

Registration number: 01600910

# B.I.B. (Darlington) Limited

Annual Report and Financial Statements

for the Period from 31 December 2016 to 31 December 2017



## Contents

Company Information	1
Strategic Report	2 to 3
Directors' Report	4 to 5
Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements	6
Independent Auditor's Report to the members of B.I.B. (Darlington) Limited	7 to 8
Statement of Comprehensive Income	9
Statement of Financial Position	10 to 11
Statement of Changes in Equity	12
Notes to the Financial Statements	13 to 32

# **B.I.B. (Darlington) Limited**

## **Company Information**

<b>Directors</b>	D C Ross A Erotocritou R L Worrell
<b>Company secretary</b>	J A Gregory
<b>Registered office</b>	Towergate House Eclipse Park Sittingbourne Road Maidstone Kent ME14 3EN
<b>Auditor</b>	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL

## B.I.B. (Darlington) Limited

### Strategic Report for the Period from 31 December 2016 to 31 December 2017

The directors present their strategic report for the period from 31 December 2016 to 31 December 2017 for B.I.B. (Darlington) Limited ("the Company"). The strategic report provides a review of the business for the financial year and describes how the directors manage risks. The report outlines the developments and performance of the Company during the financial year, the position at the end of the year and discusses the main trends and factors that could affect the future. The Company is part of The Ardonagh Group Limited ("the Group").

#### Principal activities and business review

The principal activity of the Company is the provision of insurance intermediary services.

The results for the Company show turnover of £1,617,141 (2016: £1,661,196) and loss before tax of £291,075 (2016: profit £100,937) for the period. At 31 December 2017 the Company had net assets of £3,400,468 (2016: £2,926,189). The going concern note (part of accounting policies) on page 14 sets out the reasons why the directors believe that the preparation of the financial statements on the non-going concern basis is appropriate.

As part of the wider group divisionalisation strategy the Company disposed its operation to Towergate Underwriting Group Limited under common control. This transaction resulted in the Company being placed into run-off.

#### Outlook

From 11 December 2017 the Company sold its renewal business and related assets, as discussed in note 4, to a fellow group company Towergate Underwriting Group Limited and has been in run-off from that date. It is the directors' intention to wind up the Company once the run-off process has been completed.

#### Key performance indicators

The company's key financial and other performance indicators during the period were as follows:

	Unit	2017	2016
Gross written premium (GWP)	£m	6.1	6.7
Turnover	£m	1.6	1.7
Administration expenses	£m	1.9	1.6
Turnover/GWP	%	26.2	25.4
Administrative expenses/turnover	%	118.8	94.1

The Turnover / GWP ratio has increased from 25.4% in 2016 to 26.2% in 2017. This is due to an increase in other income mainly marketing contribution and trading deals whilst commission and fees remained stable during the year. Administrative expenses have increased from £1.6m in 2016 to £1.9m in 2017.

Non-financial key performance indicators include staffing levels which have remained stable throughout the period.

#### Risk management

The Company has a comprehensive strategy for the identification, mitigation and management of risk. A wide ranging assessment of business risks has been undertaken resulting in the compilation of a risk register. The risks are managed and monitored to be within the agreed risk appetite. If a risk exceeds appetite, management actions will be put in place to bring it within appetite.

As noted in the Outlook section the Company's operations are in run-off as of 11 December 2017, and the Company is managed on a non-going concern basis from that date.

The principal risks and their mitigation are as follows:

#### *Liquidity risk*

Group Treasury monitors rolling forecasts of the Company's liquidity requirements.

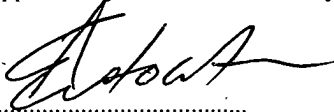
## **B.I.B. (Darlington) Limited**

### **Strategic Report for the Period from 31 December 2016 to 31 December 2017**

#### *Regulatory and legal risk*

This is the risk of regulatory sanctions, material financial loss or loss to reputation suffered as a result of non compliance with laws, regulations and applicable administrative provisions. This risk is mitigated by a proactive relationship with the Financial Conduct Authority, a dedicated compliance function, and a compliance monitoring programme. Furthermore, there is a control framework that has been rolled out and embedded within the culture throughout the Company to reduce the risk of errors and non compliance.

Approved by the Board on 30 July 2018 and signed on its behalf by:



.....  
A Erotocritou  
Director

## **B.I.B. (Darlington) Limited**

### **Directors' Report for the Period from 31 December 2016 to 31 December 2017**

The directors present their report and the financial statements for the period from 31 December 2016 to 31 December 2017.

