

Company No: 04474263

**AAA INSURANCE & REINSURANCE BROKERS LIMITED**

**REPORTS AND FINANCIAL STATEMENTS**

**31 DECEMBER 2016**

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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:**  
04474263

**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

**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 2016.

**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 up 35% year on year to £20.3m. However, the Company has recorded a loss in the period of £2.57m owing to higher costs. The Company continues to derive a significant proportion of its income from its related companies in respect of oil and gas activities in Angola.

Whilst the business has performed well over the period, a number of new laws were introduced during the period, including Presidential Decree 39/16 (of 30 March 2016) which has created a new monopoly in favour of another Angolan insurance company, Ensa, for the insurance of all oil and gas activities in Angola. The Company has no relationship with Ensa and has no realistic opportunity to build a relationship with Ensa who have strong links to another London broker.

Whilst the Company has adequate “pipeline” income through 2017, this development creates uncertainty. However, the Company will retain the services of a small team of key staff so that it can continue to provide a professional, value-added and complete service to its clients. The Company 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 increased during the year to £20.3m (2015: £15.03m).

*Financial Position at the Reporting Date*

As at 31 December 2016 the Company’s net assets stood at £1.48m (December 2015: £4.05m). 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 (2015: 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 21 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 (e.g.: 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 *26th April* 2017  
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 2016. The Company number is 04474263.

#### **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 2016 or 2015.

#### **DIRECTORS**

The directors set out below have held office during the whole of the period from 1 January 2016 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 the Strategic Report on page 1 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, 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 26 April 2017  
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 AUDITOR'S 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 2016 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](http://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 2016 and of its loss 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.

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

**Opinion on the other matter prescribed by the Companies Act 2006**

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


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

**Matters on which we are required to report by exception**

In light of the knowledge and understanding of the company and its 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.

  
Markham J Grice  
(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

26 April 2017

**AAA INSURANCE & REINSURANCE BROKERS LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**

**For the year ended 31 December 2016**

	Notes	2016 £	2015 £
<b>TURNOVER</b>	2	20,300,083	15,033,641
OTHER OPERATING INCOME/(EXPENSES)	3	374,544	213,309
TRADING EXPENSES	4 to 6	<u>(23,344,084)</u>	<u>(14,941,039)</u>
<b>OPERATING (LOSS) AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(2,669,457)	305,911
TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	7	<u>95,000</u>	<u>(94,794)</u>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED PROFIT FOR THE YEAR</b>	14	<u><u>(2,574,457)</u></u>	<u><u>211,117</u></u>
ITEMS OF COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		<u><u>(2,574,457)</u></u>	<u><u>211,117</u></u>

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

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

The notes on pages 12 to 23 form part of these financial statements.

**AAA INSURANCE & REINSURANCE BROKERS LIMITED**

**STATEMENT OF FINANCIAL POSITION**

**As at 31 December 2016**

	Notes	2016 £	2015 £
<b>FIXED ASSETS</b>			
TANGIBLE ASSETS	9	2,265	21,141
<b>CURRENT ASSETS</b>			
<b>DEBTORS:</b>			
Amounts falling due within one year	10	32,343,994	49,547,217
Amounts falling due after one year		-	-
Cash at bank	15	72,589,858	9,600,232
		<u>104,933,852</u>	<u>59,147,449</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	11	<u>(103,317,458)</u>	<u>(54,979,418)</u>
<b>NET CURRENT ASSETS</b>		<u>1,616,394</u>	<u>4,168,031</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,618,659	4,189,172
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	12	<u>(140,000)</u>	<u>(136,056)</u>
<b>NET ASSETS</b>		<u><u>1,478,659</u></u>	<u><u>4,053,116</u></u>
<b>CAPITAL AND RESERVES</b>			
CALLED UP SHARE CAPITAL	13	1,000,000	1,000,000
PROFIT AND LOSS ACCOUNT		478,659	3,053,116
<b>EQUITY SHAREHOLDER'S FUNDS</b>	14	<u><u>1,478,659</u></u>	<u><u>4,053,116</u></u>

Approved by the Board on *26th April* 2017 and signed on its behalf by:



SIMON A CLARK, CHAIRMAN

The notes on pages 12 to 23 form part of these financial statements.

