

**GENAVCO INSURANCE LTD**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 3 FEBRUARY 2018**



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**GENAVCO INSURANCE LTD**

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## GENAVCO INSURANCE LTD

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### DIRECTORS' REPORT FOR THE PERIOD ENDED 3 FEBRUARY 2018

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The directors present their report and the financial statements for the period ended 3 February 2018.

#### PRINCIPAL ACTIVITY

The principal activity of the company is insurance broking.

#### BUSINESS REVIEW

On 21 December the Company completed the sale of the business and some assets to Clear Group (Holdings) Limited. The transaction had an effective date of 1 December 2017. The initial consideration was £1,750,000. To facilitate the smooth transitioning of the business to Clear Group (Holdings) Limited there was a transitional period incorporated into the sale agreement from the completion date to 28 February 2018, during which Genavco Insurance Limited transacted business as normal. From 1 March the Company has been running down its insurance ledgers and client bank account. Further details of this transaction are given in note 8.

The Company's key performance indicator during the year was profit/loss before taxation. There was a profit for the period before tax of £1,529,567 (2017: loss of £128,376). There was improved performance in operating profit to £9,405 (2017: loss of £141,031). During the period the book of business was sold to a third party generating a profit on sale of £1,517,313 (2017: nil). This transaction significantly enhanced the result for the year. The directors did not recommend the payment of a dividend during the period (2017: nil).

#### DIRECTORS

The directors who served during the period were:

D Meur  
M J McClymont  
M A Ward (appointed 18 December 2017)

As part of the implementation of the transaction to sell the business of Genavco Insurance Limited, both directors entered into agreements to remain as directors of the Company for an initial fixed term period expiring on 1 September 2018 in order to manage the transfer of the business to Clear Group (Holdings) Limited.

#### FINANCIAL INSTRUMENTS

##### Objectives and policies

The company uses various financial instruments which include cash, trade debtors, trade creditors and amounts due to group undertakings that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The existence of these financial instruments exposes the company to a number of financial risks, especially credit risk which is explained in more detail below.

During the period under review the eligible regulatory capital, represented by net assets increased to £1,953,952 (2017: £410,563). The net asset position is reviewed on a regular basis and the Company expects to continue to meet the solvency requirements set by the Financial Conduct Authority.

##### Credit risk

The company's principal credit risk relates to the recovery of trade debtors. This is managed by requiring clients to pay within commercially negotiated credit terms. Non payment within these terms can put clients' insurance cover at risk.

##### Going concern

Having taken into account the risks and uncertainties and the performance of the business as disclosed in this

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## GENAVCO INSURANCE LTD

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### DIRECTORS' REPORT FOR THE PERIOD ENDED 3 FEBRUARY 2018

report and making sufficient 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 for preparing the annual report and accounts.

Following the sale of the business the Company is currently in the process of running down its insurance ledgers and client bank account.

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are 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's auditors are aware of that information.

#### **AUDITORS**

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

*The directors are responsible for preparing 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 of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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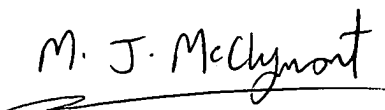
**GENAVCO INSURANCE LTD**

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**DIRECTORS' REPORT  
FOR THE PERIOD ENDED 3 FEBRUARY 2018**

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This report was approved by the board on 6 July 2018 and signed on its behalf.



M J McClymont  
Director

Registered Office  
87-135 Brompton Road  
London  
SW1X 7XL

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GENAVCO INSURANCE LTD**

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**Opinion**

We have audited the financial statements of Genavco Insurance Ltd for the year ended 3 February 2018 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 3 February 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

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

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GENAVCO INSURANCE LTD**

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Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in

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<b>GENAVCO INSURANCE LTD</b>
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GENAVCO INSURANCE LTD**

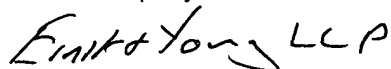
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accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed



