

Company No: 4474263

AAA INSURANCE & REINSURANCE BROKERS LIMITED

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2015

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AAA INSURANCE & REINSURANCE BROKERS LIMITED

DIRECTORS:

Dr C Sao Vicente
S A Clark
N L Millar
J P Smith
A Murray
M J Smith

SECRETARY:

D J D Brown

REGISTERED NUMBER:

4474263

REGISTERED OFFICE:

6 Gracechurch Street
London EC3V 0AT

STATUTORY AUDITORS:

Mazars LLP
Tower Bridge House
St Katharine's Way
London E1W 1DD

SOLICITORS:

EC3\ Legal
106 Leadenhall Street
London
EC3A 4AA

BANKERS:

Barclays Bank plc
One Churchill Place
London E14 5HP

Butterfield Bank (UK) Limited
99 Gresham Street
London
EC2V 7NG

AAA INSURANCE & REINSURANCE BROKERS LIMITED

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AAA INSURANCE & REINSURANCE BROKERS LIMITED

STRATEGIC REPORT

The Directors present their strategic report for the Company for the year ended 31 December 2015.

Review and analysis of the business during the current year

The Company continued its principal activities throughout the current year, which are those of insurance and reinsurance broking.

Turnover for the Company was down 4% year on year to £15.03m. The Company continues to derive a significant proportion of its income from its related companies in respect of oil activities in Angola. The better than anticipated result for 2015 is attributable to an unbudgeted construction risk in the last quarter. The result was further enhanced by a positive income stream from adjustments of expired policies.

Whilst the business has performed well over the period the challenging conditions in the worldwide energy sector will begin to have a direct effect on the earnings of the business due to the lack of activity in the oil sector. Nevertheless the directors expect that the business will continue to prosper.

The Company remains dedicated to providing a professional, value-added and complete service to its clients. It is committed to treating clients fairly and to providing 'contract certainty' to its clients in accordance with best market practice and guidelines.

Key Performance Indicators

Management use a range of financial and non-financial key performance indicators to monitor and manage the business. The performance measures are as set out below.

Financial

Turnover

As reported in the Statement of Comprehensive Income on page 8, turnover decreased during the year to £15.03m (2014: £15.72m).

Financial Position at the Reporting Date

As at 31 December 2015 the Company's net assets stood at £4.05m (December 2014: £3.84m). Management continues to emphasise creating long term shareholder value.

Non-financial

Customer service levels

The Company is committed to treating clients fairly and to providing 'contract certainty' to its clients in accordance with best market practice and guidelines. As a company we consider that we have achieved this objective and continue to strive for the highest level of client retention and all these objectives are embedded in our culture.

AAA INSURANCE & REINSURANCE BROKERS LIMITED

STRATEGIC REPORT (continued)

Key Performance Indicators (continued)

Credit control and terms of trade

The Company closely monitors its insurance debtors, creditors and cash balances to ensure adherence with all regulatory and legal considerations and uses its best endeavors to ensure compliance with terms of trade.

Regulatory & Compliance issues

Management reviews and monitors the Company's compliance and regulatory obligations very closely and has achieved 100% compliance therewith (2014: 100%).

Principal risks and uncertainties facing the business

Management continually monitor the key risks facing the Company together with assessing the controls used for managing these risks. The Board of Directors formally reviews and documents the principal risks facing the business at least annually.

The principal financial risks and uncertainties facing the Company are detailed in note 22 to these financial statements.

The principal non financial risks and uncertainties are as follows:-

Political risks

The Company is exposed to political risks arising in Angola (eg: regime change; cancellation of contracts) and in this regard the Company relies on the continued respect for the process of law in Angola.

Disaster recovery, business continuity and loss of systems

The Company has adopted Business Interruption and Disaster Recovery procedures which are regularly reviewed and assessed to ensure that they are practical, robust and appropriate. The Company relies on a variety of third party systems and software in order to carry out its business and these are assessed regularly to ensure they are reliable and secure.

Regulatory risk

The Company has ongoing regulatory and statutory duties and responsibilities which it is obliged to meet and has implemented systems and procedures which enable senior management to monitor, review and control the operations of the business to ensure compliance with these obligations.

