IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS ("**QIBs**") WITHIN THE MEANING OF RULE 144A ("**RULE 144A**") UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**U.S. SECURITIES ACT**"), OR (2) OUTSIDE THE UNITED STATES IN RELIANCE ON REGULATION S ("**REGULATION S**") UNDER THE U.S. SECURITIES ACT.

IMPORTANT: You must read the following before continuing. The following applies to the preliminary offering memorandum following this notice, whether received by email or otherwise received as a result of electronic communication. You are therefore advised to read this carefully before reading, accessing or making any other use of the attached preliminary offering memorandum. In accessing the attached preliminary offering memorandum, you agree to be bound by the following terms and conditions, including any modifications to them anytime you receive any information from us as a result of such access.

The attached preliminary offering memorandum has been prepared in connection with the proposed offer and sale of the securities (including the guarantees) described herein. The attached preliminary offering memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING PRELIMINARY OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED HEREIN.

Confirmation of your representation. In order to be eligible to view the preliminary offering memorandum or make an investment decision with respect to the securities, investors must be either (1) QIBs or (2) outside the United States. The attached preliminary offering memorandum is being sent at your request. By accepting the e-mail and accessing the attached preliminary offering memorandum, you shall be deemed to have represented to us that:

(1) you consent to delivery of such preliminary offering memorandum by electronic transmission; and

(2) either you and any customers you represent are:

(a) QIBs; or

(b) outside the United States and the e-mail address that you gave us and to which the e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any state of the United States or the District of Columbia.

Prospective purchasers that are QIBs are hereby notified that the seller of the securities will be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act pursuant to Rule 144A.

You are reminded that the attached preliminary offering memorandum has been delivered to you on the basis that you are a person into whose possession the attached preliminary offering memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located, and you may not, nor are you authorized to, deliver the attached preliminary offering memorandum to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any place or jurisdiction where such offer, solicitation or sale would be unlawful. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the initial purchasers or any affiliate of the initial purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the initial purchasers or such affiliate on behalf of us in such jurisdiction.

The attached preliminary offering memorandum has been prepared on the basis that any offer of securities in any Member State of the European Economic Area will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of securities. The expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended) and includes any relevant implementing measure in the Member State concerned.

The attached preliminary offering memorandum is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act (the "**FSMA**") in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "**relevant persons**"). The attached preliminary offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which the attached preliminary offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

The attached preliminary offering memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission, and consequently none of the initial purchasers, or any person who controls any of the initial purchasers, or any of their directors, officers, employees or agents accepts any liability or responsibility whatsoever in respect of any difference between the preliminary offering memorandum distributed to you in electronic format and the hard copy version available to you on request from the initial purchasers.

SUBJECT TO COMPLETION, DATED MAY 25, 2017

PRELIMINARY OFFERING MEMORANDUM

NOT FOR GENERAL DISTRIBUTION IN THE UNITED STATES

KIRS Group

KIRS Midco 3 plc

£800,000,000 sterling-equivalent Senior Secured Notes

£ % Senior Secured Notes due 2022

U.S.$ % Senior Secured Notes due 2022

£ Floating Rate Senior Secured Notes due 2022

KIRS Midco 3 plc, a public limited company incorporated under the laws of England and Wales (the "**Issuer**"), is offering (the "**Offering**") £ million aggregate principal amount of its % Senior Secured Notes due 2022 (the "**Sterling Fixed Rate Notes**"), U.S.$ million aggregate principal amount of its % Senior Secured Notes due 2022 (the "**Dollar Fixed Rate Notes**" and, together with the Sterling Fixed Rate Notes, the "**Fixed Rate Notes**") and £ million aggregate principal amount of its Floating Rate Senior Secured Notes due 2022 (the "**Floating Rate Notes**" and, together with the Sterling Fixed Rate Notes, the ("**Sterling Notes**") and, together with the Fixed Rate Notes, the "**Notes**").

The Sterling Fixed Rate Notes will bear interest at a rate of % per annum, paid semi-annually in arrears each and , commencing on , 2018. The Dollar Fixed Rate Notes will bear interest at a rate of % per annum, paid semi-annually in arrears each and , commencing on , 2018. The Fixed Rate Notes will mature on , 2022. Prior to , 2019, the Issuer may redeem some or all of the Fixed Rate Notes at a price equal to 100% of the principal amount plus a "make-whole" premium and accrued and unpaid interest and additional amounts, if any. The Issuer may redeem some or all of the Fixed Rate Notes at any time on or after , 2019 at the redemption prices set forth in this offering memorandum. In addition, the Issuer may redeem all, but not part, of the Fixed Rate Notes at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest and additional amounts, if any, upon the occurrence of certain changes in applicable tax law.

The Floating Rate Notes will bear interest at a rate equal to the sum of (i) three-month GBP LIBOR, plus (ii) % per annum, quarterly in arrears on , , and of each year, beginning on , 2017. The Floating Rate Notes will mature on , 2022. The Issuer may redeem the Floating Rate Notes in whole or in part at any time on or after , 2018 at the redemption prices specified herein. Prior to , 2018, the Issuer may redeem all or part of the Floating Rate Notes at a redemption price equal to the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, plus the applicable "make whole" premium, as described herein. In addition, the Issuer may redeem all, but not part, of the Notes at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest and additional amounts, if any, upon the occurrence of certain changes in applicable tax law.

Upon the occurrence of certain events constituting a change of control, each holder of the Notes may require the Issuer to repurchase all or a portion of its Notes at 101% of their principal amount plus accrued and unpaid interest and additional amounts, if any. See "*Description of the Notes.*"

On the Issue Date, the proceeds of the Notes will be deposited into one or more escrow accounts (the "**Escrow Account**"), in the name of the Issuer but controlled by the Escrow Agent (as defined herein) and secured on a first-priority basis in favor of the Trustee (as defined herein) on behalf of the holders of the Notes. The release of the funds from the Escrow Account will be subject, among other conditions, to the completion of the Acquisition, the Nevada Acquisitions, the Nevada Push Down and the satisfaction and discharge of the Existing Notes (each as defined herein). If the Completion Date has not occurred by December 31, 2017 (the "**Escrow Longstop Date**"), the Issuer will be required to redeem the Notes at a redemption price equal to 100% of the respective initial issue prices thereof, plus any accrued and unpaid interest and additional amounts, if any, to but not including the date of redemption (the "**Special Mandatory Redemption Price**"). See "*Description of the Notes—Special Mandatory Redemption.*"

As of the Issue Date, the Notes will be senior obligations of the Issuer, secured by a first-priority charge over the applicable Escrow Account.

The Notes will be the general obligations of the Issuer and will rank *pari passu* in right of payment with all existing and future indebtedness of the Issuer that is not expressly subordinated in right of payment to the Notes. On the Completion Date, the Notes will be guaranteed by certain Guarantors as described further herein. Within 60 days of the Completion Date, the Notes will be guaranteed by certain other Guarantors as described further herein. See "*The Offering*."

Subject to the Agreed Security Principles (as defined herein), the Notes will be secured on the Completion Date by the security interests in the Completion Date Collateral (as defined herein). Subject to the Agreed Security Principles (as defined herein), the Notes will be secured within 60 days of the Completion Date (as defined herein) by the Post-Completion Date Collateral (as defined herein). Holders of Notes will receive proceeds from enforcement of the Collateral (as defined herein) only after creditors under the Revolving Credit Facility Agreement (as defined herein) and certain hedging obligations are paid in full. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*." The security interests in the Collateral may be released under certain circumstances. See "*Description of the Notes—Security Documents*" and "*Limitations on Validity and Enforceability of the Note Guarantees and the Security Interests and Certain Insolvency Law Considerations*."

Investing in the Notes involves a high degree of risk. Please see "Risk Factors" beginning on page 43.

Issue price for the Sterling Fixed Rate Notes: % plus accrued interest, if any, from the Issue Date.

Issue price for the Dollar Fixed Rate Notes: % plus accrued interest, if any, from the Issue Date.

Issue price for the Floating Rate Notes: % plus accrued interest, if any, from the Issue Date.

The Notes and the Notes Guarantees have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the laws of any other jurisdiction, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. In the United States, the offering is being made only to qualified institutional buyers ("QIBs") within the meaning of Rule 144A ("Rule 144A") under the U.S. Securities Act in compliance with Rule 144A under the U.S. Securities Act. You are hereby notified that the initial purchasers of the Notes may be relying on the exemption from certain provisions of the U.S. Securities Act provided by Rule 144A thereunder. Outside the United States, the offering is being made in reliance on Regulation S ("Regulation S") under the U.S. Securities Act. For additional information about eligible offerees and transfer restrictions, see "*Notice to Investors.*"

The Notes will be issued in the form of global notes in registered form. See "*Book-Entry, Delivery and Form.*" The Dollar Notes and the Sterling Notes will be issued in denominations of $200,000 and integral multiples of $1,000 in excess thereof and of £100,000 and integral multiples of £1,000 in excess thereof, respectively. The Dollar Notes are expected to be delivered to investors in book-entry form through The Depository Trust Company ("**DTC**"), and the Sterling Notes are expected to be delivered to investors in book-entry form through Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream**"), in each case, on or about , 2017 (the "**Issue Date**").

There is currently no public market for the Notes. Application will be made for the Notes to be listed on the Channel Islands Securities Exchange Authority Limited (the "**Exchange**") and admitted for trading on the Official List of the Exchange thereof. There is no assurance that the Notes will be listed and admitted to trade on the Official List of the Exchange.

Sole Global Coordinator and Sole Physical Bookrunner

BofA Merrill Lynch

Joint Bookrunners

Barclays **Credit Suisse** **Goldman Sachs International** **KKR**

The date of this offering memorandum is , 2017.

You should rely only on the information contained in this offering memorandum. We have not, and the initial purchasers have not, authorized anyone to provide you with information that is different from the information contained herein. We are not, and the initial purchasers are not, making an offer of these securities in any jurisdiction where such offer is not permitted. You should not assume that the information contained in this offering memorandum is accurate as of any date other than the date on the front of this offering memorandum.

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In this offering memorandum, "**Issuer**" refers to the Issuer and not any of its subsidiaries. In this offering memorandum, "**KIRS**," "**KIRS Group**," "**group**," "**we**," "**us**" and "**our**" refer to (i) the five businesses collectively (Towergate, Price Forbes, Autonet, Direct Group and Chase Templeton) (each as defined herein) prior to the completion of the Transactions (as defined herein) and (ii) the Issuer and its subsidiaries following to the completion of the Transactions, except where the context otherwise requires or it is otherwise indicated. The Issuer's registered office is located at 55 Bishopsgate, London, EC2N 3AS, United Kingdom. Our website is www.kirsgroup.co.uk. The information contained on our website is not part of this offering memorandum.

Prior to the completion of the Transactions, Towergate represents KIRS Finco plc (previously TIG Finco plc). Following the completion of the Transactions, Towergate represents Towergate Insurance Limited.

Important Information

This offering memorandum is confidential and has been prepared by us solely for use in connection with the offering. This offering memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes. Distribution of this offering memorandum to any person other than the prospective investor and any person retained to advise such prospective investor with respect to the purchase of Notes is unauthorized, and any disclosure of any of the contents of this offering memorandum, without our prior written consent, is prohibited. Each prospective investor, by accepting delivery of this offering memorandum, agrees to the foregoing and to make no photocopies of this offering memorandum or any documents referred to in this offering memorandum.

In making an investment decision, prospective investors must rely on their own examination of our company and the terms of the offering, including the merits and risks involved. In addition, neither we nor any initial purchaser nor any of our or their respective representatives is making any representation to you regarding the legality of an investment in the Notes, and you should not construe anything in this offering memorandum as legal, business or tax advice. You should consult your own advisors as to legal, tax, business, financial and related aspects of an investment in the Notes. You must comply with all laws applicable in any jurisdiction in which you buy, offer or sell the Notes or possess or distribute this offering memorandum, and you must obtain all applicable consents and approvals; neither we nor the initial purchasers shall have any responsibility for any of the foregoing legal requirements.

We accept responsibility for the information contained in this offering memorandum. Having taken all reasonable care to ensure that such is the case, to the best of our knowledge and belief, the information contained in this offering memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. The information contained in this offering memorandum is as of the date hereof. Neither the delivery of this offering memorandum at any time after the date of publication nor any subsequent commitment to purchase the Notes shall, under any circumstances, create an implication that there has been no change in the information set forth in this offering memorandum or in our business since the date of this offering memorandum.

The initial purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this offering memorandum. Nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by the initial purchasers as to the past or future.

The information set out in relation to sections of this offering memorandum describing clearing arrangements, including the section entitled "*Book-Entry, Delivery and Form*," is subject to any change in, or reinterpretation of, the rules, regulations and procedures of Euroclear and Clearstream currently in effect. Although we accept responsibility for accurately summarizing the information concerning Euroclear and Clearstream, we accept no further responsibility in respect of such information. Euroclear and Clearstream are not under any obligation to perform or continue to perform under such clearing arrangements and such arrangements may be modified or discontinued by any of them at any time. We will not, nor will any of our agents, have responsibility for the performance of the respective obligations of Euroclear or Clearstream or their respective participants. Investors wishing to use these clearing systems are advised to confirm the continued applicability of these arrangements.

By receiving this offering memorandum, you acknowledge that you have had an opportunity to request from us for review, and that you have received, all additional information you deem necessary to verify the accuracy and completeness of the information contained in this offering memorandum. You also acknowledge that you have not relied on the initial purchasers in connection with your investigation of the accuracy of this information or your decision whether to invest in the Notes.

None of the U.S. Securities and Exchange Commission (the "**SEC**"), any state securities commission or any other regulatory authority has approved or disapproved of the Notes, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering or the accuracy or adequacy of this offering memorandum. Any representation to the contrary could be a criminal offence in certain countries.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold, except as permitted under the U.S. Securities Act and the applicable state securities laws, pursuant to registration or exemption therefrom. As a prospective investor, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. Please refer to the sections in this offering memorandum entitled "*Plan of Distribution*" and "*Notice to Investors*."

We cannot guarantee that our application to the Channel Islands Securities Exchange Authority Limited (the "**Exchange**") for the Notes to be admitted to trading on the Official List of the Exchange thereof will be approved as of the settlement date for the Notes or at any time thereafter, and settlement of the Notes is not conditioned on obtaining this admission to trading.

We and the initial purchasers reserve the right to reject all or a part of any offer to purchase the Notes, for any reason. We and the initial purchasers also reserve the right to sell less than all the Notes offered by this offering memorandum or to sell to any purchaser less than the amount of Notes it has offered to purchase.

The Notes will be available in book-entry form only. We expect that the Notes sold pursuant to this offering memorandum will be issued in the form of two or more global notes. The global notes will be deposited with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream. Beneficial interests in the global notes will be shown on, and transfers of interests in the global notes will be effected only through, records maintained by Euroclear and Clearstream and their direct and indirect participants. After the initial issuance of the global notes, the relevant Notes in certificated form will be issued in exchange for the global notes only as set forth in the Indenture. See "*Book-Entry, Delivery and Form*."

IN CONNECTION WITH THE OFFERING OF THE NOTES, MERRILL LYNCH INTERNATIONAL (WITH RESPECT TO THE STERLING NOTES) AND MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED (WITH RESPECT TO THE DOLLAR NOTES) (TOGETHER, THE "**STABILIZING MANAGERS**") OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGERS OR ONE OF THEIR AFFILIATES) MAY OVER-ALLOT THE NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES DURING THE STABILIZATION PERIOD AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILIZATION ACTION MAY NOT NECESSARILY OCCUR. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN 30 DAYS AFTER THE DATE ON WHICH THE ISSUER RECEIVED THE PROCEEDS OF THE ISSUE, OR NO LATER THAN 60 DAYS AFTER THE DATE OF ALLOTMENT OF THE NOTES, WHICHEVER IS THE EARLIER. ANY STABILIZATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILIZING MANAGER (OR PERSONS ACTING ON ITS BEHALF) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

Notice to Investors in the United States

Each purchaser of the Notes will be deemed to have made the representations, warranties, and acknowledgements that are described in this offering memorandum under the "*Notice to Investors*" section of this offering memorandum.

The Notes have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States and may not be offered or sold in the United States, except to QIBs within the meaning of Rule 144A, in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A. Prospective investors are hereby notified that sellers of the Notes may be relying on the exemption from the registration requirements of Section 5 of the U.S. Securities Act provided by Rule 144A. The Notes may be offered and sold outside the United States in reliance on Regulation S. For a description of certain restrictions on transfers of the Notes, see "*Notice to Investors*."

The securities offered hereby have not been reviewed or recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not passed upon the merits of the offering or confirmed the accuracy or determined the adequacy of this offering memorandum. Any representation to the contrary is a criminal offense under the laws of the United States.

Notice to Investors in Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment hereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105), the Initial Purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to Investors in the United Kingdom

This offering memorandum is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act (the "**FSMA**") in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "**relevant persons**"). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

Notice to Investors in the European Economic Area

This offering memorandum has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of Notes. The expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended), and includes any relevant implementing measure in the Member State concerned.

Notice to Investors in Jersey

No invitation will be made directly or indirectly to any person resident in Jersey to subscribe for any of the Notes. Neither the Jersey Financial Services Commission nor the Registrar of Companies in Jersey has provided consent to the circulation of the Offering Memorandum in Jersey and no action has been taken to permit any offer of the Notes in Jersey.

Industry and Market Data

In this offering memorandum, we rely on and refer to information regarding our business and the markets in which we operate and compete. Unless otherwise indicated, we have generally obtained all information regarding market, market size, growth rate, development, trends and competitive position and other industry data pertaining to our business contained in this offering memorandum from industry publications, surveys or studies conducted by third party sources, including Insurance Times, Swiss Re, the London Market Group, the Boston Consulting Group and IMAS and other sources mentioned in "*Industry Overview*," internal surveys and estimates and publicly available information. All of the information set forth in this offering memorandum relating to the operations, financial results or market share of our competitors has been obtained from information made available to the public in such companies' publicly available reports and independent research, as well as from our experience, estimates and investigation of market conditions.

Industry and consultant publications and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. While we believe that each of the studies and publications we have used is reliable, neither we nor the initial purchasers have independently verified the data that were extracted or derived from these industry and consultant publications or reports and cannot guarantee their accuracy or completeness. Market data and statistics are inherently uncertain and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

As we operate in a number of different markets, it is difficult to obtain precise or current industry and market information, which makes the available industry and market information incomplete or non-comparable. In those cases where there was no readily available or reliable external information to validate market-related analyses or estimates or the data conflicted with other data or was non-comparable or internally inconsistent, statements regarding the industries in which we operate and our position in these industries are based solely on our experience and estimates and our own investigation of market conditions. We cannot assure you that any of these estimates are accurate or correctly reflect our position in the industry and none of our internal surveys and estimates have or has been verified by any independent sources.

While we are not aware of any misstatements regarding the industry or similar data presented herein, such data involve risks and uncertainties and are subject to change based on various factors, including those discussed under "*Risk Factors*." As far as we are aware and have been able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Neither we nor the initial purchasers, however, make any representation as to the accuracy or completeness of any such information in this offering memorandum. Moreover, none of Insurance Times, Swiss Re, the London Market Group, the Boston Consulting Group and IMAS or any other third-party sources have assumed responsibility for any information included in this offering memorandum.

Forward-Looking Statements

This offering memorandum contains statements under the captions "*Summary*," "*Risk Factors*," "*Industry Overview*," "*Business*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and in other sections that are, or may be deemed to be, forward-looking statements. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the words "aims," "believes," "estimates," "anticipates," "expects," "intends," "may," "will," "plans," "predicts," "assumes," "shall," "continue" or "should" or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, future events or intentions. By their very nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond our control, including but not limited to those below. As a result, our actual future financial condition, performance and results may differ materially from the plans, goals and expectations set out in any forward-looking statements made by us.

Many factors may cause our results of operations, financial condition, liquidity and the development of the industries in which we operate to differ materially from those expressed or implied by the forward-looking statements contained in this offering memorandum. These factors include, *inter alia*:

- the impact of economic conditions on our results of operations and financial condition;
- the impact of the United Kingdom's contemplated exit from the European Union;
- our ability to retain our senior managers and our underwriters, account executives, sales personnel and other client-facing employees;
- our dependence on technology-based solutions to drive value for our clients, gain internal efficiencies and implement effective internal controls;
- interruption or loss of our information processing systems or failure to maintain secure information systems and technological changes;
- the ability to successfully implement various IT initiatives;
- our dependence on third-party brokers, third-party MGAs and other capacity and product providers to distribute our products;
- our dependence on insurance companies and other capacity and product providers providing us underwriting capacity to distribute our products;
- our dependence on outsourcing arrangements for certain IT financial and other functions;
- volatility or declines in the premiums on which our commissions are based and declines in commission rates;
- the unpredictable nature of profit commissions;
- the ability to realize certain projected synergies, productivity enhancements or improvements in costs;
- risks relating to our acquisition and divestment strategies;
- our exposure to regulatory, business and economic risks associated with maintaining offices abroad;
- the impact of competition;
- damage to our business reputation;
- our exposure to potential regulatory sanctions and fines;
- the impact of privacy and data protection regulation;
- legislative, taxation and regulatory changes, inquiries or enforcement actions, affecting our ability to operate or the profit generated from our activities;
- our exposure to potential liabilities arising from errors and omissions claims against us;
- our dependence on various proprietary technologies and the protection of our intellectual property for our continued success;
- the ability to comply with regulations and guidelines and our risks and compliance framework;
- liquidity risk;
- our ability to implement hedges effectively;
- risks related to our substantial leverage;
- limited operating flexibility due to financial and restrictive covenants in our debt agreements;
- our ability to generate sufficient cash to service our indebtedness;
- risks related to our capital structure, the Notes, the Notes Guarantees and other indebtedness;
- financial covenants; and
- the other factors discussed or referred to in this offering memorandum.

These risks and others described under "*Risk Factors*" are not exhaustive. Other sections of this offering memorandum describe additional factors that could adversely affect our results of operations, financial condition, liquidity and the development of the industries in which we operate. New risks can emerge from time to time, and it is not possible for us to predict all such risks, nor can we assess the impact of all such risks on our business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results.

Any forward-looking statements are only made as of the date of this offering memorandum, and we do not intend, and do not assume any obligation, to update forward-looking statements set forth in this offering memorandum. You should interpret all subsequent written or oral forward-looking statements attributable to us or to persons acting on our behalf as being qualified by the cautionary statements in this offering memorandum. As a result, you should not place undue reliance on these forward-looking statements.

Presentation of Financial and Other Information

Financial Information

The Issuer is a holding company formed on April 21, 2017 for the purpose of the Offering and other future potential transactions and is not expected to engage in any activities other than those related to its formation and the Offering. KIRS Midco 2 plc is the parent of the Issuer. After giving effect to the Transactions, the Issuer will be the direct parent of KIRS Finco plc (formerly TIG Finco plc) ("**Finco**"), and the Issuer's only material assets and liabilities are expected to be its interests in Finco and its outstanding indebtedness under the Notes and the Revolving Credit Facility Agreement and any other future indebtedness and inter-company balances incurred in connection with the Transactions as well as other transactions permitted under the Indenture. We do not present in this offering memorandum any financial information or financial statements of the Issuer. Following the consummation of the Transactions, we have the option to consolidate our financial results at the Issuer, KIRS Midco 2 plc or KIRS Group Limited.

Towergate

In this offering memorandum, we include the historical consolidated financial information for Finco and its consolidated subsidiaries. In particular, this offering memorandum includes and presents:

- the unaudited condensed consolidated interim financial statements of Finco as of and for the three-month period ended March 31, 2017, including the notes thereto (the "**Finco 2017 Q1 Unaudited Condensed Consolidated Three Month Interim Financial Statements**");
- the audited consolidated financial statements of Finco as of and for the year ended December 31, 2016, including the notes thereto (the "**Finco 2016 Audited Consolidated Financial Statements**");
- the audited consolidated financial statements of Finco as of December 31, 2015 and for the period from incorporation on February 5, 2015 to December 31, 2015 (with operating activities commencing on and reflected from, April 2, 2015), including the notes thereto (the "**Finco 2015 Audited Consolidated Financial Statements**"); and
- the unaudited condensed consolidated interim financial statements of Towergate Insurance Limited ("**TIL**") (the predecessor company prior to Finco's acquisition of TIL on April 2, 2015) as of and for the three-month period ended March 31, 2015, including the notes thereto (the "**TIL 2015 Q1 Unaudited Condensed Consolidated Three Month Interim Financial Statements**").

The Finco 2016 Audited Consolidated Financial Statements and the Finco 2015 Audited Consolidated Financial Statements are together referred to as the "**Finco Audited Consolidated Financial Statements,**" and the Finco Audited Consolidated Financial Statements, the Finco 2017 Q1 Unaudited Condensed Consolidated Three Month Interim Financial Statements and TIL 2015 Q1 Unaudited Condensed Consolidated Three Month Interim Financial Statements are together referred to as the "**Finco Consolidated Financial Statements**."

Each of the Finco Audited Consolidated Financial Statements have been audited by KPMG LLP and have been prepared in accordance with the International Financial Reporting Standards ("**IFRS**") as adopted by the European Union.

Finco will be the direct subsidiary of the Issuer after the consummation of the Transactions.

Price Forbes

In this offering memorandum, we include the historical consolidated financial information for PFIH Limited and its subsidiaries ("**Price Forbes**"), which is a subsidiary of Price Forbes Holdings Limited ("**PF Holdco**"). PF Holdco was formed on September 10, 2015 for the purposes of acquiring Price Forbes, and conducts limited activities and has limited assets. PF Holdco acquired the direct parent company of Price Forbes on December 21, 2015. As a result of the timing of PF Holdco's acquisition of Price Forbes, PF Holdco's historical financial information is for a 15-month period.

In particular, this offering memorandum includes and presents:

- the consolidated financial statements of PF Holdco as of and for the for the period from September 10, 2015 to December 31, 2016, including the notes thereto (the "**PF Holdco 2016 Consolidated Financial Statements**" which have been prepared in accordance with generally accepted accounting principles in the United Kingdom ("**UK GAAP**");

- the audited consolidated financial statements of PFIH Limited as of and for the year ended December 31, 2016, including the notes thereto (the "**Price Forbes 2016 Audited Consolidated Financial Statements**") which have been audited by PricewaterhouseCoopers LLP and have been prepared in accordance with UK GAAP; and
- the audited consolidated financial statements of PFIH Limited as of and for the year ended December 31, 2015, including the notes thereto (the "**Price Forbes 2015 Audited Consolidated Financial Statements**") which have been audited by PricewaterhouseCoopers LLP and have been prepared in accordance with UK GAAP.

The Price Forbes 2016 Audited Consolidated Financial Statements and the Price Forbes 2015 Audited Consolidated Financial Statements are together referred to as the "**Price Forbes Audited Consolidated Financial Statements.**"

Price Forbes will be an indirect subsidiary of the Issuer after the consummation of the Transactions.