Ed Jervis (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
6 July 2018



**GENAVCO INSURANCE LTD**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 3 FEBRUARY 2018**

	Note	29 January 2017 to 3 February 2018 £	31 January 2016 to 28 January 2017 £
Turnover		1,502,015	1,471,951
<b>Gross profit</b>		<b>1,502,015</b>	<b>1,471,951</b>
Administrative expenses		<b>(1,492,610)</b>	(1,612,982)
<b>Operating profit/(loss)</b>		<b>9,405</b>	(141,031)
Interest receivable and similar income	6	<b>3,484</b>	12,655
Interest payable and expenses	7	<b>(635)</b>	-
Profit on sale of business assets	8	<b>1,517,313</b>	-
<b>Profit/(loss) before taxation</b>		<b>1,529,567</b>	(128,376)
Tax on profit/ (loss)	9	<b>2,800</b>	25,747
<b>Profit/(loss) for the period</b>		<b><u>1,532,367</u></b>	<b><u>(102,629)</u></b>
<b>Other comprehensive income for the period</b>			
Actuarial gains/(losses) on defined benefit pension scheme		<b>13,279</b>	(443,730)
Movement of deferred tax relating to pension scheme		<b>(2,257)</b>	78,012
<b>Other comprehensive income for the period</b>		<b>11,022</b>	(365,718)
<b>Total comprehensive profit/(loss) for the period</b>		<b><u>1,543,389</u></b>	<b><u>(468,347)</u></b>

**GENAVCO INSURANCE LTD**

**BALANCE SHEET  
AS AT 3 FEBRUARY 2018**

	Note	3 February 2018 £	28 January 2017 £
<b>Fixed assets</b>			
Tangible assets	10	-	11,911
		<u>-</u>	<u>11,911</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	11	1,308,430	1,872,450
Cash at bank and in hand	12	2,957,615	1,346,011
		<u>4,266,045</u>	<u>3,218,461</u>
Creditors: amounts falling due within one year	13	(2,313,550)	(2,707,165)
<b>Net current assets</b>		<u>1,952,495</u>	511,296
<b>Total assets less current liabilities</b>		<u>1,952,495</u>	<u>523,207</u>
Creditors: amounts falling due after more than one year	14	(74,134)	-
Pension asset/(liability)	17	75,591	(112,644)
<b>Net assets</b>		<u>1,953,952</u>	<u>410,563</u>
<b>Capital and reserves</b>			
Called up share capital	15	500,000	500,000
Profit and loss account		1,094,625	(448,764)
Contribution Reserve	16	359,327	359,327
		<u>1,953,952</u>	<u>410,563</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

6 July 2018

*M. J. McClymont*  
M J McClymont  
Director

The notes on pages 10 to 25 form part of these financial statements.

**GENAVCO INSURANCE LTD**

**STATEMENT OF CHANGES IN EQUITY  
AS AT 3 FEBRUARY 2018**

	Share capital	Capital Contribution	Retained earnings	Total equity
	£	£	£	£
At 29 January 2017	500,000	359,327	(448,764)	410,563
<b>Comprehensive income for the period</b>				
Profit for the period	-	-	1,532,367	1,532,367
Actuarial gains on pension scheme	-	-	11,022	11,022
<b>Other comprehensive income for the period</b>	-	-	11,022	11,022
<b>Total comprehensive income for the period</b>	-	-	1,543,389	1,543,389
<b>At 3 February 2018</b>	<b>500,000</b>	<b>359,327</b>	<b>1,094,625</b>	<b>1,953,952</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 28 JANUARY 2017**

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

Genavco Insurance Limited is a limited liability company incorporated in England. The registered office is 87-135 Brompton Road, London SW1X 7XL.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

**1.2 Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Harrods Group (Holding) Limited as at 3 February 2018 and these financial statements may be obtained from Registrar of Companies.

**1.3 Turnover**

Turnover represents the amount of broking commission earned by the company net of commission rebates, introductory commission and foreign exchange differences. Commission is recognised at the later of inception date and when a debit note is issued to the insured, with appropriate adjustments made where performance of services relating to insurance policies are not yet complete.

