a deferred tax liability or asset. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in years different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted as at the reporting date, that are expected to apply to the reversal of the timing difference. The tax expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Deferred income tax assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Financial instruments

Financial assets and liabilities are recognised when the Group becomes party to the contractual provisions of the financial instrument. The Group holds only basic financial instruments, which comprise cash and cash equivalents, debtors, debt securities and creditors. The Group has chosen to apply the measurement and recognition provisions of Section 11 *Basic Financial Instruments* and Section 12 *Other Financial Instrument Issues* in full.

Financial assets – classified as basic financial instruments
Cash and cash equivalents
Cash and cash equivalents comprises cash in hand, deposits held with banks and other short-term highly liquid investments with original maturities of three months or less.

Debtors and deposits with ceding undertakings
Debtors include debtors arising out of direct and reinsurance operations and other debtors. Debtors and deposits with ceding undertakings are initially recognised at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Amounts that are receivable within one year are measured at the undiscounted amount expected to be receivable, net of any impairment.

Where a financial asset constitutes a financing transaction it is initially and subsequently measured at the present value of the future payments, discounted at a market rate of interest.

At the end of each reporting year the Group assesses whether there is objective evidence that any financial asset amount may be impaired. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original

ACCOUNTING POLICIES (CONTINUED)

terms of the financial assets. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows. The amount of the provision is recognised immediately in profit or loss.

Financial liabilities – classified as basic financial instruments
Creditors
Creditors include creditors arising out of direct and reinsurance operations and other creditors. Creditors are initially measured at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Amounts that are payable within one year are measured at the undiscounted amount expected to be payable.

Where a financial liability constitutes a financing transaction it is initially and subsequently measured at the present value of the future payments, discounted at a market rate of interest.

Claims provisions and related reinsurance recoveries

Provision is made at the year-end for the estimated cost of claims incurred but not yet settled at the reporting date, including the cost of claims incurred but not yet reported. The estimated cost of claims includes expenses to be incurred in settling claims and a deduction for the expected value of salvage and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. This is discussed in more detail in note 17, 19 and 20.

Reinsurance recoveries

Reinsurance recoveries in respect of estimated claims incurred but not reported ("IBNR") are assumed to be consistent with the historical pattern of such recoveries, adjusted to reflect changes in the nature and extent of the Group's reinsurance programme over time. An assessment is also made of the recoverability of reinsurance recoveries having regard to market data on the financial strength of each of the reinsurance companies.

Foreign currencies

Foreign currency transactions are translated into the functional currency of the reporting entity using the exchange rate prevailing on the first day of the month in which the transactions took place. Income and expenses items are translated using an average exchange rate for the year where there are limited fluctuations in foreign exchange rates.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are reported at the rates of exchange prevailing at that date. For the purposes of foreign currency translation, insurance balances are treated as monetary items. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at the reporting date of monetary assets and liabilities are reported in profit or loss.

Segmental analysis

The Company only operates in the UK and there are no reportable segments which are managed separately based on the Company's management and internal reporting structure.

ACCOUNTING POLICIES (CONTINUED)

Investment in subsidiaries

Investments in subsidiaries are recorded at historical cost in the Company's balance sheet.

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Group and Company financial statements in accordance with FRS 102 requires management to make judgements, estimates and assumptions in applying accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgements and assumptions are continually evaluated and based on historical experience and factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty in these financial statements, which together are deemed critical to the Group's results and financial position, are as follows:

(i) Estimating claims provisions and reinsurance recoveries

When estimating claims provisions and reinsurance recoveries the directors are required to make estimates regarding various inputs into calculations for these balances. These are discussed further in note 17, 19 and 20.

(ii) Recoverability of debtors

A provision for debtors is established where it is estimated that the debtors are not considered to be fully recoverable. When assessing recoverability the directors consider factors such as the aging of the receivables, past experience of recoverability and the credit profile of individual or groups of customers.