Approved by the Board on.....*John April*.....2016
Signed on its behalf by:



SIMON A CLARK, CHAIRMAN
6 Gracechurch Street
London EC3V 0AT

AAA INSURANCE & REINSURANCE BROKERS LIMITED

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2015. The Company number is 4474263.

PRINCIPAL ACTIVITY

The Company is an accredited Lloyd's broker whose principal activities are those of insurance and reinsurance broking. There has not been any significant change in the principal activities of the Company over the year under review and the directors are unaware, at the date of this report, of any major changes in the Company's principal activities in the forthcoming year.

REGULATION OF THE BUSINESS

The Company was fully accredited as a Lloyd's broker in September 2002 and is regulated by the Financial Conduct Authority.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The review of the business and future developments is detailed in the Strategic Report.

RESULTS AND DIVIDENDS

The results for the year are set out in the financial statements on pages 8 to 11. No dividend was declared or paid in 2015 or 2014.

DIRECTORS

The directors set out below have held office during the whole of the period from 1 January 2015 to the date of this report, unless otherwise stated.

Dr C Sao Vicente - President and Non-Executive Director

S A Clark - Chairman

N L Millar - Chief Executive Officer

J P Smith - Finance Director

A Murray

M J Smith

All directors are Approved Persons with the Financial Conduct Authority.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors have taken all the necessary steps to obtain all relevant audit information and to establish that the auditors are aware of that information.

As far as the directors are aware, there is no relevant information of which the Company's auditors are unaware.

INDEPENDENT AUDITORS

The auditors, Mazars LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

AAA INSURANCE & REINSURANCE BROKERS LIMITED

DIRECTORS' REPORT (continued)

EVENTS AFTER THE END OF THE REPORTING PERIOD

As noted in "Political Risks" in "Principal risks and uncertainties facing the business" on page 2 it is noted that AAA Seguros position as leader and reinsurance purchaser for all oil and gas business in Angola has been revoked. As such this company's position will be affected as there will be no new business to negotiate. Fee/brokerage income will reduce accordingly. The Directors are looking at all options for an orderly run-off of the business and the company.

GOING CONCERN

The directors have assessed the principal risks and uncertainties considered likely to affect the company and are detailed in the Strategic Report. The company has strong financial resources and the directors consider the company to be able to manage the principal risks and uncertainties.

Having made enquiries, and notwithstanding the above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Approved by the Board on 20 April2016
Signed on its behalf by:



DANIEL J D BROWN, SECRETARY
6 Gracechurch Street
London EC3V 0AT

AAA INSURANCE & REINSURANCE BROKERS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

DIRECTORS' RESPONSIBILITIES

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
AAA INSURANCE & REINSURANCE BROKERS LIMITED**

We have audited the financial statements of AAA Insurance & Reinsurance Brokers Limited for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland".

Respective responsibilities of directors and auditors

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 member 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 member those matters we are required to state to it in an auditors' 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 member 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 website 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 company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the other matter prescribed by the Companies Act 2006


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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
AAA INSURANCE & REINSURANCE BROKERS LIMITED (continued)**

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.


Markham J Gribbe
(Senior Statutory Auditor)
For and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditors
Tower Bridge House
St Katharine's Way
London E1W 1DD

.....*25 April*.....2016

AAA INSURANCE & REINSURANCE BROKERS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	2015 £	2014 £
TURNOVER	2	15,033,641	15,718,144
OTHER OPERATING INCOME/(EXPENSES)	3	213,309	210,493
TRADING EXPENSES	4 to 6	<u>(14,941,039)</u>	<u>(15,666,810)</u>
OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		305,911	261,827
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	7	<u>(94,794)</u>	<u>(94,616)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED PROFIT FOR THE YEAR	14	<u><u>211,117</u></u>	<u><u>167,211</u></u>
ITEMS OF COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		<u><u>211,117</u></u>	<u><u>167,211</u></u>

The Company's turnover and expenses all relate to continuing operations.

The Company has no recognised gains or losses other than the profit for the year, which is calculated on the historical cost basis.

The notes on pages 12 to 24 form part of these financial statements.