**1.4 Profit on sale of business assets**

The income accruing to the purchaser as at 3 February 2018 in respect of business with an effective date on or after 1 December 2017 (as per the sale agreement) has been deducted from the net sale proceeds.

**1.5 Tangible fixed assets**

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 28 JANUARY 2017**

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**1. ACCOUNTING POLICIES (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

The estimated useful lives range as follows:

Fixtures and fittings	-	5	years
Computer equipment	-	4	years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

**1.6 Operating leases**

Rents payable under operating leases are charged to the statement of comprehensive income on a straight line basis over the earlier of the period of the contract break clause or lease term.

**1.7 Financial instruments**

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

**1.8 Foreign currency translation**

**Functional and presentation currency**

The company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 3 FEBRUARY 2018**

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**1.9 Pensions**

**Defined Contribution Scheme**

The pension costs charged against profits represents the amount of the contributions payable to the scheme in respect of the accounting period.

**Defined Benefit Scheme**

Certain company employees were members of the Harrods Group Pension Plan under which retirement benefits are funded by contributions from the company. Payment is made to the pension trust, which is separate from the company, in accordance with calculations made periodically by consulting actuaries.

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet.

A net surplus is recognised only to the extent that it is recoverable by the company. The amount charged to the statement of comprehensive income in respect of pension costs and other post-retirement benefits includes the interest cost on the scheme liabilities for the period and the interest income on the scheme assets and are included in finance costs. In addition, administrative expenses which are funded by the group are also charged to the profit and loss account under operating costs.

Actuarial gains and losses including return on assets in excess or short of the interest income as well as movement in the liabilities due to changes in assumptions net of interest costs as well as experience adjustments are recorded in other comprehensive income.

Disclosure has been made of the assets and liabilities under FRS102 sections 28.41 and 28.41A.

**1.10 Current and deferred taxation**

Current tax liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted by the Balance Sheet date.

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in future, or a right to pay less tax in future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Deferred tax relating to defined benefit pension schemes surpluses or deficits is netted against the respective retirement benefit surplus or obligation.

**1.11 Debtors**

Debtors are measured at transaction price, less any impairment.

**1.12 Creditors**

Creditors are measured at the transaction price.

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**GENAVCO INSURANCE LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 3 FEBRUARY 2018**

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**1.13 Provisions**

A provision is recognised when the company has a legal or constructive obligation as a consequence of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

**2. OPERATING (LOSS)/PROFIT**

The operating (loss)/profit is stated after charging:

	<b>29 January 2017 to 3 February 2018</b>	31 January 2016 to 28 January 2017
	£	£
Depreciation of tangible fixed assets	<b>5,407</b>	6,577
Auditors remuneration	<b>33,400</b>	33,400
Defined contribution pension cost	<u><b>22,875</b></u>	<u>32,225</u>

**3. AUDITORS' REMUNERATION**

	<b>29 January 2017 to 3 February 2018</b>	31 January 2016 to 28 January 2017
	£	£
Audit of the financial statements	<b>21,400</b>	<b>21,400</b>
Audit related assurance services	<b>12,000</b>	<b>12,000</b>
	<u><b>33,400</b></u>	<u><b>33,400</b></u>

**GENAVCO INSURANCE LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 3 FEBRUARY 2018**

**4. EMPLOYEES**

Staff costs, including directors' remuneration, were as follows:

	<b>29 January 2017 to 3 February 2018</b>	<b>31 January 2016 to 28 January 2017</b>
	£	£
Wages and salaries	839,798	1,085,353
Social security costs	77,328	91,062
Cost of defined contribution scheme	22,875	32,225
	<u>940,001</u>	<u>1,208,640</u>

The average monthly number of employees, including the directors, during the period was as follows:

	<b>29 January 2017 to 3 February 2018</b>	<b>31 January 2016 to 28 January 2017</b>
	No.	No.
Administration and support	<u>17</u>	<u>18</u>

**5. DIRECTORS' REMUNERATION**

	<b>29 January 2017 to 3 February 2018</b>	<b>31 January 2016 to 28 January 2017</b>
	£	£
Directors' emoluments	255,370	220,292
Company contributions to defined contribution pension schemes	5,915	6,757
	<u>261,285</u>	<u>227,049</u>

The highest paid director received remuneration of £175,420 (2017 - £143,966).