(iii) Treatment of Negative Goodwill

Under FRS102, negative goodwill arising on acquisitions should be released to the profit and loss account on the basis of accounting periods of recovery for excesses relating to non-monetary assets and in the accounting periods expected to benefit for any excess relating to non-monetary assets acquired. The directors have used their judgement in assessing the accounting periods that are expected to benefit and believe that the release should be in the year of acquisition. However, they have decided to release the negative goodwill over a three year period in the percentages set out in note 11.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2016

3 PARTICULARS OF BUSINESS WRITTEN

The business of the Group arises mainly in respect of London market direct insurance and reinsurance business the premiums written and results have been analysed accordingly.

	Gross written premiums 2016 £'000	Gross earned premiums 2016 £'000	Gross claims incurred 2016 £'000	Reinsurance balance 2016 £'000
Direct insurance	0	0	2,577	(516)
Reinsurance	0	0	217	262
	0	0	2,794	(254)
By class of business- Direct insurance:				
Accident & health	-	-	58	0
Marine, aviation and transport	-	-	72	0
Fire and other property damage	-	-	400	(112)
Third party liability	-	-	586	0
Miscellaneous & pecuniary loss	-	-	1,461	(404)
	0	0	2,577	(516)

4 INVESTMENT INCOME

	2016 £'000
Income from cash at bank	5
	5

5 NET OPERATING EXPENSES

	2016 £'000
Administrative expenses	551
Change in reinsurance profit commission	(26)
Release of irrecoverable debtors and creditors	(459)
	66

6 INVESTMENT EXPENSES AND CHARGES

	2016 £'000
Investment management expenses	-

7 EMPLOYEES AND DIRECTORS' REMUNERATION

Staff Costs for the period were as follows:

	Group £'000
Wages and Salaries	73
Social Security Costs	8
Other pension costs	3
	84

The total average number of employees, including directors, in the period was 3.

The remuneration of the Directors, who comprise the key personnel, was as follows:

	Group £'000
Wages and Salaries	177
Defined contribution pension payments	1
	178

8 OTHER INCOME AND EXPENSES

	2016 £'000
Foreign exchange gains	623

9 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Group 2016 £'000
Profit on ordinary activities before taxation is stated after charging:	
Auditor's remuneration	
- fees payable for the audit of the company financial statements	21
- fees payable for the audit of the group financial statements	7
- fees payable for audit related assurance services	8
- tax compliance services	4
	40

10 TAXATION

Analysis of profit or loss charge	2016 £'000
Current tax on profit on ordinary activities	-
Prior Year tax on profit on ordinary activities	(1)

10 TAXATION (CONTINUED)

Factors affecting current tax charge

	2016 £'000
Profit on ordinary activities before tax	7,123
UK corporation tax at 20.00%	1,424
Adjustments for items not chargeable to Corporation Tax	(804)
Tax losses utilised	(620)
Total tax on profit on ordinary activities	(1)

The Group has unutilised tax losses of approximately £3.5m as at 31 December 2016. Following the decision to place BIL into run-off and the subsequent acquisition of BIL by the Company, it is still considered unlikely that there will be sufficient profits in future periods against which tax losses can be offset and therefore no deferred tax asset has been recognised. There is no expiry date for these losses.

Factors affecting future tax rates

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted in October 2015. Further reduction to the tax rate from 18% to 17% (effective 1 April 2020) was enacted in September 2016. These rates have therefore been considered when calculating deferred tax at the reporting date.

11 GOODWILL

	Negative Goodwill £'000	Goodwill £'000	Total £'000
Cost			
On incorporation	-	-	-
Acquisition of subsidiaries	(5,764)	68	(5,696)
As at 31 December 2016	(5,764)	68	(5,696)
Accumulated (amortisation)/release			
On incorporation	-	-	-
Amortisation charge for the period	-	(14)	(14)
Release in period	4,035	-	4,035
As at 31 December 2016	4,035	(14)	4,021
Carrying amount at 31 December 2016	(1,729)	54	(1,675)

In accordance with Section 27 Impairment of Assets, the directors have performed a review of the value of the goodwill held by the group and are satisfied that there was no indication of impairment at the period end.