#### **Directors' of the company**

The directors, who held office during the period, were as follows:

M S Mugge (resigned 2 March 2018)

D C Ross

A Erotocritou (appointed 15 March 2017)

The following director was appointed after the period end:

R L Worrell (appointed 21 May 2018)

#### **Dividends**

The directors do not recommend a final dividend payment to be made in respect of the financial period ended 31 December 2017 (2016: £Nil).

#### **Financial risk management objectives and policies**

Details of financial risk management objectives and policies can be found in the strategic report within the 'Risk management' section on page 2.

#### **Future developments**

Details of future developments can be found in the strategic report within the 'Outlook' section on page 2.

#### **Political donations**

The Company has not made any political donations during the year (2016: £Nil).

#### **Employment of disabled persons**

The Company's policy is to recruit disabled workers for those vacancies that they have the appropriate skills and technical ability to perform. Once employed, a career plan is developed to ensure that suitable opportunities exist for each disabled person. Employees who become disabled during their working life will be retrained if necessary and wherever possible will be given help with any necessary rehabilitation and training. The Company is prepared to modify procedures or equipment, wherever practicable, so that full use can be made of an individual's abilities.

#### **Going concern**

During the year the Company disposed of its trade and assets and is in run-off. It is the directors' intention to liquidate the Company. As a consequence, the financial statements have been prepared on a non-going concern basis.

#### **Employee involvement**

Employees are key to the Company's success, so an appropriate remuneration package is offered which rewards an individual's performance and contribution to the organisation. The Company is also keen to encourage individual's personal development to ensure that they have the skills required to undertake their role. The Company places considerable value on the involvement of its employees and continues to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company and the Group as a whole. This is achieved by formal and informal meetings, circulation of the Company magazine and by encouraging employees to take part in regular employee engagement surveys.

## **B.I.B. (Darlington) Limited**

### **Directors' Report for the Period from 31 December 2016 to 31 December 2017**

#### **Directors' liabilities**

All directors benefit from qualifying third party indemnity provisions, subject to the conditions set out in the Companies Act 2006, in place during the financial year and at the date of this report.

#### **Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

#### **Reappointment of auditor**

At The Ardonagh Group Limited's Board meeting last year KPMG LLP were reappointed as the Group's statutory auditors. During the year, a formal tender process took place, led by The Ardonagh Group Limited Audit Committee.

As a result of this tender process the Audit Committee recommended, and The Ardonagh Group Limited Board approved on behalf of the Company, the proposed appointment of Deloitte LLP as external auditor for the financial year ending 31 December 2018. The appointment of Deloitte LLP is subject to finalisation of terms of engagement and KPMG LLP's completion of the audit for the year ending 31 December 2017 and resignation as auditor.

Approved by the Board on 30 July 2018 and signed on its behalf by:



.....  
A Erotocritou  
Director

Towergate House  
Eclipse Park  
Sittingbourne Road  
Maidstone  
Kent  
ME14 3EN

## **B.I.B. (Darlington) Limited**

### **Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements**

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 UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so (as explained in note 2, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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 Members of B.I.B. (Darlington) Limited**

### **Opinion**

We have audited the financial statements of B.I.B. (Darlington) Limited ("the Company") for the period from 31 December 2016 to 31 December 2017, which comprise the Statement of Financial Position, Statement of Comprehensive Income and Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its loss for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Emphasis of matter**

We draw attention to the disclosure made in note 2 to the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

## **Independent Auditor's Report to the Members of B.I.B. (Darlington) Limited**

### **Directors' responsibilities**

As explained more fully in their statement set out on page 6 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

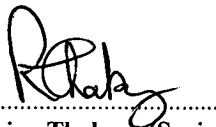
### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities for the audit of the financial statements is located on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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.



.....  
**Rajan Thakrar (Senior Statutory Auditor)**  
**For and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
Canary Wharf  
London  
E14 5GL

30 July 2018

**B.I.B. (Darlington) Limited**

**Statement of Comprehensive Income for the Period from 31 December 2016 to 31 December 2017**

		<b>31 December 2016 to 31 December 2017</b>	<b>31 December 2015 to 30 December 2016</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	5	1,617,141	1,661,196
Amortisation and other amounts written off intangibles	12	(997)	(1,063)
Administrative expenses		(1,904,732)	(1,556,579)
Profit on disposal of assets		<u>225</u>	<u>-</u>
<b>Operating (loss)/profit</b>	6	(288,363)	103,554
Finance costs	7	<u>(2,712)</u>	<u>(2,617)</u>
<b>(Loss)/profit before tax</b>		(291,075)	100,937
Income tax credit	10	<u>29,572</u>	<u>82,522</u>
<b>Total comprehensive (loss)/profit for the period</b>		<u><u>(261,503)</u></u>	<u><u>183,459</u></u>

The above results were derived from discontinued operations. The Company is in run-off as discussed in note 4.

