

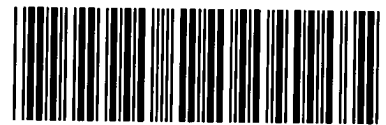
Company No: 04474263

AAA INSURANCE & REINSURANCE BROKERS LIMITED

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 2018

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COMPANIES HOUSE

AAA INSURANCE & REINSURANCE BROKERS LIMITED

DIRECTORS: S A Clark
N L Millar
J P Smith
A Murray

SECRETARY: D J D Brown

REGISTERED NUMBER: 04474263

REGISTERED OFFICE: 68 Lombard Street
London EC3V 9LJ

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 2018.

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 53% year on year to £3.9m and the Company has recorded a loss in the period of £0.4m. The Company continues to derive a significant proportion of its income from its related companies in respect of oil and gas activities in Angola.

As previously reported, a number of new laws were introduced in 2016, including Presidential Decree 39/16 (of 30 March 2016) which 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.

The Company has, to this point, retained 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.

As set out in the Directors' report and note 1B to the financial statements the company is not a going concern and accordingly the going concern basis of accounting is not appropriate.

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 9, turnover decreased during the year to £3.9m (2017: £8.3m).

Financial Position at the Reporting Date

As at 31 December 2018 the Company's net assets stood at £0.7m (December 2017: £1.1m).

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 (2017: 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

During the year the Company was 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 18 September 2019

Signed on its behalf by:



ALLAN MURRAY, DIRECTOR
68 Lombard Street
London EC3V 9LJ

AAA INSURANCE & REINSURANCE BROKERS LIMITED

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2018. 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. As previously reported, AAA Seguros' position as leader and reinsurance purchaser for all oil and gas business in Angola was revoked in April 2016. As such this Company has been affected as there has been no new business to negotiate. Fee/brokerage income has reduced accordingly.

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

The review of the business is detailed in the Strategic Report.

RESULTS AND DIVIDENDS

The results for the year are set out in the financial statements on pages 9 to 12. No dividend was declared or paid in 2018 or 2017.

DIRECTORS

The directors set out below have held office during the whole of the period from 1 January 2018 to the date of this report, unless otherwise stated.

S A Clark - Chairman
N L Millar - Chief Executive Officer
J P Smith - Finance Director
A Murray
M J Smith (until 18 February 2018)

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.

AAA INSURANCE & REINSURANCE BROKERS LIMITED

DIRECTORS' REPORT (continued)

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.

EVENTS AFTER THE END OF THE REPORTING PERIOD

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

GOING CONCERN

The directors have assessed the principal risks and uncertainties considered likely to affect the company and are detailed in the Strategic Report. Having made enquiries, the Directors have concluded that the Company is no longer a going concern and, therefore, the financial statements have been prepared on a basis other than going concern. Further details can be found in note 1B.

Approved by the Board on 18 September 2019

Signed on its behalf by:

A handwritten signature in black ink, appearing to be 'D J D BROWN', with a long horizontal line extending to the right.

DANIEL J D BROWN, SECRETARY

68 Lombard Street
London EC3V 9LJ

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 applicable laws and 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 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;
- 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 have a 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**

Opinion

We have audited the financial statements of AAA Insurance & Reinsurance Brokers Limited (“the company”) for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and notes to the financial statements, 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 state of the company’s affairs as at 31 December 2018 and of its loss 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. 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.

Emphasis of matter – basis of preparation

We draw attention to Note 1 b) to the financial statements which explains that the directors intend for the Company to cease trading or be liquidated and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly the financial statements have been prepared on a basis other than going concern as described in Note 1 b). Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Reports and Financial Statements, other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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

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

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 this 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 Strategic Report and the 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 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 5, 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.

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

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 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit 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.



Sam Porritt
(Senior Statutory Auditor)

for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

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

18 September 2019

AAA INSURANCE & REINSURANCE BROKERS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	2018 £	2017 £
TURNOVER	2	3,926,351	8,329,412
OTHER OPERATING INCOME/(EXPENSES)	3	71,479	(123,270)
TRADING EXPENSES	4 to 6	<u>(4,381,208)</u>	<u>(8,620,160)</u>
OPERATING LOSS AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(383,378)	(414,018)
TAXATION ON LOSS ON ORDINARY ACTIVITIES	7	<u>-</u>	<u>-</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED LOSS FOR THE YEAR	14	<u><u>(383,378)</u></u>	<u><u>(414,018)</u></u>
ITEMS OF COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		<u><u>(383,378)</u></u>	<u><u>(414,018)</u></u>

The Company's turnover and expenses all relate to discontinued 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 13 to 24 form part of these financial statements.