Autonet

In this offering memorandum, we include the consolidated historical financial information for Autonet Insurance Services Limited ("**Autonet**"), which is a subsidiary of Atlanta Investment Holdings 3 Limited ("**Atlanta Holdco**") and its subsidiaries. Atlanta Holdco was formed on May 4, 2016 for the purposes of acquiring Autonet, the holding company of the Autonet Holdco group of companies, and conducts limited activities and has limited material assets. Atlanta Holdco acquired and became the indirect parent company of Autonet on November 15, 2016. As a result of the timing of Atlanta Holdco's acquisition of Autonet, Atlanta Holdco only has historical financial information for the period from November 15, 2016 to December 31, 2016.

In particular, this offering memorandum includes and presents:

- the audited consolidated financial statements of Atlanta Holdco as of and for the period from November 15, 2016 to December 31, 2016, including the notes thereto (the "**Atlanta Holdco 2016 Audited Consolidated Financial Statements**");
- the audited consolidated financial statements of Autonet as of and for the year ended December 31, 2016, including the notes thereto (the "**Autonet 2016 Audited Consolidated Financial Statements**"); and
- the audited consolidated financial statements of Autonet as of and for the year ended December 31, 2015, including the notes thereto (the "**Autonet 2015 Audited Consolidated Financial Statements**").

The Atlanta Holdco 2016 Audited Consolidated Financial Statements, Autonet 2016 Audited Consolidated Financial Statements and the Autonet 2015 Audited Consolidated Financial Statements are together referred to as the "**Autonet Audited Consolidated Financial Statements.**"

Each of the Autonet Audited Consolidated Financial Statements have been audited by RSM UK Audit LLP and have been prepared in accordance with the UK GAAP.

Atlanta Holdco will be an indirect subsidiary of the Issuer after the consummation of the Transactions.

Direct Group

In this offering memorandum, we include the historical consolidated financial information for Ryan Direct Group Limited and its subsidiaries ("**Direct Group**"). In particular, this offering memorandum includes and presents:

- the audited consolidated financial statements of Direct Group as of and for the year ended December 31, 2016, including the notes thereto (the "**Direct Group 2016 Audited Consolidated Financial Statements**"); and
- the audited consolidated financial statements of Direct Group as of and for the year ended December 31, 2015, including the notes thereto (the "**Direct Group 2015 Audited Consolidated Financial Statements**").

The Direct Group 2016 Audited Consolidated Financial Statements and the Direct Group 2015 Audited Consolidated Financial Statements are together referred to as the "**Direct Group Audited Consolidated Financial Statements.**"

Each of the Direct Group Audited Consolidated Financial Statements have been audited by Deloitte LLP and have been prepared in accordance with IFRS as adopted by the European Union.

Direct Group will be an indirect subsidiary of the Issuer after the consummation of the Transactions.

Chase Templeton

In this offering memorandum, we include the historical consolidated financial information for Chase Templeton Holdings Limited and its subsidiaries ("**Chase Templeton**"). In particular, this offering memorandum includes and presents:

- the audited consolidated financial statements of Chase Templeton as of and for the year ended October 31, 2016, including the notes thereto (the "**Chase Templeton 2016 Audited Consolidated Financial Statements**"); and
- the audited consolidated financial statements of Chase Templeton as of and for the year ended October 31, 2015, including the notes thereto (the "**Chase Templeton 2015 Audited Consolidated Financial Statements**").

The Chase Templeton 2016 Audited Consolidated Financial Statements and the Chase Templeton 2015 Audited Consolidated Financial Statements are together referred to as the "**Chase Templeton Audited Consolidated Financial Statements.**"

Each of the Chase Templeton Audited Consolidated Financial Statements have been audited by DTE Business Advisors Limited and have been prepared in accordance with UK GAAP.

Chase Templeton will be an indirect subsidiary of the Issuer after the consummation of the Transactions.

The Finco Audited Consolidated Financial Statements, the Autonet Audited Consolidated Financial Statements Price Forbes Consolidated Financial Statements, the Direct Group Audited Consolidated Financial Statements and the Chase Templeton Audited Consolidated Financial Statements are together referred to as the "***Audited Consolidated Financial Statements.***"

General

This offering memorandum includes financial information prepared under UK GAAP and under IFRS. UK GAAP differs in several respects from IFRS. Adjustments made to UK GAAP and IFRS primarily relate to adjustments to reversal of goodwill amortization. For a discussion of certain differences between UK GAAP and IFRS as applied by Towergate, Autonet, Price Forbes, Direct Group and Chase Templeton, see Note 6 to the "*Unaudited Pro Forma Condensed Consolidated Financial Information*."

Unaudited Pro Forma Financial Information of the Group as of and for the year ended December 31, 2016

We also present our unaudited pro forma financial information as of and for the year ended December 31, 2016, as adjusted to give effect to the Transactions. The unaudited pro forma financial information as of and for the year ended December 31, 2016 is based on the assumptions and subject to the qualifications and adjustments, including certain differences between UK GAAP to IFRS, as described in the notes accompanying the unaudited pro forma financial information as of and for the year ended December 31, 2016 in "*Unaudited Pro forma Condensed Consolidated Financial Information*."

The Unaudited Pro Forma Combined Profit and Loss for the year ended December 31, 2016 presented in this offering memorandum has been derived by adding the financial information from the following financial statements: (i) Finco 2016 Audited Consolidated Financial Statements, (ii) Autonet 2016 Audited Consolidated Financial Statements, (iii) Price Forbes 2016 Audited Consolidated Financial Statements, (iv) Direct Group 2016 Audited Consolidated Financial Statements and (v) Chase Templeton 2016 Audited Consolidated Financial Statements.

The Unaudited Pro Forma Combined Net Assets as of December 31, 2016 presented in this offering memorandum has been derived by adding the financial information from the following financial statements: (i) Finco 2016 Audited Consolidated Financial Statements, (ii) Atlanta Holdco 2016 Audited Consolidated Financial Statements, (iii) PF Holdco 2016 Consolidated Financial Statements, (iv) Direct Group 2016 Audited Consolidated Financial Statements and (v) Chase Templeton 2016 Audited Consolidated Financial Statements.

For purposes of providing a comparable Unaudited Pro Forma Combined Profit and Loss presentation for Price Forbes and Autonet, we have used the historical consolidated financial information for PFIH Limited and Autonet Insurance Services Limited as PF Holdco's historical financial information is for a 15 month period and Atlanta Holdco's historical financial information is for a period from November 16, 2016 to December 31, 2016. PF Holdco and Atlanta Holdco conduct no material trading activity.

The unaudited pro forma adjustments are based on currently available financial information and certain assumptions that we believe are reasonable and factually supportable.

The unaudited pro forma financial information as of and for the year ended December 31, 2016 has been prepared by management for illustrative purposes and as supplemental information to facilitate management discussion and analysis. Such information is not necessarily indicative of what the combined results of operations actually would have been had the Transactions been completed as of the dates indicated nor is it meant to be indicative of any anticipated condensed balance sheets or income statements that the KIRS Group will experience after such transactions. In addition, the unaudited pro forma financial information as of and for the year ended December 31, 2016 has not been prepared and shall not be construed to be in compliance with Regulation S-X under the U.S. Securities Act or the Prospectus Directive or any other regulations or the SEC or any other regulator and does not purport to project the future financial results of operations of the combined entity. Neither the assumptions underlying the pro forma adjustments nor the resulting pro forma financial information have been audited or reviewed in accordance with any generally accepted auditing standards. Any reliance you place on this information should fully take this into consideration.

Non-IFRS Financial Measures

This offering memorandum contains non-IFRS measures and ratios, including Adjusted EBITDA and Pro Forma Adjusted EBITDA, that are not required by, or presented in accordance with, IFRS. Our non-IFRS measures are defined by us as set out below.

We define "***Adjusted EBITDA***" as the profit or (loss) on ordinary activities before finance costs, income tax, depreciation and amortization charges, share of loss from an associate and impairment of goodwill, adjusted for loss or (profit) on the disposal of businesses, related party bad debt provision, reduction in value on contingent consideration, group reorganization costs, regulatory costs, asset write-downs in connection with business restructuring, business investment costs, consultancy on regulatory matters, levy costs and finance legacy review costs, as applicable. Adjusted EBITDA is stated before exceptional costs and one-off items as determined by management.

We define "***Pro Forma Adjusted EBITDA***" as the Adjusted EBITDA of each of Towergate, Price Forbes, Autonet, Direct Group and Chase Templeton, each as adjusted for overhead costs currently incurred by KIRS Group Limited, Atlanta Holdco and PF Holdco, certain cost saving initiatives and cost synergies, a USD/GBP FX adjustment related to Price Forbes and certain other transactions adjustments including certain UK GAAP to IFRS adjustments.

We define "***Pro forma income***" as income for the year ended December 31, 2016 for each of Towergate, Price Forbes, Autonet, Direct Group and Chase Templeton, as adjusted to primarily give effect to FX changes and reclassification of exceptional income.

We define "***operating cash conversion***" as operating and investing cash flow (as further defined as Adjusted EBITDA less working capital movement and maintenance capital expenditure (which we have assumed to be approximately 2% of income), over Adjusted EBITDA). This excludes one-off costs, other capital expenditure and exceptional costs related to cost saving and income growth initiatives.

For additional information, see "*Comprehensive Unaudited Pro Forma Adjusted EBITDA*."

In evaluating Adjusted EBITDA, you should be aware that, as an analytical tool, Adjusted EBITDA is subject to certain limitations. Adjusted EBITDA is not a measurement of performance or liquidity under IFRS and you should not consider Adjusted EBITDA as an alternative to (a) gross profit or operating profit (as determined in accordance with IFRS) as a measure of our operating performance, (b) cash flow for the period as a measure of our ability to meet our cash needs or (c) any other measure of performance or liquidity under IFRS. We present Adjusted EBITDA as we believe that it is a measures commonly used by investors and is a measure that we use in managing each of our businesses.

Unaudited Pro Forma Adjusted EBITDA is included in this offering memorandum because we believe that it provides a useful measure of our results of operations; however, this measure does not constitute a measure of financial performance under IFRS and you should not consider Pro Forma Adjusted EBITDA as an alternative to operating profit or any other performance measure derived in accordance with IFRS or as a measure of our results of operations or liquidity. Other companies, including those in our industry, may calculate similarly titled financial measures differently from us, and therefore such financial measures may not be comparable to other similarly titled measures of other companies.

The unaudited Pro Forma Adjusted EBITDA information presented in this offering memorandum is inherently subject to risks and uncertainties. It does not present our reported results of operations for the twelve months ended December 31, 2016, and is not comparable to Towergate's, Price Forbes's, Autonet's, Direct Group's or Chase Templeton's respective consolidated financial statements or other financial information included elsewhere in this offering memorandum. In addition, the Pro Forma Adjusted EBITDA does not purport to indicate our future consolidated results of operations. Our actual results may differ significantly from those reflected in our Pro Forma Adjusted EBITDA. The calculations of Pro Forma Adjusted EBITDA are based on various assumptions and management estimates. The Unaudited Pro Forma Adjusted EBITDA information is inherently subject to risks and uncertainties and may not, in the case of Towergate, Price Forbes, Autonet, Direct Group and Chase Templeton, give an accurate or complete picture of the financial condition or results of operations of the acquired entities prior to their acquisition by us or may not be comparable to our consolidated financial statements or the other financial information included in this offering memorandum and should not be relied upon when making an investment decision.

For a reconciliation of each of Adjusted EBITDA to Towergate's, Price Forbes's, Autonet's, Direct Group's and Chase Templeton's profit or (loss) for the year and Pro Forma Adjusted EBITDA to our pro forma profit or (loss) for the year, see "*Summary Unaudited Pro Forma Condensed Consolidated Financial Information—Pro Forma and Other Information*," "*Comprehensive Unaudited Pro Forma Adjusted EBITDA*" and "*Summary Historical Financial and Other Data*."

Adjusted EBITDA and Pro Forma Adjusted EBITDA as used in this offering memorandum are not calculated in the same manner as "Consolidated EBITDA" is calculated pursuant to the Indenture governing the Notes as described under "*Description of the Notes*" or for purposes of any of our other indebtedness.

We present non-IFRS measures because we believe that they are widely used by securities analysts and other interested parties as supplemental measures of performance and liquidity. The non-IFRS measures may not be comparable to other similarly titled measures of other companies and should not be considered in isolation or be used as a substitute for an analysis of our operating result as reported under IFRS. Non-IFRS measures and ratios are not measurements of our performance or liquidity under IFRS and should not be considered as alternatives to net profit/loss for the period or any other performance measures derived in accordance with IFRS or any other generally accepted accounting principles or as alternatives to cash flow from operating, investing or financing activities. The non-IFRS measures have limitations as analytical tools. Some of these limitations are:

- they do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect the significant interest expense, or the cash requirements necessary, to service interest or principal payments, on our debts;
- although amortization, depreciation and write-downs are non-cash charges, the assets being depreciated and amortized will often need to be replaced in the future and certain of these non-IFRS measures do not reflect any cash requirements that would be required for such replacements; and
- some of the exceptional items that we eliminate in calculating Adjusted EBITDA and Pro Forma Adjusted EBITDA, reflect cash payments that were made, or will in the future be made.

Rounding

Certain numerical figures set out in this offering memorandum, including financial information presented in millions or thousands and percentages describing market shares, have been subject to rounding adjustments and, as a result, the totals of the data in this offering memorandum may vary from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other information set forth in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" are calculated using the rounded numerical data included in this offering memorandum and not the numerical data in each of the Consolidated Financial Statements or the relevant entity's internal accounting system. With respect to financial information set out in this offering memorandum, a dash ("—") signifies that the relevant figure is zero or rounded to zero.

Certain Definitions

Unless otherwise specified or the context requires otherwise in this offering memorandum:

- "Acquisition" means the acquisition of the shares of Nevada by KIRS Group Limited;
- "Acquisition Agreement" means the share purchase agreement dated May 8, 2017, between KIRS Group Limited, Nevada Investment Holdings 2 Limited and HPS and MDP Sellers, for the purchase of the entire issued share capital of Nevada;
- "Agreed Security Principles" has the meaning given to such term in the Revolving Credit Facility Agreement;
- "Atlanta" means, collectively, Atlanta Investment Holdings Limited and Atlanta Investment Holdings 2 Limited;
- "Appointed Representatives" means a person who is party to a contract with an authorized person which permits or requires him to carry on certain regulated activities, as further defined in the FCA Rules;
- "Autonet" as used in this offering memorandum, when discussing the business means Atlanta Holdco and its consolidated subsidiaries and, when discussing the historical financial statements means Autonet Opco, except where the context otherwise requires or it is otherwise indicated;
- "Autonet Facility" means the £60.0 million floating rate secured facility and £40.0 million floating rate secured facility that was made available to Atlanta by HPS in November 2016. As of the Issue Date, the outstanding principal amount was £60.0 million. The Autonet Facility is being repaid in connection with the Transactions. See "*Use of Proceeds*";
- "Autonet Guarantors" mean Atlanta Investment Holdings 2 Limited, Atlanta Investment Holdings 3 Limited, Atlanta Investment Holdings Limited and Autonet Insurance Services Limited;
- "Autonet Holdco" means Atlanta Investment Holdings 3 Limited;
- "Autonet Opco" means Autonet Insurance Services Limited;
- "Autonet Overrider Agreement" means the advanced overrider agreement entered into on November 29, 2016 between Autonet Insurance Services limited and Close Brothers Limited in amount of £2.0 million;
- "Bravo" means Bravo Investment Holdings Limited;
- "Bravo Facility" means the £13.5 million floating rate secured facility and £20.0 million floating rate secured facility that was made available to the Broker Network holding companies, Bravo Investment Holdings 2 Limited and Bravo Investment Holdings 3 Limited by HPS in July 2016;
- "Chase Templeton" means Chase Templeton Holdings Limited and its consolidated subsidiaries;
- "Chase Templeton Acquisition Agreement" means the share purchase agreement dated May 2, 2017 among the sellers named therein (the "CT Vendors") and Nevada Investments 7 Limited;
- "Chase Templeton Guarantors" mean Chase Templeton Group Limited, Chase Templeton Holdings Limited and Chase Templeton Limited;
- "Collateral" means the Completion Date Collateral and the Post-Completion Date Collateral;
- "Completion Date" means the date on which the Acquisition is completed pursuant to the terms of the Acquisition Agreement;
- "Completion Date Collateral" means first-priority security interests over certain material assets of Midco 2, the Issuer, Finco, Nevada Investment Holdings 5 Limited, Nevada Investment Holdings 6 Limited, Nevada Investment Holdings 7 Limited and Nevada Investments Topco Limited (excluding, for the avoidance of doubt, the shares in Atlanta Investment Holdings 3 Limited);
- "Completion Date Guarantees" mean the guarantees of the Senior Secured Notes by the Completion Date Guarantors;

- "Completion Date Guarantors" mean KIRS Finco plc, Nevada Investment Holdings 5 Limited, Nevada Investment Holdings 6 Limited, Nevada Investment Holdings 7 Limited and Nevada Investments Topco Limited;
- "December 2015 Loan Notes" means the December 2015 loan notes described in "*Related Party Transactions—Price Forbes loan notes*";
- "Direct Group" means Ryan Direct Group Limited and its consolidated subsidiaries;
- "Direct Group Acquisition Agreement" means the share purchase agreement dated April 13, 2017 among, *inter alios*, Jubilee Group Holdings Limited, Derek Coles and Scott Hough (the "DG Vendors") and Nevada Investments 3 Limited;
- "Direct Group Guarantors" mean Direct Group Limited, Direct Group Property Services Limited, Direct Newco Limited, Direct Validation Services Limited, Millennium Insurance Brokers Limited and Ryan Direct Group Limited;
- "Dollar Fixed Rate Notes" means the U.S.$ million aggregate principal amount of % Senior Secured Notes due 2022 issued by the Issuer pursuant to the Indenture to be dated on or about the Issue Date;
- "Escrow Account" means the one or more escrow accounts into which the gross proceeds from the Notes Offering will be deposited on the Issue Date pending the completion of the Acquisition. See "*Description of the Notes—Escrow of Proceeds*;
- "Escrow Agent" means Citibank, N.A., London Branch;
- "Escrow Longstop Date" means December 31, 2017;
- "Existing FRN Indenture" means the indenture dated April 2, 2015 governing the Existing Super Senior Secured Notes by and among, *inter alios*, Finco, KIRS Midco 1 Limited and The Bank of New York Mellon, London Branch as trustee;
- "Existing Indebtedness" means the Existing Notes, the Autonet Facility and the Price Forbes Facility, each of which are being repaid in connection with the Transactions.
- "Existing Indentures" means, collectively, the Existing SSN Indenture and the Existing FRN Indenture;
- "Existing Notes" mean, collectively, the Existing Super Senior Secured Notes and the Existing Senior Secured Notes;
- "Existing Senior Secured Notes" mean the £425.0 million aggregate amount of senior secured notes due 2020 issued by Finco on April 2, 2015 pursuant to the Existing Indenture;
- "Existing SSN Indenture" means the indenture dated April 2, 2015 governing the Existing Senior Secured Notes by and among, *inter alios*, Finco, KIRS Midco 1 Limited and The Bank of New York Mellon, London Branch as trustee;
- "Existing Super Senior Secured Notes" mean the £75.0 million aggregate amount of floating rate super senior secured notes due 2020 issued by Finco on April 2, 2015 pursuant to the Existing Indenture;
- "Finco" means KIRS Finco plc (formerly TIG Finco plc);
- "Financing" means the Financing as described further in "*Summary—The Transactions—The Financing*";
- "Fixed Rate Notes" mean the Sterling Fixed Rate Notes and the Dollar Fixed Rate Notes;
- "Floating Rate Notes" mean the £ million aggregate principal amount of Floating Rate Senior Secured Notes due 2022 issued by the Issuer pursuant to the Indenture to be dated on or about the Issue Date;
- "Guarantors" mean, collectively, the Completion Date Guarantors and the Post-Completion Date Guarantors;
- "HPS" means HPS Investment Partners, LLC and/or any funds and/or accounts managed and/or advised and/or controlled by HPS Investment Partners LLC or a subsidiary thereof;
- "HPS and MDP Sellers" mean Mezzanine Partners II, L.P., Mezzanine Partners-Offshore Investment Master Fund II, L.P., Institutional Mezzanine Partners II, L.P., AP Mezzanine Partners II, L.P. and Tango Investments, LLC;
- "IFRS" means the International Financial Reporting Standards, as adopted by the European Union;

- “Indenture” means the indenture to be dated the Issue Date governing the Notes by and among, *inter alios*, the Issuer and the Trustee;
- “Intercreditor Agreement” means the intercreditor agreement, dated on or about the Issue Date, among, *inter alios*, the Issuer, the lenders under the Revolving Credit Facility, Bank of America Merrill Lynch International Limited, as RCF agent and Citibank, N.A., London Branch, as senior secured notes trustee and common security agent, as amended from time to time. See “*Description of Certain Financing Arrangements—Intercreditor Agreement*”;
- “Issue Date” means the date of the issuance of the Notes offered hereby;
- “Issuer” means KIRS Midco 3 plc;
- “June 2016 Loan Notes” means the June 2016 loan notes described in “*Related Party Transactions—Price Forbes loan notes*”;
- “KIRS,” “KIRS Group,” “we,” “us” and “our” refer to KIRS Group Limited (formerly TIG Topco Limited) and its subsidiaries following to the completion of the Transactions;
- “KPMG” means KPMG LLP;
- “Lunar Facility” means the £30.0 million loan facility that was made available to Lunar 101 Limited by Mezzanine Partners Onshore Lux S.à r.l., Mezzanine Partners Offshore Lux S.à r.l. , Mezzanine Partners Institutional Lux S.à r.l., Mezzanine Partners II AP Lux S.à r.l. II, Mezzanine Partners II Offshore Lux S.à r.l. II , Mezzanine Partners II Onshore Lux S.à r.l. II and Mezzanine Partners II Institutional Lux S.à r.l. II on November 4, 2016, which is being repaid in connection with the Transactions. See “*Use of Proceeds*”;
- “MGA” means managing general agent;
- “MDP” means Madison Dearborn Partners, LLC and/or any funds and/or accounts managed and/or advised by Madison Dearborn Partners LLC;
- “Midco 2” means KIRS Midco 2 plc;
- “Nevada” means Nevada Investments Topco Limited;
- “Nevada Acquisitions” mean the acquisition of Direct Group and Chase Templeton by Nevada pursuant to the Direct Group Acquisition Agreement and the Chase Templeton Acquisition Agreement;
- “Nevada Companies” mean Price Forbes, Autonet, Direct Group and Chase Templeton;
- “Nevada Guarantors” mean Nevada Investments Holdings Limited, Nevada InvestorCo Limited, Nevada Investments 1 Limited, Nevada Investments 2 Limited, Nevada Investments 3 Limited, Nevada Investments 4 Limited, Nevada Investments 5 Limited, Nevada Investments 6 Limited and Nevada Investments 7 Limited;
- “Notes” mean, collectively, the Fixed Rate Notes and the Floating Rate Notes offered hereby;
- “Notes Guarantees” means, collectively, the Completion Date Guarantees and the Post-Completion Date Guarantees;
- “Offering” means the offering of the Notes pursuant to the Indenture;
- “PCW” means price comparison website;
- “PF Holdco” means Price Forbes Holdings Limited;
- “Post-Completion Date Collateral” means first-priority security interests over certain material assets of the Towergate Guarantors, the Nevada Guarantors, the Direct Group Guarantors and the Chase Templeton Guarantors;
- “Post-Completion Date Guarantors” mean the Towergate Guarantors, the Nevada Guarantors, the Price Forbes Guarantors, the Autonet Guarantors, the Direct Group Guarantors and the Chase Templeton Guarantors;
- “Post-Completion Date Guarantees” mean the guarantees of the Notes by the Post-Completion Date Guarantors;
- “Price Forbes” as used in this offering memorandum, when discussing the business means Price Forbes Holdings Limited and its consolidated subsidiaries and, when discussing the historical financial statements means PFIH Limited, except where the context otherwise requires or it is otherwise indicated;

- "Price Forbes Facility" means the £10.0 million revolving credit facility and £10.0 million loan facility that was made available to Price Forbes in connection with their entry into a facility agreement dated March 23, 2017, among, *inter alios*, The Royal Bank of Scotland plc, as mandated lead arranger and National Westminster Bank plc, as lender, each of which are being repaid in connection with the Transactions or cancelled if not drawn. See "*Use of Proceeds*";
- "Price Forbes RBS Facility" means the facilities agreement originally dated August 8, 2006 (as amended and/or amended and/or restated from time to time) and made between, among others, PFIH Limited, Price Forbes & Partners Limited and The Royal Bank of Scotland plc acting as agent for National Westminster Bank plc, which was repaid and replaced with the Price Forbes Facility;
- "Price Forbes Guarantors" means PFIH Limited, Price Forbes & Partners Limited and Price Forbes Holdings Limited;
- "Price Forbes Loan Notes" mean the June 2016 Loan Notes and the December 2015 Loan Notes;
- "QIBs" mean qualified institutional buyers;
- "Revolving Credit Facility" means the revolving credit facility made available under the Revolving Credit Facility Agreement, providing for up to £90.0 million in revolving loans on a committed basis with allowance for borrowings of an additional £30.0 million on an uncommitted basis. See "*Description of Certain Financing Arrangements—Revolving Credit Facility*";
- "Revolving Credit Facility Agreement" means the revolving credit facility dated on or before the Issue Date, among, *inter alios*, the Issuer as parent, original borrower and original guarantor, Bank of America Merrill Lynch International Limited as agent, Citibank, N.A., London Branch, as common security agent and the Mandated Lead Arrangers and Original Lenders (in each case, as defined therein);
- "Rule 144A" means Rule 144A of the US Securities Act;
- "Sentry" means Sentry Holdings Limited;
- "Sterling Fixed Rate Notes" mean the £ million aggregate principal amount of % Senior Secured Notes due 2022 issued by the Issuer pursuant to the Indenture to be dated on or about the Issue Date;
- "Sterling Notes" means the Sterling Fixed Rate Notes and the Floating Rate Notes;
- "TIL" means Towergate Insurance Limited;
- "Towergate" means Finco and its consolidated subsidiaries prior to the completion of the Transactions. Following the completion of the Transactions, Towergate means TIL;
- "Towergate Guarantors" mean Arista Insurance Limited, Bishopsgate Insurance Brokers Limited, Broker Network Holdings Limited, CCV Risk Solutions Limited, Cullum Capital Ventures Limited, Four Counties Insurance Brokers Limited, Fusion Insurance Holdings Limited, Fusion Insurance Services Limited, Lunar 101 Limited, Morgan Law Limited, Paymentshield Group Holdings Limited, Paymentshield Holdings Limited, Paymentshield Limited, Paymentshield Services Limited, Towergate Insurance Limited, Towergate Risk Solutions Limited and Towergate Underwriting Group Limited;
- "Transactions" mean, collectively, the Acquisition, the Nevada Push-Down, the Nevada Acquisitions and the Financing, as described further in "*Summary—The Transactions*";
- "Trustee" means Citibank, N.A., London Branch;
- "UK GAAP" means accounting principles generally accepted in the United Kingdom; and
- "US Securities Act" means the US Securities Act of 1933.