**B.I.B. (Darlington) Limited**

**(Registration number: 01600910)**

**Statement of Financial Position as at 31 December 2017**

		<b>31 December</b>	<b>30 December</b>
		<b>2017</b>	<b>2016</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	142	8,582
Intangible assets	12	82	945,688
Deferred tax assets	10	-	17,310
		<u>224</u>	<u>971,580</u>
<b>Current assets</b>			
Trade and other receivables	14	3,529,489	7,252,842
Income tax asset	10	45,008	-
Cash and cash equivalents	15	775,726	787,484
Other current financial assets	13	-	119,323
		<u>4,350,223</u>	<u>8,159,649</u>
<b>Total assets</b>		<u><u>4,350,447</u></u>	<u><u>9,131,229</u></u>

The notes on pages 13 to 32 form an integral part of these financial statements.

**B.I.B. (Darlington) Limited**

**(Registration number: 01600910)**

**Statement of Financial Position as at 31 December 2017**

		31 December 2017	30 December 2016
	Note	£	£
<b>Equity and liabilities</b>			
<b>Equity</b>			
Called up share capital	16	7,000	7,000
Capital redemption reserve		3,000	3,000
Other reserves		735,782	-
Retained earnings		<u>2,654,686</u>	<u>2,916,189</u>
		<u>3,400,468</u>	<u>2,926,189</u>
<b>Non-current liabilities</b>			
Provisions	19	-	34,551
<b>Current liabilities</b>			
Trade and other payables	20	949,979	6,146,343
Income tax liability	10	<u>-</u>	<u>24,146</u>
		<u>949,979</u>	<u>6,170,489</u>
<b>Total liabilities</b>		<u>949,979</u>	<u>6,205,040</u>
<b>Total equity and liabilities</b>		<u><u>4,350,447</u></u>	<u><u>9,131,229</u></u>

Approved by the Board on 30 July 2018 and signed on its behalf by:



A Erotocritou

Director

**B.I.B. (Darlington) Limited**

**Statement of Changes in Equity for the Period from 31 December 2016 to 31 December 2017**

	Share capital £	Capital redemption reserve £	Retained earnings £	Other reserves £	Total £
At 31 December 2016	7,000	3,000	2,916,189	-	2,926,189
Total comprehensive loss for the year	-	-	(261,503)	-	(261,503)
Other reserves movements	-	-	-	735,782	735,782
At 31 December 2017	<u>7,000</u>	<u>3,000</u>	<u>2,654,686</u>	<u>735,782</u>	<u>3,400,468</u>

On 1 July 2017, the Company disposed of its renewals business and related assets to a fellow group company. This resulted in a "Other reserves" being recognised for the difference in the disposal proceeds and carrying value of these assets. Refer to note 4 for details.

	Share capital £	Capital redemption reserve £	Retained earnings £	Other reserves £	Total £
At 31 December 2015	7,000	3,000	2,732,730	-	2,742,730
Total comprehensive profit for the year	-	-	183,459	-	183,459
At 30 December 2016	<u>7,000</u>	<u>3,000</u>	<u>2,916,189</u>	<u>-</u>	<u>2,926,189</u>

The notes on pages 13 to 32 form an integral part of these financial statements.

## **B.I.B. (Darlington) Limited**

### **Notes to the Financial Statements for the Period from 31 December 2016 to 31 December 2017**

#### **1 Authorisation of financial statements**

The Company is a private company limited by share capital incorporated and domiciled in the United Kingdom.

These financial statements for the year ended 31 December 2017 were authorised for issue by the Board on 30 July 2018 and the statement of financial position was signed on the board's behalf by A Erotocritou.

#### **2 Accounting policies**

##### **Basis of preparation**

These financial statements were prepared in accordance with FRS101 'Reduced Disclosure Framework'.

These financial statements have been prepared on a historical cost basis. The financial statements are presented in GBP sterling (£), which is also the Company's functional currency.

##### **Summary of disclosure exemptions**

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has taken advantage of the following disclosure exemptions under FRS 101 where relevant:

- (a) the requirements of IFRS 7 Financial Instruments: Disclosures and of paragraphs 91-99 of IFRS 13 Fair Value Measurement apart from those which are relevant for the financial statements which are held at fair value not held as part of a trading portfolio;
- (b) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to provide comparative period reconciliations in respect of outstanding shares, property, plant & equipment and intangible assets;
- (c) the requirements in paragraph 10(d) and 111 of IAS 1 Presentation of Financial Statements to prepare a Cash flow statement and the requirements in IAS 7 Statement of Cash Flows regarding the same;
- (d) the requirements in paragraph 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements, which includes the need to provide details on capital management;
- (e) the requirements of paragraphs 30 and 31 in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors regarding disclosure of new IFRS standards not yet effective at the reporting date and their potential impact;
- (f) the requirements in paragraphs 17 and 18A of IAS 24 Related Party Disclosures around the need to disclose information on key management personnel and details on related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member;

Equivalent disclosures are included in the Group's consolidated financial statements as required by FRS 101 where exemptions have been applied.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the Critical accounting policies and estimates disclosure on page 20.