AAA INSURANCE & REINSURANCE BROKERS LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	2018 £	2017 £
FIXED ASSETS			
TANGIBLE ASSETS	9	-	-
		<hr/>	<hr/>
CURRENT ASSETS			
DEBTORS:			
Amounts falling due within one year	10	16,398,886	26,371,971
Cash at bank	15	2,600,068	4,177,867
		<hr/>	<hr/>
		18,998,954	30,549,838
		<hr/>	<hr/>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	(18,317,691)	(29,485,197)
		<hr/>	<hr/>
NET CURRENT ASSETS		681,263	1,064,641
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		681,263	1,064,641
PROVISIONS FOR LIABILITIES AND CHARGES	12	-	-
		<hr/>	<hr/>
NET ASSETS		681,263	1,064,641
		<hr/> <hr/>	<hr/> <hr/>
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	13	1,000,000	1,000,000
PROFIT AND LOSS ACCOUNT		(318,737)	64,641
		<hr/>	<hr/>
EQUITY SHAREHOLDER'S FUNDS	14	681,263	1,064,641
		<hr/> <hr/>	<hr/> <hr/>

Approved by the Board on 18 September 2019 and signed on its behalf by:



ALLAN MURRAY, DIRECTOR

The notes on pages 13 to 24 form part of these financial statements.

AAA INSURANCE & REINSURANCE BROKERS LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	2018	2017
	£	£
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss	(383,378)	(414,018)
Depreciation charges	-	2,264
Decrease in debtors	9,883,841	5,876,271
(Decrease) in creditors	(11,167,506)	(73,832,261)
(Decrease) in provision for liabilities and charges	-	(140,000)
Interest receivable	(44,956)	(5,712)
Taxation	89,244	95,753
Unrealised foreign exchange movement	(28,343)	123,318
	<hr/>	<hr/>
NET CASH (ABSORBED) FROM OPERATING ACTIVITIES	(1,651,098)	(68,294,385)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets	-	-
Interest received	44,956	5,712
	<hr/>	<hr/>
NET CASH GENERATED FROM INVESTING ACTIVITIES	44,956	5,712
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	-	-
	<hr/>	<hr/>
NET CASH USED IN FINANCING ACTIVITIES	-	-
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,606,142)	(68,288,673)
Unrealised foreign exchange movement	(28,343)	(123,318)
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	4,177,867	72,589,858
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	2,600,068	4,177,867
	<hr/> <hr/>	<hr/> <hr/>

AAA INSURANCE & REINSURANCE BROKERS LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Called up Share Capital £	Profit & Loss Reserve £	Total Equity £
As at 1 January 2017	1,000,000	478,659	1,478,659
Loss for the year	-	(414,018)	(414,018)
Other comprehensive income	-	-	-
Total Comprehensive Income for the year	-	-	-
Dividend paid	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2017	1,000,000	64,641	1,064,641
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
As at 1 January 2018	1,000,000	64,641	1,064,641
Loss for the year	-	(383,378)	(383,378)
Other comprehensive income	-	-	-
Total Comprehensive Income for the year	-	-	-
Dividend paid	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2018	1,000,000	(318,737)	681,263
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

AAA INSURANCE & REINSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

1. ACCOUNTING POLICIES

a) Statement of compliance

AAA Insurance & Reinsurance Brokers Limited is a company incorporated in the United Kingdom. The registered office is 68 Lombard St, London EC3V 9LJ.

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 UK 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

Following the loss of our principal source of business in April, 2016, being the Angolan State energy operations, our shareholder determined that it was vital that the AAA Group continued to professionally service the business until natural expiry of all policies. Our operational costs have been pared to the minimum to allow the Company to carry out the necessary functions to service the business. As at 31 December 2018 the Company had net assets of £0.7m (2017: £1.1m). Due to the loss of our principal source of business detailed above the Directors expect the Company to cease trading or be liquidated. As a result, the Directors do not consider the Company to be a going concern. Accordingly the financial statements have been prepared on a basis other than going concern.