Exchange Rate and Currency Information

Unless otherwise indicated, references in this offering memorandum to "**sterling**", "**pounds sterling**", "**GBP**" or "**£**" are to the lawful currency of the United Kingdom and references to "**U.S. dollars**", "**dollars**", "**USD**", "**U.S.$**" or "**$**" are to the lawful currency of the United States of America.

The following table sets forth, for the periods set forth below, the high, low, average and period end Bloomberg New York Composite Rate expressed as U.S. dollars per £1.00. The Bloomberg New York Composite Rate is a "best market" calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg New York Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The rates may differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this offering memorandum. None of the Issuer, the Guarantors or the Initial Purchasers represent that the U.S. dollar amounts referred to below could be or could have been converted into pounds sterling at any particular rate indicated or any other rate.

The average rate for a period means the average of the final daily Bloomberg New York Composite Rates during that period.

The Bloomberg Composite Rate of pounds sterling on May 23, 2017, was $1.2962 per £1.00.

	U.S. dollar per £1.00			
Year	**High**	**Low**	**Average[1]**	**Period end**
2012	1.6279	1.5317	1.5852	1.6248
2013	1.6556	1.4867	1.5649	1.6556
2014	1.7166	1.5517	1.6476	1.5578
2015	1.5881	1.4632	1.5285	1.4736
2016	1.4880	1.2123	1.3554	1.2357
Month	**High**	**Low**	**Average[1]**	**Period end**
January 2017	1.2633	1.2049	1.2354	1.2579
February 2017	1.2659	1.2381	1.2487	1.2381
March 2017	1.2560	1.2153	1.2348	1.2552
April 2017	1.2951	1.2374	1.2644	1.2951
May 2017 (through May 23, 2017)	1.3030	1.2867	1.2935	1.2962

(1) The average of the final exchange rates on each business day during the relevant period.

Summary

This summary highlights information contained elsewhere in this offering memorandum. The summary below does not contain all the information that you should consider before investing in the Notes. The following summary should be read in conjunction with and is qualified in its entirety by the more detailed information included elsewhere in this offering memorandum. You should carefully read the entire offering memorandum to understand our business, the nature and terms of the Notes and the tax and other considerations which are important to your decision to invest in the Notes, including the more detailed information in the consolidated financial statements and the related notes included elsewhere in this offering memorandum, before making an investment decision. Please see the section entitled "Risk Factors" for factors that you should consider before investing in the Notes and the section entitled "Forward-Looking Statements" for information relating to the statements contained in this offering memorandum that are not historical facts.

KIRS Group Vision

Upon completion of the Transactions, KIRS Group will be the leading diversified independent insurance intermediary in the United Kingdom. The KIRS Group vision has been built over the past two years by assembling and attracting our market leading, highly experienced senior management team with a depth and breadth of, on average, over 20 years of experience across the entire insurance value chain. Our senior management team is supported by a deep bench of revenue producing talent specifically targeted for their entrepreneurial spirit and ability to drive sustainable growth. They are enabled by highly talented and committed staff across all support functions. The five businesses being brought together in the KIRS Group each occupy leading positions within their respective market segments and together provide a comprehensive and complementary product and service offering to our customers. This provides us with multiple avenues to capture incremental commission and to create additional value within our portfolio without the need for extensive integration of, or disruption to, these businesses.

Overview

Upon completion of the Transactions, KIRS Group will bring together under common ownership (i) Towergate, a leading insurance intermediary company in the United Kingdom with a focus on specialty SME and personal lines, (ii) Price Forbes, one of the top independent wholesale brokers in the London Market, (iii) Autonet, a leading independent van insurance broker in the United Kingdom by market share, (iv) Direct Group, a leading provider of third party policy administration and claims services for insurers, corporations, affinities and brokers as well as a Managing General Agent ("**MGA**"), and (v) Chase Templeton, a leading United Kingdom based private medical insurance ("**PMI**") broker. Upon completion of the Transactions, KIRS Group will be the leading diversified independent insurance intermediary by broking income in the United Kingdom and will offer a highly diversified range of insurance products and services. On a pro forma basis, assuming the Transactions had occurred on January 1, 2016, KIRS Group would have placed £2.9 billion in gross written premiums ("**GWP**") and generated £134.3 million in Pro Forma Adjusted EBITDA.

As an insurance intermediary, we work with large corporations, brokers, third party MGAs, small and medium enterprises ("**SMEs**") and individual customers to identify products that meet their insurance needs and work with insurers to design, price and administer insurance products that meet market demands. We provide products that match a spectrum of diverse customers' risk profiles ranging from the provision of higher value and lower volume bespoke products to the provision of lower value and higher volume general insurance products. We also provide market leading pre- and post-sales insurance administration and claims management services. KIRS Group performs all roles across the insurance chain, with the exception of assuming underwriting or principal risk in relation to any of the services or products that it provides and therefore we neither provide capital nor assume any responsibility for insurance claim costs. KIRS Group's business model and capital requirements reflect the agency as opposed to the principal nature of our activities, resulting in a highly profitable and cash generative business model.

KIRS Group will have three segments—(i) distribution, (ii) wholesale, and (iii) MGA & Services—that together will offer products and services spanning the full insurance intermediary value chain, from partnering with insurer capital providers to providing broking services to the insurance product purchaser. The three segments focus on distinct but complementary aspects of the insurance intermediary market, with (i) KIRS Group's distribution segment including a digital division, comprising Towergate's retail broking unit, Autonet, and

Towergate's Paymentshield business, and an advisory division, comprising Towergate's advisory broking unit and Chase Templeton; (ii) KIRS Group's wholesale segment including Price Forbes and Bishopsgate, which is Towergate's London market wholesale broker; Price Forbes and Bishopsgate will continue to operate independently of each other based on their respective management structures and (iii) KIRS Group's MGA & services segment including Towergate's underwriting division, and Direct Group's MGA and services business. An MGA performs many of the functions of a traditional insurance company, such as issuing and administrating insurance policies and handling insurance claims and renewals on behalf of insurance companies, but excluding the provision of capital and the incurrence of liability in respect of insurance claims.

The KIRS Group portfolio represents the successful culmination of a carefully crafted and executed acquisition strategy which commenced in 2015. The KIRS Group businesses—Towergate, Price Forbes, Autonet, Direct Group and Chase Templeton—were specifically targeted due to their (i) strong management teams with specialized market knowledge and experience; (ii) established market positions in key products and services; (iii) significant organic growth and acquisition opportunities; and (iv) ability to create additional value across the portfolio without disruption to or integration of the underlying businesses.

The KIRS Group platform allows us to generate significant cross-selling opportunities in the U.K. by providing access across our businesses to front-office operating and digital platforms, existing client bases and industry knowledge, to a take advantage of cost saving and revenue synergies through leveraging KIRS Group's combined scale and back-office operating platforms and to capture more commission by maximizing our ability to provide additional products and services at each stage of the process of writing an insurance policy. See "*—Our strategies—Drive long term sustainable growth by capitalizing on the depth of the KIRS Group combined portfolio—Broaden our customer reach through our scalable platforms.*"

KIRS Business Model

	Distribution	Wholesale	MGA & Services
PF Income (1) % Contribution (£491m)	£313m 64%	£81m 16%	£97m 20%
Market Position	Leading SME and consumer focused general insurance broker in the UK	Leading UK independent wholesale broker	Leading full service MGA in the UK Leading provider of claims management and post-sales servicing in the UK
Product Focus	• Small and Medium Enterprises (SME) insurance • Auto & Van • Specialist Home • Specialist niches including Private Medical	• Large and complex specialty risk • Marine • Energy • Professional Liability	MGA • Commercial Lines • Life and Protection • Specialty Personal • Specialty Commercial • Agriculture • Motor Services • Post-sales servicing • End-to-end claims management
Distribution Model	• Face-to-face, local office • Online (direct and price comparison websites) • Via specialist contact centres • Mortgage brokers	• Design and placement of risks from all major international (re)insurance markets in London, Bermuda and Europe	• Premium sourced from external and internal brokers • Global capability • Insurers, corporates and affinities • Carriers, underwriters and brokers
PF Adj. EBITDA (£134m) (1) (2)	£94m (30% Margin)	£18m (23% Margin)	£25m (26% Margin)
Selected Comparables	NFP, Bluefin (3), Jelf (3), HUB International, USI	AmWINS, Miller, Hyperion Insurance Group	AmRisc, Pen Underwriting, Sedgwick, Burns & Wilcox, DUAL, CFC Underwriting (3)

(1) Pro forma income as defined in this offering memorandum.

(2) Includes £3m of KIRS Group costs.

(3) Bluefin and Jelf were purchased by Marsh in 2016 and 2015 respectively. CFC was purchased by Vitruvian in 2017.

Our strengths

An end-to-end product and service offering with multiple avenues to capture incremental commission

We offer insurance intermediary products and services across the insurance value chain from the capital provider to the ultimate customer, including retail insurance broking products, wholesale insurance broking products, underwriting products and insurance outsourcing services. We offer both general and bespoke insurance products and services to large corporations, insurers, brokers, third party MGAs, SMEs and individuals at a wide range of price points and we are able to reach customers through diversified U.K. distribution channels, including through our digital platform, contact centers and traditional, face-to-face customer contact via our 80 local offices. Our presence across the value chain and the diversity of our distribution channels provides us with various avenues through which we can take advantage of cross-selling opportunities and capture more commission by providing complementary products and services that meet diverse insurance needs, including wholesale broking services provided by Bishopsgate, SME tailored products or general insurance products purchased online, or providing claims processing and other policy administration services on behalf of both insurance companies and other insurance intermediaries.

The leading diversified independent insurance intermediary in the United Kingdom

We are the leading diversified independent insurance intermediary serving corporations, insurers, SMEs and individual consumers in the United Kingdom based on broking income. We believe that our distribution, wholesale, MGA & Services segments allow us to occupy a unique position in the United Kingdom insurance intermediary market and afford us significant competitive advantages. Our distribution segment includes a leading independent broker of specialty SME and personal lines insurance products based on broking revenue in the United Kingdom as well as the United Kingdom's leading van broker based on GWP, and a leading PMI intermediary based on GWP. Our distribution segment offers both our own branded products as well as third-party products and is also a leading provider of property related insurance products distributed via mortgage brokers in the United Kingdom. Our wholesale segment includes one of the top independent London wholesale brokers, operates in close proximity to the Lloyd's and London Markets and diversifies KIRS Group's risk exposure through its historic presence in global markets, including in North America. Our MGA & Services segment is a leading full service MGA in the United Kingdom and offers insurance service capabilities and a leading insurance services outsourcing platform.

We believe that our position as one of the leading independent insurance intermediaries in the United Kingdom provides us with significant competitive advantages, including (i) using our understanding of customer needs, broad brand recognition and the scale of premium we place in the market to enhance and improve our product offering; and (ii) using our capacity to work with insurers to design products intended to increase the insurers' customer penetration and profitability to drive deeper relationships with our key insurer partners. We believe we can leverage our combined scale in order to achieve more cost efficient non-insurer supplier agreements.

Extensive local footprint coupled with a global reach

We have an extensive product distribution network in the United Kingdom with a local office presence in every major region. Within the United Kingdom, our distribution segment includes seven national contact centers that focus on online and telephonic product delivery as well as 80 local offices providing products and face-to-face broking services to our local customers. Our wholesale operations are headquartered in London but source business from over 100 countries, expanding our industry relationships, contacts and expertise around the globe. Our wholesale segment operates in close proximity to the Lloyd's and London Markets and diversifies KIRS Group's risk exposure through its historic presence in global markets. Our MGA & Services segment operates from local offices across the United Kingdom, providing underwriting products to local brokers and leveraging the local knowledge and relationships with insurer partners that we have developed over decades as well as post-sales and end-to-end claims management services to insurers, corporations, affinities and brokers from our primary insurance services operations centers based in Doncaster and Preston. We believe that our strong and committed local presence, which builds longstanding customer relationships and drives improved retention rates, coupled with our global access to products and solutions, positions us advantageously against both local and global competitors.

Highly diversified sources of earnings

KIRS Group is a highly diversified business in terms of products, customers, insurers and producers, which enables us to minimize and mitigate risks related to over reliance of earnings on any particular aspect of the business. Our income is well balanced across our segments, with our digital distribution segment contributing 34% of our income, our advisory distribution segment contributing 30% of our income, our wholesale segment contributing 16% of our income and our MGA & Services segment contributing 20% of our income in the year ended December 31, 2016. We partner with a broad range of third-party carriers, with no single carrier representing more than 11% of GWP. Our GWP by product is also highly diversified, with commercial products accounting for 28%, wholesale products for 33%, household products for 18%, motor products for 8%, agriculture products for 4%, health products for 2%, and other products for the remaining 6% of GWP generated by KIRS Group in the year ended December 31, 2016. Additionally, Price Forbes, whose revenue in the year ended December 31, 2016 represented approximately 11% of KIRS Group revenue, derives over 80% of revenue in USD while our other businesses derive income in pound sterling—further diversifying our earnings and protecting us from reliance upon any one economy or currency. We believe that our diversified sources of earnings and our low reliance on any particular producer, insurer or distribution channel mitigate risks to our earnings and provide us with a strong base for growth going forward.

Expertise in numerous niche specialisms

We have a depth of expertise around insurance product niche specialisms that we have built up over many years and that we believe is very difficult to replicate. Niche specialism products are highly bespoke and entering the niche specialism insurance intermediary market requires high levels of product expertise and strong insurance carrier relationships to develop and market these products. We market a variety of highly specialized products, including our specialist haulage product line for which we have placed £38.0 million of GWP and our classic car product line for which we have placed £25.0 million of GWP in 2016. We have also placed £45.0 million of GWP and £19.0 million of GWP respectively of our care homes and caravan niche specialism. We believe that the expertise we have developed over the years provides us with a strong competitive advantage both in terms of protecting our market share in existing specialisms and identifying, developing and capitalizing upon new specialisms to bring to market. Additionally, we believe the bespoke nature of the products supports the development of deep customer relationships and enhanced customer loyalty and retention rates. Specialist products also present the opportunity for higher profit margins due to the highly bespoke nature of the products and the difficulties insurance intermediaries face in entering the niche specialism market resulting from the high levels of experience and longstanding insurer relationships required.

Scalable operating platform

We have made significant investments into our business, including over £56.0 million of investments into Towergate's transformation program, as well as seeking out strategic acquisitions, and recruiting high quality personnel. These investments were designed to support highly profitable growth across our businesses with minimal additional investment. We believe we now have a highly desirable, scalable and market leading operating platform, capable of on-boarding new business at low cost and complementary to the strategic positioning of our services business. We believe that our digital platform, which is the channel through which we already distribute our market leading van broking products, can support new personal and SME insurance products with minimal additional investment. Our MGA & Services operations are also staffed and equipped to support significantly greater premium volume due to completed and ongoing upgrades to systems and the hiring of new high-quality personnel. We believe that our scalable operating platform provides us with a base from which to drive growth on a cost efficient basis.

Profitable and cash generative business model

Our business model is designed to generate significant cash flow due to high profitability margins and low working capital and capital expenditure requirements. Our Adjusted Pro forma EBITDA margin was 27.8% and our ratio of capital expenditures to income was 6.0% for the year ended December 31, 2016 compared to a normalized ratio of 2% and we are targeting an operating cash conversion of 80-90% in the medium term. Our recent investments into our modern & scalable IT operating platform are part of a transition process to a set of cloud-based data centers and cloud-based core finance platform. These investments will result in lower levels of capital expenditures going forward, in addition to yielding ongoing operating efficiencies for our businesses. See *"—KIRS Group Business Change Initiatives—Towergate Information Technology Transformation Program" and "—KIRS Group Business Change Initiatives—Towergate Finance Transformation Project."* We are committed to making strategic investments in our business to grow profitability margins through greater efficiency. We believe that our cash generative business model positions us to achieve substantial growth and rapid organic de-leveraging going forward.

Industry leading, proven management team with transformation experience and supported by a deep bench of talent

Our executive team is highly experienced in leading and growing successful insurance broking and MGA organizations. Our Chief Executive Officer, David Ross, has over 26 years of industry experience building and leading broking businesses including leading transformative mergers and acquisitions in the insurance intermediary field. He is supported by a highly experienced senior management team, assembled over the past two years to unite within one group a depth and breadth of over 20 years on average of combined experience across the entire insurance value chain. Our senior management team is supported by a deep bench of revenue producing talent specifically targeted for their entrepreneurial spirit and ability to drive sustainable as well as our committed operational support staff. We believe that our current ownership structure, will allow us to continue to attract and retain the industry's top talent, further helping to drive sustainable and profitable growth.

Our strategies

Drive long term sustainable growth by capitalizing on the depth of the KIRS Group combined portfolio

We intend to drive growth and capitalize on our position as the leading diversified independent insurance intermediary in the United Kingdom by (i) taking advantage of cross-selling opportunities across our widened U.K. customer base; (ii) leveraging our combined scale to secure better deals for and offer better products to our customers and more advantageous supplier agreements within KIRS Group; (iii) broadening our customer reach through our scalable distribution platforms to on-board new business in a cost efficient and effective manner, (iv) strengthening our SME customer relationships through our strong local office presence across the United Kingdom; (v) continuing to build our global network of insurers and trading partners in order to offer an even more diverse range of general and bespoke insurance products; and (vi) attracting, investing in and retaining market leading talent and income producers with diverse regional and insurance intermediary sector experience to drive long term sustainable growth.

(i) Taking advantage of U.K. cross-selling opportunities

We believe significant cross-selling opportunities exist across the KIRS Group portfolio. Each of our U.K. businesses has built up a strong customer base through decades of experience and we believe we will be able to capitalize on the diversity of these customer bases and customer needs to drive growth through cross-selling within the KIRS Group portfolio. Each of the businesses has built up years of customer profile expertise as well as specialized knowledge of industry best practices, including optimal product distribution methods, customer service norms, renewal tendencies and product preferences, which we intend to deploy across the KIRS Group portfolio to tailor existing products and develop new products to match identified customer needs. There are a number of cross-selling opportunities we can leverage across the different parts of the business including MGA, Paymentshield, Autonet, Advisory and Chase Templeton. For example, cross-selling both SME and PMI insurance to the wider combined customer base within Towergate Advisory and Chase Templeton and cross-selling both SME and motor insurance to the combined customer base of Autonet and the Towergate retail unit.

(ii) Leveraging combined scale to deliver improved customer outcomes, deepen relationships with our insurer partners and improve profitability.

We intend to leverage our combined scale to negotiate better deals with insurer counterparties to allow us to offer better products to our customers which will also lead to incremental profitability. Recent examples of our ability to leverage our scale and desirability as an insurance intermediary partner include negotiating in the first quarter of 2017 a new contract with a premium financing counterparty to reduce our buy-in credit lending rates, thereby increasing the baseline income we are able to generate and allowing us to better tailor pricing to our customers. We have also recently negotiated fee for service agreements with five of our strategic insurance partners, which include the provision of insights into customer profiles which in turn enable our partners to better price their products and improve their customer penetration.

(iii) Broaden our customer reach through our scalable platforms

We plan to take advantage of the significant investments made across all of the KIRS Group businesses since early 2016, including capital expenditures and exceptionals of £82.0 million, to optimize our operating infrastructure and prepare the group for the next phase of growth. Throughout our distribution segment we have made significant investment in consolidating and upgrading our front-end broking system while in our wholesale segment we have focused on upgrading and upscaling existing infrastructure which we plan to use to improve customer service experiences. Our MGA & Services segment has a well-invested claims and third-party administration platform with significant spare capacity which we plan to use to onboard new business in a cost efficient manner, and we have made various investments to improve our pricing capabilities and the speed of our product launches. Autonet's digital platform will also to enable the KIRS Group portfolio as a whole to reach a wider range of customers. We plan to leverage Autonet's market leading digital platform, which has customer analytics processing capabilities that allow Autonet to rapidly and nimbly respond to changing market behavior, to enable KIRS Group's distribution segment as a whole to provide customers with wider and easier access to our online products and to increase our overall competitiveness on price comparison websites ("**PCWs**"). Within Towergate in particular, we have invested in significant updates to our operating platforms to make our middle- and back-office capabilities more efficient, including through initiatives to create fit for purpose IT infrastructure, investments to maximize efficiency within our front end finance systems, the implementation of automated solutions in low complexity/high volume processes and the consolidation of our property portfolio, all of which we plan to utilize to increase our back-office efficiency allowing us to focus on top-line growth.

(iv) Strengthen our SME customer relationships through our strong local office presence across the United Kingdom

We intend to continue developing our strong SME customer relationships by retaining our local office presence across the United Kingdom. SME insurance intermediary products require industry and customer expertise to develop and market and we believe that SME customers value face-to-face advisory broking services when purchasing such specialized products.

(v) Attract, retain and invest in market leading talent to drive top line growth

A key part of our strategy is our ability to attract, retain and appropriately invest in income producing talent with deeply-entrenched customer relationships, established access to significant insurer capacity and a measurable track record of success in order to drive future growth. We also target highly experienced back- and middle-office personnel to increase administrative efficiency and support our overall operational capabilities. We are able to offer highly competitive incentive schemes that leverage the flexibility provided by our private equity sponsors, are attractive to top income producers within our industry and foster increased commitment, entrepreneurship and the long term alignment of goals between KIRS Group and KIRS Group personnel. In a people-driven business, we believe that the industry respect commanded by our senior management team is a strong force for attracting top talent. Coupled with this, our scalable operating platform and broad portfolio are also key factors in attracting talent. We plan to continuing strategically hiring, retaining and investing in income producing talent to expand our customer base, further diversify our business and help build a corporate culture of excellence.

Continue investing in our people and corporate culture to realize the KIRS Group vision

Our people have been central to the success of each of the businesses and remain a critical component of our vision and ambitions for KIRS Group. As an insurance intermediary focusing on broking activities, the people at every level of our business are naturally the key drivers of our success and we recognize that our success depends to a substantial extent on the ability and experience of members of our senior management and on the individual underwriters, account executives, sales personnel and teams. We seek out people with enthusiasm, passion and commitment and when we find them, we make long term investments in them in order to build a unique corporate culture in which our people are imbued with a sense of engagement and belonging. They create the culture that defines our business, protects our reputation, drives our performance and are central to the customer experience. We have therefore invested in identifying and securing some of the best talent within the industry and we have worked hard on improving the legacy culture and improving remuneration policies and payments. We believe that our focus on our people is the foundation of our corporate culture and will remain key to our success.

Leverage our IT platforms to reduce capital expenditures

We believe the strategic investments we have made to date in our IT platforms will increase our back- and middle-office efficiency and will result in lower IT-related capital expenditures going forward. Within Towergate we have delivered a transformational change program moving to a fully cloud-based data center model, provided by the Microsoft Azure platform which offers up to date technology, security and scalability for future expansion. Our change program also encompasses renewing our wide and local area networks to improve performance and resilience whilst overhauling our cyber and internet security as well as replacing all our end user equipment and workstation software and using Microsoft toolkits to increase standardization, collaboration and efficiency across Towergate. The program to deliver these changes is largely complete and we now have market leading, scalable technology platforms that allow us to process data more securely, with lower error rates and at lower cost.

These investments have allowed us to define an infrastructure model and approach that will allow us to integrate future acquisitions more easily, and provide the ability to scale to levels not possible with the old environment and infrastructure. We have also replaced our core finance process and broking systems that will not require large capital expenditures to maintain once implemented, are the source of considerable future competitive advantages both in terms of increasing efficiency within or own back-office functions but also making us a uniquely attractive partner to third-parties operating in our industry.

These initiatives have improved Towergate efficiency by bringing Towergate's IT infrastructure up to and above market leading standards through the Towergate IT Transformation Program, by standardizing various finance department processes to reduce the risk of errors and achieve cost efficiencies through the Towergate Finance Transformation Program and by improving customer experiences through the simplification of customer-facing broking processes through the Towergate Broker System Consolidation Program. See "—*KIRS Group Business Change Initiatives*." We intend to leverage these investments across the KIRS Group portfolio where applicable to see the same levels of improvement as now being enjoyed across Towergate.

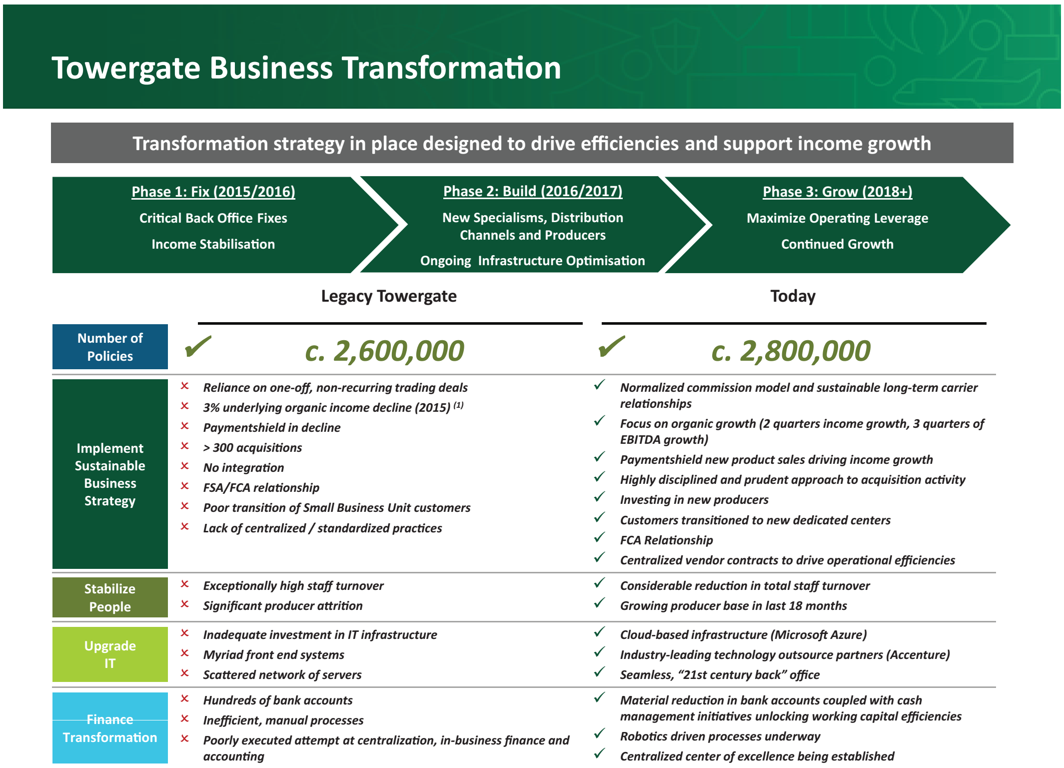
Realize cost synergy opportunities across the KIRS Group platform

We intend to continue implementing various initiatives focusing on increasing efficiency and simplifying processes related to Towergate's back-office functions, including the rationalization of various procurement contracts and renegotiating contractual terms with various back-office service providers. See "—*KIRS Group Business Change Initiatives*." Following the completion of the Transactions, we plan to leverage the KIRS Group's market leading and scalable back-office platforms, including, for example, Direct Group back-office claims processing capabilities, Chase Templeton's consolidated PMI operating platform and Autonet's data analytics and digital platform, as well as the other competitive advantages possessed by KIRS Group's businesses to achieve operational synergies across the business. In addition, we will consider insourcing services that are currently outsourced where this is more cost effective.