11 GOODWILL (CONTINUED)

In accordance with the policy on Goodwill, goodwill is amortised over a five year period and negative goodwill is released and recognised in the periods expected to benefit. The directors' have assessed the timetable for the run off of BIL and have spread the release of negative goodwill over the three year period as follows:

2016 70%
2017 15%
2018 15%

The directors believe that this reflects the estimated actual benefit which each of the accounting periods will receive based upon their assessment of the estimated run off timetable.

12 TANGIBLE ASSETS

	Computer equipment £'000	Furniture and fittings £'000	Total £'000
Cost			
On incorporation	-	-	-
Additions	11	4	15
As at 31 December 2016	11	4	15
Depreciation			
On incorporation	-	-	-
Charge	(3)	(1)	(4)
As at 31 December 2016	(3)	(1)	(4)
Carrying amount at 31 December 2016	8	3	11

13 DEBTORS

	Group 2016 £'000	Company 2016 £'000
Debtors arising out of direct insurance operations	29	-
Debtors arising out of reinsurance operations	1,061	-
Other Debtors	0	-
	1,090	-

14 CASH AT BANK AND IN HAND

	Group 2016 £'000	Company 2016 £'000
Cash at bank and in hand	14,956	-

Cash includes £7.4m of short term liquidity funds.

15 FIXED ASSET INVESTMENTS

Company

	£'000
Investments in subsidiary companies	
Additions in Period	211
Net book value at 31 December 2016	211

Subsidiary Undertakings

Name	*Class*	*Holding*	*Business*
Bestpark International Limited	Ordinary A and B Shares	100%	Insurance Run off
Ashbrooke Ventures Limited	Ordinary shares	100%	Consulting Services

Both subsidiaries were acquired on 19 February 2016 and are registered in England and Wales with their registered offices at 8 Eagle Court, London EC1M 5QD.

16 SHARE CAPITAL

On incorporation the Company issued 20,000 ordinary £1 shares at par.

17 ANALYSIS OF UNEARNED PREMIUMS PROVISION AND CLAIMS OUTSTANDING

	Provision for unearned premiums	Claims Outstanding	Total
	2016	2016	2016
Gross amount	£'000	£'000	£'000
At 19 February	0	12,366	12,366
Exchange difference	0	1,045	1,045
Change in the provisions	0	(4,594)	(4,594)
At 31 December	0	8,817	8,817
Reinsurance amount			
At 19 February	0	(2,662)	(2,662)
Exchange difference	0	(206)	(206)
Change in the provisions	0	778	778
At 31 December	0	(2,090)	(2,090)
Net technical provisions			
At 19 February	0	9,704	9,704
Exchange difference	0	839	839
Change in the provisions	0	(3,816)	(3,816)
At 31 December	0	6,727	6,727

Provision is made at the year-end for the estimated cost of claims incurred but not yet settled at the reporting date, including the cost of claims incurred but not yet reported. The estimated cost of claims includes expenses to be incurred in settling claims and a deduction for the expected value of salvage and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

17 ANALYSIS OF UNEARNED PREMIUMS PROVISION AND CLAIMS OUTSTANDING (CONTINUED)

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified, where more information about the claim event is generally available. IBNR liabilities may often not be apparent to the insured until many years after the event giving rise to the claim. Classes of business where the IBNR proportion of the total reserve is high will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these reserves. Classes of business where claims are typically reported relatively quickly after the claim event tend to display lower levels of volatility.