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**GENAVCO INSURANCE LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 3 FEBRUARY 2018**

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The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £nil (2017 - nil).

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>29 January 2017 to 3 February 2018</b>	<b>31 January 2016 to 28 January 2017</b>
	£	£
Interest receivable from group companies	<b>1,066</b>	194
Other interest receivable	<b>2,418</b>	3,479
Pension Scheme other finance income	-	8,982
	<u><b>3,484</b></u>	<u>12,655</u>

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>29 January 2017 to 3 February 2018</b>	<b>31 January 2016 to 28 January 2017</b>
	£	£
Other finance cost	<b>635</b>	-
	<u><b>635</b></u>	<u>-</u>

**SALE OF THE BOOK OF BUSINESS**

8. On 21 December the Company completed the sale of the book of business and some other assets to Clear Group (Holdings) Limited. The transaction had an effective date of 1 December 2017. The initial consideration was £1,750,000.

The assets disposed were:

- Goodwill
- All client data
- Computers and IT system
- Commission and fees receivable in respect of all transactions with an effective date on or after 1 December 2017
- The trading Names and Domain Names relating to the name Genavco.

To facilitate the smooth transitioning of the business to Clear Group (Holdings) Limited there was a transitional period incorporated into the agreement from the completion date to 28 February 2018. During

**GENAVCO INSURANCE LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 3 FEBRUARY 2018**

the transitional period Genavco Insurance Limited transacted business in its own name.

Clear Group (Holdings) Limited has the right to all net income earned on insurance transactions with an effective date on or after 1 December 2017.

As at 3 February 2018, the net income processed with an effective date on or after 1 December 2017 amounted to £226,183. This is due to Clear Group (Holdings) Limited and was debited against the consideration paid of £1,750,000. The net book value of assets transferred to Clear Group (Holdings) Limited of £6,504 was also debited against the consideration paid, giving a net profit on sale of £1,517,313.

A provision has been created in respect of the estimated costs in running off the Genavco business. This provision of £181,827 has been charged to administration expenses in the year ending 3 February 2018.

**9. TAXATION**

	<b>29 January 2017 to 3 February 2018</b>	<b>31 January 2016 to 28 January 2017</b>
	£	£
<b>Current Tax</b>		
Adjustments in respect of previous years	1,547	678
Group relief receivable for the period	(45,353)	(35,146)
<b>Total current tax credit</b>	<u>(43,806)</u>	<u>(34,468)</u>
<b>Deferred tax</b>		
Current year charge	47,753	10,566
Rate change adjustment	(5,432)	(1,969)
Prior year adjustment	(1,315)	(562)
Immaterial unexplained difference	-	686
<b>Total deferred tax charge</b>	<u>41,006</u>	<u>8,721</u>
<b>Taxation on (loss)/profit on ordinary activities</b>	<u>(2,800)</u>	<u>(25,747)</u>
<b>Total current and deferred tax charge /(credit) relating to items within other comprehensive income</b>	<u>2,257</u>	<u>(78,012)</u>

**FACTORS AFFECTING THE TAX CHARGE FOR THE PERIOD**

The tax assessed for the period is lower than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

**GENAVCO INSURANCE LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 3 FEBRUARY 2018**

	<b>29 January 2017 to 3 February 2018</b>	<b>31 January 2016 to 28 January 2017</b>
	£	£
Profit/ (loss) before tax	<u>1,529,567</u>	<u>(128,376)</u>
Profit/ (loss) multiplied by standard rate of corporation tax in the UK of 19.18% (2017 - 20%)	<b>293,403</b>	(25,675)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	-	1,095
Income not taxable	<b>(289,804)</b>	-
Adjustments to tax charge in respect of tax rate changes	<b>(6,399)</b>	(1,167)
<b>Tax credit on loss</b>	<u><b>(2,800)</b></u>	<u>(25,747)</u>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