AAA INSURANCE & REINSURANCE BROKERS LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	2015 £	2014 £
FIXED ASSETS			
TANGIBLE ASSETS	9	21,141	49,297
CURRENT ASSETS			
DEBTORS:			
Amounts falling due within one year	10	49,547,217	78,031,982
Amounts falling due after one year		-	-
Cash at bank	15	9,600,232	8,912,158
		<u>59,147,449</u>	<u>86,944,140</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	<u>(54,979,418)</u>	<u>(83,023,984)</u>
NET CURRENT ASSETS		<u>4,168,031</u>	<u>3,920,156</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,189,172	3,969,453
PROVISIONS FOR LIABILITIES AND CHARGES	12	<u>(136,056)</u>	<u>(127,454)</u>
NET ASSETS		<u><u>4,053,116</u></u>	<u><u>3,841,999</u></u>
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	13	1,000,000	1,000,000
PROFIT AND LOSS ACCOUNT		<u>3,053,116</u>	<u>2,841,999</u>
EQUITY SHAREHOLDER'S FUNDS	14	<u><u>4,053,116</u></u>	<u><u>3,841,999</u></u>

Approved by the Board on 20th April.....2016 and signed on its behalf by:


SIMON A CLARK, CHAIRMAN

The notes on pages 12 to 24 form part of these financial statements.

AAA INSURANCE & REINSURANCE BROKERS LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	2015	2014
	£	£
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit	305,911	261,827
Depreciation charges	33,419	36,522
Decrease/(Increase) in debtors	28,484,765	(59,557,465)
(Decrease)/Increase in creditors	(28,073,214)	56,986,930
Increase in provision for liabilities and charges	8,602	8,602
Interest receivable	(38,764)	(37,258)
Taxation	(66,146)	462,504
Unrealised foreign exchange movement	(150,985)	(123,706)
	<hr/>	<hr/>
NET CASH GENERATED/(ABSORBED) FROM OPERATING ACTIVITIES	503,588	(1,962,044)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(5,263)	(17,570)
Interest received	38,764	37,258
	<hr/>	<hr/>
NET CASH GENERATED FROM INVESTING ACTIVITIES	33,501	19,688
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	-	-
	<hr/>	<hr/>
NET CASH USED IN FINANCING ACTIVITIES	-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	537,089	(1,942,356)
Unrealised foreign exchange movement	150,985	123,706
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	8,912,158	10,730,808
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	9,600,232	8,912,158
	<hr/> <hr/>	<hr/> <hr/>

AAA INSURANCE & REINSURANCE BROKERS LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Called up Share Capital	Profit & Loss Reserve	Total Equity
	£	£	£
As at 1 January 2014	1,000,000	2,674,788	3,674,788
Profit for the year	-	167,211	167,211
At 31 December 2014	1,000,000	2,841,999	3,841,999
As at 1 January 2015	1,000,000	2,841,999	3,841,999
Profit for the year	-	211,117	211,117
Other comprehensive Income	-	-	-
Total Comprehensive Income for the year	-	-	-
Dividend Paid	-	-	-
At 31 December 2015	1,000,000	3,053,116	4,053,116

AAA INSURANCE & REINSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015 (continued)

1. ACCOUNTING POLICIES

a) Statement of compliance

AAA Insurance and Reinsurance Brokers Limited is a company incorporated in the United Kingdom. The registered office is 6 Gracechurch St, London EC3V 0AT.

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standards 102 – ‘The Financial Reporting Standards applicable in the United Kingdom and Republic of Ireland’ (FRS102) – and the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value of certain financial instruments as specified in the accounting policies below.

This is the first year in which the financial statements have been prepared under FRS 102, transitioned from previously extant UK GAAP. Note 19 provides a reconciliation between the preparation of the financial statements under UK GAAP and under FRS 102.

b) Going concern

After reviewing forecasts and projections for the coming year, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

c) Turnover

Turnover represents brokerage and fees which are principally taken to credit when our contractual undertakings to our clients have been met and the right to related income arises.

Alterations in brokerage arising from additional and return premiums and adjustments are taken to credit / debit in the year in which they are notified.

d) Expenses

Expenses are written off as incurred.

e) Depreciation

Depreciation is calculated to write off the cost of tangible fixed assets on a straight-line basis over their estimated useful lives.