## **B.I.B. (Darlington) Limited**

### **Notes to the Financial Statements for the Period from 31 December 2016 to 31 December 2017**

#### **2 Accounting policies (continued)**

##### **Going Concern**

During the year the Company disposed of its trade. At 31 December 2017 the Company had net assets of £3.4m (2016: £2.9m) and net current assets of £3.4m (2016: net current assets of £2.0m).

From 11 December 2017 the Company sold its renewal business to a fellow group company Towergate Underwriting Group Limited and has been in run-off since that date. It is the directors' intention to wind up the Company once its liabilities have been settled. Consequently, the financial statements have been prepared on a non-going concern basis.

The book values of the Company's assets and liabilities are deemed to be a reasonable approximation of fair value due to their short term nature. As such no adjustments to balances are required with the Company being reported on a non-going concern basis.

##### **Turnover**

###### **(a) Commission and fees**

Revenue includes commission and fees receivable at the later of policy inception date or when the policy placement has been completed and confirmed. To the extent that the Company is contractually obliged to provide services after this date, a suitable proportion of income is deferred and recognised over the life of the relevant contracts to ensure that revenue appropriately reflects the cost of fulfilment of these obligations.

###### **(b) Trading deals and profit commission arrangements**

Profit sharing arrangements, fees for the provision of payment instalment plans and other contingent and non-contingent trading deals with third parties are recognised over the life of the relevant arrangement or when they can be measured with reasonable certainty. Trading deal income includes volume payments and profit commissions receivable.

##### **Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.



## B.I.B. (Darlington) Limited

### Notes to the Financial Statements for the Period from 31 December 2016 to 31 December 2017

#### 2 Accounting policies (continued)

##### Property, plant and equipment

Property, plant and equipment is stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

##### Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold improvements	Over the remaining life of the lease
Fixtures and fittings	15% per annum straight line
Furniture and office equipment	20% per annum straight line
Computer hardware	25% per annum straight line

##### Intangible assets

###### (a) Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Goodwill is not subject to amortisation but is tested for impairment.

Negative goodwill arising on an acquisition is recognised directly in the income statement. On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the income statement on disposal.

## B.I.B. (Darlington) Limited

### Notes to the Financial Statements for the Period from 31 December 2016 to 31 December 2017

#### 2 Accounting policies (continued)

##### (b) Computer software

Acquired computer software licences exist either through business combinations when they are separable or are purchased separately and are capitalised on the basis of the costs incurred to acquire them. Their fair value has been calculated by using the net book value acquired. These costs are amortised on a straight line basis over their estimated useful lives of four years.

Where software development projects are incomplete, costs are capitalised as work in progress and included within intangible assets. These costs are not subject to amortisation until completion of the project.

##### (c) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the statement of comprehensive income when the asset is derecognised.

#### Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Computer software	Straight line over 4 years

#### Financial assets

Financial assets are initially measured at fair value plus directly attributable transaction costs. The company's financial assets include cash, trade and other receivables and other non-current financial assets. The subsequent measurement of financial assets depends on their classification.

Trade receivables are recognised initially at fair value and subsequently at amortised cost, less provision for impairment. A provision for impairment of trade receivables 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 receivables. Significant financial difficulties of the debtor, dispute, default or delinquency in payments are considered indicators that the receivable is impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables.

Held to maturity financial assets are deposits held at banks with a maturity date of greater than three months from the reporting date.

## **B.I.B. (Darlington) Limited**

### **Notes to the Financial Statements for the Period from 31 December 2016 to 31 December 2017**

#### **2 Accounting policies (continued)**

##### **Impairment of fixed assets**

The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable and at least annually, in the case of goodwill. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income-generating units. A cash-generating unit is the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets.

##### *Calculation of recoverable amount*

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

##### *Reversals of impairment*

An impairment loss is reversed on intangible assets other than goodwill only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment or the loss arose on an intangible asset with a readily ascertainable market value and that market value has increased above the impaired carrying amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

##### **Insurance transactions**

Insurance brokers act as agents in placing the insurable risks of their clients with insurers and, as such, are not liable as principals for amounts arising from such transactions. In recognition of this relationship, debtors from insurance broking transactions are not included as an asset of the Company. Other than the receivable for fees and commissions earned on a transaction, no recognition of the insurance transactions occurs until the Company receives cash in respect of premiums or claims, at which time a corresponding liability is established in favour of the insurer or the client.