The standard rate of tax applied to profit on ordinary activities is 19.18% (2017: 20%). The Finance (No. 2) Act 2015 introduced a reduction in the corporation tax rate to 19% for financial years 2017, 2018 and 2019. The Finance Act 2016 further reduces the corporation tax rate to 17% from 1 April 2020 (previously 18%).

**Deferred Tax**

Deferred tax provided for at 17% (2017: 17%) in the financial statements is set out below:

	<b>29 January 2017 to 3 February 2018</b>	<b>31 January 2016 to 28 January 2017</b>
	£	£
Timing differences in relation to:		
Fixed Assets	-	4,335
Deductible as paid	-	374
Pension scheme (note 17)	<b>(15,482)</b>	23,072
<b>Total deferred tax asset/(liability)</b>	<u><b>(15,482)</b></u>	<u>27,781</u>

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**GENAVCO INSURANCE LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**10. TANGIBLE FIXED ASSETS**

	<b>Fixtures and fittings</b>
	<b>£</b>
<b>Cost or valuation</b>	
At 29 January 2017	<b>166,547</b>
Additions	-
Transferred	<b>(6,504)</b>
Disposals	<b><u>(4,598)</u></b>
<b>At 3 February 2018</b>	<b>155,445</b>
	<hr/>
<b>Depreciation</b>	
At 29 January 2017	<b>154,636</b>
Charge for the period	<b>5,407</b>
Eliminated on disposals	<b><u>(4,598)</u></b>
<b>At 3 February 2018</b>	<b>155,445</b>
	<hr/>
<b>At 3 February 2018</b>	<b><u>nil</u></b>
<i>At 29 January 2017</i>	<b><u>11,911</u></b>

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**GENAVCO INSURANCE LTD**

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**11. DEBTORS**

	<b>3 February 2018 £</b>	<i>28 January 2017 £</i>
Trade debtors	<b>1,240,500</b>	1,750,886
Amounts owed by group undertakings	<b>45,353</b>	35,145
Other debtors	<b>8,316</b>	-
Prepayments and accrued income	<b>14,261</b>	81,710
Deferred taxation	-	4,709
	<u><b>1,308,430</b></u>	<u>1,872,450</u>

**12. CASH AND CASH EQUIVALENTS**

	<b>3 February 2018 £</b>	<i>38 January 2017 £</i>
Fiduciary cash held under a non statutory trust	<b>1,162,864</b>	1,323,775
Company cash	<b>1,794,751</b>	22,236
	<u><b>2,957,615</b></u>	<u>1,346,011</u>

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**GENAVCO INSURANCE LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**13. CREDITORS: Amounts falling due within one year**

	<b>3 February 2018 £</b>	<b>28 January 2017 £</b>
Trade creditors	1,782,853	2,432,247
Amounts owed to group undertakings	142,332	122,042
Other creditors	335,945	21,196
Accruals and deferred income	52,420	131,680
	<u>2,313,550</u>	<u>2,707,165</u>

The other creditors includes £18,820 (2017: £21,196) in respect of a provision recognised for dilapidation costs expected to be incurred at the end of our office lease at 1 December 2017. The other creditors includes £107,703 (217: nil) in respect of a provision recognised for run off expenses.