AAA INSURANCE & REINSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015 (continued)

1. ACCOUNTING POLICIES (continued)

f) Foreign Currencies

The financial statements are presented in the currency of the primary economic environment in which the company operates which is Sterling.

Assets, liabilities, revenue and costs expressed in foreign currencies are translated at rates of exchange ruling on the date on which transactions occur.

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

Differences arising on the translation of such items are dealt with in the profit and loss account.

g) Insurance broking assets and liabilities

The Company acts as an agent in broking the insurable risks of its clients and, generally, is not liable as a principal for premiums due to underwriters or for claims payable to clients. Notwithstanding the legal relationship with clients and underwriters and with the exception of balances arising under the Marine Act 1906, the Company has followed the recognition criteria of Financial Reporting Standard 102 by not recognising debtors or creditors relating to insurance business.

h) Operating leases

Rentals payable under operating leases are charged on a straight-line basis over the term of the lease. Similarly, the reverse premium receivable on the property lease has been credited on a straight line basis over the lease term.

i) Pension Costs

Contributions payable to the Company's pension schemes are charged in the profit and loss account in the period to which they relate.

AAA INSURANCE & REINSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015 (continued)

1. ACCOUNTING POLICIES (continued)

j) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from these estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements:

Dilapidation Provision - AAA is obliged under the terms of its lease to reinstate its premises to the condition they were in at the commencement of the lease; the lease expense expires during 2016. The Company has provided for dilapidations over the period of the lease based on a valuation provided by a qualified surveyor.

k) Provision for liabilities and charges

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is possible that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

The Company recognises a provision for annual leave accrued by employees as a result of services rendered in the current period and which employees are entitled to carry forward and use within the next twelve months. The provision is measured at the salary cost payable for the period of absence.

l) Financial instruments

Financial assets and liabilities are recognised when the Group becomes party to the contractual provisions of the financial instrument. The Group holds basic financial instruments, which comprise cash at bank and in hand, trade and other debtors, trade and other creditors. The Group has chosen to apply the measurement and recognition provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' in full.

Financial assets – classified as basic financial instruments

Trade and other debtors

Trade and other debtors 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 of the amount expected to be receivable, net of any impairment.

Where a financial asset constitutes a financing transaction it is initially measured at

AAA INSURANCE & REINSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015 (continued)

1. ACCOUNTING POLICIES (continued)

l) Financial instruments (continued)

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 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

Trade and other creditors

Trade and other 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 of the 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.

AAA INSURANCE & REINSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015 (continued)

2. TURNOVER AND SEGMENTAL INFORMATION	2015	2014
	£	£

Turnover and profit before taxation are attributable to the principal activity of Lloyd's insurance broking.

Turnover relates to energy business and emanates from:

Bermuda	13,158,180	13,732,259
Other	1,875,461	1,985,885
	<u>15,033,641</u>	<u>15,718,144</u>

3. OTHER OPERATING INCOME/(EXPENSES)	2015	2014
	£	£

Interest receivable	38,764	37,258
Exchange gains	174,545	173,235
	<u>213,309</u>	<u>210,493</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2015	2014
	£	£

The profit on ordinary activities before taxation is stated after charging:

Staff costs (notes 5 and 6)	13,166,377	13,848,959
Depreciation of owned tangible fixed assets	33,419	36,522
Hire of equipment - operating leases	39,793	38,358
Hire of other assets - operating leases: land & buildings	196,884	196,884
Auditors' remuneration for the audit of the Company's accounts	37,950	34,950
Fees payable to the Company's Auditors for other services:		
Taxation Compliance Services	7,650	9,345
Other Non-Audit Services	5,026	3,657
	<u>13,387,099</u>	<u>14,518,515</u>

AAA INSURANCE & REINSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015 (continued)

5. STAFF COSTS	2015	2014
	£	£

The information in (a) and (b) includes directors (note 6)

(a) Staff costs

Wages and salaries	11,600,313	12,227,900
Social security costs	1,429,200	1,500,936
Other pension costs	136,864	120,123
	<u>13,166,377</u>	<u>13,848,959</u>

(b) The average number of persons, including executive directors, employed by the Company during the period was as follows:

	2015	2014
	Number	Number
Management	6	6
Broking and technical	9	9
Administration	4	4
	<u>19</u>	<u>19</u>

6. DIRECTORS' EMOLUMENTS	2015	2014
	£	£

Emoluments	10,234,420	10,955,614
Compensation for loss of office	-	30,000
Company contributions to money purchase pension schemes	22,188	16,641
	<u>10,256,608</u>	<u>11,002,255</u>

One Director is accruing pension benefits under money purchase schemes (2014: One)

The above details include the following amounts in respect of the highest paid Director.