18 TRADE AND OTHER PAYABLES

Company

	2016 £'000
Amounts owed to Group undertakings	191

Amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

19 CLAIMS OUTSTANDING

In calculating the estimated cost of unpaid claims the Group uses a variety of estimation techniques, generally based upon statistical analyses of historical experience, which assumes that the development pattern of current claims will be consistent with past experience. Allowance is made, however, for changes or uncertainties which may create distortions in the underlying statistics or which may cause the cost of unsettled claims to change when compared with the cost of previously settled claims including:

- Changes in Company processes;
- Changes in the legal environment;
- The effects of inflation;
- Changes in the mix of business;
- The impact of large losses; and
- Movement in industry benchmarks.

A component of these estimation techniques is usually the estimation of the cost of notified but not paid claims. In estimating the cost of these the Group has regard to claim circumstances as reported, and information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods.

Large claims impacting each relevant business class are assessed separately where appropriate, being measured on a case by case basis or projected separately in order to allow for the possible distortive effect of the development and incidence of the large claims.

Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provisions and having due regard to collectability.

20 INSURANCE RISK MANAGEMENT

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long–term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

Regulatory capital is also managed (though not exclusively) by reference to the insurance risk to which the Group is exposed.

20 INSURANCE RISK MANAGEMENT (CONTINUED)

Sensitivity to insurance risk

In estimating the insurance liabilities the Group uses several statistical and actuarial techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity.

	Pre-tax profit 2016 £'000	Shareholders' equity 2016 £'000
5% increase in operating expenses		
Gross	(27)	(27)
Net	(27)	(27)
5% increase in claims value		
Gross	(90)	(90)
Net	(64)	(64)

There remains uncertainty surrounding the ultimate cost of insurance claims to the Group. At 31 December 2016 reserves for claims outstanding were £8.8m and expected reinsurance recoveries totalled £2.1m.

The latent defects account provides cover for structural defects in new build properties, mainly of a residential nature, and typically for a 10 year period from the date of completion – though this can be delayed on occasions.

The majority of the business which was underwritten by the Group related to risks located in Denmark, French Polynesia/New Caledonia, Spain, Sweden and the United Kingdom.

The extended duration of the claims tail as well as its general uncertainty, are factors in the assessment of the IBNR provision for the latent defects account. Total claims reserves in relation to latent defects are £3.3m which includes claims outstanding of £1.1m and IBNR of £2.2m.

In addition, the Group has significant exposure in respect of claims which are the subject of litigation in a variety of jurisdictions across Europe including Italy, Spain and the United Kingdom as well as in Columbia.

The final cost of these claims is subject to uncertainty pending the conclusion of legal actions, the outcome of which is unlikely to be known for some time including the long running proceedings in Columbia relating to the Banco de la Republica claim notification. As a consequence of these issues the net asset position of the Group is subject to uncertainty.

20 INSURANCE RISK MANAGEMENT (CONTINUED)

Claims development tables

The development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. The Group's subsidiary BIL has not written any new policies for over 5 years, and earned premiums over this period have been minimal. The following net favourable/ (adverse) run-off deviations experienced since 2010 in respect of BIL's insurance reserves were:

	£'000
2011	354
2012	(838)
2013	(129)
2014	967
2015	3,417
2016	3,187

This table includes figures that relate to periods before the acquisition of BIL by the Company in 2016 and are provided for completeness of information.

Concentrations of insurance risk

Management determines concentrations of risk by reference to class of business and geographical location. Prior to entering into run-off the Group's subsidiary, BIL, previously underwrote risk across a range business classes and geographical locations. The concentrations of risk that the Group is exposed to in respect of class of business and geographical location is set out in the tables below, by reference to liabilities.