Pursue strategic acquisition opportunities that align with the KIRS Group overall goals and objectives when and where accretive opportunities exist

We intend to pursue further strategic financially accretive acquisitions of businesses, assets or insurance books and carve-out transactions when and where opportunities exist and these fit with our corporate culture and overall strategy. We will continue to apply our proven and disciplined approach to pricing in connection with these potential acquisitions and also to place significant emphasis on carefully planning and executing our acquisition strategies in order to capture further elements of the insurance value and distribution chain. As part of this strategy, we will aim to leverage the investments we have already made in our IT, finance and business processes to reduce costs associated with on-boarding acquired businesses and will aim to utilize the agreements we have entered into, such as our premium financing agreements, to benefit the entire KIRS portfolio.

Towergate Transformation Program



(1) Pro forma income as defined in this offering memorandum.

The Towergate business was built in the 1990s and 2000s through numerous acquisitions of U.K. specialist and regional brokers. Prior to the restructuring completed in April 2015, the business was suffering from the effects of the poor execution of change programs and an outdated operational infrastructure, exacerbated by the ineffective integration of rolled up businesses and entities. As a result, revenue was in sharp decline and primarily focused on short term, quarter by quarter trends rather than long-term sustainable organic growth. Nevertheless, Towergate retained approximately 2.8 million policies during this time, a testament of the inherent value of the underlying business.

Following the restructuring, the shareholders and new management team initiated a transformation program to capitalize on Towergate's resilient customer base and address the historic underlying issues. This transformation program was structured around four key pillars: (i) improve Towergate's corporate culture in order to reduce staff turnover, improve staff engagement and attract top talent; (ii) restore Towergate's market presence and ability to serve customers by rebuilding relationships with key insurer partners; (iii) transform Towergate's operational capabilities by implementing a thorough investment plan encompassing back-office IT, finance and broking systems as well as consolidating and improving the physical office space; and (iv) address regulatory and other legacy issues.

We have made significant progress in Towergate's transformation program which is reflected in Towergate's financial and business results in the year ended December 31, 2016 and in the three months ended March 31, 2017, including the over-delivery on budgeted cost saving initiatives. The success of Towergate's transformation program is in large part the result of our investment in a dedicated transformation and change team with considerable experience in the execution of change initiatives. Throughout the design and implementation of the program, Towergate's management has partnered with global market leaders (including Microsoft and Accenture) to ensure the successful implementation of all key initiatives. Furthermore, all major change programs are managed in line with a documented change management framework which coordinates investment decisions, delivery assurance and benefit realization across the entire Towergate business.

In parallel with the initiatives focused on fixing the legacy issues in the business, Towergate has also completed a number of significant revenue and growth initiatives including (i) negotiating a new contract with a premium financing counterparty to increase revenue derived from third party premium finance solutions provided to customers, (ii) entering into new fee-for-service arrangements with strategic insurance partners and

(iii) renegotiating a capacity agreement in relation to a closed book of policies to accelerate payment of the corresponding profit commission. We also continue to build an active pipeline of income producer hires across all of the Towergate segments and of senior hires focused on organic growth initiatives.

The Towergate transformation program has been successful in addressing legacy issues of the business and driving organic growth back into the DNA of the business, thereby underpinning our ability to hire top talent and capitalize on the resilience of Towergate's customer relationships to drive customer retention and increase profitability.

Following the completion of the Transactions, we intend to broaden our combined product offering, capitalize upon the revenue and operating synergies in the U.K. businesses and build upon the international presence through the Price Forbes platform.

KIRS Group Financial Targets

We believe the Towergate transformation program, strategic investments in growth initiatives and the opportunities arising from the creation of the KIRS Group have positioned us well to achieve our medium term financial targets of:

- mid-single digit organic income growth, underpinned by market growth and investments made in income producers;
- 2019 EBITDA margin of approximately 30%;
- operating cash conversion of 80-90%;
- £45-55 million of project related capital expenditure and exceptional costs to be largely completed by end of 2018;
- positive levered-free cash flow expected for 2018, even after taking into account the payment of a portion of the ETV redress payments. See "*Business—Legal proceedings*"; and
- following completion of the Transactions, all of the above are expected to produce rapid organic deleveraging.

The above forward-looking statements under this section "KIRS Group Financial Target" are based on estimates and assumptions that are subject to inherent uncertainties and subject to change. See "Forward-Looking Statements" and "Risk Factors" for a more complete discussion of certain of the factors that could affect our future performance and results of operation.

The Transactions

The Acquisition, Nevada Push Down and Nevada Acquisitions

KIRS Group Limited, formerly TIG Topco Limited and an indirect parent company of the Issuer, has entered into a share purchase agreement (the "**Acquisition Agreement**"), dated May 8, 2017, with Mezzanine Partners II, L.P., Mezzanine Partners-Offshore Investment, Master Fund II, L.P., Institutional Mezzanine Partners II, L.P., AP Mezzanine Partners II, L.P. and Tango Investments, LLC (the "**HPS and MDP Sellers**"), pursuant to which KIRS Group Limited has agreed to acquire the entire issued share capital of Nevada Investments Topco Limited ("**Nevada**"), the holding company of the Autonet and Price Forbes group of companies (the "**Acquisition**"). The completion of the Acquisition is conditional upon (i) the approval of the FCA and the Solicitors Regulatory Authority to the acquisition of control by KIRS Group Limited; (ii) consent from the Jersey Financial Services Commission for KIRS Group Limited to issue convertible equity certificates and issue an offer notice to offer such convertible equity certificates to other KIRS Group Limited shareholders; (iii) completion of an intragroup reorganization of Nevada; (iv) KIRS Group Limited having sufficient resources to pay the purchase price under the Direct Group Acquisition Agreement and the Chase Templeton Acquisition Agreement and no conditions in such share purchase agreements being incapable of being satisfied. In connection with the Acquisition Agreement, Nevada has given certain limited representations and warranties related to Nevada, Autonet and Price Forbes and the business of Autonet and Price Forbes. The Acquisition Agreement also includes other provisions customary for transactions of this nature, including termination events, covenants, avoidance of leakage and preservation of value provisions, and pre-completion obligations. The equity consideration for the acquisition of Nevada in the form of convertible equity securities is approximately £254.9 million (subject to customary completion balance sheet adjustments), which will be satisfied at completion by the issue by KIRS Group Limited of convertible equity certificates that will convert to ordinary shares in KIRS Group Limited no later than 90 days after the date of the convertible equity instrument, or earlier upon the occurrence of certain events. Each £1 of convertible equity certificates will be convertible into one ordinary share in KIRS Group Limited.

Certain subsidiaries of Nevada have also entered into conditional share purchase agreements to acquire Ryan Direct Group Limited and its consolidated subsidiaries and Chase Templeton Holdings Limited and its consolidated subsidiaries pursuant to the Direct Group Acquisition Agreement and the Chase Templeton Acquisition Agreement, respectively (collectively, the "**Nevada Acquisitions**"), for an aggregate consideration of £159.6 million (subject to customary balance sheet adjustments in the case of Direct Group and customary locked box accounts adjustments in the case of Chase Templeton). The acquisitions of Direct Group and Chase Templeton are subject to certain conditions to completion, including no material adverse event occurring including relating to regulatory and sanctions matters in the Direct Group and Chase Templeton businesses and FCA approval, and includes other provisions customary for transactions of this nature, including various representations, warranties and covenants, avoidance of leakage and preservation of value provisions, and pre-completion obligations. The long stop date under each of the Direct Group Acquisition Agreement and the Chase Templeton Acquisition Agreement is July 31, 2017.

Upon completion of the Nevada Acquisitions, Nevada will be the holding company of the Price Forbes, Autonet, Direct Group and Chase Templeton groups of companies (collectively, the "**Nevada Companies**"). Autonet is an insurance broker specializing in the distribution of van, goods vehicle, private car and household insurance. Price Forbes is a leading independent Lloyd's insurance and reinsurance broker and a member of the Worldwide Broker Network. Direct Group provides insurance administration services to insurers, corporations, affinities and brokers, allowing these organizations to focus on their core businesses. Chase Templeton is a leading United Kingdom private medical insurance broking services provider. See "*Business—Our Operations—2) Wholesale segment—Price Forbes,*" "*Business—Our Operations—1) Distribution segment—Digital division—i) Retail unit—Autonet,*" "*Business—Our Operations—3) MGA & Services segment—MGA division —Services division,*" *and* "*Business—Our Operations—1) Distribution segment—Advisory division—Chase Templeton.*"

In connection with the completion of the Acquisition, the Issuer will become the parent company of Finco and its subsidiaries and KIRS Group Limited, through a series of push-down transactions, will transfer Nevada to Finco as a result of when the Issuer will also become the indirect parent company of Nevada (the "**Nevada Push Down**").

The Financing

We intend to use the proceeds from the issuance of the Notes to (i) repay amounts outstanding under the Existing Super Senior Secured Notes and Existing Senior Secured Notes; (ii) repay all amounts outstanding under the Autonet Facility, the Lunar Facility and the Price Forbes Facility; (iii) pay certain call premiums and accrued and unpaid interest on the Existing Indebtedness, as applicable; (iv) finance the Nevada Acquisitions; (v) pay certain costs, fees and expenses incurred in connection with the Transactions; and (v) add cash to the balance sheet. See "*Use of Proceeds*" and "*Capitalization*." No cash distribution will be paid to shareholders other than for purposes of the repayment of certain existing indebtedness, principally related to the Autonet Facility and the Lunar Facility. See "*Summary—The Transactions—The Acquisition*" and "*Related Party Transactions.*"

The gross proceeds of the Offering will be placed in the applicable Escrow Account on the Issue Date in the name of the Issuer but controlled by, and secured on a first-priority basis in favor of, the Trustee, on behalf of the holders of the Notes, and, subject to the satisfaction of certain conditions, will be released on the completion date of the Acquisition, the Nevada Acquisitions and the Nevada Push Down (the "**Completion Date**").

If the Acquisition, the Nevada Acquisitions, the Nevada Push Down and the satisfaction and discharge of the Existing Notes are not completed on or prior to the Escrow Longstop Date, then all of the Notes will be subject to a special mandatory redemption. The special mandatory redemption price will be a price equal to 100% of the original issue price of the Notes redeemed, plus accrued and unpaid interest and additional amounts, if any, from the Issue Date or the most recent interest payment date to but not including the date of the special mandatory redemption. See "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption.*"

In connection with the Offering, the Issuer and the Guarantors will enter into a revolving credit facility agreement (the "**Revolving Credit Facility Agreement**") with the lenders named therein, Bank of America Merrill Lynch International Limited, Barclays Bank PLC, Credit Suisse AG, London Branch, Goldman Sachs International and KKR Capital Markets Limited, as mandated lead arrangers, Bank of America Merrill Lynch International Limited, as agent, and Citibank, N.A., London Branch, as common security agent, providing for a revolving credit facility in an aggregate principal amount of £90.0 million (with the potential to obtain further commitments of up to £30.0 million under an uncommitted additional facility) (the "**Revolving Credit Facility**"). The terms of the Revolving Credit Facility are described further under "*Description of Certain Financing Arrangements—Revolving Credit Facility*."

The Acquisition, the Nevada Push Down, the Nevada Acquisitions and the Financing, are referred to herein as the "**Transactions**."

Trading Update

KIRS Group

Based on an aggregation of preliminary financial results for the three month period ended March 31, 2017, KIRS Group's income and Adjusted EBITDA increased, compared with the comparable period in the prior year.

Towergate

Towergate generated commissions and fees for the three month period ended March 31, 2017 of £77.7 million compared to £76.8 million for the three month period ended March 31, 2016, an increase of £1.1 million or 1.4%. Towergate generated Adjusted EBITDA for the three month period ended March 31, 2017 of £12.3 million compared to £8.2 million for the three month period ended March 31, 2016, an increase of £4 million or 50%. The increase in commissions and fees was primarily due to income from insurance broking growing organically 2.9% year on year from £50.5 million to £52.0 million and Paymentshield income growing organically 7.1% year on year from £9.9 million to £10.7 million. The increase in Adjusted EBITDA was primarily due to an increase in commissions and fees and a £3.1 million cost reduction driven by salaries and other associated cost savings. See "*Management's Discussion and Analysis of Financial Conditions and Results of Operations—Towergate—Results of Operations—Three Months Ended March 31, 2017 Compared to the Three Months Ended March 31, 2016*" for additional information on Towergate's three months ended March 31, 2017 performance.

Price Forbes

Based on the preliminary financial results for the three month period ended March 31, 2017, both revenue and EBITDA declined over the period primarily due to the continuing soft market and further delays in insurance requirements in energy due to market conditions. EBITDA was additionally impacted by adverse foreign exchange movements of balance sheet retranslation.

Autonet

Based on preliminary financial results for the four month period ended April 30, 2017, Autonet is continuing to perform in line with expectations. Both revenue and EBITDA increased primarily due to a strong increase in new business cases compared to the prior year period. This was partially offset by an increase in marketing cost. Autonet has recognized exceptional cost for the initial on–boarding of the Manchester venture, which included the hiring of 80 staff personnel from Towergate.

Direct Group

Based on preliminary financial results for the three month period ended March 31, 2017, Direct Group increased revenue and EBITDA primarily due to the increased contribution from Midas Underwriting in 2017 as this was acquired on March 31, 2016, growth in the underlying business and the capitalization of internal development costs being undertaken monthly in 2017 rather than as part of the year end process in 2016.

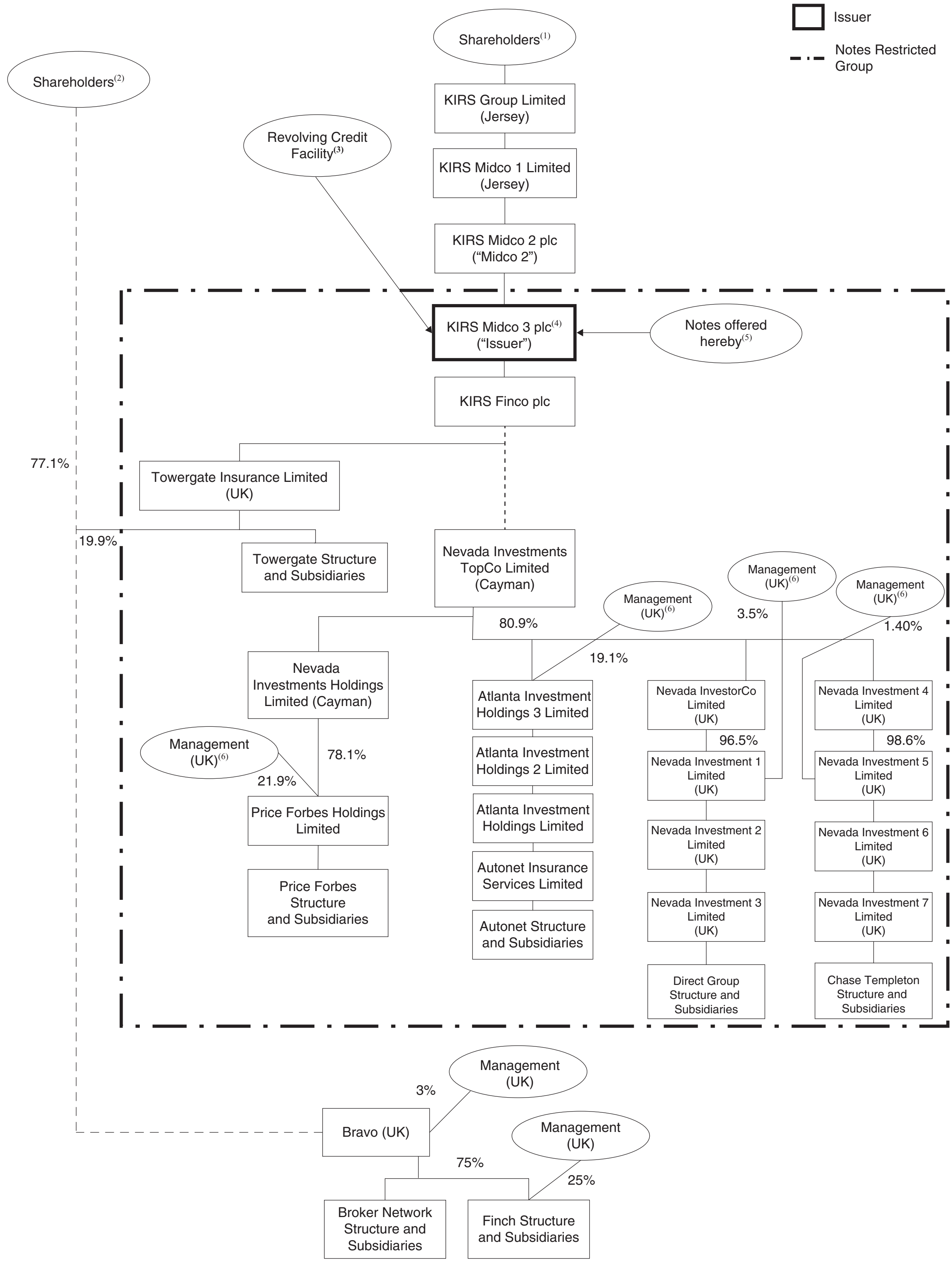
Chase Templeton

Based on preliminary financial results for the five month period ended March 31, 2017, Chase Templeton is continuing to perform in line with expectations. The increase in revenue and EBITDA was primarily due to the positive contribution and performance of certain recently acquired entities and organic growth.

The information relating to the financial performance of Towergate, Price Forbes, Autonet, Direct Group and Chase Templeton presented above is derived from each company's respective internal management accounts for the relevant period. This information has been prepared by management. It has not been audited, reviewed, verified or subject to any procedures by our auditors and you should not place undue reliance on it, and no opinion or any other form of assurance is provided with respect thereto. Because this information is preliminary, it is subject to change. This information is based upon a number of assumptions and judgments that are subject to inherent uncertainties and are subject to change, and are not intended to be a comprehensive statement of the financial or operational results as of and for the period indicated.

Summary Corporate and Financing Structure

The diagram below provides a simplified overview of our corporate and financing structure on a consolidated basis as of March 31, 2017, after giving effect to the Transactions and the use of proceeds from the Offering. The company ownership is 100% unless otherwise indicated. The diagram does not include all entities in our group, nor does it show all liabilities in our group. For a summary of the material financing arrangements identified in the diagram, see "*Description of Certain Financing Arrangements*" and "*Description of the Notes*."



(1) As of the Issue Date, 95.29% of the voting interests in KIRS Group Limited, are owned by funds managed, advised and/or controlled by HPS Investment Partners, LLC ("**HPS**") or its affiliates (54.2%), Tango Investments, LLC, an entity affiliated with Madison Dearborn Partners, LLC ("**MDP**") (25.63%), funds and accounts managed or advised by KKR Credit Advisors (US) LLC or its affiliates (10.43%) and funds and accounts managed or advised by Bain Capital Credit, L.P. or its affiliates (5.03%). The remaining 4.71% of the equity interests in KIRS Group Limited are owned by other third parties. See "*Shareholders*." Following the completion of the Transactions, ownership percentages of voting interest in KIRS Group Limited will change and HPS and MDP are expected to hold over 85% collectively.

(2) HPS or its affiliates and MDP or its affiliates hold 55.5% and 45.5%, respectively, of the 77.1% ownership interest in Bravo. See "*Shareholders*."

(3) In connection with the Offering, on or prior to the Issue Date, we will enter into the Revolving Credit Facility Agreement, which provides for drawings of up to £90.0 million. The Revolving Credit Facility allows for a further £30.0 million of borrowings on an uncommitted basis. Our obligations under the Revolving Credit Facility will be guaranteed by the Issuer and the Guarantors. Our obligations under the Revolving Credit Facility will be secured by the same collateral that secures the Notes. See "*Description of Certain Financing Arrangements—Revolving Credit Facility—Security*." Pursuant to the terms of the Intercreditor Agreement, lenders under the Revolving Credit Facility Agreement as well as certain hedging counterparties will receive proceeds from the enforcement of the Collateral in priority to the holders of the Notes. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*." We expect that the Revolving Credit Facility will be undrawn on the Issue Date.

(4) KIRS Midco 3 plc (the "**Issuer**") is a public limited company incorporated under the laws of England and Wales for the purpose of issuing the Notes. The Issuer's only material assets and liabilities are expected to be its interests in Finco and its outstanding indebtedness under the Notes and the Revolving Credit Facility Agreement and any other future indebtedness and inter-company balances incurred in connection with the Transactions as well as any other transactions permitted under the Indenture.

(5) The Notes will be senior obligations of the Issuer and rank *pari passu* in right of payment with all of the Issuer's existing and future indebtedness that is not subordinated in right of payment to the Notes and rank senior in right of payment to all of the Issuer's existing and future indebtedness that is subordinated in right of payment to the Notes. Within 60 days of the Completion Date, the Notes will be guaranteed on a senior basis by Guarantors representing at least 80% of the Pro Forma Adjusted EBITDA of the Issuer and its subsidiaries. Consolidated EBITDA includes EBITDA attributable to equity interests held by minority shareholders. See note (6). See "*Description of the Notes—Notes Guarantees*." The Notes will be effectively subordinated to all existing and future indebtedness of the Issuer's subsidiaries that do not guarantee the Notes. In addition, minority shareholders have interests in each of the Nevada Companies and may receive certain distributions ahead of distributions made to holders of the Notes. On the Completion Date, the Notes will be secured, subject to the Agreed Security Principles, by first priority interests over the shares of the Issuer and substantially all assets (other than excluded assets) of the Issuer and certain Guarantors. Within 60 days of the Completion Date, the Notes, subject to the Agreed Security Principles, will be secured by substantially all assets (other than excluded assets) of certain additional Guarantors. See "*Description of the Notes—Security*."

(6) The percentages set forth reflect the respective economic rights in connection with a distribution or dividend on ordinary shares but are disapplied in circumstances where a liquidity event applies in which case the proportionate distribution may be higher or lower than the percentage indicated. See "*Management—Nevada Management Equity Holdings-Rights on certain liquidity events*." The voting rights attaching to ordinary shares with respect to the minority interest are the following: Price Forbes (29.6%), Autonet (19.1%), Direct Group (12.8%) and Chase Templeton (0%).

The Offering

The following summary of the Offering contains basic information about the Notes, the guarantees and the security. It is not intended to be complete, and it is subject to important limitations and exceptions. For a more complete understanding of the Notes and the guarantees, including certain definitions of terms used in this summary, see "*Description of the Notes*," and "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

Issuer

Issuer	KIRS Midco 3 plc (the "**Issuer**").

Notes Offered

Sterling Fixed Rate Notes	£ million in aggregate principal amount of % Senior Secured Notes due 2022.
Dollar Fixed Rate Notes	U.S.$ million in aggregate principal amount of % Senior Secured Notes due 2022.
Floating Rate Notes	£ million in aggregate principal amount of Floating Rate Senior Secured Notes due 2022.

Issue Price

Sterling Fixed Rate Notes	%, plus accrued and unpaid interest, if any, from the Issue Date.
Dollar Fixed Rate Notes	%, plus accrued and unpaid interest, if any, from the Issue Date.
Floating Rate Notes	%, plus accrued and unpaid interest, if any, from the Issue Date.

Maturity Date

Sterling Fixed Rate Notes	, 2022.
Dollar Fixed Rate Notes	, 2022.
Floating Rate Notes	, 2022.

Interest Rate and Payment Dates

Sterling Fixed Rate Notes	The Sterling Fixed Rate Notes will bear interest at a rate of %. Interest on the Sterling Fixed Rate Notes is payable semiannually in arrears on and of each year, commencing on , 2018. Interest on the Sterling Fixed Rate Notes will accrue from the Issue Date.
Dollar Fixed Rate Notes	The Dollar Fixed Rate Notes will bear interest at a rate of %. Interest on the Dollar Fixed Rate Notes is payable semiannually in arrears on and of each year, commencing on , 2018. Interest on the Dollar Fixed Rate Notes will accrue from the Issue Date.
Floating Rate Notes	The Floating Rate Notes will bear interest at a rate equal to the sum of (i) three-month GBP LIBOR, plus (ii) % per annum, quarterly in arrears on , , and of each year, beginning on , 2017.

Denominations

Sterling Notes	Minimum denomination of £100,000 and integral multiples of £1,000 in excess thereof.
Dollar Fixed Rate Notes	Minimum denomination of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

Guarantees

Notes	On the Completion Date, the Notes will be guaranteed on a senior basis by Finco, Nevada Investment Holdings 5 Limited, Nevada Investment Holdings 6 Limited, Nevada Investment Holdings 7 Limited and Nevada Investments Topco Limited (the "**Completion Date Guarantees**"). Within 60 days of the Completion Date, the Notes will be guaranteed on a senior basis by Guarantors that together with the Completion Date Guarantees represent at least 80% of the Pro Forma Adjusted EBITDA of the Issuer and its subsidiaries (the "**Post-Completion Date Guarantees**" and together with the Completion Date Guarantees, the "**Notes Guarantees**").

Ranking

Notes and Notes Guarantees . . . .

The Notes and Notes Guarantees will:

- be senior obligations of the Issuer;
- rank *pari passu* in right of payment with all of the Notes Issuer's and the Guarantors' existing and future indebtedness that is not subordinated in right of payment to the Notes (but Holders of the Notes will receive proceeds from the enforcement of security over the Collateral only after all obligations under the Revolving Credit Facility and certain hedging obligations have been paid in full);
- rank senior in right of payment to all of the Issuer's and the Guarantors' existing and future indebtedness that is subordinated in right of payment to the Senior Secured Notes and the guarantees; and
- be effectively subordinated to all existing and future indebtedness of the Issuer's subsidiaries that do not guarantee the Notes.

Collateral

Notes . . . .

On the Issue Date, the Notes will be secured by a first-ranking pledge over the Escrow Account (the "**Issue Date Collateral**").

On the Completion Date, the Notes will, subject to the Agreed Security Principles, be secured by first-priority security interests over the shares of the Issuer and substantially all assets (other than excluded assets) of the Issuer, Finco, Nevada Investment Holdings 5 Limited, Nevada Investment Holdings 6 Limited, Nevada Investment Holdings 7 Limited and Nevada Investments Topco Limited (excluding, for the avoidance of doubt, the shares in Atlanta Investment Holdings 3 Limited) (collectively, the "**Completion Date Collateral**").