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 for 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 2018 (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 statement of comprehensive income in the period to which they relate.

AAA INSURANCE & REINSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018 (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. There are no significant judgements and key sources of estimation impacting the financial statements.

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.

l) Provision for termination costs

The provision for termination costs is at the best estimate of the amount that is required to settle the termination obligation at the reporting date. The provision is recorded in Accruals and deferred income and costs have only been recognised to the extent that such costs were committed at the balance sheet date.

m) Financial instruments

Financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of the financial instrument. The Company holds basic financial instruments, which comprise cash at bank and in hand, trade and other debtors, trade and other creditors. The Company 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 2018 (continued)

1. ACCOUNTING POLICIES (continued)

m) 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 Company 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 Company 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.

2. TURNOVER AND SEGMENTAL INFORMATION

	2018	2017
	£	£
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	3,899,576	7,899,464
Other	26,775	429,948
	<u>3,926,351</u>	<u>8,329,412</u>

AAA INSURANCE & REINSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018 (continued)

3. OTHER OPERATING INCOME/(EXPENSES)

	2018	2017
	£	£
Interest receivable	44,956	5,712
Exchange gains/(losses)	26,523	(128,982)
	<u>71,479</u>	<u>(123,270)</u>

4. (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXTION

	2018	2017
	£	£
The (loss) on ordinary activities before taxation is stated after charging:		
Staff costs (notes 5 and 6)	3,800,950	7,050,029
Depreciation of owned tangible fixed assets	-	2,264
Hire of equipment - operating leases	30,864	30,963
Hire of other assets - operating leases: land & buildings	90,451	455,384
Auditors' remuneration for the audit of the Company's accounts	20,540	40,855
Fees payable to the Company's Auditors for other services:		
Taxation Compliance Services	7,600	7,800
Other Non-Audit Services	2,340	2,127
	<u>7,600</u>	<u>7,800</u>
	<u>2,340</u>	<u>2,127</u>

AAA INSURANCE & REINSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018 (continued)

5. STAFF COSTS

	2018	2017
	£	£
The information in (a) and (b) includes Directors (note 6)		
(a) Staff costs		
Wages and salaries	1,304,447	6,221,161
Termination costs (including a provision of £1,876,250)	2,272,243	-
Social security costs	189,493	763,025
Other pension costs	34,767	65,843
	<u>3,800,950</u>	<u>7,050,029</u>

(b) The average number of persons, including executive directors, employed by the Company during the period was as follows:	2018	2017
	Number	Number
Management	4	6
Broking and technical	2	2
Administration	1	2
	<u>7</u>	<u>10</u>

6. DIRECTORS' EMOLUMENTS

	2018	2017
	£	£
Emoluments	1,063,078	5,570,946
Termination costs (including a provision of £1,567,302)	1,897,590	-
Company contributions to money purchase pension schemes	3,698	22,188
	<u>2,964,366</u>	<u>5,593,134</u>

No Directors are accruing pension benefits under money purchase schemes (2017: One)

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

Emoluments	433,333	2,067,001
Termination costs	674,996	-
	<u>1,108,329</u>	<u>2,067,001</u>

AAA INSURANCE & REINSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018 (continued)

7. TAXATION

	2018	2017
	£	£
(a) Analysis of charge in the year:		
UK corporation tax at 19% (2017: 19.25%)	-	-
(Over) provision in prior years	-	-
	<hr/>	<hr/>
	-	-
	<hr/> <hr/>	<hr/> <hr/>
(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 19%. (2017: 19.25%). The differences are explained below:		
(Loss) on ordinary activities before tax	(383,378)	(414,018)
	<hr/>	<hr/>
Tax on (loss) on ordinary activities at applicable rate of corporation tax in the UK of 19% (2017: 19.25%)	(72,842)	(79,698)
Effects of:		
Expenses not deductible for tax purposes	2,509	22,269
Depreciation for period in excess of Capital Allowances	-	-
Increase in deferred tax not recognised	70,333	57,429
(Over) provision in prior years	-	-
Other timing differences	-	-
	<hr/>	<hr/>
Current Tax charge for year (see (a) above)	-	-
	<hr/> <hr/>	<hr/> <hr/>

8. DIVIDENDS

No dividend has been proposed or paid in the current year (2017: None).