In certain circumstances, the Company advances premiums, refunds or claims to insurance underwriters or clients prior to collection. These advances are reflected in the statement of financial position as part of trade receivables.

## **B.I.B. (Darlington) Limited**

### **Notes to the Financial Statements for the Period from 31 December 2016 to 31 December 2017**

#### **2 Accounting policies (continued)**

##### **Accounting for business combinations under common control**

Business combinations with entities under common control are outside the scope of IFRS 3. These are accounted for by assessing the fair market value for the book of business and associated assets to ensure the transfer does not qualify as a distribution. Existing assets and liabilities are transferred using the predecessor accounting model. No new goodwill is recognised under predecessor accounting. As a common control transaction any gain on disposal or acquisition is transferred to other reserves.

##### **Provisions**

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

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

##### **Long term incentive plans**

The Company operates a number of Long Term Incentive Plans (LTIPs), under which the Company receives services from employees as consideration for cash settled incentives which vest over a number of years based on achievement against certain performance measures and/or service conditions. The incentives are paid to participants at the end of the relevant performance and/or service period (the 'performance period'), in some instances interim payments are made but in all instances participants must then remain in employment for a further period (the 'clawback period') in order to retain the full value of their pay out.

The Company recognises an expense in respect of LTIPs over the vesting period, which is deemed to commence when the Company makes participants aware of their right to participate in the LTIP and ends on conclusion of the clawback period.

Where an LTIP is payable in instalments the company recognises an expense either based on (i) the staged vesting approach or (ii) the plan's benefit formula, depending on the specific facts and circumstances of the relevant award. Where benefits are materially higher in later years the expense is recognised on a straight-line basis over the vesting period.

At the end of each reporting period the Company revises its estimate of the expected pay out, it recognises the impact of the revision to original estimate, if any, in the income statement with a corresponding adjustment to the related provision (during the performance period) or prepayment (during the clawback period) as relevant.

##### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

## **B.I.B. (Darlington) Limited**

### **Notes to the Financial Statements for the Period from 31 December 2016 to 31 December 2017**

#### **2 Accounting policies (continued)**

##### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid to publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

##### **Financial liabilities**

Financial liabilities are initially classified as financial liabilities at fair value plus directly attributable transaction costs. The Company's financial liabilities include trade and other payables. The subsequent measurement of financial liabilities depends on their classification.

##### **Financial guarantees**

Contracts meeting the definition of a financial guarantee, including inter-group financial guarantee contracts, are recognised at fair value under IAS 39, or under IFRS 4 where the conditions required in order to regard it as an insurance contract are satisfied. This is determined on a contract by contract basis, depending on whether the risk transferred represents a financial risk or an insurance risk.

## **B.I.B. (Darlington) Limited**

### **Notes to the Financial Statements for the Period from 31 December 2016 to 31 December 2017**

#### **3 Critical accounting judgements and key sources of estimation uncertainty**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year.

The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below:

##### *Revenue recognition*

###### *Trading deals and profit commission arrangements*

Profit sharing arrangements, fees for the provision of payment instalment plans and other contingent and non-contingent trading deals with third parties are recognised over the life of the relevant arrangement at a point when the amount of revenue can be measured reliably and it is probable that the Company will receive the consideration due under the contract. Trading deal income includes volume based revenue and profit commissions receivable. The level of revenue received can be dependent on the amount of business written, the level of claims incurred and the loss ratio. The amount and timing of trading deal and profit commission income is inherently uncertain and individual amounts may be material. Amounts accrued at the year end and recognised as assets may be judgemental. A change in estimation of trading deal or profit commission income could have a material effect on the Company's financial performance.

##### *Impairment of assets*

The Company tests annually whether investments and other assets that have indefinite useful lives suffered any impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount.

The recoverable amount of an asset or a cash generating unit is determined based on the higher of fair market value less cost to sell and a value in use calculations prepared on the basis of management's assumptions and estimates. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investment, including factors such as industry and sector performance, changes in regional economies and operational and financing cash flow.

## B.I.B. (Darlington) Limited

### Notes to the Financial Statements for the Period from 31 December 2016 to 31 December 2017

#### 4 Discontinued operations

As part of the wider group divisionalisation strategy the company disposed of its operations to entities under common control.