Within 60 days of the Completion Date, the Notes will, subject to the Agreed Security Principles, be secured by first-priority security interests over substantially all assets (other than excluded assets) of the Towergate Guarantors, the Nevada Guarantors, the Direct Group Guarantors and the Chase Templeton Guarantors (collectively, the "**Post Completion Date Collateral**" and together with the Issue Date Collateral and the Completion Date Collateral, the "**Collateral**").

Under the terms of the Intercreditor Agreement, the holders of the Notes will receive proceeds from enforcement of the Collateral only after certain super senior priority obligations, including obligations under the Revolving Credit Facility, certain priority hedging obligations and certain future indebtedness permitted by the Indenture, have been repaid. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Description of the Notes—Security*."

The security interests may be limited by applicable law or subject to certain defenses that may limit their validity and enforceability. For more information on the security interests granted, see "*Description of the Notes—Security*" and for more information on potential limitations to the security interests, see "*Limitations on Validity and Enforceability of the Guarantees and the Security Interests and Certain Insolvency Law Considerations*" and "*Risk Factors—Risks Related to the Notes*." The security interests may be released under certain circumstances. See "*Risk Factors—Risks Related to the Notes*," "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Description of the Notes—Security—Security Release of Liens.*"

Escrow of Proceeds; Special Mandatory Redemption . . . .

On the Issue Date, the proceeds of the Notes will be deposited into one or more escrow accounts (the "**Escrow Account**"), in the name of the Issuer but controlled by the Escrow Agent (as defined herein) and secured on a first-priority basis in favor of the Trustee on behalf of the holders of the Notes. The release of the funds from the Escrow Account will be subject, among other conditions, to the completion of the Acquisition, the Nevada Acquisitions, the Nevada Push Down and the satisfaction and discharge of the Existing Notes (the date on which such Acquisition completes, the "**Completion Date**"). See "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption.*"

In the event that (i) the Completion Date does not take place on or prior to the Escrow Longstop Date or (ii) certain insolvency defaults occur on or prior to consummation of the Acquisition, the Nevada Acquisitions or the Nevada Push Down the Notes will be subject to a special mandatory redemption. The special mandatory redemption price will be a price equal to 100% of the aggregate issue price of the Notes plus the accrued and unpaid interest and additional amounts, if any, to the date of such special mandatory redemption. The escrowed funds would be applied to pay for any such special mandatory redemption. In the event that the funds on deposit in the Escrow Account are insufficient to pay the special mandatory redemption price, plus accrued and unpaid interest and additional amounts, if any, Nevada Investments Holdings 2 Limited will be required to fund certain shortfalls in the Escrow Account, including accrued and unpaid interest on the Notes and Additional Amounts, if any, owing to the holders of the Notes, pursuant to a guarantee it will provide. See "*Description of the Notes—Escrow of Proceeds*; *Special Mandatory Redemption*" and "*Risk Factors—Risks Related to the Transactions—If the conditions to the escrow are not satisfied, we will be required to redeem the Notes, which means that you may not obtain the return you expect on the Notes*."

Optional Redemption

Fixed Rate Notes . . . .

At any time on or after , 2019, the Issuer may redeem some or all of the Fixed Rate Notes at the redemption prices set forth in "*Description of the Notes—Optional Redemption*" plus accrued and unpaid interest and additional amounts, if any, to the date of redemption.

At any time prior to , 2019, the Issuer may redeem, at its option, some or all of the Fixed Rate Notes at a redemption price equal to 100% of the principal amount of the Senior Secured Notes plus accrued and unpaid interest, if any, to the applicable redemption dates plus the applicable "make whole" premium set forth in "*Description of the Notes—Optional Redemption*."

	At any time prior to , 2019, the Issuer may also redeem up to 40% of the aggregate principal amount of the Sterling Fixed Rate Notes and/or the Dollar Fixed Rate Notes at a redemption price equal to % plus accrued and unpaid interest and additional amounts, if any, *provided that* at least 60% of the aggregate principal amount of the Sterling Fixed Rate Notes and/or the Dollar Fixed Rate Notes (calculated after giving effect to any issuance of any additional Sterling Fixed Rate Notes and/or Dollar Fixed Rate Notes but excluding the Sterling Fixed Rate Notes and/or the Dollar Fixed Rate Notes held by the Issuer and its subsidiaries) remain outstanding, with the net proceeds of one or more specified equity offerings. See "*Description of the Notes—Optional Redemption*."
Floating Rate Notes	At any time on or after , 2018, the Issuer may redeem some or all of the Floating Rate Notes at the redemption prices set forth in "*Description of the Notes—Optional Redemption*" plus accrued and unpaid interest and additional amounts, if any, to the date of redemption. At any time prior to , 2018, the Issuer may redeem, at its option, some or all of the Floating Rate Notes at a redemption price equal to 100% of the principal amount of the Floating Rate Notes plus accrued and unpaid interest, if any, to the applicable redemption dates plus the applicable "make whole" premium set forth in "*Description of the Notes—Optional Redemption*."
Change of Control	Upon certain events defined as constituting a change of control, the Issuer may be required to make an offer to purchase the outstanding Notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to the date of purchase. See "*Description of the Notes—Change of Control.*"
Redemption for Taxation Reasons	If certain changes in the law of any relevant taxing jurisdiction impose certain withholding taxes or other deductions on the payments on the Notes or the Notes Guarantees and as a result additional amounts are required to be paid, the Issuer may redeem the Notes, in whole, but not in part, at a redemption price of 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption. See "*Description of the Notes—Redemption for Changes in Taxes.*"
Additional Amounts	All payments made by the Issuer or any Guarantor with respect to the Notes will be made without withholding or deduction for, or on account of, any present or future taxes in any relevant taxing jurisdiction unless so required by applicable law. If withholding or deduction for such taxes is required by law in any relevant tax jurisdiction with respect to a payment on the Notes or the Notes Guarantees, subject to certain exceptions, the Issuer or the relevant Guarantor, as the case may be, will pay the additional amounts necessary so that the net amount received after the withholding or deduction is not less than the amount that would have been received in the absence of the withholding or deduction. See "*Description of the Notes—Additional Amounts*."

Certain Covenants	The Indenture contains covenants which, among other things, limit Issuer's ability and the ability of their respective restricted subsidiaries to: • incur or guarantee additional indebtedness and issue certain preferred stock; • make restricted payments, including dividends or other distributions; • create or permit to exist certain liens; • sell assets; • create restrictions on the ability of our restricted subsidiaries to pay dividends or make other payments to us; • merge or consolidate with other entities or transfer all or substantially all of our assets and the assets of our subsidiaries on a consolidated basis; • guarantee additional debt without also guaranteeing the Notes; • engage in transactions with affiliates; • create unrestricted subsidiaries; and • impair the security interests in the Collateral for the benefit of the holders of the Notes. These covenants are subject to a number of important limitations and exceptions as described under "*Description of the Notes—Certain Covenants.*"
Transfer Restrictions	The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act or the securities laws of any other jurisdiction and may not be offered or sold, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. We have not agreed to, or otherwise undertaken to, register the Notes (including by way of an exchange offer). See "*Notice to Investors*."
Use of Proceeds	We intend to use the proceeds of the Offering to: (i) repay amounts outstanding under the Existing Super Senior Secured Notes and Existing Senior Secured Notes; (ii) repay all amounts outstanding under the Autonet Facility, the Lunar Facility and the Price Forbes Facility; (iii) pay certain call premiums and accrued and unpaid interest on the Existing Indebtedness; (iv) finance the Nevada Acquisitions; (v) pay certain costs, fees and expenses incurred in connection with the Transactions; and (v) add cash to the balance sheet.
Certain Tax Considerations	The Notes may be issued with original issue discount ("**OID**") for U.S. federal income tax purposes. In such event, U.S. holders (as defined under "*Certain Tax Considerations—Certain United States Federal Income Tax Considerations*") of Notes issued with OID generally will be required to include such OID in gross income (as ordinary income) on an annual basis under a constant yield accrual method regardless of their regular method of accounting for U.S. federal income tax purposes. As a result, U.S. holders of Notes issued with OID generally will include any OID in income in advance of the receipt of cash attributable to such income. See "*Certain Tax Considerations—Certain United States Federal Income Tax Considerations —Original Issue Discount*."

Listing	Application will be made for listing particulars to be approved by the Channel Islands Securities Exchange Authority Limited and for the Notes to be listed on the Official List of the Exchange.
Governing Law of the Indenture, the Guarantees and the Notes	The State of New York.
Governing Law of the Security Documents	Each share pledge is, or will be, governed by the laws of the jurisdiction of incorporation of the company that issued the shares that are subject to such security document (i.e., England and Wales, Isle of Man and Cayman Islands), as applicable. The pledges of certain present and future intercompany loan receivables constituting part of the Collateral is, or will be, governed by the laws of the jurisdiction of incorporation of the Guarantors.
Governing Law of the Intercreditor Agreement	England and Wales.
Escrow Agent	Citibank, N.A., London Branch.
Trustee	Citibank, N.A., London Branch.
Security Agent	Citibank, N.A., London Branch.
Paying Agent and Transfer Agent	Citibank, N.A., London Branch.
Registrar	Citibank, N.A., London Branch.
Listing Agent	Mourant Ozannes Securities Limited, Jersey Branch.

Risk Factors

Please see the "*Risk Factors*" section for a description of certain of the risks you should carefully consider before investing in the Notes.

Summary Unaudited Pro Forma Adjusted EBITDA and Other Pro Forma Information

The following table presents the Summary Unaudited Pro Forma Adjusted EBITDA and other pro forma information derived from the Comprehensive Unaudited Pro Forma Adjusted EBITDA included elsewhere in this offering memorandum. See "*Comprehensive Unaudited Pro Forma Adjusted EBITDA*". Pro Forma Adjusted EBITDA is defined as the Adjusted EBITDA of each of Towergate, Price Forbes, Autonet, Direct Group and Chase Templeton, each as adjusted for overhead costs currently incurred by KIRS Group Limited, Atlanta Holdco and PF Holdco, certain cost saving initiatives and cost synergies a USD/GBP FX adjustment related to Price Forbes and certain other transaction adjustments including certain UK GAAP to IFRS adjustments. The Summary Unaudited Pro Forma Adjusted EBITDA gives effect to the Transactions as if they had been consummated on January 1, 2016. Prior to the completion of the Transactions, Towergate represents KIRS Finco plc (previously TIG Finco plc). Following the completion of the Transactions, Towergate represents TIL.

The following Summary Unaudited Pro Forma Adjusted EBITDA has been derived from and should be read in conjunction with the Comprehensive Unaudited Pro Forma Adjusted EBITDA, Unaudited Pro Forma Condensed Consolidated Financial Information, the Finco 2016 Audited Consolidated Financial Statements, the Price Forbes 2016 Audited Consolidated Financial Statements, the Autonet 2016 Audited Consolidated Financial Statements, the Direct Group 2016 Audited Consolidated Financial Statements and the Chase Templeton 2016 Audited Consolidated Financial Statements, included elsewhere in this offering memorandum.

For a reconciliation of pro forma adjusted profit / (loss) before tax to the Unaudited Pro Forma Combined Profit and Loss for the year ended December 31, 2016 contained in "*Unaudited Pro Forma Condensed Consolidated Financial Information*," see "*Comprehensive Unaudited Pro Forma Adjusted EBITDA—Reconciliation to the Unaudited Pro Forma Combined Profit and Loss for the year ended December 31, 2016.*"

This section includes financial information prepared under UK GAAP and under IFRS. UK GAAP differs in several respects from IFRS. The differences between UK GAAP and IFRS most relevant to adjustments made herein primarily relate to the reversal of goodwill amortization. For a discussion of certain differences between UK GAAP and IFRS as applied by Towergate, Price Forbes, Autonet, Direct Group and Chase Templeton, see Note 6 to the "*Unaudited Pro Forma Condensed Consolidated Financial Information*".

The following Summary Unaudited Pro Forma Adjusted EBITDA and other pro forma information is for illustrative purposes only and does not purport to indicate the financial results of our combined business had the above mentioned events taken place on January 1, 2016, and is not intended to be a projection of future results. Future results may vary significantly from the results reflected because of various factors, including those discussed in "*Risk Factors*".

The following tables should be read in conjunction with the information contained in "*Presentation of Financial and Other Information*," "*Use of Proceeds*," "*Capitalization*," "*Selected Historical Financial Information*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Comprehensive Unaudited Pro Forma Adjusted EBITDA*," "*Unaudited Pro Forma Condensed Consolidated Financial Information*" and "*Description of the Notes*" included elsewhere in this offering memorandum. Historical results are not necessarily indicative of future expected results.

Summary Unaudited Pro Forma Adjusted EBITDA

Summary Unaudited Pro Forma Adjusted EBITDA for the year ended December 31, 2016

£ millions	Towergate	Price Forbes	Autonet	Direct Group	Chase Templeton	Pro Forma Adjustments	Pro Forma Adjusted EBITDA
	Note 1	*Note 1*	*Note 1*	*Note 1*	*Note 1*		
Total income	**318.5**	**67.3**	**42.3**	**28.4**	**16.7**		
Operating expenses	(344.7)	(61.8)	(31.5)	(27.3)	(14.1)		
Operating profit/(loss)	**(26.2)**	**5.5**	**10.8**	**1.1**	**2.6**		
Net finance (costs)/income	(46.8)	(0.2)	0.1	(4.8)	(1.9)		
Profit/(loss) before tax	**(73.0)**	**5.2**	**10.9**	**(3.6)**	**0.6**		
Net finance costs/(income)	47.0	0.2	(0.1)	4.8	1.9		
Depreciation and amortisation	44.1	1.4	0.8	5.4	3.8		
Share of loss from associate	0.7	—	—	—	—		
Non-recurring costs	18.3	3.6*	0.6	1.1	—		
Group reorganisation costs	10.3	—	—	—	—		
Regulatory costs	4.2	—	—	—	—		
Total adjustments	124.6	5.2	1.3	11.2	5.7		
Adjusted EBITDA	**51.6**	**10.5**	**12.2**	**7.6**	**6.4**	**46.0**	**134.3**

For purposes of the Summary Unaudited Pro Forma Adjusted EBITDA for the year ended December 31, 2016, we have used the historical consolidated financial information for PFIH Limited and Autonet Insurance Services Limited as PF Holdco's historical financial information is for a 15 month period and Atlanta Holdco only has historical financial information for the period from November 15, 2016 to December 31, 2016. PF Holdco and Atlanta Holdco conduct no material trading activity. Chase Templeton's year end is October 31, 2016.

Certain reclassifications have been made to each of the individual line items in the profit and loss accounts and balance sheets to align the presentation for the unaudited pro forma combined profit and loss for the year ended December 31, 2016 and net assets as at December 31, 2016.

Note 1: The financial information has been extracted from the consolidated financial statements of Towergate, Price Forbes, Autonet, Direct Group and Chase Templeton which were prepared under IFRS or UK GAAP, as applicable.

* This financial information was presented in the strategic report that accompanied the Price Forbes consolidated financial statements, which are prepared under UK GAAP.

The table below details the adjustments that have been made that impact Pro Forma Adjusted EBITDA:

	£ million
Towergate (Note 2)	31.7
Price Forbes (Note 3)	8.7
Autonet (Note 4)	0.0
Direct Group (Note 5)	(0.1)
Chase Templeton (Note 6)	1.8
Central (Note 7)	4.0
Total Pro Forma Adjustments	**46.0**

Note 2: £31.7 million of Towergate adjustments to operating expenses relating to (i) £(2.4) million of operating expenses incurred in KIRS Group Limited, primarily related to non-executive and executive board and oversight (ii) a net £(0.9) million of non-recurring items; and (iii) run-rate savings from initiatives of £35.0 million presented in the table below.

Savings initiatives completed/expected in (in £ thousands)	2016 and Q1 2017	Q2 to end of 2017	Total
IT	4,410[a]	919 [b]	5,329
Finance	1,252[c]	9,626 [d]	10,878
Property	1,939[e]	1,485 [f]	3,424
Small Business Unit	5,000[g]	452 [h]	5,452
Operational efficiency	8,097[i]	1,745 [j]	9,842
Broker system consolidation	—	64[k]	64
	20,698	**14,291**	**34,989**

(a) Represents the full year impact of IT-related savings achieved in the year ended December 31, 2016 and the first quarter of 2017, including (i) £3.615 million of cost savings resulting from the modification or termination of various IT supplier agreements in connection with Towergate's IT Transformation Program and related Accenture outsourcing agreement and the reduction in headcount of our service delivery team; (ii) £0.4 million of IT supplier rationalization savings achieved in the first quarter of 2017; (iii) £0.2 million of savings resulting from new telecommunications and printing agreements achieved in the year ended December 31, 2016; (iv) £0.3 million of savings resulting from new IT licensing agreements achieved in the year ended December 31, 2016; and (v) £(0.105) million of net investment that Towergate estimates it will realize in connection with the cancellation of the ITG services contract achieved in the year ended December 31, 2016. We define run-rate savings as the difference between the full-year impact of savings achieved from actions expected to be completed within 12 months and the actual in-year savings achieved.

(b) Represents the additional run-rate cost savings Towergate estimates it will have achieved by December 31, 2017 from initiatives expected to have been implemented in the last three quarters of 2017 comprising (i) £0.519 million of run-rate net cost savings from the IT Transformation Program and Accenture outsourcing agreement and the potential related reduction in headcount of service delivery team; (ii) £0.2 million of run-rate costs savings from the further rationalization of various IT-related supplier agreements; and (iii) £0.2 million of run-rate cost savings from the rationalization of our internet capabilities.

(c) Represents the full year impact of £0.352 million of staff reduction cost savings achieved in the first quarter of 2017 as part of Towergate's Finance Transformation Project, see "*Business—KIRS Group Business Change Initiatives—Towergate Finance Transformation Project*," and £0.9 million of salary actually paid in the year ended December 31, 2016 to finance staff prior to the restructuring.

(d) Represents the additional run-rate cost savings Towergate estimates it will have achieved by December 31, 2017 from initiatives expected to have been implemented in the last three quarters of 2017 comprising (i) £8.626 million of run-rate cost savings from a proposed headcount reduction associated with our Finance Transformation Project and the outsourcing of certain business process and application services to Accenture (see "*Business—KIRS Group Business Change Initiatives—Towergate Finance Transformation Project*"); (ii) and the run-rate net cost savings of £1.0 million from a reduction in finance staff recruitment expenses.

(e) Represents the full year impact of property related savings completed in the year ended December 31, 2016 and in the first quarter of 2017, including (i) £0.5 million of actual rent and rates paid in the year ended December 31, 2016 in connection with terminated leases that would not have been paid had the leases been terminated on January 1, 2016; (ii) £0.6 million of actual rent and rates paid in the year ended December 31, 2016 in connection with modified leases that would not have been paid had the premises been partially exited on January 1, 2016; and (iii) £0.8 million of actual rent and rates paid in the first quarter of 2017 in connection with terminated or modified leases that we would not have paid had the leases been terminated or modified on January 1, 2017 and the net cost savings Towergate estimates it will realize from a reduction of utilities (i.e. water, heat, gas and similar) costs, service agreement costs, including for cleaning, pest control, repairs and maintenance, security and storage services, and other costs associated with leased properties in connection with the termination or modification of certain leases in the year ended December 31, 2016 and the first quarter of 2017.

(f) Represents the additional run-rate cost savings Towergate estimates it will have achieved by December 31, 2017 from initiatives expected to have been implemented in the last three quarters 2017 that Towergate believes will result in £1.485 million of run-rate costs savings related to terminated and modified leases and the associated reduction of utilities costs and service agreements costs.

(g) Represents the full year impact of the Small Business Unit cost savings achieved in the year ended December 31, 2016 and the first quarter of 2017, including: (i) £3.6 million representing the run-rate effects of the difference between £5.6 million of annualized cost of certain employees who were terminated as a result of the closure of Towergate's Manchester facility on March 31, 2017, representing £0.5 million of December 2016 cost pro-rated for twelve months and the annual savings in rent and other office related costs of the Manchester facility of £1.1 million less the expected annual cost of additional staff at our Croydon facility of £1.9 million, the annualized increase in rent and other office related costs of our Croydon facility of £0.4 million and the expected additional annual costs in our Classic Car and Household businesses of £0.7 million; and (ii) £1.4 million in salary actually paid to retail employees of the now closed Milton Keynes facility for the year ended December 31, 2016 prior to their termination.

(h) Represents the additional run-rate cost savings Towergate estimates it will have achieved by December 31, 2017 from initiatives expected to have been implemented in the last three quarters of 2017 that Towergate believes will result in £0.452 million of run-rate cost savings associated with the Small Business Unit cost savings initiatives.

(i) Represents the full year impact of the operational efficiency cost savings initiatives completed in the first quarter of 2017, including (i) £2.191 million in salary paid to employees terminated in the first quarter of 2017 representing an annualization of monthly costs of £0.130 million pursuant to the broking staff reductions program; (ii) £1.994 million in salary paid to employees terminated in the first quarter of 2017 representing an annualization of monthly costs of £0.166 million pursuant to the underwriting staff reductions program; (iii) £0.5 million in savings that Towergate believes will result from adjustments made to our bonus model in the first quarter of 2017; (iv) £0.5 million in cost savings that Towergate believes will result from adjustments we made to our permitted travel and accommodations expense in the first quarter of 2017; (v) £0.3 million in run-rate net cost savings representing the difference between the salaries paid to three IT contractors who are no longer being used by the company and the salaries of the three permanent employees that were hired to replace the IT contractors in the first quarter of 2017; (vi) £0.164 million in run-rate cost savings associated with improved contractual terms with the payroll services provider; (vii) £0.149 million in run-rate cost savings associated with improved contractual terms agreed with the recruitment services provider; (viii) £1.2 million in salary actually paid to employees that have been terminated in the year ended December 31, 2016 pursuant to the advisory staff headcount reduction initiative; and (ix) £1.099 million largely associated with the replacement of contractors with permanent staff at lower rates.

(j) Represents the additional run-rate cost savings Towergate estimates it will have achieved by December 31, 2017 from initiatives expected to have been implemented in the last three quarters of 2017 that Towergate believes will result in £1.745 million of operational efficiency run-rate cost savings, including (i) £0.458 million of salary paid to employees terminated in the last three quarters of 2017 pursuant to the proposed broking staff reductions program; (ii) £0.2 million of savings associated with a reduction in document storage expenses; (iii) £0.2 million of savings associated with a reduction in marketing expenses; (iv) £0.3 million of salary associated with potential back- and middle-office headcount reductions; and (v) £0.587 million of savings associated with the termination and modification of various non-IT procurement and supplier agreements.

(k) Represents the £0.064 million that Towergate estimates it will realize in connection with the proposed reduction in headcount of support staff in its broking division in connection with the Towergate Broker System Consolidation initiative.

Note 3: Represents the following:

i. A £9.769 million normalization adjustment to adjust the USD/GBP FX rate to 1.24 for 2016.

   a. £5.677 million reversal of hedging losses incurred during the year, effectively adjusting income to what it would have been at actual rates;

   b. £5.816 million income adjustment to the closing USD/GBP FX at 1.24; and

   c. a contingency of £(1.724) million estimated at 15% of incremental income from (i) and (ii) above against potential FX variance and / or increased operating expenses.

Over 80% of Price Forbes' revenue is generated in USD and the company hedges its income stream with forward contracts. Following the 2016 Brexit vote and subsequent GBP weakening, hedges taken out prior to this event had the effect of supressing the earnings in comparison to what the business would have achieved had these not been in place. In addition, the USD/GBP FX rate was significantly different at the end of 2016 compared to the beginning of the year.

Assuming no change in the exchange rate of USD/GBP 1.24, £20.234 million of losses from historical hedging would be recognized in the profit and loss accounts through 2019, of which £10.079 million would be incurred in 2017, (£6.373 million in the first half of 2017 and £3.706 million in the second half of 2017), £7.197 million would be incurred in 2018 and £2.959 million would be incurred in 2019.

ii. £(1.1) million of net adjustments to one-off costs.

Note 4: The total Autonet Adjusted EBITDA adjustment is £(0.020) million.

Note 5: The total Direct Group Adjusted EBITDA adjustment is £(0.149) million.

Note 6: The total Chase Templeton Adjusted EBITDA adjustment is £1.769 million, primarily driven by the presentation of the financial information for a December 31 year end and the annualization of acquisitions made in 2016 and the first quarter of 2017.

Note 7: Central represents the following adjustments:

i) £(2.900) million of estimated Nevada expenses, primarily related to senior management and central support costs for the KIRS Group;

ii) £6.939 million of cost synergies across the KIRS Group, primarily from specific and clearly identified operational efficiencies resulting from leveraging the KIRS Group's most efficient operating platforms.

Other Pro Forma Information

(in £ thousands unless otherwise indicated)	As of and for the Year Ended December 31, 2016
Pro forma cash and cash equivalents(1)	39.1
Pro forma secured debt(2)	800.0
Pro forma net secured debt(3)	760.9
Pro forma total debt(4)	811.5
Pro forma total net debt(5)	772.4
Pro forma cash interest expense(6)	
Ratio of pro forma net total financial indebtedness to Pro Forma Adjusted EBITDA	5.75x
Ratio of Pro Forma Adjusted EBITDA to pro forma interest expense	x

(1) Pro forma cash and cash equivalents represents pro forma cash and cash equivalents of the KIRS Group, as adjusted for the Transactions as of the Issue Date which, together with £13.5 million of Towergate fixed term deposit constitute Towergate's TC 2.4 capital of £19.2 million and excludes £113.1 million of fiduciary cash and £5.7 million in restricted cash. See "*Capitalization*."

(2) Pro forma secured debt represents *pro forma* outstanding third-party indebtedness of the KIRS Group, as adjusted for the Transactions as of the Issue Date.

(3) Pro forma net secured debt represents pro forma secured debt less pro forma cash and cash equivalents. Pro forma cash and cash equivalents which, together with £13.5 millon of Towergate fixed term deposit constitute Towergate's TC 2.4 capital of £19.2 million and excludes £110.1 million of fiduciary cash and £5.7 million of restricted cash.

(4) Pro forma total debt represents pro forma outstanding third-party indebtedness of the KIRS Group, as adjusted for the Transactions as of the Issue Date.

(5) Pro forma net total debt represents pro forma total debt less pro forma cash and cash equivalents. Pro forma cash and cash equivalents which, together with £13.5 million of Towergate fixed term deposit constitute Towergate's TC 2.4 capital of £19.2 million excludes £110.1 million of fiduciary cash and £5.7 million of restricted cash.

(6) Pro forma cash interest expense reflects the interest expense in respect of the Notes as if the Transactions had occurred on January 1, 2016. Pro forma cash interest expense excludes charges related to allocated debt issuance costs and hedging costs. Pro forma cash interest expense assumes the Revolving Credit Facility was undrawn during such period. Pro forma cash interest expense has been presented for illustrative purposes only and does not purport to represent what our cash interest expense would have actually been had the Transactions occurred on the date assumed, nor does it purport to project our cash interest expense for any future period or our financial condition at any future date.