**14. CREDITORS: Amounts falling due after more than one year**

	<b>3 February 2018 £</b>	<b>28 January 2017 £</b>
Run off provision	74,134	-

**15. SHARE CAPITAL**

	<b>3 February 2018 £</b>	<b>28 January 2017 £</b>
<b>Allotted, called up and fully paid</b>		
500,000- Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

**16. CONTRIBUTION RESERVE**

The Shareholders made a capital contribution during the year of £nil (2017: £359,327)

**NOTES TO THE FINANCIAL STATEMENTS  
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**17. PENSION COMMITMENTS**

**Defined contribution pension scheme**

The Group operates the Harrods Retirement Savings Plan, which is an approved defined contribution scheme; it was established in April 2006 and is provided and managed by Fidelity International. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £22,875 (2017- £32,225).

Contributions totalling £nil (2017-£nil) were payable to the scheme at the end of the period.

**Defined benefit pension scheme**

During the period the group operated the Harrods Group Pension Plan ('the Plan'), an approved defined benefit scheme. This scheme was closed to new membership and new accruals in April 2006.

The funding position of the Plan is monitored by the Trustees and the Harrods Group on a quarterly basis and formally reviewed at each triennial actuarial valuation, or more frequently as required by the Pensions Act 2004.

An actuarial valuation of the Plan as at 5 April 2015 on a Scheme Specific Funding Basis was carried out by the Scheme Actuary. The deficit on this basis was £45m as at 5 April 2015, a funding level of 93%. At the previous valuation at 5 April 2012, the shortfall was £77m equating to a funding level of 85%.

A revised recovery plan was subsequently agreed. In order for the Plan to be fully funded by 31 March 2021, the Trustees and Principal Employer agreed the following on 24 March 2016:

- Annual contributions totalling £5.0m per annum payable in each of 2016, 2017, 2018, 2019, 2020 with a final payment of £1.25m in March 2021.
- Plan Expenses (including any insurance premiums and PPF levies) estimated at £1.0m per annum to continue to be met by the Employers.
- A number of changes to the investment strategy to be implemented with the aim of de-risking the plan.
- Recognising the risks inherent in the performance of the financial markets during the deficit correction period, the principal employer has also agreed to fund any deficits outside an agreed tolerance band during this period.

In aggregate, during the period ended 3 February 2018, the participating employers made total contributions to the plan of £31.5m (2017: £6.5m), of which £23.7m were additional payments made due to the deficit falling below the agreed tolerance band as per the recovery plan outlined above. The total also included a payment of £1.7m by Harrods Bank.

As the deficit has continued to fall below the agreed tolerance band, the participating employers will be making additional contributions in the following year ending 2 February 2020, commencing with £4.3m in March 2018 and to be reassessed quarterly thereafter. The additional payments will cease once the deficit recovers above the lower tolerance band.

The next triennial valuation is scheduled for April 2018

Genavco Insurance Limited's share of scheme assets and liabilities was 0.75% at 3 February 2018 (2017: 0.75%).

**GENAVCO INSURANCE LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
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Reconciliation of present value of plan liabilities:

	<b>3 February 2018 £</b>	<i>28 January 2017 £</i>
At the beginning of the year	<b>(4,589,538)</b>	<b>(4,452,467)</b>
Interest cost	<b>(129,416)</b>	<b>(138,107)</b>
Actuarial (losses)/gains	<b>4,514</b>	<b>(850,256)</b>
Deferred tax on pension scheme movement	<b>(38,554)</b>	<b>69,466</b>
Benefits paid	<b>143,480</b>	<b>117,377</b>
Transfers (change in allocation between contributing employers)	<b>-</b>	<b>664,449</b>
<b>At the end of the year</b>	<b><u>(4,609,514)</u></b>	<b><u>(4,589,538)</u></b>

Reconciliation of present value of plan assets:

	<b>3 February 2018 £</b>	<i>28 January 2017 £</i>
At the beginning of the year	<b>4,476,894</b>	<b>4,663,816</b>
Interest income	<b>128,781</b>	<b>147,090</b>
Actuarial gains/(losses)	<b>8,765</b>	<b>445,394</b>
Contributions	<b>222,858</b>	<b>48,395</b>
Benefits paid	<b>(143,480)</b>	<b>(117,377)</b>
Past service cost	<b>(8,713)</b>	<b>(7,107)</b>
Transfers (change in allocation between contributing employers)	<b>-</b>	<b>(703,317)</b>
<b>At the end of the year</b>	<b><u>4,685,105</u></b>	<b><u>4,476,894</u></b>