AAA INSURANCE & REINSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018 (continued)

9. TANGIBLE FIXED ASSETS

	Short leasehold improvements £	Computers and equipment £	Furniture £	Total £
COST				
At 1 January 2018	-	-	-	-
Disposals	-	-	-	-
At 31 December 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
ACCUMULATED DEPRECIATION				
At 1 January 2018	-	-	-	-
Charge for the year	-	-	-	-
Eliminated on disposals	-	-	-	-
At 31 December 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET BOOK VALUES				
At 31 December 2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2017	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Depreciation rates	Over the unexpired term of the lease	50%	25%	

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Insurance debtors - including group undertakings of £6,316,626 (2017: £2,689,157)	14,336,892	21,216,089
Corporation tax	-	89,244
Other debtors – Group	1,957,867	5,000,000
Other debtors	27,941	26,738
Prepayments and accrued income	76,186	39,900
	<u>16,398,886</u>	<u>26,371,971</u>

AAA INSURANCE & REINSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018 (continued)

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Insurance creditors - including group undertakings of £;16,000,880 (2017: £24,389,471)	16,196,691	24,592,836
Corporation Tax	-	-
Other taxation and social security costs	106,649	79,566
Accruals and deferred income	1,921,519	4,805,708
Other creditors	92,832	7,087
	<u>18,317,691</u>	<u>29,485,197</u>

Included in Accruals and deferred income is £1,876,250 (2017: £Nil) relating to employee termination costs.

12. PROVISIONS FOR LIABILITIES AND CHARGES

	Dilapid- ations provision	2018 Total	2017 Total
	£	£	£
At 1 January	-	-	140,000
Charge for the year	-	-	(140,000)
	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December	<u>-</u>	<u>-</u>	<u>-</u>

The Company was obliged under the terms of its lease to reinstate its previous premises to the condition they were in at commencement of the lease; the lease was assigned in 2017 and the provision was fully charged during 2017.

AAA INSURANCE & REINSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018 (continued)

13. SHARE CAPITAL

	2018	2017
	£	£
Authorised, allotted, called up and fully paid		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
	<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 AT BANK

	2018	2017
	£	£
Office Accounts	242,008	303,666
Fiduciary cash	2,358,060	3,874,201
	<u>2,600,068</u>	<u>4,177,867</u>
Total	<u>2,600,068</u>	<u>4,177,867</u>

16. ANALYSIS OF CHANGES IN NET DEBT

	At 1		At 31
	January		December
	2018	Cash flows	2018
	£	£	£
Cash in hand, at bank	4,177,867	(1,577,799)	2,600,068
	<u>4,177,867</u>	<u>(1,577,799)</u>	<u>2,600,068</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 £34,767 (2017: £65,843).

AAA INSURANCE & REINSURANCE BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018 (continued)

18. LEASING OBLIGATIONS

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

	2018		2017	
	Land and Buildings	Other	Land and Buildings	Other
	£	£	£	£
(a) Operating leases which expire:				
Within 1 year	20,763	31,682	25,774	30,864
Within 2 to 5 years	-	-	-	-
Later than 5 years	-	-	-	-
	<u>20,763</u>	<u>31,682</u>	<u>25,774</u>	<u>30,864</u>
Total	<u><u>20,763</u></u>	<u><u>31,682</u></u>	<u><u>25,774</u></u>	<u><u>30,864</u></u>

(b) Operating lease payments recognised as an expense in the Statement of Comprehensive Income are £121,315 (2017: £455,384).

19. RELATED PARTY TRANSACTIONS

During the course of the year the Company earned brokerage of £16,709 (2017: £143,491) and service fees of £3,882,867 (2017: £7,750,000) from business introduced by or relating to fellow subsidiary companies AAA Reinsurance Ltd and AAA Risk Solutions Ltd. At 31 December 2018 there was an inter-group creditor balance with AAA Reinsurance Ltd of £16,000,880 (2017: £24,389,471) and a debtor balance of £6,316,626 (2017: £7,689,157) with AAA Risk Solutions Ltd.

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 2018 (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.