Summary Historical Financial Information and Other Data

The following summary historical consolidated statement of comprehensive income, statement of financial position, and statement of cash flows for Towergate (i) as of December 31, 2015 and for the period from incorporation on February 5, 2015 to December 31, 2015 and as of and for the year ended December 31, 2016 have been derived from the Finco Audited Consolidated Financial Statements which have been prepared in accordance with IFRS and are included elsewhere in this offering memorandum, (ii) as of and for the three-month period ended March 31, 2016 have been derived from the unaudited condensed consolidated interim financial statements of Finco as of and for the three-month period ended March 31, 2016 which have been prepared in accordance with IFRS and (iii) as of and for the three-month period ended March 31, 2017 have been derived from the Finco 2017 Q1 Unaudited Condensed Consolidated Three Month Interim Financial Statements which have been prepared in accordance with IFRS and are included elsewhere in this offering memorandum.

The year ended December 31, 2015 was a nine-month fiscal year, commencing on April 2, 2015 and the first fiscal year following Towergate's incorporation. Although Towergate was incorporated on February 5, 2015, Towergate had no income or expenses prior to the completion of the acquisition of Towergate Insurance Limited (together with its subsidiary companies) on April 2, 2015. Accordingly, the results for the year ended December 31, 2015 represents the results for the period of April 2, 2015 to December 31, 2015.

The following summary historical consolidated statement of comprehensive income, statement of financial position, and statement of cash flows for Price Forbes as of and for the years ended December 31, 2015 and December 31, 2016 have been derived from the Price Forbes 2015 Audited Consolidated Financial Statements and the Price Forbes 2016 Audited Consolidated Financial Statements which have been prepared in accordance with UK GAAP and are included elsewhere in this offering memorandum.

The following summary historical consolidated statement of comprehensive income, statement of financial position, and statement of cash flows for Autonet as of and for the years ended December 31, 2015 and December 31, 2016 have been derived from the Autonet 2015 Audited Consolidated Financial Statements and the Autonet 2016 Audited Consolidated Financial Statements which have been prepared in accordance with UK GAAP and are included elsewhere in this offering memorandum.

The following summary historical consolidated statement of comprehensive income, statement of financial position, and statement of cash flows for Direct Group as of and for the years ended December 31, 2015 and December 31, 2016 have been derived from the Direct Group Audited Consolidated Financial Statements which have been prepared in accordance with IFRS and are included elsewhere in this offering memorandum.

The following summary historical consolidated statement of comprehensive income, statement of financial position, and statement of cash flows for Chase Templeton as of and for the years ended October 31, 2015 and October 31, 2016 have been derived from the Chase Templeton Audited Consolidated Financial Statements which have been prepared in accordance with UK GAAP and are included elsewhere in this offering memorandum.

This section includes financial information prepared under UK GAAP and under IFRS. UK GAAP differs in several respects from IFRS. For a discussion of certain differences between UK GAAP and IFRS as applied by Towergate, Price Forbes, Autonet, Direct Group and Chase Templeton, see Note 6 to the "*Unaudited Pro Forma Condensed Consolidated Financial Information*."

You should read the information summarized below in conjunction with the information contained in "*Presentation of Financial Information*," "*Use of Proceeds*," "*Capitalization*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Description of the Notes,*" the Finco Audited Consolidated Financial Statements, the Finco 2017 Q1 Unaudited Condensed Consolidated Three Month Interim Financial Statements, the Autonet 2015 Audited Consolidated Financial Statements and the Autonet 2016 Audited Consolidated Financial Statements, the Price Forbes 2015 Audited Consolidated Financial Statements and the Price Forbes 2016 Audited Consolidated Financial Statements, the Direct Group Audited Consolidated Financial Statements and the Chase Templeton Audited Consolidated Financial Statements, and the notes thereto, which are included elsewhere in this offering memorandum.

Towergate Financial Information

Finco Statement of Comprehensive Income

	For year ended December 31, 2016	From April 2, 2015 (period of inception) to December 31, 2015	Three-months ended March 31, 2017	Three-months ended March 31, 2016
	(IFRS) (£ in thousands)			
Continuing operations				
Commission and fees	**318,042**	258,231	**77,666**	**76,783**
Other income	**195**	159	**170**	**62**
Investment income	**282**	228	**20**	**43**
Salaries and associated costs	**(183,580)**	(128,610)	**(44,491)**	**(48,809)**
Other operating costs	**(116,275)**	(170,358)	**(34,626)**	**(24,782)**
Depreciation and amortization charges	**(44,139)**	(32,836)	**(11,845)**	**(10,899)**
Share of loss from associate	**(706)**	—	**(52)**	**—**
Impairment of goodwill	**—**	(86,400)	**—**	**—**
Operating loss	**(26,181)**	(159,586)	**(13,158)**	**(7,602)**
Finance costs	**(47,005)**	(34,491)	**(12,109)**	**(11,473)**
Finance income	**201**	405	**15**	**29**
Loss before taxation	**(72,985)**	(193,672)	**(25,252)**	**(19,046)**
Income tax credit	**11,845**	6,787	**1,888**	**1,933**
Total comprehensive loss for the period attributable to continuing operations	**(61,140)**	(186,885)	**(23,364)**	**(17,113)**
Discontinued operations				
Profit on sale of discontinued operations	—	—	2,674	—
Total comprehensive profit for the period attributable to discontinued operations	**18,141**	2,421	**—**	**793**
Total comprehensive loss for the period	**(42,999)**	(184,464)	**(20,690)**	**(16,320)**

Finco Statement of Financial Position

	As of December 31, 2016	As of December 31, 2015	As of March 31, 2017	As of March 31, 2016
	(IFRS) (£ in thousands)			
Non-current assets				
Intangible assets	**657,174**	700,293	**650,772**	676,609
Property, plant and equipment	**19,051**	9,310	**22,346**	8,534
Investment in associate	**6,495**	—	**6,443**	—
Available-for-sale assets	**152**	152	**152**	152
Deferred tax assets	**16,417**	12,985	**16,417**	12,970
	699,289	722,740	**696,130**	698,265
Current assets				
Cash and cash equivalents	**143,088**	205,888	**148,315**	179,317
Trade and other receivables	**67,689**	55,718	**63,068**	50,864
Held to maturity assets(1)	**13,508**	—	**13,508**	—
Available-for-sale assets	**460**	—	**3,136**	—
Assets of disposed group classified as held for sale	**—**	—	**—**	31,288
Current tax assets	**70**	—	**70**	—
	224,815	261,606	**228,097**	261,469
Current liabilities				
Trade and other payables	**(171,989)**	(177,846)	**(187,122)**	(170,914)
Borrowings	**(9,854)**	(6,422)	**(19,698)**	(74)
Other financial liability	**(162)**	—	**(162)**	—
Current tax liabilities	**—**	(219)	**—**	(223)
Liabilities of disposed group classified as held for sale	**—**	—	**—**	(12,234)
Provisions for other liabilities and charges	**(30,867)**	(53,961)	**(28,403)**	(51,134)
	(212,872)	(238,448)	**(235,385)**	(234,579)
Net current assets/liabilities	**11,943**	23,158	**(7,288)**	26,890
Non-current liabilities				
Trade and other payables	**(11,874)**	(11,254)	**(11,150)**	(14,088)
Borrowings	**(516,969)**	(494,399)	**(517,150)**	(494,707)
Other financial liability	**(132)**	—	**(132)**	—
Deferred tax liabilities	**(43,309)**	(51,975)	**(41,421)**	(50,131)
Provisions for other liabilities and charges	**(6,362)**	(12,616)	**(7,093)**	(6,895)
	(578,646)	(570,244)	**(576,946)**	(565,821)
Net assets	**132,586**	175,654	**111,896**	159,334
Total equity				
Capital and reserves attributable to Finco's shareholders				
Share capital	**300,000**	300,000	**300,000**	300,000
Capital reserve	**60,000**	60,000	**60,000**	60,000
Retained losses	**(227,439)**	(184,425)	**(248,129)**	(200,745)
Shareholders' equity	**132,561**	175,575	**111,871**	159,255
Non-controlling interests	**25**	79	**25**	79
Net assets	**132,586**	175,654	**111,896**	159,334

(1) Held to maturity assets are reclassified from / to cash and cash equivalents as and when the nature of the deposit account changes. All deposit accounts will be classified either as loans and receivables or held to maturity depending on the maturity date of the funds held.

Finco Statement of Cash Flows

	For year ended December 31, 2016	From April 2, 2015 (period of inception) to December 31, 2015	Three-months ended March 31, 2017	Three-months ended March 31, 2016
	(IFRS) (£ in thousands)			
Cash flows from operating activities				
Net cash inflow from operations	**7,039**	47,960	**30,047**	5,087
Exceptional items	**(39,504)**	(81,651)	**(12,014)**	(4,780)
Interest paid	**(301)**	(13)	**(2)**	(4)
Interest received	**199**	405	**15**	29
Taxation received / (paid)	**559**	(47)	**—**	—
Investment income	**302**	262	**21**	52
Increase / (decrease) in net insurance broking creditors	**18,137**	(10,181)	**(1,468)**	(9,951)
Net cash inflow / (outflow) from operating activities	**(13,569)**	(43,265)	**16,599**	(9,567)
Cash flows from investing activities				
Acquisition of businesses	**—**	(65,028)	**—**	—
Purchase of property, plant and equipment	**(13,185)**	(1,386)	**(4,440)**	(442)
Purchase of intangible assets	**(13,496)**	(4,441)	**(4,299)**	(844)
Deferred consideration received	**231**	1,394	**—**	130
Disposal of business	**28,527**	—	**(3)**	—
Net cash disposed of with businesses	**(17,132)**	—	**—**	—
Dividends received	**3**	—	**—**	—
Cash transferred to fixed term deposits[1]	**(13,508)**	—	**—**	—
Net cash outflow from investing activities	**(28,560)**	(69,461)	**(8,742)**	(1,156)
Cash flows from financing activities				
Proceeds from issue of shares	**—**	300,000	**—**	—
Proceeds from borrowings	**26,025**	52,000	**25,000**	—
Repayment of borrowings	**—**	—	**(25,000)**	—
Interest paid on borrowings	**(43,615)**	(26,579)	**(1,894)**	(1,607)
Capitalized debt costs	**(1,190)**	(3,697)	**(553)**	—
Settlement of deferred consideration	**—**	—	**—**	—
Settlement of financial liabilities on acquisition	**(1,798)**	(3,065)	**(174)**	(918)
Capital element of finance lease rental payments	**(93)**	(45)	**(9)**	(38)
Net cash (outflow) /inflow from financing activities	**(20,671)**	318,614	**(2,630)**	(2,563)
Net (decrease) / increase in cash and cash equivalents including discontinued operations	**(62,800)**	205,888	**5,227**	(13,286)
Cash and cash equivalents at the beginning of the period	**205,888**	—	**143,088**	205,888
Cash disclosed as held for sales	**—**	—	**—**	(13,285)
Cash and cash equivalents at the end of the period[2]	**143,088**	205,888	**148,315**	179,317

(1) Held to maturity assets are reclassified from / to cash and cash equivalents as and when the nature of the deposit account changes. All deposit accounts will be classified either as loans and receivables or held to maturity depending on the maturity date of the funds held.

(2) Includes fiduciary cash and restricted cash.

Price Forbes Financial Information

Price Forbes Consolidated Income Statement

	For the year ended December 31, 2016	2015
	(UK GAAP) (£ in thousands)	
Turnover	**67,326**	61,582
Administrative expenses	**(62,233)**	(57,023)
Other operating income	**385**	188
Operating profit	**5,478**	4,747
Interest payable and similar charges	**(239)**	(103)
Profit before taxation	**5,239**	4,644
Tax on profit	**(1,676)**	(1,222)
Profit for the financial year	**3,563**	3,422
Cash flow hedges		
—change in value of hedging instrument	**(19,972)**	(4,356)
—reclassification to profit and loss	**5,677**	1,662
Foreign exchange translation differences	**(114)**	105
Total tax on components of other comprehensive income	**2,667**	546
Total comprehensive (expenses)/income	**(8,179)**	1,379

Price Forbes Consolidated Statement of Financial Position

	For the year ended December 31, 2016	2015
	(UK GAAP) (£ in thousands)	
Fixed assets		
Intangible assets	**784**	1,567
Tangible assets	**4,694**	2,150
	5,478	3,717
Current assets		
Debtors	**29,396**	21,060
Cash at bank and in hand	**12,169**	9,708
	41,565	30,768
Creditors: amounts falling due within one year	**(29,894)**	(15,971)
Net current assets	**11,671**	14,797
Total assets less current liabilities	**17,149**	18,514
Creditors: amounts falling due after more than one year	**(10,155)**	(3,436)
Provisions for liabilities	**(301)**	(313)
Net assets	**6,693**	14,765
Capital and reserves		
Called up share capital	**881**	881
Share premium account	**642**	642
Other reserves	**567**	460
Capital redemption reserve	**50**	50
Fair value and hedging reserves	**(16,364)**	(4,736)
Profit and loss account	**20,917**	17,468
Total Shareholders' Funds	**6,693**	14,765

Price Forbes Consolidated Statement of Cash Flow

	For the year ended December 31, 2016	2015
	(UK GAAP) (£ in thousands)	
Operating activities		
Net cash inflow from operating activities	**2,557**	1,583
Corporation tax paid	**(1,024)**	(1,751)
Net cash generated from/(used in) operating activities	**1,533**	(168)
Cash flow from investing activities		
Purchase of intangible fixed assets	**(165)**	(543)
Purchase of tangible fixed assets	**(2,987)**	(2,096)
Issue of ordinary share capital	**—**	145
Net cash used in investing activities	**(3,152)**	(2,494)
Cash flow from financing activities		
Interest paid	**(248)**	(1,501)
Transaction cost incurred on behalf of parent company	**(3,057)**	—
Purchase of ordinary share capital	**—**	(68)
Drawdown of RBS facility	**6,474**	3,000
Repayments on loan notes	**—**	(2,224)
Net cash from/(used in) financing activities	**3,169**	(793)
Net increase/(decrease) in cash and cash equivalents	**1,550**	(3,455)
Reconciliation of net cash flow to movement in net funds		
(Decrease)/increase in cash and cash equivalents	**1,550**	(3,455)
Exchange gains/(losses) on cash	**911**	(1,662)
Cash and cash equivalents at start of the year	**9,708**	14,825
Cash and cash equivalents at the end of the year	**12,169**	9,708

Autonet Financial Information

Autonet Consolidated Statement of Comprehensive Income

	For the year ended December 31, 2016	2015
	(UK GAAP) (£ in thousands)	
Turnover	**42,267**	41,506
Administrative expenses	**(31,463)**	(30,268)
Other operating income	**12**	13
Operating profit	**10,816**	11,251
Interest receivable and similar income	**157**	51
Interest payable and similar expenses	**(66)**	(119)
Profit before taxation	**10,907**	11,183
Taxation	**(2,097)**	(2,315)
Profit after taxation and total comprehensive income	**8,810**	8,868
Profit and total comprehensive income for the year attributable to:		
Owners of the parent	**8,734**	8,762
Non-controlling interests	**76**	106
Profit and total comprehensive income for the year	**8,810**	8,868

Autonet Consolidated Statement of Financial Position

	As of December 31, 2016	2015
	(UK GAAP) (£ in thousands)	
Fixed assets		
Intangible assets	**2,308**	566
Tangible assets	**4,170**	4,348
	6,478	4,914
Current assets		
Stocks	**200**	10
Debtors	**14,303**	9,184
Cash at bank and in hand	**6,360**	5,952
	20,863	15,146
Current liabilities		
Creditors: Amounts falling due within one year	**(12,607)**	(11,944)
Net current assets	**8,256**	3,202
Total assets less current liabilities	**14,734**	8,116
Creditors: amounts falling due after more than one year	**(1,885)**	(1,630)
Deferred income	**(411)**	(436)
Provisions for liabilities	**(187)**	(98)
Net assets	**12,251**	5,952
Capital and reserves		
Called up share capital	**128**	128
Capital redemption reserve	**—**	—
Profit and loss account	**11,972**	5,709
Equity attributable to owners of the parent	**12,100**	5,837
Non-Controlling Interests	**151**	115
Total equity	**12,251**	5,952

Autonet Consolidated Statement of Cash Flows

	For the year ended December 31, 2016	2015
	(UK GAAP) (£ in thousands)	
Operating activities		
Cash generated from operations	**11,966**	11,213
Interest paid	**(28)**	(37)
Income taxes paid	**(2,387)**	(2,048)
Net cash from operating activities	**9,551**	9,128
Investing activities		
Purchase of intangible fixed assets	**(1,953)**	(235)
Purchase of tangible fixed assets	**(282)**	(386)
Proceeds on disposal of intangible fixed assets	**5**	—
Proceeds on disposal of tangible fixed assets	**0**	4
Loans granted to group undertakings	**(4,734)**	—
Interest received	**41**	51
Net cash used in investing activities	**(6,923)**	(566)
Financing activities		
Proceeds of new borrowings	**2,000**	—
Repayments of borrowings	**(1,792)**	(163)
Dividends paid	**(2,538)**	(8,251)
Repayments of obligations under finance leases	**(6)**	(12)
Net cash used in financing activities	**(2,336)**	(8,426)
Net increase in cash and cash equivalents	**293**	136
Cash and cash equivalents at beginning of year	**5,741**	5,605
Cash and cash equivalents at end of year	**6,033**	5,741
Relating to:		
Bank balances and short term deposits included in cash at bank and in hand	**6,360**	5,952
Overdrafts included in “creditors: amounts falling due within one year”	**(327)**	(211)
	6,033	5,741

Direct Group Financial Information

Direct Group Consolidated Statement of Comprehensive Income

	For the year ended December 31, 2016	2015
	(IFRS) (£ in thousands)	
Revenue		
Distribution service fees	**16,236**	13,452
Claims management fees	**9,738**	8,106
Profit commissions	**2,450**	2,103
Total operating revenue	**28,424**	23,661
Related party revenue	**—**	648
Total revenue	**28,424**	24,309
Expenses		
Staff costs	**14,125**	11,093
Other general & administrative expenses	**6,713**	5,638
Restructuring & transaction related overheads	**1,083**	1,578
Depreciation & amortization	**5,369**	4,291
Related party expenses	**—**	648
Total operating expenses	**(27,290)**	(23,248)
Operating profit	**1,134**	1,061
Finance income	**11**	—
Finance costs	**(4,774)**	(4,185)
Net finance cost	**(4,763)**	(4,185)
Loss before tax	**(3,629)**	(3,124)
Tax benefit	**312**	665
Loss and total comprehensive loss for the year	**(3,317)**	(2,459)

Direct Group Consolidated Statement of Financial Position

	As of December 31, 2016	2015
	(IFRS) (£ in thousands)	
Assets		
Current assets		
Cash	**25,647**	24,130
Trade and other receivables	**18,665**	9,275
Due from related parties	**—**	7,998
Prepayments and accrued income	**3,094**	3,602
Total current assets	**47,406**	45,005
Non-current assets		
Property and equipment	**4,572**	4,138
Intangible assets and goodwill	**56,211**	45,030
Contract costs	**308**	577
Total non-current assets	**61,091**	49,745
Total assets	**108,497**	94,750
Liabilities and members' equity		
Current operating liabilities		
Trade and other payables	**40,990**	30,027
Unsecured loan notes	**4,490**	—
Due to related parties	**4,612**	12,602
Accruals and deferred income	**3,944**	5,572
Provisions	**1,631**	1,455
Total current operating liabilities	**55,667**	49,656
Non-current operating liabilities		
Preference share capital	**36,535**	36,535
10% dividend due on redeemable shares	**16,485**	12,834
Deferred tax liabilities	**90**	188
Unsecured loan notes	**7,500**	—
Total non-current operating liabilities	**60,610**	49,557
Total liabilities	**116,277**	99,213
Members' equity		
Share capital	**2**	2
Accumulated profit (loss)	**(7,782)**	(4,465)
Total members' equity	**(7,780)**	(4,463)
Total liabilities and equity	**108,497**	94,750

Direct Group Consolidated Statement of Cash Flows

	For the year ended December 31, 2016	2015
	(IFRS) (£ in thousands)	
Cash flows from operating activities		
Loss before tax for the year	**(3,629)**	(3,124)
Adjustments to reconcile net income (loss) from continuing operations to cash flows from (used for) operating activities:		
Loss on sale of fixed assets	**—**	477
Depreciation and amortization	**5,369**	4,291
Finance income	**(11)**	—
Finance cost	**4,774**	4,185
Tax paid	**(862)**	—
Change in:		
Prepayments and accrued income	**589**	(964)
Trade and other receivables	**(7,263)**	(1,986)
Trade and other payables	**5,290**	3,076
Due from related parties	**7,998**	3,724
Due to related parties	**(4,339)**	(3,611)
Provisions	**(154)**	557
Accruals and deferred income	**(2,494)**	390
Net cash flows from operating activities	**5,268**	7,015
Cash flows used for investing activities		
Acquisition of property, plant and equipment	**(1,443)**	(1,559)
Acquisition of intangible assets	**(1,056)**	(554)
Acquisition of subsidiary	**(4,111)**	—
Acquisition of contract assets	**(39)**	(309)
Finance income	**11**	—
Net cash flows used for investing activities	**(6,638)**	(2,422)
Cash flows from / (used for) financing activities		
Unsecured loan notes	**7,500**	—
Finance costs	**(4,613)**	(4,185)
Net cash flows from / (used for) financing activities	**2,887**	(4,185)
Net change in cash and cash equivalents	**1,517**	408
Cash and cash equivalents—beginning balance	**24,130**	23,722
Cash and cash equivalents—ending balance	**25,647**	24,130

Chase Templeton Financial Information

Chase Templeton Consolidated Income Statement and Other Comprehensive Income

	For the year ended October 31, 2016	2015
	(UK GAAP) (£ in thousands)	
Turnover	**16,655**	12,735
Cost of sales	**(4,140)**	(5,086)
Gross profit	**12,515**	7,649
Administrative expenses	**(6,224)**	(4,618)
Amortization of goodwill and other intangibles	**(3,710)**	(2,340)
Total administrative expenses	**(9,933)**	(6,958)
	2,582	691
Other operating income	**—**	40
Operating profit	**2,582**	732
Interest receivable and similar income	**—**	—
	2,582	732
Interest payable and similar charges	**(1,950)**	(1,253)
Profit/(loss) on ordinary activities before taxation	**632**	(521)
Tax on profit/(loss) on ordinary activities	**(829)**	(221)
Loss for the financial year	**(197)**	(742)
Loss attributable to:		
Owners of the parent	**(197)**	(742)
Other comprehensive income	**—**	—
Total comprehensive income for the year	**(197)**	(742)
Total comprehensive income attributable to:		
Owners of the parent	**(197)**	(742)

Chase Templeton Consolidated Balance Sheet

	As of October 31, 2016	2015
	(UK GAAP) (£ in thousands)	
Fixed assets		
Intangible assets	**28,321**	21,787
Tangible assets	**425**	309
Investments	**—**	—
	28,746	22,096
Current assets		
Debtors	**3,987**	2,683
Cash at bank and in hand	**181**	753
	4,168	3,435
Creditors		
Amounts falling due within one year	**(5,000)**	(4,198)
Net current liabilities	**(832)**	(763)
Total assets less current liabilities	**27,914**	21,333
Creditors		
Amounts falling due after more than one year	**(29,355)**	(22,608)
Provisions for liabilities	**(78)**	(48)
Net liabilities	**(1,520)**	(1,323)
Capital and reserves		
Called up share capital	**200**	200
Retained earnings	**(1,720)**	(1,523)
Shareholders' funds	**(1,520)**	(1,323)

Chase Templeton Consolidated Cash Flow Statement

	For the year ended October 31, 2016	2015
	(UK GAAP) (£ in thousands)	
Cash flows from operating activities		
Cash generated from operations	**5,180**	2,626
Interest paid	**(1,950)**	(855)
Tax paid	**(313)**	(332)
Net cash from operating activities	**2,916**	1,439
Cash flows from investing activities		
Purchase of intangible fixed assets	**(6,317)**	(657)
Purchase of tangible fixed assets	**(181)**	(80)
Sale of tangible fixed assets	**—**	1
Sale of fixed asset investments	**—**	23
Purchase of subsidiary undertaking	**(4,297)**	(7,603)
Cash acquired on acquisition	**370**	4
Interest received	**—**	—
Net cash from investing activities	**(10,425)**	(8,312)
Cash flows from financing activities		
New loans in year	**9,863**	9,188
Loan repayments in year	**(2,528)**	(1,281)
Amount withdrawn by directors	**(398)**	(398)
Net cash from financing activities	**6,937**	7,508
(Decrease)/increase in cash and cash equivalents	**(571)**	636
Cash and cash equivalents at beginning of year	**753**	117
Cash and cash equivalents at end of year	**181**	753

Risk Factors

You should carefully consider the following risk factors together with all the other information included in this offering memorandum before purchasing the Notes. The risks below are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently consider immaterial may also materially and adversely affect our business or operations. Any of the following risks could result in a material adverse effect on our business, financial condition, results of operations and our ability to service our debt, including the Notes.

Risks Relating to Our Business and Industry

Our business may be adversely affected by a decline in economic conditions in the United Kingdom or globally and other market risks.

As our business operates predominantly in the United Kingdom, we are particularly affected by economic developments and regulatory and political changes in the United Kingdom, and are also affected by any similar developments across Europe or markets globally. Economic difficulties, increased competition between insurers due to an economic downturn and other factors may prevent increases in premiums or may even cause the premium rates on which commissions are based to decline. In addition, any significant reduction or delay by customers in purchasing insurance or making payment of premiums could have a negative impact on our business. Factors such as declining business and consumer confidence, lower household income and consumer spending, downturns in the property market and other economic challenges could have a significant negative impact on the buying behavior of our commercial and individual customers. Insolvencies associated with continuing economic uncertainty could adversely affect our business through the loss of customers or by hindering our ability to place insurance. Due to their size, our small and medium enterprise ("**SME**") business customers may be more vulnerable to any economic downturn and may be more prone to insolvency than larger commercial customers.

If a significant insurer fails or withdraws from writing certain insurance coverage that we offer our clients, overall capacity in the industry could be negatively affected, which could reduce our placement of certain lines and types of insurance. An insurer with whom we place business ceasing to operate could also result in errors and omissions claims by our clients. This or any other negative economic developments in the United Kingdom could reduce customer confidence or limit the demand for our insurance products and as a result could negatively affect earnings and have a material adverse effect on our results of operations.