Concentration of insurance risk by geographical location:

	Gross 2016 £'000	Reinsurance 2016 £'000	Net 2016 £'000
UK	1,029	(193)	836
Europe	5,623	(1,111)	4,512
Other	2,165	(786)	1,379
	8,817	**(2,090)**	**6,727**

Concentration of insurance risk by class of business:

	Gross 2016 £'000	Reinsurance 2016 £'000	Net 2016 £'000
Accident & health	5	-	5
Marine, aviation and transport	8	-	8
Fire and other damage to property	1,149	(41)	1,108
Third party liability	2,779	(12)	2,767
Miscellaneous & pecuniary loss	3,499	(1,676)	1,823
Treaty	1,377	(361)	1,016
Total	**8,817**	**(2,090)**	**6,727**

21 FINANCIAL INSTRUMENTS

Category of financial instruments

The carrying values of the Group's financial assets and liabilities are summarised by category below:

	2016 £'000
Financial assets	
Measured at amortised cost	
– Deposits with ceding undertakings	408
– Cash at bank and in hand	14,956
Measured at undiscounted amount receivable	
- Debtors arising out of direct insurance operations	29
– Debtors arising out of reinsurance operations	653
– Other debtors	34
Total financial assets	16,080
Financial liabilities	
Measured at undiscounted amount payable	
- Creditors arising out of direct insurance operations	111
– Creditors arising out of reinsurance operations	21
– Other creditors	320
Total financial liabilities	452

22 FINANCIAL RISK MANAGEMENT

The Group monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include:

- Interest rate risk;
- Credit risk; and
- Liquidity risk

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The main exposure to cash flow interest rate risk is on cash balances, which are subject to variable rates of interest.

Credit risk

Credit risk is the risk that a counterparty to the Group's financial instruments will cause a loss to the Group through failure to perform its obligations. There were no changes in the Group's credit risk exposure in the financial period nor to the objectives, policies and processes for managing credit risk.

The key areas of exposure to credit risk for the Group result through its reinsurance programme, investments and bank deposits.

Cash balances and deposits are placed only with highly rated credit institutions. To mitigate the risk arising from exposure to reinsurers the Group's policy is to only conduct business with companies of appropriate financial strength ratings. This information is supplied by independent rating agencies where available and if not available the Group uses other publicly available financial information and its own trading records to rate its major reinsurers.

22 FINANCIAL RISK MANAGEMENT (CONTINUED)

The credit quality of the Group's financial assets which are neither past due nor impaired is set out below:

	AA 2016 £'000	A 2016 £'000	Not rated 2016 £'000	Carrying amount 2016 £'000
Reinsurer's share of technical provisions	750	1,117	163	2,090
Debtors arising out of direct insurance operations	-	-	29	29
Debtors arising out of reinsurance operations	48	863	150	1,061
Cash at bank and in hand	-	14,956	-	14,956
	798	16,936	342	18,136

The following table shows the carrying value of assets that are neither past due nor impaired, the ageing of assets that are past due but not impaired and assets that have been impaired. The factors considered in determining that the value of the assets have been impaired were: analysis of impairment; ageing of balances; past loss experience; current economic conditions; and other relevant circumstances.

	Neither past due nor impaired 2016 £'000	Past due less than 30 days 2016 £'000	Past due 31 to 60 days 2016 £'000	Past due 61 to 90 days 2016 £'000	Past due more than 90 days 2016 £'000	Past due and impaired 2016 £'000	Carrying amount 2016 £'000
Reinsurer's share of technical provisions	2,090	-	-	-	-	-	2,090
Debtors arising out of direct insurance operations	-	-	-	-	29	-	29
Debtors arising out of reinsurance operations	121	337	-	-	603	-	1,061
Other debtors	-	-	-	-	-	-	-
Cash at bank and in hand	14,955	-	-	-	-	-	14,955
	17,166	337	-	-	632	-	18,135

No allowance has been made for estimated irrecoverable amounts from counterparties determined by reference to past default experience. All amounts that have not been provided for are expected to be recoverable.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments. There were no changes in the Group's subsidiary BIL's liquidity risk exposure in the financial period nor to the objectives, policies and processes for managing liquidity risk.

The Group is primarily exposed to liquidity risk arising from policy holders on its insurance contracts. The Group manages liquidity by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of assets and liabilities. Liquidity management ensures that the Group has sufficient access to funds necessary to cover insurance claims and other liabilities.