Being common control transactions, these transfers are outside the scope of IFRS 3 Business Combinations. Assets and liabilities are transferred at book value using the predecessor accounting model in line with the group's policy. Analysis of the result of discontinued operations is as follows:

The amounts transferred to Towergate Underwriting Group Limited in respect of the identifiable assets and liabilities are set out in the table below:

	<b>B.I.B. (Darlington) Ltd</b>
	<b>£</b>
Property, plant and equipment	3,218
Intangible assets	1,524
Financial assets	-
Financial liabilities	(36,369)
Related party balances	1,382,475
Provisions	(41,933)
<b>Net assets disposed</b>	<u>1,308,915</u>
Goodwill acquired - cost	980,000
Goodwill acquired - amortisation	(36,750)
<b>Net goodwill disposed</b>	<u>943,250</u>
<b>Other reserves</b>	735,783
<b>Consideration</b>	<u>2,987,948</u>

**B.I.B. (Darlington) Limited**

**Notes to the Financial Statements for the Period from 31 December 2016 to 31 December 2017**

**5 Turnover**

The analysis of the company's turnover for the period from continuing operations is as follows:

	<b>31 December 2016 to 31 December 2017</b>	<b>31 December 2015 to 30 December 2016</b>
	£	£
Commission and fees	1,481,488	1,529,767
Trading deals and profit commissions	135,653	131,429
	<u>1,617,141</u>	<u>1,661,196</u>

Turnover consists entirely of sales made in the United Kingdom.

**6 Operating profit/ (loss)**

Arrived at after charging

	<b>31 December 2016 to 31 December 2017</b>	<b>31 December 2015 to 30 December 2016</b>
	£	£
Depreciation expense	5,543	10,916
Amortisation expense	997	1,063
Auditor's remuneration: audit of these financial statements	15,515	12,574
Operating lease expense - property	89,249	43,200
Management Fees Payable	647,584	334,822

Amounts receivable by the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, The Adonagh Group Limited.

Management fees £647,584 relate to the central recharges. Centralised IT and property costs are recharged across cost centres with the rest of the group.

**7 Interest payable and similar charges**

	<b>31 December 2016 to 31 December 2017</b>	<b>31 December 2015 to 30 December 2016</b>
	£	£
Interest expense on other financing liabilities	2,712	2,617



## B.I.B. (Darlington) Limited

### Notes to the Financial Statements for the Period from 31 December 2016 to 31 December 2017

#### 8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	<b>31 December 2016 to 31 December 2017</b>	<b>31 December 2015 to 30 December 2016</b>
	<b>£</b>	<b>£</b>
Wages and salaries	952,023	1,002,120
Social security costs	98,689	92,094
Pension costs, defined contribution scheme	29,178	33,345
	<u>1,079,890</u>	<u>1,127,559</u>

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

	<b>31 December 2016 to 31 December 2017</b>	<b>31 December 2015 to 30 December 2016</b>
	<b>No.</b>	<b>No.</b>
Administration	16	14
Sales	15	15
Management	3	4
	<u>34</u>	<u>33</u>

From the date of the disposal of the portfolios, the Company ceased to employ its staff.

#### 9 Directors' remuneration

Directors emoluments of £30,000 for services provided to this Company have been paid by other Group entities, which make no recharge to the Company.

**B.I.B. (Darlington) Limited**

**Notes to the Financial Statements for the Period from 31 December 2016 to 31  
December 2017**

**10 Income tax**

Tax charged/(credited) in the statement of comprehensive income

	<b>31 December 2016 to 31 December 2017 £</b>	<b>31 December 2015 to 30 December 2016 £</b>
<b>Current taxation</b>		
UK corporation tax	(45,008)	24,146
UK corporation tax adjustment to prior periods	<u>(1,874)</u>	<u>(99,295)</u>
	<u>(46,882)</u>	<u>(75,149)</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	17,311	(7,373)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	<u>(1)</u>	<u>-</u>
Total deferred taxation	<u>17,310</u>	<u>(7,373)</u>
Tax credit in the statement of comprehensive income	<u>(29,572)</u>	<u>(82,522)</u>
	<b>31 December 2016 to 31 December 2017 £</b>	<b>31 December 2015 to 30 December 2016 £</b>
(Loss)/profit before tax	<u>(291,075)</u>	<u>100,937</u>
Corporation tax at standard rate	(56,032)	20,187
Corporation tax adjustment for prior periods	(1,874)	(99,295)
Amount of deferred tax expense (income) relating to the origination and reversal of temporary differences.	88	359
Increase from effect of different UK rates on some earnings	-	893
Effect of expenses not deductible in determining taxable profit (tax loss)	1,259	1,453
Deferred tax expense from unrecognised tax loss or credit	25,854	-
Deferred tax credit from unrecognised temporary difference from a prior period	(1)	(6,136)
Tax expense relating to changes in tax rates or laws	1,134	-
Increase in provisions	<u>-</u>	<u>17</u>
Total tax credit	<u>(29,572)</u>	<u>(82,522)</u>

## B.I.B. (Darlington) Limited

### Notes to the Financial Statements for the Period from 31 December 2016 to 31 December 2017

#### 10 Income tax (continued)

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. These reductions will reduce the Company's future current tax charge / credit accordingly.