Although KIRS Group primarily markets products to customers in the United Kingdom, Price Forbes places insurance for global risks, and as a result Price Forbes's profitability is affected by international economic developments. In particular, Price Forbes places insurance for a significant amount of mining, natural resources and energy risks, and significant price fluctuations in these commodities, whether due to supply conditions, geopolitical or economic variables, weather or other unpredictable external factors may have a negative effect on Price Forbes's customers' economic position and as a result may have a negative effect on Price Forbes's business, results of operations and financial condition.

Any of the aforementioned factors, individually or in the aggregate, that negatively impact the United Kingdom insurance market, the United Kingdom economy more generally, or European or global economic growth and stability more generally, could increase our operating costs, impose additional regulatory burdens and have a material adverse effect on our business, results of operations and financial condition.

The United Kingdom's contemplated exit from the European Union may adversely impact our business, results of operations and financial condition.

In the June 2016 non-binding referendum on the United Kingdom's membership in the European Union, a majority of the United Kingdom's electorate voted for the United Kingdom's withdrawal from the European Union. A process of negotiation will determine the future terms of the United Kingdom's relationship with the European Union and its members. On March 29, 2017, the Prime Minister of the United Kingdom officially triggered Article 50 of the Treaty of Lisbon, signaling the start of a potential two-year period in which the United Kingdom will negotiate the terms of its exit from the European Union.

While it is difficult to predict any deterioration in economic conditions in the United Kingdom due to Brexit and the specific consequences for our business, any significant reduction or delay by customers in purchasing insurance or making payment of premiums could have a negative impact on our business. The Brexit negotiations could lead to the United Kingdom leaving the single market for goods and services. This may affect the ability of businesses to passport from the United Kingdom into other European Union Member States and likewise into the United Kingdom from the European Union. It is not certain what the future relationship in relation to financial services market access between the United Kingdom and European Union will be, although there are various possible new or modified arrangements that may be adopted. Some of these proposed arrangements depend on mutual recognition between the United Kingdom and other European Union Member States, in particular, equivalence-based relationships which rely on existing equivalence provisions in European Union legislation. There is not, however, an existing equivalence framework for insurance mediation and the existing insurance and reinsurance frameworks do not provide meaningful market access. This means that if there are no new or modified arrangements in place following the United Kingdom's exit (i.e. if there is "no deal"), United Kingdom insurance companies and insurance intermediaries could face significant new restrictions on doing business in other European Union Member States and with clients based in other European Union Member States, and vice versa. While we conduct very limited business that is reliant upon European Union passporting rights between the United Kingdom and the European Union, the loss of passporting rights may affect the insurance markets in which we operate, possibly reducing insurance capacity, competition and choice. Uncertainty regarding these new or modified arrangements between the United Kingdom and other countries, both within and without the European Union, may also create greater volatility in the pound sterling and have a material adverse effect on the buying behavior of commercial and individual customers. Following the exit of the United Kingdom from the European Union, the role of European Union directives, including the Insurance Remediation Directive, and European Union regulations will change and we face uncertainty as to how the United Kingdom will repeal, amend and/or replace any directly enforceable European Union regulations or any local laws or regulations based on European Union directives or other guidance.

The results of the referendum have given rise to calls for certain regions within the United Kingdom to preserve their place in the European Union by separating from the United Kingdom as well as for the governments of other European Union Member States to consider withdrawal from the European Union. Such developments, or the perception that any such developments could occur, could have a material adverse effect on global economic conditions and the stability of global financial markets, and could significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Asset valuations, currency exchange rates and credit ratings may be especially subject to increased market volatility. If the United Kingdom and the European Union are unable to negotiate acceptable withdrawal terms or if other European Union Member States pursue withdrawal, barrier-free access between the United Kingdom and other European Union Member States or among the European Economic Area overall could be diminished or eliminated.

Additionally, political instability in the European Union as a result of Brexit may have a material adverse effect on credit markets and foreign direct investments in Europe. This deterioration in economic conditions could result in inflation, increased unemployment rates, increased short- and long-term interest rates, consumer and commercial bankruptcy filings, a decline in the strength of national and local economies, and other results that negatively impact household incomes.

Initially, the policies of the Bank of England in the period after the Brexit referendum result were to reduce interest rates and increase quantitative easing. There can be no assurance that the Bank of England will maintain consistent policies, particularly in part in light of Brexit negotiations. The Revolving Credit Facility is linked to LIBOR, and we are therefore indirectly impacted by decisions made by the Bank of England. See, "*Description of Certain Financing Arrangements—Revolving Credit Facility.*"

Brexit may also impact our ability to raise additional debt or to refinance the Notes at maturity if, for example, cross-border finance to or from the United Kingdom becomes subject to any barriers or restrictions.

Many of our regulatory obligations described under "*Business—Regulatory*" are based on, or are derived from, European Union measures. Depending on the terms of Brexit, when finalized, some or all of our regulatory framework may be amended or modified. Any of the abovementioned negative impacts on the United Kingdom or other European economy could negatively impact our business, results of operations and financial condition.

The loss of a number of our senior managers or a significant number of our underwriters, account executives, sales personnel or other client-facing employees could have a material adverse effect on our business, as could the inability to attract and retain qualified personnel.

Our success depends to a substantial extent on the ability and experience of members of our senior management and on the individual underwriters, account executives, sales personnel and teams that service our customers and maintain customer relationships. We continue to focus on attracting and retaining top talent, including through the use of incentive schemes and investment in our operating platforms, but we can provide no assurance that we will be successful in retaining all of our key personnel. The insurance intermediary industry is characterized by intense competition for the services of leading executives and other personnel, and the insurance intermediary broking industry in particular is characterized by intense competition for the services of broking teams, and in the past we have lost account executives and broking teams to competitors. The loss of a number of our senior managers or of a significant number of our underwriters, account executives, sales personnel or other client-facing employees, could have a material adverse effect on our business, particularly if any departing employees are able to take clients with them. Our industry is relationship-driven and the loss of key producers may result in the loss of revenue as well as significant expense related to hiring new producers. Additionally, the market for qualified personnel is competitive and we may not succeed in recruiting additional personnel or in replacing departing personnel with suitable successors. Efforts to retain and develop personnel may result in additional expense, which could adversely affect our results of operations. Any of the aforementioned could have a material adverse effect on our business, results of operations and financial condition.

We are dependent upon technology-based solutions to drive value for our clients, gain internal efficiencies and implement effective internal controls.

Our success depends, in part, on our ability to develop and implement technology solutions that anticipate and keep pace with changes in industry IT platforms, industry standards, client preferences and internal control standards. We may not be successful in anticipating or responding to these developments on a timely and cost-effective basis. Additionally, IT can evolve rapidly and may be characterized by short product life cycles. We can provide no assurance that our IT infrastructure and software systems will continue to be adequate for our business. Efforts to gain technological expertise and develop new technologies require us to incur significant expenses and there is a risk that adequate capital resources will not be available to us when we need to make technology investments. If we cannot utilize new technologies as quickly as our competitors, or if our competitors develop more cost-effective technologies, we could experience a material adverse effect on our client relationships, growth strategy, market share, compliance programs and operating results.

Disruption to our infrastructure, interruption or loss of our information processing systems, a failure of price comparison websites or other digital distribution channels, or a failure to maintain secure information system, could have a material adverse effect on our business.

Our capacity to service our customers depends in part on storing, retrieving, processing and managing information. An interruption to or loss of our information processing capabilities through the loss of stored data, a failure of our computer equipment or software or telecommunications systems or some other technology disruption could have a material adverse effect on our business, results of operations and financial condition.

A disruption to the infrastructure that supports our business and the communities where we are located, for example, would adversely affect our ability to operate our business. Such disruptions may include a disruption involving terrorist activities, disease pandemics, or disruption to the electrical, communications or other services used by our company, our employees or third parties with whom we conduct business. We have developed a disaster recovery plan for our individual IT services as well as our cloud-based IT data center but there can be no assurance that in the event of a disaster our systems will be fully effective.

Towergate has implemented a Microsoft Azure cloud-based core finance platform from which we conduct various internal finance processes including cash and bank management processes. Price Forbes is in the process of replacing its broking platform. A significant failure of these, or any other operating platforms could have a material adverse impact on our financial control frameworks and our ability to carry out our internal financial processes. We are also dependent on certain third parties to enable us to complete transactions relating to the pricing and placement of insurance products. A significant failure of these third-parties could have a negative impact on our ability to service our customers and complete transactions.

We are also dependent upon PCW's to distribute a number of our products. Interruptions to the processing systems of any of the PCWs that distribute our products could have a negative impact on our operations.

Our computer systems store information about our customers, some of which is sensitive personal data. Database privacy, identity theft and related computer and internet issues are matters of growing public concern and are subject to changes in rules and regulations. Our failure to adhere to or successfully implement processes in response to changing regulatory requirements in this area could result in legal liability or harm to our reputation.

Unauthorized data disclosure could occur through cyber security breaches as a result of human error, external hacking, malware infection, malicious or accidental user activity, internal security breaches, and physical security breaches due to unauthorized personnel gaining physical access or any other means. In the past, some of our businesses had weak cyber security controls. Despite the security measures that we have implemented to prevent unauthorized access to information stored in our database and to comply with relevant data protection regulations, our technology may fail to adequately protect the private information we maintain in our databases from theft or inadvertent leakage.

If unauthorized parties do gain access to our networks or databases, they may be able to steal, publish, delete or modify private and sensitive third-party information; misuse could include committing fraud and identity theft. In such circumstances, we may be held liable to our clients or may be subject to regulatory actions for breaching privacy rules. Furthermore, the failure of any of the PCWs which distribute our products to maintain secure information systems could result in customers associating our products or brands with the PCWs' failures, which could have a negative impact on our business, results of operations and financial condition. Any resultant litigation, civil penalties, government investigations or adverse publicity could cause us to incur expenses to resolve these issues, could deter intermediaries and customers from dealing with us, or could more broadly damage our reputation, any of which could have a material adverse effect on our reputation and business.

We are in the process of implementing various information technology ("IT") initiatives in order to realize internal efficiencies and deliver scale advantages across our business. Any adverse challenges to our implementation of new technologies, systems or processes could have a material adverse effect on our business.

We are in the process of implementing various IT infrastructure initiatives to improve our IT infrastructure. The Towergate legacy IT infrastructure that we inherited following Towergate's 2015 financial restructuring was fragmented, reliant upon varying amounts of manual input of data and outdated and unsupportable applications and subject to frequent outages. To bring Towergate's IT infrastructure up to industry standards and to achieve cost savings, we are in the process of implementing or will implement various IT initiatives, including Towergate's IT Transformation Program ("**ITTP**") initiative, Finance Transformation Project ("**FTP**") initiative and Broker System Consolidation ("**BSC**") initiative. The ITTP initiative is designed to improve Towergate's network and telephony systems, data center and hosting capabilities, IT services support and end-user environment. The FTP initiative is designed to drive efficiency within Towergate's finance department and to increase our control over our financial processes, in part through the automation of various internal finance processes. The BSC initiative is designed to consolidate the number of policy administration systems used across our business and to link these systems to a central network. Price Forbes is also in the process of replacing its core broking IT platform to increase efficiency and improve customer outcomes.

Although we have seen some of the benefits of our IT initiatives, we can provide no assurance that we will realize all of the benefits of our various IT initiatives, including increasing cost savings or achieving synergies between our various divisions, will in fact materialize. Any or all of the composite segments of the program may delay, be more expensive than we may have expected, and may not result in the same IT efficiencies, synergies or costs savings for some offices, product markets, or regions as for others, if at all. The installation of certain technologies or systems may prove difficult for our staff to fully utilize such that the expected benefits are not fully realized, if realized at all. Implementation of any IT initiatives may distract management's attention from other aspects of the business, which could have a material adverse effect on our results of operations and financial condition.

Furthermore, IT systems and applications as well as IT industry standards evolve rapidly and may experience short product life cycles. Unexpected but necessary upgrades to our IT infrastructure could arise and could have a material adverse effect upon our financial condition.

The various technologies, systems and processes that comprise our IT initiatives are intended to operate in a complementary manner, connecting our offices, standardizing our systems and processes and capitalizing on scale advantages across our business. There is a risk that if any one or more individual IT initiatives proves difficult to implement, does not become fully integrated or does not achieve all expected results, the full integration and expected performance of other specific IT initiatives, as well as the impact of the IT initiatives taken as a whole, may be adversely affected.

The success of our business depends in large part on our ability to achieve operational efficiency which we believe our IT initiatives support, but any of the abovementioned obstacles to the successful implementation of our IT initiatives, or any other challenges to the improvement and integration of our IT systems across our IT platforms and companies, may have a material adverse effect on our business, results of operations and financial condition.

We depend on relationships with third-party brokers, third-party MGAs and other capacity and product providers. Any adverse changes in these relationships could materially adversely affect the business and our operational results and financial condition.

Our success depends in part on the quality of services provided by, and our relationships with, the third-party brokers, third-party MGAs, insurers and the PCWs through which we distribute a portion of our insurance products. Our relationships with our trading partners are a significant factors in our success and negative changes in these relationships resulting in a loss of underwriting capacity, restricted access to specific distribution channels or less competitive positioning or disruption to our can severely inhibit our ability to offer products to our customer. We use PCWs to distribute a number of our products. A failure to maintain our existing relationships with PCWs, or a failure to build relationships with new entrants to the market, could have a material adverse effect on our business, results of operations and financial condition. Our results of operations could also be adversely affected by changes in our commercial arrangements with PCWs, such as increases in the fees charged, changes in fee charging practices or changes in the algorithms PCWs use to respond to PCW customer searches. Any of the aforementioned, or any other deterioration in our relationships with third-party brokers or mortgage intermediaries could have a material adverse effect on our business, financial condition and operating revenues.

We depend on insurance companies and other third party capacity and product providers providing us with underwriting capacity and products, but we have no control over insurance companies' ability to provide insurance underwriting capacity and products.

As an insurance intermediary we depend on insurance companies providing us with insurance underwriting capacity and products, which in turn depends upon, among other things, insurance companies' ability to procure reinsurance, over which we have no control. To the extent that reinsurance becomes less widely available, for example as a result of adverse economic conditions, we may not be able to provide the amounts or types of coverage desired by our customers. To retain underwriting capacity, we also need to maintain underwriting discipline and satisfactory loss ratios for our insurance company partners. Capacity providers may also choose to withdraw capacity based upon changes in our credit ratings or loss of reputation. Withdrawal by insurance companies of underwriting capacity for whatever reason and in circumstances where replacement underwriting capacity cannot be procured, or a significant increase in the rates charged by an insurance company, could have a material adverse effect on our business performance and consequently upon our financial condition, results of operations and cash flow.

We utilize outsourcing arrangements for certain IT, financial and other functions. By relying on third-party service providers, we may come across unexpected obstacles that can disrupt our business operations.

We have outsourced certain financial and other functions to third-party service providers including Microsoft and Accenture to achieve further operating efficiencies. Inadequate management or training of these providers can lead to lack of proper skill sets to effectively manage and execute the applicable processes. In addition, we are at risk of data security breaches, losing visibility and control of the applicable processes and potential language barriers. To the extent that any of the third-party service provider agreements are determined not to benefit us in their current form, our ability to renegotiate, rescind or reform any or all of the agreements may be limited or non-existent, and our business could be adversely affected. If we do not effectively manage outsourcing relationships, if third-party providers do not perform efficiently or in a timely manner, or if we experience problems with transitioning the work to a third party, we may experience disruptions in transaction processing or IT services all of which can negatively impact our business processes, reputation and customers.

Volatility or declines in premiums, as well as declines in commission rates, may seriously undermine our business and results of operations.

We derive most of our revenue from commissions and fees for broking and underwriting services. Our commissions are generally based on insurance premiums, which are cyclical in nature and may vary widely based on market conditions. Competition, economic difficulties or other factors may prevent increases in premiums or may even cause premium rates to decline. As we cannot determine the timing and extent of premium rate changes, we may not be able to accurately forecast our commission income, including whether it will significantly decline. As insurance companies continue to outsource the issuance of insurance policies to non-affiliated agents and brokers such as ourselves, they may seek to further bring down their expenses by reducing commission rates payable to such organizations. Additionally, changes in the manner in which discount rates or other rates related to claims costs are calculated could result in the rates rising or falling and could lead insurers to adjust commission rates. A significant reduction in commissions, along with general volatility or declines in premiums, could have a significant adverse effect on our business, our generation of revenue and our financial condition.

Profit commissions are less predictable than traditional commissions, and we are consequently less able to forecast the amount of profit commissions that we will receive.

We derive a small portion of our income from profit commissions from insurance companies. Profit commissions are typically based on the profitability of the business placed with the insurance company, as a function of premiums earned net of commissions less claims, expenses and target minimum returns for the insurance company. We are less able to forecast profit commissions than traditional commissions. Furthermore, as the profitability of our MGA & Services segment is in part dependent upon the ratio of claims made to total underwriting business placed and as a significant amount of the underwriting business that we place insures risk in the United Kingdom, catastrophic events, whether natural or otherwise, may affect the amount of claims being made and therefore the profitability of the business which we placed. A large proportion of the business we place insures risk in the United Kingdom, and therefore the profitability of our business is significantly affected by catastrophic events in the United Kingdom. Moreover, insurance companies may seek to negotiate profit sharing agreements with less favorable terms to us as a result of a decrease in the profitability of the business we place with them. If we are unable to correctly forecast the amount of profit commissions that we will receive for the above or any other reasons, results of operations, financial condition and cash flows could be negatively impacted.

We may not realize certain projected synergies, productivity enhancements or improvements in costs.

As part of our business strategy, we have identified and continue to identify opportunities to improve profitability by reducing costs and enhancing productivity. For example, through Towergate's ITTP, we plan to improve the reliability and efficiency of our IT platform and to reduce costs by using more efficient technologies and through outsourcing. Any operational efficiencies, cost savings or optimization of middle- and back-office functions that we expect to realize from such efforts may differ materially from our estimates. In addition, any synergies, cost savings or productivity enhancements that we realize may be offset, in whole or in part, by reductions in income or through increases in other expenses. We can provide no assurance that these initiatives will be completed as anticipated or that the benefits we expect will be achieved on a timely basis or at all. Our calculation of Pro Forma Adjusted EBITDA includes adjustments for cost savings expected to be realized from these initiatives. Although we believe these estimates and assumptions are reasonable, investors should not place undue reliance upon the calculation of Pro Forma Adjusted EBITDA given how it is calculated and the possibility that the underlying estimates and assumptions may ultimately not reflect actual results.

Our selective acquisition strategy exposes us to risks, including the risk that we may not be able to successfully integrate acquired businesses or that acquisitions may have liabilities that we are not aware of and may not be as profitable as we may have expected them to be.

We intend to pursue further strategic financially accretive acquisitions of businesses, assets or insurance books when and where opportunities exist and these fit with our corporate culture and overall strategy. Even if we are successful in acquiring target businesses, we may experience difficulties in integrating targets into our business, may incur higher than expected costs or fail to realize the anticipated benefits. Attempting to integrate acquired companies may involve unforeseen difficulties and may require a disproportionate amount of our management's attention or of our financial and other resources. Such transactions may also disrupt our relationships with current and new employees, customers and suppliers. Although we typically conduct due diligence investigations prior to each acquisition, we can provide no assurance that we will discover all operational deficiencies or material liabilities of an acquired business for which we may be responsible as a successor owner or operator, and actual developments may differ significantly from our expectations. Additionally, acquisitions may require the approval of governmental or regulatory authorities which can block, impose conditions on, or delay the process, resulting in a failure on our part to proceed with announced transactions on a timely basis or at all, thus hampering our opportunities for growth.

Any acquisition or other strategic transaction we may undertake in the future could result in the incurrence of debt and contingent liabilities, an increase in interest expenses and amortization expenses related to goodwill or other intangible assets or in the use by us of available cash on hand to finance any such acquisitions. In identifying acquisition targets we may incorrectly assess the market position, growth prospects or underwriting performance of the target business, or whether the business' geographic, distribution channel or product mix fits within our existing operations. We may incorrectly assess the commission and fee income streams of the target business, as well as the potential to increase such streams following the acquisition, upon which the price paid for acquisitions is primarily based. Although we conduct due diligence with respect to the business and operations of acquired businesses, we may fail to identify all material facts concerning these businesses. Unanticipated events or liabilities relating to these businesses could have a material adverse effect on our results of operations, financial condition and cash flow. Such failures to achieve our acquisition target performance goals and could in turn have material adverse effects on our revenue, results of operations, financial condition and cash flow.

We are subject to regulatory, business and economic risks associated with operating abroad and trading internationally.

We currently operate principally in the United Kingdom but we plan to continue the international expansion of our business operations and trading activity, including through Price Forbes. We may also enter into new international markets whether through the establishment of offices in those markets or the expansion of our customer base to include customers in those markets. We are also subject to a variety of risks inherent in maintaining offices abroad. These risks include but are not limited to:

- political, social, or economic instability;
- risks related to the legal and regulatory environment in foreign jurisdictions, including with respect to privacy and data protection, and unexpected changes in laws, regulatory requirements, and enforcement;
- risks that our IT systems or internal controls and procedures may not be adequate to support operations abroad;
- potential damage to our brand and reputation due to compliance with local laws, including potential censorship or requirements to provide user information to local authorities;
- fluctuations in currency exchange rates, of particular note for Price Forbes is the USD:GBP exchange rate as Price Forbes derives over 80% of its income in USD but incurs expenses predominantly in GBP;
- higher levels of credit risk or payment fraud;
- burdens of complying with a variety of foreign laws;
- reduced protection for intellectual property rights in some countries;
- difficulties in staffing and managing global operations and the increased travel, infrastructure, and legal compliance costs associated with multiple international locations;
- compliance with the US Foreign Corrupt Practices Act, the UK Bribery Act, and similar laws in other jurisdictions; and
- compliance with statutory equity requirements and management of tax consequences.

We are also subject to laws regarding money laundering, financing of terrorism and laws prohibiting us, our employees or intermediaries from making improper payments or offers of payment to foreign governments and their officials and political parties for the purpose of obtaining or retaining business, including the U.K.'s Proceeds of Crime Act 2002 and Bribery Act 2010 as well as sanctions administered by the U.S. Treasury Department's Office of Foreign Assets Control, the United Nations Security Council, the European Union, the U.K. Office of Financial Sanctions Implementation, the UK National Crime Agency, or other relevant sanctions authorities. Price Forbes historically conducted significant business in Cuba, before becoming subject to OFAC. Price Forbes conducts no ongoing business in Cuba.

Competition in our industry is intense, and if we are unable to compete effectively, our business may be adversely affected.

We face intense competition in all areas of the insurance intermediary industry in which we operate, based on product breadth, innovation, quality of service and price. Consolidation within the insurance industry increases competition and can lead to downward pricing pressures as consolidated entities compete for market share. In respect of our MGA and broking divisions, numerous other firms, as well as insurance companies that directly solicit customers without the assistance of an agent or broker, compete for a share of the various insurance markets and customers. Furthermore, undisciplined competitor activity in the underwriting industry, in which competitors secure business through aggressive pricing, could have a material adverse effect on our business and results of operations. Intense industry competition could result in the loss of key personnel and reductions in revenues. Any of the above, individually or in the aggregate, could have a material adverse effect on our business and financial position, our results of operation and our cash flow.

Adverse publicity, in particular relating to our financial condition or our cost savings initiatives, may adversely affect our customer, insurer and supplier relationships, may lead to increased regulatory scrutiny and may have a negative impact upon the market perception of our business.

Our success depends in significant part on our relationships with our capacity partners, industry colleagues and customers. As an insurance intermediary, we depend on insurance companies providing us with underwriting capacity and products. Adverse publicity relating to our financial condition including negative changes in our credit ratings may have a material adverse effect on our insurer, supplier and customer relationships and/or the market perception of our business. Insurance companies may choose to withdraw underwriting capacity and products in circumstances where no suitable replacement can be procured, or may seek to impose an excessive increase in rates, and third-party brokers and mortgage intermediaries may choose not to distribute our products. Existing suppliers may choose not to do business with us, may demand quicker payment terms and/or may not extend normal trade credit and we may find it difficult to obtain new or alternative suppliers. Customers may choose not to (and it may be more difficult to convince such customers to) continue with, or subscribe to, our products and services. Adverse publicity may also result in increased regulatory scrutiny. We recognize the importance of having a robust communications and public relations capability and maintaining regular communication with all of our key stakeholders. Despite our good working relationships with our stakeholders, however, we are in the process of implementing various cost savings initiatives which may include headcount reductions or specific office closures and adverse publicity regarding our cost savings initiatives may adversely affect our customer relationships. Any of the foregoing could have a material adverse effect on our business, results of operations and financial condition.

If we fail to comply with regulatory requirements or guidelines, we may not be able to conduct business or may be subject to sanctions or substantial fines that may have a material adverse effect on our reputation, results of operations and financial condition.

Our businesses are authorized and regulated by the FCA. Firms in our industry must maintain regulatory authorization. Our insurance intermediary activities must comply with FCA rules and guidelines that impose, amongst other things, a high-level standard on the establishment and maintenance of proper systems and controls and minimum threshold conditions that must be satisfied for an insurance broking firm to remain authorized as well as rules on the conduct of business and treating customers fairly ("**FCA Rules**"). The FCA Rules impose minimum "threshold conditions" that must be satisfied as well as robust standards for the establishment and maintenance of proper systems and controls, notably for the conduct of business and the fair treatment of customers. The FCA Rules also impose upon us certain minimum capital and liquidity requirements. Our treating customers fairly obligation requires us to demonstrate that we are consistently delivering fair outcomes to consumers and that senior management are taking responsibility for ensuring that we, and our staff at all levels, deliver the consumer outcomes relevant to our business by establishing an appropriate culture. Situations can arise in which our interests differ from those of customers, or in which we represent two customers who are both parties to the same insurance claim. The FCA Rules oblige us to manage conflicts of interest fairly and we risk regulatory action if we do not do so.

Firms have an ongoing obligation to periodically provide the FCA with certain information, including their financial performance and customer outcomes. The FCA supervises firms' activities to assess compliance with regulatory requirements, including client money rules. The FCA will seek additional information from firms via surveys, thematic reviews and formal risk assessments. The FCA has extensive investigative and disciplinary powers, including the power to impose fines and vary or cancel regulatory permissions. While we maintain an ongoing dialogue with the FCA in the ordinary course of business and while we consider our compliance with the FCA Rules to be robust, failure to comply with the FCA Rules could lead to disciplinary action, including requiring customers to be compensated for loss, the imposition of penalties and the revocation or variation of our authorizations to conduct business, in whole or in part. In addition, individuals performing various controlled functions for regulated firms are required to be approved persons and to satisfy certain fitness and propriety criteria. Any disciplinary or enforcement action against these individuals by the FCA could prevent such persons from continuing to work for us. If these individuals are key personnel, this could have a material adverse effect on our business. Disciplinary or enforcement action against any individuals or against the business generally could result in damage to our brands and reputation.