22 FINANCIAL RISK MANAGEMENT (CONTINUED)

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date of which the Group can be required to pay. The tables include both interest and principal cash flows.

	1 - 3 months 2016	*3 months to 1 year 2016*	*1 - 5 years 2016*	*5+ years 2016*	Total 2016
	£'000	*£'000*	*£'000*	*£'000*	£'000
Claims outstanding	150	1,300	7,367	-	8,817
Creditors arising out of direct insurance operations	24	55	32	-	111
Creditors arising out of reinsurance operations	-	-	21	-	21
Other creditors	-	-	320	-	320
	174	1,355	7,740	-	9,269

Currency risk

The Group's asset and liability matching procedures ensure that all liabilities are at least matched by assets in the same denomination, reducing the exposure to currency risk. During the period, a proportion of surplus own funds were held in foreign currencies which has resulted in a foreign currency gain in the period.

At 31 December 2016, the Group held approximately £3.8m in US denominated assets, £0.6m in Euro denominated assets and £0.7m in Swedish Kroner denominated assets in excess of the estimated liabilities in these currencies.

23 CAPITAL MANAGEMENT

The Group's insurance related operations are regulated by the Financial Conduct Authority ("FCA") and the Prudential Regulation Authority ("PRA") and are subject to insurance solvency regulations which specify the minimum amount of capital that must be held in addition to the Group's insurance liabilities. The Group manages capital in accordance with these rules and has embedded in its processes the necessary tests to ensure continuous and full compliance with such regulations.

The Group's objectives in managing capital are:

- To match the profile of its assets and liabilities, taking account of the risks inherent in the business;
- To satisfy the requirements of its policyholders and regulators; and
- To support business growth.

The Group's capital consists of ordinary share capital and retained earnings. The Group's capital levels which were £7.1m at 31 December 2016 which comfortably exceeds the Group's Regulatory Capital requirements as calculated for Solvency II purposes.

24 RELATED PARTY TRANSACTIONS

For the period from 1 January 2016 to 19 February 2016, Charles Taylor Insurance Services Limited ("CTIS"), a wholly-owned subsidiary of Charles Taylor plc ("CT"), undertook to manage and perform all operational functions in relation to the management of BIL's insurance and reinsurance business. For that period, £110,155 was paid to CTIS representing fees for management services, including services provided by third parties including an amount on account of the termination of its management contract on the sale of BIL on 19 February 2016. CTIS was not a related party at the year end and there were no outstanding balances due to CTIS.

There were no other related party transactions.

25 ACQUISITION OF SUBSIDIARIES

On 19 February 2016 the Company acquired 100% of the shares in Bestpark International Limited, an insurance run-off company based in the UK. The consideration was £130k. At the same time, the Company acquired 100% of the issued share capital of Ashbrooke Ventures Limited. The consideration was £80k. The directors' consider the carrying values to be at fair value at the point of acquisition of both companies.

Fair value recognised on acquisitions

	AVL £'000	BIL £'000
Assets		
Fixed Assets	-	-
Cash	90	15,595
Ceded Amounts	-	2,663
Insurance and Reinsurance debtors	-	809
Other debtors	-	46
Total Assets	90	19,112
Gross outstanding claims	-	(12,366)
Insurance and reinsurance creditors	-	(611)
Other creditors	78	(240)
Total Liabilities	78	(13,218)
Net Assets Acquired	12	5,894
Consideration	80	130
Goodwill/(Negative Goodwill)	68	(5,764)
Amounts included within the Statement Of Consolidated Income for the period		
Revenue	30	0
Profit/(Loss)	(10)	3,112

26 CONTINGENT LIABILITIES

The Company and Group have no contingent liabilities other than those arising in the normal course of its insurance business.

27 POST BALANCE SHEET EVENTS

There have been no post balance sheet events.

28 CONTROLLING PARTY

The controlling party of the Company is Mr S Gowland.