**AAA INSURANCE & REINSURANCE BROKERS LIMITED****STATEMENT OF CASH FLOWS**

For the year ended 31 December 2016

	2016	2015
	£	£
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating (loss)/profit	(2,669,457)	305,911
Depreciation charges	20,119	33,419
Decrease in debtors	17,388,219	28,484,765
Increase/(Decrease) in creditors	48,369,156	(28,073,214)
Increase in provision for liabilities and charges	3,944	8,602
Interest receivable	(40,952)	(38,764)
Taxation	(121,112)	(66,146)
Unrealised foreign exchange movement	(218,373)	(150,985)
	<hr/>	<hr/>
<b>NET CASH GENERATED/(ABSORBED) FROM OPERATING ACTIVITIES</b>	62,731,544	503,588
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of tangible fixed assets	(1,243)	(5,263)
Interest received	40,952	38,764
	<hr/>	<hr/>
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>	39,709	33,501
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	-	-
	<hr/>	<hr/>
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	-	-
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	62,771,253	537,089
Unrealised foreign exchange movement	218,373	150,985
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	9,600,232	8,912,158
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<u>72,589,858</u>	<u>9,600,232</u>

**AAA INSURANCE & REINSURANCE BROKERS LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

**For the year ended 31 December 2016**

	<b>Called up Share Capital £</b>	<b>Profit &amp; Loss Reserve £</b>	<b>Total Equity £</b>
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	-	-	-
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2015</b>	<b>1,000,000</b>	<b>3,053,116</b>	<b>4,053,116</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
As at 1 January 2016	1,000,000	3,053,116	4,053,116
Loss for the year	-	(2,574,457)	(2,574,457)
Other comprehensive income	-	-	-
Total Comprehensive Income for the year	-	-	-
Dividend paid	-	-	-
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2016</b>	<b>1,000,000</b>	<b>478,659</b>	<b>1,478,659</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# AAA INSURANCE & REINSURANCE BROKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

### 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.

#### 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, being two years Computers and equipment, four years for furniture, and over the unexpired term of the lease for Short leasehold improvements.

**AAA INSURANCE & REINSURANCE BROKERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2016 (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 2016 (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 2026. 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.

AAA INSURANCE & REINSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016 (continued)

1. ACCOUNTING POLICIES (continued)

1) Financial instruments (continued)

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 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.

2. TURNOVER AND SEGMENTAL INFORMATION

	2016 £	2015 £
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	18,870,238	13,158,180
Other	1,429,845	1,875,461
	<u>20,300,083</u>	<u>15,033,641</u>

**AAA INSURANCE & REINSURANCE BROKERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2016 (continued)**

**3. OTHER OPERATING INCOME/(EXPENSES)**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Interest receivable	40,952	38,764
Exchange gains	333,592	174,545
	<u>374,544</u>	<u>213,309</u>

**4. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXTION**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
The (loss)/profit on ordinary activities before taxation is stated after charging:		
Staff costs (notes 5 and 6)	21,345,664	13,166,377
Depreciation of owned tangible fixed assets	20,119	33,419
Hire of equipment - operating leases	39,033	39,793
Hire of other assets - operating leases: land & buildings	324,144	196,884
Auditors' remuneration for the audit of the Company's accounts	43,950	37,950
Fees payable to the Company's Auditors for other services:		
Taxation Compliance Services	8,219	7,650
Other Non-Audit Services	2,514	5,026
	<u>21,783,629</u>	<u>13,827,103</u>

**AAA INSURANCE & REINSURANCE BROKERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2016 (continued)**

**5. STAFF COSTS**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
The information in (a) and (b) includes directors (note 6)		
<b>(a) Staff costs</b>		
Wages and salaries	18,917,372	11,600,313
Social security costs	2,302,647	1,429,200
Other pension costs	125,645	136,864
	<u>21,345,664</u>	<u>13,166,377</u>

<b>(b) The average number of persons, including executive directors, employed by the Company during the period was as follows:</b>	<b>2016</b>	<b>2015</b>
	<b>Number</b>	<b>Number</b>
Management	6	6
Broking and technical	6	9
Administration	3	4
	<u>15</u>	<u>19</u>

**6. DIRECTORS' EMOLUMENTS**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Emoluments	17,556,961	10,234,420
Compensation for loss of office	-	-
Company contributions to money purchase pension schemes	22,188	22,188
	<u>17,579,149</u>	<u>10,256,608</u>

One Director is accruing pension benefits under money purchase schemes (2015: One)

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

Emoluments	6,860,945	3,932,826
Company contributions to money purchase pension schemes	-	-
	<u>6,860,945</u>	<u>3,932,826</u>

**AAA INSURANCE & REINSURANCE BROKERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2016 (continued)**

**7. TAXATION**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>(a) Analysis of charge in the year:</b>		
UK corporation tax at 20% (2015: 20.25%)	(94,630)	95,000
(Over) provision in prior years	(370)	(206)
	(95,000)	94,794
<b>(b) Factors affecting tax charge in the period:</b>		
The tax assessed in the year is higher than the applicable rate of corporation tax in the UK 20%. (2015: 20.25%). The differences are explained below:		
(Loss)/Profit on ordinary activities before tax	(2,669,457)	305,911
Tax on (loss)/profit on ordinary activities at applicable rate of corporation tax in the UK of 20% (2015: 20.25%)	(533,891)	61,947
Effects of:		
Expenses not deductible for tax purposes	50,691	29,313
Depreciation for period in excess of Capital Allowances	1,899	3,385
Increase in deferred tax not recognised	387,825	-
(Over)/under provision in prior years	(370)	(206)
Other timing differences	(1,154)	561
Current tax charge for year (see (a) above)	(95,000)	95,000

**8. DIVIDENDS**

No dividend has been proposed or paid in the current year (2015: None).