#### Deferred tax

Deferred tax assets and liabilities

	<b>Asset £</b>
<b>2017</b>	
Accelerated tax depreciation	17,310
<b>2016</b>	
Accelerated tax depreciation	17,310

Deferred tax movement during the period:

	<b>At 31 December 2016 £</b>	<b>Recognised in income £</b>	<b>At 31 December 2017 £</b>
Accelerated tax depreciation	17,310	(17,310)	-

Deferred tax movement during the prior year:

	<b>At 31 December 2015 £</b>	<b>Recognised in income £</b>	<b>At 30 December 2016 £</b>
Accelerated tax depreciation	9,937	7,373	17,310

It is anticipated that the Company will have sufficient profitability in future years to ensure the utilisation of the capital allowances claim.

**B.I.B. (Darlington) Limited**

**Notes to the Financial Statements for the Period from 31 December 2016 to 31 December 2017**

**11 Property, plant and equipment**

	<b>Leasehold improvements £</b>	<b>Fixtures and fittings £</b>	<b>Computer hardware £</b>	<b>Furniture and office equipment £</b>	<b>Total £</b>
<b>Cost or valuation</b>					
At 31 December 2016	1,558	21,109	128,157	48,379	199,203
Disposals	-	-	(1)	-	(1)
Disposals to Ardonagh companies	(1,558)	(2,940)	(3,032)	-	(7,530)
At 31 December 2017	-	18,169	125,124	48,379	191,672
<b>Depreciation</b>					
At 31 December 2016	-	17,510	124,780	48,331	190,621
Charge for the year	456	2,988	2,051	48	5,543
Disposals to Ardonagh companies	(456)	(2,408)	(1,770)	-	(4,634)
At 31 December 2017	-	18,090	125,061	48,379	191,530
<b>Carrying amount</b>					
At 31 December 2017	-	79	63	-	142
At 30 December 2016	1,558	3,599	3,376	49	8,582

**B.I.B. (Darlington) Limited**

**Notes to the Financial Statements for the Period from 31 December 2016 to 31 December 2017**

**12 Intangible assets**

	Goodwill £	Computer software £	Total £
<b>Cost or valuation</b>			
At 31 December 2016	980,000	24,437	1,004,437
Disposals to Ardonagh Group companies	<u>(980,000)</u>	<u>(3,970)</u>	<u>(983,970)</u>
At 31 December 2017	<u>-</u>	<u>20,467</u>	<u>20,467</u>
<b>Amortisation</b>			
At 31 December 2016	36,750	21,999	58,749
Amortisation charge	-	997	997
Disposals to Ardonagh Group companies	<u>(36,750)</u>	<u>(2,611)</u>	<u>(39,361)</u>
At 31 December 2017	<u>-</u>	<u>20,385</u>	<u>20,385</u>
<b>Carrying amount</b>			
At 31 December 2017	<u>-</u>	<u>82</u>	<u>82</u>
At 30 December 2016	<u>943,250</u>	<u>2,438</u>	<u>945,688</u>

**13 Other financial assets**

	31 December 2017 £	30 December 2016 £
<b>Current financial assets</b>		
Held to maturity investments	<u>-</u>	<u>119,323</u>

Held to maturity assets represent cash placed on 12 month fixed term deposits during 2016. The cash placed on deposit represents restricted own funds.

## B.I.B. (Darlington) Limited

### Notes to the Financial Statements for the Period from 31 December 2016 to 31 December 2017

#### 14 Trade and other receivables

	31 December 2017	30 December 2016
	£	£
Trade receivables	57,691	107,213
Provision for impairment of trade receivables	<u>(2,449)</u>	<u>(2,208)</u>
Net trade receivables	55,242	105,005
Receivables from related parties	3,449,686	7,146,280
Prepayments	<u>24,561</u>	<u>1,557</u>
Total current trade and other receivables	<u>3,529,489</u>	<u>7,252,842</u>

The Company's receivables from related parties are stated at £3.5m (2016: £7.1m)

#### 15 Cash and cash equivalents

	31 December 2017	30 December 2016
	£	£
Cash on hand	-	82
Cash at bank	<u>775,726</u>	<u>787,402</u>
	<u>775,726</u>	<u>787,484</u>

Cash at bank includes £605,411 (2016: £643,645), which constitutes restricted client money and insurer money and £170,315 (2016: £51,250), in office accounts which are considered restricted and not available to pay the general debts of the Company.