Emoluments	3,932,826	4,161,225
Company contributions to money purchase pension schemes	-	-
	<u>3,932,826</u>	<u>4,161,225</u>

AAA INSURANCE & REINSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015 (continued)

7. TAXATION	2015 £	2014 £
(a) Analysis of charge in the year:		
UK corporation tax at 20.25% (2014: 21.5%)	95,000	95,500
(Over) provision in prior years	(206)	(884)
	94,794	94,616
	94,794	94,616
(b) Factors affecting tax charge in the period:		
The tax assessed in the year is higher than the applicable rate of corporation tax in the UK 20.25%. (2014: 21.5%). The differences are explained below:		
Profit on ordinary activities before tax	305,911	261,827
	305,911	261,827
Tax on profit on ordinary activities at applicable rate of corporation tax in the UK of 20.25% (2014: 21.5%)	61,947	56,293
Effects of:		
Expenses not deductible for tax purposes	29,313	37,956
Depreciation for period in excess of Capital Allowances	3,385	1,075
(Over)/under provision in prior years	(206)	(884)
Other timing differences	561	1,060
	95,000	95,500
Current tax charge for year (see (a) above)	95,000	95,500

8. DIVIDENDS

No dividend has been proposed or paid in the current year (2014: None).

AAA INSURANCE & REINSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015 (continued)

9. TANGIBLE FIXED ASSETS	Short leasehold improve- ments £	Computers and equipment £	Furniture £	Total £
COST				
At 1 January 2015	338,732	258,110	164,403	761,245
Additions	-	5,263	-	5,263
At 31 December 2015	<u>338,732</u>	<u>263,373</u>	<u>164,403</u>	<u>766,508</u>
ACCUMULATED DEPRECIATION				
At 1 January 2015	312,485	240,821	158,642	711,948
Charge for the year	18,018	12,697	2,704	33,419
At 31 December 2015	<u>330,503</u>	<u>253,518</u>	<u>161,346</u>	<u>745,367</u>
NET BOOK VALUES				
At 31 December 2015	<u>8,229</u>	<u>9,855</u>	<u>3,057</u>	<u>21,141</u>
At 31 December 2014	<u>26,247</u>	<u>17,289</u>	<u>5,761</u>	<u>49,297</u>
Depreciation rates	Over the unexpired term of the lease	50%	25%	

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2015 £	2014 £
Insurance debtors - including group undertakings of £41,421,348 (2014: £69,156,335)	42,227,648	71,018,878
Corporation tax	-	-
Other debtors – including group undertakings of £6,875,000 (2014: £6,400,000)	6,944,769	6,472,113
Prepayments and accrued income	374,800	540,991
	<u>49,547,217</u>	<u>78,031,982</u>

AAA INSURANCE & REINSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015 (continued)

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2015	2014
	£	£
Insurance creditors - including group undertakings of £ NIL (2014: £7,446,053)	44,401,530	71,788,793
Corporation Tax	31,116	2,468
Other taxation and social security costs	149,133	132,103
Accruals and deferred income	10,375,579	11,080,460
Other creditors - including group undertakings of £NIL (2014: £ NIL)	22,060	20,160
	<u>54,979,418</u>	<u>83,023,984</u>
	<u><u>54,979,418</u></u>	<u><u>83,023,984</u></u>

12. PROVISIONS FOR LIABILITIES AND CHARGES	Dilapidations provision	2015	2014
	£	Total	Total
		£	£
At 1 January 2015	127,454	127,454	118,852
Charge for the year	8,602	8,602	8,602
	<u>136,056</u>	<u>136,056</u>	<u>127,454</u>
At 31 December 2015	<u><u>136,056</u></u>	<u><u>136,056</u></u>	<u><u>127,454</u></u>

The Company is obliged under the terms of its lease to reinstate its premises to the condition they were in at commencement of the lease; the lease expires during 2016. The Company has provided for dilapidations over the period of the lease based on a valuation provided by a qualified surveyor.