**AAA INSURANCE & REINSURANCE BROKERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2016 (continued)**

**9. TANGIBLE FIXED ASSETS**

	<b>Short leasehold improve- ments £</b>	<b>Computers and equipment £</b>	<b>Furniture £</b>	<b>Total £</b>
<b>COST</b>				
At 1 January 2016	338,732	263,373	164,403	766,508
Additions	-	1,243	-	1,243
At 31 December 2016	<u>338,732</u>	<u>264,616</u>	<u>164,403</u>	<u>767,751</u>
<b>ACCUMULATED DEPRECIATION</b>				
At 1 January 2016	330,503	253,518	161,346	745,367
Charge for the year	8,229	9,819	2,071	20,119
At 31 December 2016	<u>338,732</u>	<u>263,337</u>	<u>163,417</u>	<u>765,486</u>
<b>NET BOOK VALUES</b>				
At 31 December 2016	-	1,279	986	2,265
At 31 December 2015	<u>8,229</u>	<u>9,855</u>	<u>3,057</u>	<u>21,141</u>
Depreciation rates	Over the unexpired term of the lease	50%	25%	

**10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2016 £</b>	<b>2015 £</b>
Insurance debtors - including group undertakings of £19,468,656 (2015: £41,421,348)	20,830,772	42,227,648
Corporation tax	184,996	-
Other debtors - including group undertakings of £11,000,000 (2015: £6,875,000)	11,063,386	6,944,769
Prepayments and accrued income	264,840	374,800
	<u>32,343,994</u>	<u>49,547,217</u>

**AAA INSURANCE & REINSURANCE BROKERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2016 (continued)**

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Insurance creditors - including group undertakings of £59,419,807 (2015: £Nil)	86,441,155	44,401,530
Corporation Tax	-	31,116
Other taxation and social security costs	1,755,655	149,133
Accruals and deferred income	15,072,557	10,375,579
Other creditors - including group undertakings of £Nil (2015: £Nil)	48,091	22,060
	<u>103,317,458</u>	<u>54,979,418</u>

**12. PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>Dilapid- ations provision</b>	<b>2016 Total</b>	<b>2015 Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2016	136,056	136,056	127,454
Charge for the year	3,944	3,944	8,602
	<u>140,000</u>	<u>140,000</u>	<u>136,056</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 2026. 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 2016 (continued)**

**13. SHARE CAPITAL**

	<b>2016</b>	<b>2015</b>
	£	£
Authorised, allotted, called up and fully paid		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

**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**

	<b>2016</b>	<b>2015</b>
	£	£
Office Accounts	6,131,790	6,340,590
Fiduciary cash	<u>66,458,068</u>	<u>3,259,642</u>
Total	<u>72,589,858</u>	<u>9,600,232</u>

**16. ANALYSIS OF CHANGES IN NET DEBT**

	<b>At 1</b>		<b>At 31</b>
	<b>January</b>		<b>December</b>
	<b>2016</b>	<b>Cash flows</b>	<b>2016</b>
	£	£	£
Cash in hand, at bank	<u>9,600,232</u>	<u>62,989,626</u>	<u>72,589,858</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 £125,645 (2015: £136,864). At 31 December 2016 £NIL (2015: £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 2016 (continued)

### 18. LEASING OBLIGATIONS

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

	2016		2015	
	Land and Buildings £	Other £	Land and Buildings £	Other £
(a) Operating leases which expire:				
Within 1 year	423,544	30,053	330,272	29,220
Within 2 to 5 years	423,544	-	423,544	-
Later than 5 years	423,544	-	423,544	-
Total	<u>1,270,632</u>	<u>30,053</u>	<u>1,177,360</u>	<u>29,220</u>

(b) Operating lease payments recognised as an expense in the Statement of Comprehensive Income are £324,144.

### 19. RELATED PARTY TRANSACTIONS

During the course of the year the Company earned brokerage of £1,037,483 (2015: £1,593,796) and service fees of £18,000,000 (2015: £12,125,000) 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.

### 20. 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.

### 21. 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.

**AAA INSURANCE & REINSURANCE BROKERS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2016 (continued)**

**21. FINANCIAL RISKS (continued)**

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.

**22. EVENTS AFTER THE REPORTING DATE**

There have been no significant events affecting the Company since the year end.