## B.I.B. (Darlington) Limited

### Notes to the Financial Statements for the Period from 31 December 2016 to 31 December 2017

#### 16 Share capital

##### Allotted, called up and fully paid shares

	31 December 2017		30 December 2016	
	No.	£	No.	£
Ordinary Shares of £1 each	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>

#### 17 Obligations under leases

##### Operating leases

The total future value of minimum lease payments is as follows:

	31 December	30 December
	2017	2016
	£	£
Within one year	-	49,680
In two to five years	-	20,553
	<u>-</u>	<u>70,233</u>

Following the trade and related assets disposal, all of the leases were transferred out of the business. As a result there is nothing to disclose for 2018.

#### 18 Pension and other schemes

##### Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £29,177 (2016: £33,345).

**B.I.B. (Darlington) Limited**

**Notes to the Financial Statements for the Period from 31 December 2016 to 31 December 2017**

**19 Provisions**

	<b>Long term incentive plan</b>	<b>Dilapidations</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 31 December 2016	548	34,003	34,551
Additional provisions	4,669	2	4,671
(Decrease) through disposal to Group companies	(5,217)	(36,717)	(41,934)
Increase due to passage of time or unwinding of discount	-	2,712	2,712
At 31 December 2017	-	-	-

Long term incentive plan (LTIP) provision - All of the costs have been incurred during 2017 and the provision fully released.

Dilapidations provision - provides for the estimated amounts payable for dilapidation on each property at the end of the lease term.

Over 1 year provisions are discounted at the rate of 1.9%. The finance charge relating to unwinding of the discount has been charged to the income statement.

**20 Trade and other payables**

	<b>31 December 2017</b>	<b>30 December 2016</b>
	<b>£</b>	<b>£</b>
<b>Current trade and other payables</b>		
Trade payables in relation to insurance transactions	608,296	604,355
Accrued expenses	769	43,558
Amounts due to related parties	338,351	5,461,281
Deferred income	2,563	37,149
	<u>949,979</u>	<u>6,146,343</u>



## **B.I.B. (Darlington) Limited**

### **Notes to the Financial Statements for the Period from 31 December 2016 to 31 December 2017**

#### **21 Commitments**

##### **Guarantees**

On 2 April 2015, Ardonagh Finco Plc, an indirect parent company, issued £425.0m of 8.75% Senior Secured Notes and £75.0m of Floating Rate Super Senior Secured Notes (“the Finco Notes”).

The obligations of Ardonagh Finco Plc under the Finco Notes were guaranteed by Ardonagh Midco 1 Limited, the immediate parent company of Ardonagh Finco Plc and all its material and certain other subsidiaries. These companies are listed below:

Antur Insurance Services Limited	Morgan Law Limited
Arista Insurance Limited	Paymentshield Holdings Limited
Berkeley Alexander Limited	Paymentshield Limited
B.I.B (Darlington) Limited	Roundcroft Limited
Bishop Skinner Insurance Brokers Limited	Bishopsgate Insurance Brokers Limited
Cullum Capital Ventures Limited	Townfrost Limited
Dawson Whyte Limited	CCV Risk Solutions Limited
Four Counties Finance Limited	Towergate Risk Solutions Limited
Four Counties Insurance Brokers Limited	Broker Network Holdings Limited
Fusion Insurance Holdings Limited	Oyster Risk Solutions Limited
Fusion Insurance Services Limited	Paymentshield Group Holdings Limited
Managing Agents Reference Assistance Services Limited	Towergate Underwriting Group Limited
Moffatt & Co Limited	Towergate Insurance Limited

These guarantees have been treated under IFRS 4 in line with the accounting policy described in note 2.

On 23 June 2017, the Finco Notes were repaid in full and from that date the Company no longer guaranteed the Finco debt.

#### **22 Related party transactions**

During the year the Company entered into transactions, in the ordinary course of business, with a number of related parties. The Company has taken the exemption under FRS 101 not to disclose transactions with fellow wholly owned subsidiaries or key management personnel.

## **B.I.B. (Darlington) Limited**

### **Notes to the Financial Statements for the Period from 31 December 2016 to 31 December 2017**

#### **23 Parent and ultimate parent undertaking**

The Group's majority shareholder is HPS Investment Partners LLC. At 31 December 2017, the ultimate parent company was The Ardonagh Group Limited (incorporated in Jersey, registered office address, 47 Esplanade, St Helier, Jersey, JE1 0BD). The Ardonagh Group Limited is the largest group in which the results are consolidated and its financial statements are available upon request from:

Towergate House  
Éclipse Park  
Sittingbourne Road  
Maidstone  
Kent  
ME14 3EN