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Composition of plan assets:

	<b>3 February 2018 £</b>	<i>28 January 2017 £</i>
Equity Instruments	714,058	622,288
Debt instruments	2,071,707	1,848,957
Cash	10,845	487,981
Other assets	1,888,495	1,517,668
<b>Total plan assets</b>	<b><u>4,685,105</u></b>	<b><u>4,476,894</u></b>
	<b>2018 £</b>	<i>2017 £</i>
Fair value of plan assets	<b>4,685,105</b>	4,476,894
Present value of plan liabilities	<b>(4,609,514)</b>	(4,589,538)
<b>Net pension scheme liability</b>	<b><u>75,591</u></b>	<b><u>(112,644)</u></b>

The cumulative amount of actuarial gains and losses recognised in the Statement of Comprehensive Income was £(1,983,157) (2017 - £(1,996,436)).

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	<b>2018</b>	<i>2017</i>
Discount rate	<b>2.55%</b>	2.85%
Future pension increases	<b>2.25%</b>	2.45%
Inflation	<b>3.25%</b>	3.45%

**Post retirement (at age 60) mortality assumptions**

Current pensioners at retirement age - male	<b>27.7 Years</b>	28.1 Years
Current pensioners at retirement age - female	<b>29.4 Years</b>	29.9 Years

**GENAVCO INSURANCE LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
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Future pensioners at retirement age - male	<b>29.6 Years</b>	30.4 Years
Future pensioners at retirement age – female	<u><b>31.3 Years</b></u>	<u>32.3 Years</u>

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	<b>2018</b>	2017	2016	2015	2014
	£	£	£	£	£
Defined benefit obligation	<b>(4,609,514)</b>	(4,589,538)	(4,452,467)	(4,868,176)	(4,476,466)
Scheme assets	<b>4,685,105</b>	4,476,894	4,663,816	4,784,824	4,510,417
<b>(Deficit)/surplus</b>	<u><b>75,591</b></u>	<u>(112,644)</u>	<u>211,349</u>	<u>(83,352)</u>	<u>33,951</u>

**18. CONTINGENT LIABILITIES**

The Harrods Group (Holding) cash netting facility is guaranteed by Genavco insurance Limited and other group companies. The guarantee extends to Genavco Insurance Limited's non-client bank account only.

There were no other contingent liabilities at 3 February 2018 or 28 January 2017.

**19. COMMITMENTS UNDER OPERATING LEASES**

At 3 February 2018 the Company had nil future minimum lease payments under non-cancellable operating leases.

	<b>3 February 2018</b>	<i>28 January 2017</i>
	£	£
Not later than 1 year	-	30,000
Later than 1 year and not later than 5 years	-	-
<b>Total</b>	<u><b>-</b></u>	<u>30,000</u>

**20. RELATED PARTY TRANSACTIONS**

Mr D Meur, a director of the company, is also a director of another broking firm.

Included in turnover for the period ending 3 February was £111,654 (2017: £139,733) representing the net retained income from business placed through Genavco by this firm. Amounts due to Genavco from this firm at 28 January 2017 were £356,868 (2017: £769,922).

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**21. CONTROLLING PARTY**

The company is controlled by Qatar Investment Authority. The company's immediate parent undertaking is 5A Holdings Limited (formerly Genavco Holdings Limited), a company registered in England and Wales. The ultimate UK parent undertaking of 5A Holdings Limited (formerly Genavco Holdings Limited) is Harrods Group (Holding) Limited. The largest group of undertakings for which group accounts have been drawn up is that headed by Harrods Group (Holding) Limited. The group accounts will be filed with the Registrar of Companies in due course.

The company is an indirect 100% subsidiary of Qatar Holding LLC which is the strategic investment arm of Qatar Investment Authority, the ultimate controlling party