AAA INSURANCE & REINSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015 (continued)

13. SHARE CAPITAL	2015	2014
	£	£

Authorised, allotted, called up and fully paid

1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
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14. RESERVES

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

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

15. CASH	2015	2014
	£	£

Office Accounts

6,340,590

7,484,625

Fiduciary cash

3,259,642

1,427,533

Total

9,600,232

8,912,158

AAA INSURANCE & REINSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015 (continued)

16. ANALYSIS OF CHANGES IN NET DEBT	At 1 January 2015 £	Cash flows £	At 31 December 2015 £
Cash in hand, at bank	<u>8,912,158</u>	<u>688,074</u>	<u>9,600,232</u>

17. COMMITMENTS

Pensions

The Company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The pension cost charge represents contributions payable by the Company to the funds and amounted to £136,864 (2014: £120,123). At 31 December 2015 £NIL (2014: £ NIL) of the amounts due to the pension funds had not been paid.

AAA INSURANCE & REINSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015 (continued)

18. LEASING OBLIGATIONS

The Company was committed to making the following minimum lease payments under non-cancellable operating leases:

	2015		2014	
	Land and Buildings £	Other £	Land and Buildings £	Other £
(a) Operating leases which expire:				
Within 1 year	330,272	29,220	-	28,549
Within 2 to 5 years	423,544	-	196,884	-
Later than 5 years	423,544	-	-	-
Total	<u>1,177,360</u>	<u>29,220</u>	<u>196,884</u>	<u>28,549</u>

(b) Operating lease payments recognised as an expense in the Statement of Comprehensive Income are £196,844.

19. TRANSITION TO FRS102

The company has adopted FRS 102 for the year ended 2015 and has restated the comparative prior year amounts.

Changes for FRS 102 adoption has been as follows:

Insurance debtors and creditors all arise from Marine Insurance Act 1906 business continue to be recognised within the company's financial statements.

Under FRS102, the company is required to accrue for all short term contractual absences as holiday entitlement earned but not taken at the date of the statement of financial position. The company has calculated the accrual required and considers the value to be immaterial to the financial statements and have accordingly made no adjustment in these financial statements.

Restated statement of financial position

	31 December 2014 £	1 January 2014 £
Original shareholders' funds	3,841,999	3,674,788
Restated shareholders' funds	<u>3,841,999</u>	<u>3,674,788</u>

There are no changes which affect the profit and loss as previously reported.

AAA INSURANCE & REINSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015 (continued)

20. RELATED PARTY TRANSACTIONS

During the course of the year the Company earned brokerage of £1,593,796 (2014: £1,913,411) and service fees of £12,125,000 (2014: £12,400,000) from business introduced by or relating to fellow subsidiary companies AAA Reinsurance Ltd, AAA Risk Solutions Ltd and AAA Seguros SARL. Inter-group balances with these companies are disclosed separately in the debtors and creditors notes.

Key management personnel comprises the directors and remuneration is disclosed in note 6.

21. ULTIMATE HOLDING COMPANY

The ultimate holding company which directly owns 100% of the issued share capital is AAA International Limited, a company registered in Bermuda.

22. FINANCIAL RISKS

Exchange rate risk has been managed downwards by converting the majority of our earnings into a Pound Sterling fee so we expect that no more than 20% of our revenue will be exposed to adverse exchange rate fluctuations henceforth.

A surplus in the capital position in global insurance markets which may lead to premium pressure. We invest in top quality staff who have the necessary intellectual ability to handle our client business through the entire market cycle – whether hard or soft.

The financial instrument which most crucially subjects the Company to credit risk is cash. The Company manages this risk by maintaining investment practices that restrict placement of cash and investments solely to financial institutions considered to be secure and creditworthy. In addition, there is a risk that third party debtors do not settle amounts due. The Company seeks to minimise this risk by maintaining robust credit control and collection practices.

The Company manages its cash closely to ensure it has sufficient liquid resources to finance operations on a day to day basis. Projected future cash requirements are closely monitored and banks used by the Company to hold cash periodically reviewed. Client money is held in strict accordance with FCA regulations.