In the past, some of our businesses including the Nevada Companies have failed to meet internal risk and compliance guidelines including business and control frameworks and other cyber security controls that attracted regulatory scrutiny as well as external FCA regulations and guidelines including change of control approvals. As such, any future material incidents of non-compliance could result in enhanced sanctions, fines, penalties or other disciplinary actions, including, among other things, a downgrade of our regulatory rating and limitations or prohibitions on our future business activities, which could consequently materially and adversely affect our business, financial condition and results of operations.

There is an ongoing FCA review of redress costs associated with advice provided by Towergate Financial ("**TF**") in relation to enhanced transfer value ("**ETV**") and unregulated collective investment schemes ("**UCIS**") sales. TF was a provider of independent financial and mortgage advice and operated outside of Towergate's core United Kingdom specialist personal lines and SME markets. On March 16, 2015, prior to the 2015 financial restructuring, TIL disposed of TF assets to Palatine Private Equity ("**PPE**") for a gross consideration of £8.6 million. Provisions and contingent liabilities in respect of ETV and UCIS remained within Towergate. Towergate is taking part in ongoing discussions with the FCA on these matters and Towergate no longer provides advice in relation to ETV and UCIS sales.

In 2015, £19.8 million was recognized as Towergate management's best estimate of future obligations to pay UCIS redress costs. In 2015, £0.3 million of payments were charged against this provision and in 2016 £8.8 million of payments were charged against this provision. The remaining £10.7 million is expected to be paid in 2017, of which £5.26 million has been paid as of the Issue Date.

It is not yet possible to make a reliable estimate of our ultimate ETV liability given the number of material uncertainties that continue to exist. In March 2017, the FCA issued a consultation on whether to update the methodology used to calculate levels of redress due in cases of unsuitable advice in respect of pension transfers. This consultation is expected to remain open until Autumn 2017 following which the FCA may issue updated guidance. Given the number of material uncertainties that continue to exist, it is not yet possible to make a reliable estimate of our ultimate ETV related liability. No material payments are expected to be made in 2017. For the purpose of developing business plans and cash flow projections, Towergate has, however, adopted a range of £45.0 million to £65.0 million in potential ETV redress costs, excluding costs and expenses. This range is consistent with previous disclosure and is derived from a set of assumptions based on currently available information, but given the material uncertainties that continue to exist, in particular the methodology used to calculate the levels of redress, this range may be materially understated. See "*Business—Legal proceedings*."

Regulation or other requirements in the areas of privacy, information security and data protection could increase our costs and affect or limit how we collect and/or use personal information and our business opportunities.

There is increasing awareness and concern among the general public, governmental bodies, and others regarding marketing and privacy matters, particularly as they relate to individual privacy interests. These concerns may result in new or amended laws and regulations that could adversely impact our business. In particular, and in addition to incurring compliance costs, changes to such laws and regulations may create significant business interruption risks if we are no longer able to use customer data in the manner in which we have been accustomed.

Our ability to obtain, retain and otherwise manage the personal data of our customers is governed by data protection requirements and regulatory rules and guidance issued by, among others, the United Kingdom Information Commissioner's Office ("**ICO**"), including the United Kingdom Data Protection Act 1998 ("**DPA 1998**"). We are also subject to the terms of our privacy policies and privacy-related obligations to third parties. We strive to comply with all applicable laws, policies and legal obligations, decisions and opinions of relevant local authorities relating to privacy and data protection. These laws and regulations are subject to revision and differing interpretations and have generally become more stringent over time. It is possible that these obligations may not be applied consistently by regulatory authorities or across courts. Any failure or perceived failure by us to comply with such obligations or with our own privacy policies, or any compromise of security that results in the unauthorized processing, release, or transfer of information, may result in governmental enforcement actions, litigation or public statements against us by consumer advocacy groups or others and could cause our customers and the third parties with whom we work to lose trust in us, which could have a material adverse effect on our business. Additionally, if the third parties with whom we work violate either applicable laws or our own policies, such violations may put the information in our database at risk and could in turn have a material adverse effect on our business. Furthermore, compliance with current and/or new laws and regulations could result in the incurrence of additional compliance costs and, under certain circumstances, could require changes in the way we conduct our business, which, in each case, may adversely impact our business and results of operations.

Recent events, including the discovery of monitoring activities by certain governmental agencies, have resulted in a heightened legislative and regulatory focus on privacy, data protection and information security around the world and, in particular, across Europe. European legislators and regulators are increasingly adopting or revising privacy, data protection and information security laws that could potentially have a significant impact on our current and planned privacy, data protection and information security-related practices, our collection, use, sharing, retention and safeguarding of consumer and/or employee information, and some of our current or planned business activities. In light of this raised awareness, the new EU-wide General Data Protection Regulation (the "**GDPR**") entered into force in May 2016 and will become applicable on May 25, 2018, replacing the data protection laws of each European Member State, including the DPA 1998. After the exit of the United Kingdom from the European Union, which will take place no sooner than March 29, 2019, it is unclear whether the United Kingdom will decide to replace the GDPR or not, but it is expected that it may nonetheless influence the development of a similar piece of national legislation within the United Kingdom.

The current form of the GDPR provides for a number of changes to the European Union data protection regime. When implemented, the GDPR will strengthen individuals' rights and may impose stricter requirements on companies processing personal data. For example, the regulation limits our rights to process personal data in certain situations or after certain rights have been exercised, which could lead to cost-intensive administrative processes. The GDPR will force us to make changes in the way we use our customer data and may impose a substantially higher compliance burden on us, particularly in respect of any new or updated security measures. Changes to our compliance or security systems could also result in restrictions on the manner in which we may use data. Any failure to comply with current or future privacy, data protection and information security laws could result in potentially significant regulatory and/or governmental investigations and/or actions, litigation, fines of up to €20.0 million or up to 4% of the total worldwide annual turnover of the preceding financial year (whichever is higher), sanctions and damage to our reputation. Such failures could have a material adverse effect on our business, results of operations and condition. We are also subject to evolving European laws on personal data export, as we may transfer personal data from the European Economic Area to other jurisdictions. For example, in 2015, the Court of Justice of the European Union invalidated the US-EU Safe Harbor framework regarding the transfer of personal data from the EU to the US, which was subsequently replaced by the Privacy Shield framework, which came into force in August 2016. However, there is currently litigation against this framework as well as litigation challenging other European law mechanisms for adequate data export, i.e. the standard contractual clauses, and it is uncertain whether the Privacy Shield framework and/or the standard contractual clauses will be similarly invalidated by the European Union courts. We rely on a mixture of mechanisms to transfer data to from our European business to India as part of our Accenture outsourcing contract, and could be impacted by changes in law as a result of the current challenges to these mechanisms in the European Courts which may lead to governmental enforcement actions, litigation, fines and penalties or adverse publicity which could have an adverse effect on our reputation and business.

In addition, the current European laws that cover online marketing by email or other electronic communications such as SMS or cookies are under reform. A draft of this new law, i.e. the ePrivacy Regulation was announced on January 10, 2017 and is expected to come into force on May 25, 2018 (alongside the GDPR). Unlike the current marketing rules, this ePrivacy Regulation will directly be implemented into the laws of each of the EU Member States, without the need for further enactment. The current draft extends the strict opt-in marketing rules to business to business communications, strengthens requirements around other online marketing tools, and significantly increases penalties to the same level of fines as the GDPR. This may significantly impact the effectiveness of our current online marketing strategies, and revising these strategies may result in additional compliance costs.

We cannot predict the nature, scope or effect of future regulatory requirements to which we might be subject or the manner in which existing laws might be administered or interpreted. Although we believe we have implemented appropriate controls to meet these regulatory obligations, we cannot assure you that our controls will always be foolproof. Our past compliance history may be factored into any matters that come to a regulator's attention in the future, including any apparent violations. If our systems and controls are found to be insufficient, we may be exposed to heightened sanctions, financial crime and/or fraud risk and the relevant business, its directors and certain members of staff could face criminal sanctions, regulatory censure or financial penalties.

Legislative or taxation changes or HMRC enforcement actions may have a material adverse impact on our business, results of operations and financial condition.

We are subject to the laws of England and Wales and the taxation rules administered by HM Revenue & Customs ("**HMRC**") and we are required to certify to HMRC that we have appropriate tax accounting arrangements in place. Changes in legislation or regulations and actions by regulators, including changes in administration and enforcement policies, could from time to time require operational improvements or modifications, the conduct of reviews and audits or the cessation of certain business practices, product lines or income streams that could result in higher costs or restrict our ability to operate our business and, as a result, have a material adverse effect on our business, results of operations and financial condition. HMRC may also take enforcement actions against us which may result in fines, penalties and/or interest charges being imposed on us which may have a material adverse effect on our business, results of operations and financial condition.

Our business, results of operations and financial condition may be materially adversely affected by errors and omissions and by the outcome of certain actual and potential claims, lawsuits and other proceedings.

We are subject to various actual and potential claims, lawsuits and proceedings relating principally to alleged errors, omissions or unfair provisions in connection with the placement of insurance or the provision of financial services advice in the ordinary course of business. As we often assist our customers with matters involving substantial amounts of money, including the placement of insurance coverage and the handling of related claims and the provision of financial services advice, errors and omissions claims against us may arise that allege potential liability for all or part of the amounts in question. Claimants can seek large damage awards and these claims can involve potentially significant defense costs. Such claims, lawsuits and other proceedings could, for example, allege damages as a result of our employees, agents or sub-agents improperly:

- failing to place coverage on behalf of customers;
- failing to inform clients of relevant warranties and exclusions applying to their policies;
- failing to adequately advise customers of their duties of disclosure and the risk of underinsurance; and
- failing to provide insurance companies with complete and accurate information relating to the risks being insured or to appropriately apply funds that we hold for our customers on a fiduciary basis.

Our MGA division assesses risk and issues policies to customers on behalf of insurance companies. In writing an insurance policy, we agree to a set of underwriting criteria with an insurance company and write the policy under delegated authority from the insurance company. If we underwrite a greater risk than agreed by the insurance company, handle a claim in excess of any cap without referring such claim to the insurance company, issue policies that are outside of the applicable eligible business criteria, use staff who are not authorized under the relevant delegated authority agreement to handle claims or otherwise act beyond the scope of our delegated authority, the insurance company may refuse to provide the funds in respect of the insurance claim in question. As a result, we would incur the liability for such claims, which could have a negative effect on our reputation, financial position and cash flow.

We maintain professional indemnity insurance for errors and omissions claims, the terms of which vary by policy year. Our ability to obtain such professional indemnity insurance in the future in the amounts and with the deductibles we desire may be adversely impacted by general developments in the market for such insurance or by our own claims experience. We cannot guarantee that in the future we will be able to renew our current insurance policies on favorable terms, if at all. In recent years, our self-insured risks have increased. In respect of such risks, we have established a provision for claims in respect of outstanding errors and omissions claims that we believe to be adequate in light of current information and legal advice; we adjust this provision from time to time according to relevant developments. If such insurance coverage proves inadequate or unavailable or if there is an increase in liabilities for which we self-insure, our business, results of operations and financial condition may be materially adversely affected. Currently the most significant errors and omissions notifications relate to the ETV and UCIS reviews. See "*Business—Legal proceedings*."

In addition, our reputation and operations may be adversely affected by failures in claims management. Instances of failing to notify insurers of claims on behalf of customers, of inaccurate or incomplete cash reserves, poor service quality or excessive claims handling costs may result in claims, lawsuits or other proceedings, as well as damage to our reputation.

Our brands and reputation may be negatively affected if customers seek redress publicly, through the courts or otherwise. We may suffer such brand and reputational damage even in circumstances where allegations by customers and/or consumer groups are not ultimately upheld. Any of these could have a material adverse effect on our business, results of operations and financial condition.

Our success depends on our continued access to various proprietary technologies and the continued protection of our trademarks and other proprietary intellectual property rights.

We rely upon intellectual property that is owned or licensed by us to use various technologies, conduct our operations and sell our products and services. Legal challenges could be made against our use of our or our licensed intellectual property rights (such as trademarks, patents and trade secrets) and we may be required to enter into licensing arrangements on unfavorable terms, incur monetary damages or be enjoined from use of the intellectual property rights in question. Our trademarks and other intellectual property rights are important to our success and competitive position, and the loss of or inability to enforce trademark and other proprietary intellectual property rights could harm our business. We devote substantial resources to the establishment and protection of our trademark and other proprietary intellectual property rights. Our efforts to establish and protect our trademarks and other proprietary intellectual property rights may not be adequate to prevent imitation of our brands or products by others or to prevent others from seeking to block sales of our branded products.

Our success is dependent on the consistent application of our risk and compliance frameworks across all of our segments.

Despite the frameworks we have put into place, as with any large organization, we face a risk that our risk and compliance policies and procedures may not be fully effective in identifying, monitoring and managing the risks we face. If our policies and procedures are not successful in capturing all of the risks to which we are or may be exposed, we may suffer harm to our reputation or be subject to litigation or regulatory actions that could have a material adverse effect on our business, financial condition and results of operations.

Reporting guidelines, including those for risk reporting, internal control and financial reporting, may also not always be properly and timely followed. The failure by any of our employees or operational segments to follow risk and compliance standards could have a material adverse effect on our business, financial condition and results of operations. Furthermore, some of our risk evaluation methods depend on information provided by third parties and on public information regarding markets, customers or other matters that are otherwise not generated by us. In some cases, that information may not be accurate, complete or up-to-date. Such failure could consequently materially and adversely affect our business, financial condition and results of operations.

Following the completion of the Transactions, there will be a harmonization of some but not all management, legal and compliance processes across the KIRS Group portfolio. Although each of our businesses maintains and will continue to maintain legal and compliance departments, it is important to ensure that the KIRS management standards, including risk control and compliance policies, will always be fully and consistently applied throughout our organization, in particular since in the past some of our businesses, including the Nevada companies, have failed to meet internal guidelines and external FCA regulations. We may, however, experience difficulties in harmonizing our management, legal and compliance processes and difficulties ensuring the full and consistent application of policies across our large and diversified organization.

Risks Related to our Financial Profile

We are exposed to liquidity risk. Ongoing liquidity challenges may have an adverse impact on business value and earning capacity.

The ability to obtain liquidity is essential to our capacity to meet both anticipated and unanticipated financial obligations in a manner that does not prejudice our day-to-day operations. Liquidity risk refers to any inability on our part to meet payment obligations. It arises where, for internal reasons (such as a specific major issue) or external reasons (such as macroeconomic conditions), we face a sudden reduction in available liquidity, or a sudden need to increase funding. For example, future exceptional payments similar to the payments made in 2016 for historic deals or to the ETV/UCIS redress payments could result in our experiencing shortfalls of operating cash. Moreover, additional debt created through exercising liquidity options could lead to a downgrade by rating agencies which could in turn result in revenue or cash pressure through competitors using the information to discredit the business amongst customers and staff, insurers increasing pressure on payment and collections processes as a means of managing their risk and staff becoming unsettled as a result of adverse publicity. If market conditions were adverse for an extended period, if there were a general economic downturn, if our credit standing were to decline or if we were unable to access the market to meet our liquidity requirements, such factors individually or in the aggregate could have a material adverse effect upon our cash flow, business, results of operations, and financial condition.

Our hedges may be ineffective or may not be implemented correctly.

Price Forbes is subject to the risk of changes in exchange rates and their impact on Price Forbes's derivative instruments. Price Forbes's uses foreign exchange forward contracts to hedge the effect of changes in the USD:GBP exchange rate on profit and loss. Hedges are entered into for which Price Forbes seeks to sell forward 70% of its expected USD receipts for the following 12 months and 50% of its expected USD receipts for the following twenty four months. This three year rolling hedging program recognizes that over 80% of Price Forbes's income is earned in USD but the vast majority of expenses are in GBP. Risks associated with hedging instruments are that the hedges taken out at historic rates may become unfavorable in the current environment, that bank credit lines may be exceeded and as a result Price Forbes will be barred from taking out new hedges, that Price Forbes may receive insufficient USD to meet contractual obligations as they fall due and the counterparty risk of the bank failing to honor the hedge transactions. Any of these events could cause losses and have a material adverse effect on our business, results of operations or financial conditions.

Our substantial leverage and debt service obligations could adversely affect our business and prevent us from fulfilling our obligations with respect to the Notes and the Notes Guarantees.

We cannot guarantee that we will be able to generate enough cash flow from operations to service our debt obligations. After the issuance of the Notes, we will be highly leveraged. As of December 31, 2016, after adjusting for the pro forma effects of the Transactions, we would have total financial indebtedness of £811.5 million. See "*Capitalization*".

The degree to which we will be leveraged following the issuance of the Notes could have important consequences to holders of the Notes offered hereby, including, but not limited to:

- making it difficult for us to satisfy our obligations with respect to the Notes and the Notes Guarantees;
- making us vulnerable to, and reducing our flexibility to respond to, general adverse economic and industry conditions;
- requiring the dedication of a substantial portion of our cash flow from operations to the payment of principal of, and interest on, indebtedness, thereby reducing the availability of such cash flow to fund working capital, capital expenditures, acquisitions, joint ventures, or other general corporate purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business and the competitive environment and the industry in which we operate;
- placing us at a competitive disadvantage as compared to our competitors, to the extent that they are not as highly leveraged; and
- limiting our ability to borrow additional funds and increasing the cost of any such borrowing.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including the Notes.

Despite our substantial leverage, we may still be able to incur more debt under the Indenture governing the Notes, which could further exacerbate the risk described above.

The terms of the Indenture will permit us to incur substantial additional indebtedness, including in respect of committed borrowings under the Revolving Credit Facility Agreement (including increased commitments under the Revolving Credit Facility Agreement) or borrowings under any credit facility that replaces or refinances the Revolving Credit Facility Agreement (a "**Credit Facility**") in a maximum aggregate principal amount of up to £90.0 million on a committed basis with allowance for borrowings of an additional £30.0 million on an uncommitted basis and certain other secured debt that shares in the Collateral securing the Notes on a *pari passu* or super priority basis. Under the Indenture, in addition to specified permitted indebtedness, we will be able to incur additional indebtedness so long as on a *pro forma* basis our Fixed Charge Coverage Ratio, as defined in the Indenture, is at least 2.0 to 1.0 and, to the extent such additional Indebtedness is secured on the Collateral securing the Notes, the Consolidated Senior Secured Net Leverage Ratio, as defined in the Indenture, is at least 5.25 to 1.0. In addition, the Indenture will allow our non-guarantor subsidiaries to incur additional debt that would be structurally senior to the Notes and will not prevent us from incurring liabilities that do not constitute "Indebtedness" as defined thereunder. If we are able to designate some of our Restricted Subsidiaries (as defined under "*Description of the Notes—Certain Definitions*" under the Indenture as Unrestricted Subsidiaries (as defined under "*Description of the Notes—Certain Definitions*"), those Unrestricted Subsidiaries would be permitted to borrow beyond the limitations specified in the Indenture and engage in other activities in which Restricted Subsidiaries may not engage. In addition, minority shareholders have interests in each of the Nevada Companies and may receive certain distributions ahead of distributions made to holders of the Notes.

We are subject to restrictive debt covenants that may limit our ability to finance future operations and capital needs and to pursue business opportunities and activities.

The Indenture will restrict, among other things, our ability to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- enter into certain sale and leaseback transactions;
- create or incur certain liens;
- make certain payments, including dividends or other distributions, with respect to the shares of such entity;
- prepay or redeem subordinated debt or equity;

- make certain investments;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to, and on the transfer of, assets to such entity;
- sell, lease or transfer certain assets, including stock of restricted subsidiaries;
- engage in certain transactions with affiliates;
- consolidate or merge with other entities; and
- impair the security interest for the benefit of the holders of the relevant Notes.

All of these limitations will be subject to significant exceptions and qualifications. See "*Description of the Notes—Certain Covenants*". Despite these exceptions and qualifications, the covenants to which we are subject could limit our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities that may be in our interest.

In addition, we will be subject to the affirmative and negative covenants contained in the Revolving Credit Facility Agreement. A breach of any of those covenants or the occurrence of certain specified events will, subject to applicable cure periods and other limitations, result in an event of default under the Revolving Credit Facility Agreement. Upon the occurrence of any event of default under the Revolving Credit Facility Agreement, the Majority Lenders (being, subject to certain limitations, lenders under the Revolving Credit Facility Agreement whose commitments thereunder aggregate at least 66.67% of the total commitments thereunder) could cancel the availability of the Revolving Credit Facility Agreement and elect to declare all amounts outstanding under the Revolving Credit Facility, together with accrued interest, immediately due and payable. In addition, a default or event of default under the Revolving Credit Facility Agreement could lead to an event of default and acceleration under other debt instruments that contain cross-default or cross-acceleration provisions, including the Indenture. If our creditors, including the creditors under the Revolving Credit Facility, accelerate the payment of amounts owing to them under such other debt instruments, we cannot assure you that our assets and the assets of our subsidiaries would be sufficient to repay in full those amounts, to satisfy all other liabilities of our subsidiaries which would be due and payable and to make payments to enable us to repay the Notes, in full or in part. In addition, if we are unable to repay those amounts, our creditors could proceed against any Collateral granted to them to secure repayment of those amounts.

We will require a significant amount of cash to service our debt and sustain our operations. Our ability to generate or raise sufficient cash depends on many factors beyond our control.

Our ability to make principal or interest payments when due on our indebtedness, including the Revolving Credit Facility Agreement and our obligations under the Notes, and to fund our ongoing operations, will depend on our future performance and ability to generate cash, which is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors, as well as other factors discussed in these "*Risk Factors*", many of which are beyond our control.

The Revolving Credit Facility Agreement provides for a revolving credit facility with commitments of £90.0 million, which matures on the date that is five years after the date of the Revolving Credit Facility Agreement. At the maturity of these loans, the Notes, or any other debt which we may incur, if we do not have sufficient cash flows from operations and other capital resources to pay our debt obligations, or to fund our other liquidity needs, we may be required to refinance or restructure our indebtedness. If we are unable to refinance or restructure all or a portion of our indebtedness or obtain such refinancing or restructuring on terms acceptable to us, we may be forced to sell assets, or raise additional debt or equity financing in amounts that could be substantial or the holders of our debt may accelerate our debt and, to the extent such debt is secured, foreclose on our assets. The type, timing and terms of any future financing, restructuring, asset sales or other capital raising transactions will depend on our cash needs and the prevailing conditions in the financial markets. We cannot assure you that we will be able to accomplish any of these measures in a timely manner or on commercially reasonable terms, if at all. In such an event, we may not have sufficient cash or sources of cash to repay all of our debt. In addition, the terms of the Revolving Credit Facility Agreement, the Indenture and the Intercreditor Agreement may limit our ability to pursue any of these measures.

Risks Related to the Notes

Creditors under the Revolving Credit Facility, any other Credit Facility that refinances or replaces the Revolving Credit Facility Agreement and any hedging obligations we designate as super-senior indebtedness are entitled to be repaid with the proceeds of the Collateral sold in any enforcement sale in priority to the Notes. Holders of the Notes will not control decisions regarding the Collateral in certain circumstances.

The Notes and the Notes Guarantees will be secured initially on a first-priority basis by the same Collateral securing the obligations under the Revolving Credit Facility Agreement, any other Credit Facility and certain hedging liabilities. In addition, under the terms of the Indenture, we will be permitted to incur significant additional indebtedness and other obligations that may be secured by the same Collateral on a *pari passu* and on a super priority basis, including other Credit Facilities and certain hedging liabilities.

Pursuant to the Intercreditor Agreement, lenders under the Revolving Credit Facility Agreement, any other Credit Facility (subject to the incurrence of additional indebtedness permitted by the Indenture) and certain hedging obligations, the Security Agent, any receiver and certain creditor representatives are entitled to be repaid with the proceeds of the Collateral sold in any enforcement sale in priority to the Notes. As such, in the event of a foreclosure of the Collateral, you may not be able to recover on the Collateral if the aggregate of the then outstanding claims under the Revolving Credit Facility Agreement, any Credit Facility, such hedging obligations, any receiver and such creditor representatives are greater than the proceeds realized. Any proceeds from an enforcement sale of the Collateral by any creditor will, after all obligations under the Revolving Credit Facility Agreement, any other Credit Facility, such hedging obligations and any sums owing to any receiver and such creditor representatives have been discharged from such recoveries, be applied *pro rata* in repayment of the Notes and any other obligations secured by the Collateral which are permitted to rank *pari passu* with the Notes.

The Intercreditor Agreement provides that a common Security Agent, who will also serve as the security agent for the lenders under the Revolving Credit Facility Agreement, the hedging obligations which are permitted by the Indenture to be secured by the Collateral, and any additional debt secured by the Collateral permitted to be incurred by the Indenture, will act only as provided for in the Intercreditor Agreement. The Intercreditor Agreement regulates the ability of the Trustee or the holders of the Notes to instruct the Security Agent to take enforcement action. The Security Agent is not required to take enforcement action unless instructed to do so by an Instructing Group (as defined below under *"Description of Certain Financing Arrangements—Intercreditor Agreement*") that comprises (i) creditors holding more than 66.67% of the Indebtedness and commitments under the Revolving Credit Facility, any other Credit Facility and certain priority hedging obligations (the "**Majority Super Senior Creditors**") and (ii) creditors holding more than 50.00% of the Indebtedness under the Senior Secured Notes and indebtedness ranking *pari passu* with the Senior Secured Notes (the "**Majority Senior Secured Creditors**") (in each case acting through their respective creditor representative). If, however, before the discharge of all super senior obligations and so long as no insolvency event has occurred, the Security Agent has received conflicting enforcement instructions from the creditor representatives (and for these purposes, silence is deemed to be a conflicting instruction) then, to the extent the instructions from the Majority Senior Secured Creditors (to the extent given) comply with the initial consultation requirements and the security enforcement principles (one of which states that the primary and overriding objective of an enforcement of security over the Collateral is the maximization, so far as is consistent with prompt and expeditious realization of value, of recoveries by the Super Senior Creditors (as defined below under—"*Description of Certain Financing Arrangements—Intercreditor Agreement*"), the holders of the Notes and certain creditors ranking *pari passu* with the holders of the Notes) each as set forth in the Intercreditor Agreement, the Security Agent will comply with the instructions from the Majority Senior Secured Creditors, provided that if the super senior liabilities have not been fully discharged within six months, or no enforcement action has been taken by the Security Agent within three months, of the date on which the initial consultation period expires, or at any time after the occurrence of an insolvency event with respect to certain members of the group, then the instructions of the Majority Super Senior Creditors will prevail. To the extent we incur additional indebtedness that is secured on a *pari passu* basis with the Notes, your voting interest in an instructing group will be diluted commensurately with the amount of indebtedness we incur.

The lenders under the Revolving Credit Facility Agreement, any Credit Facility and creditors in respect of certain hedging obligations may have interests that are different from the interests of holders of the Notes and they may, subject to the terms of the Intercreditor Agreement, elect to pursue their remedies under the Security Documents at a time when it would be disadvantageous for the holders of the Notes to do so.

In addition, if the Security Agent sells Collateral comprising the shares of the Issuer or any of its holding companies or subsidiaries as a result of an enforcement action or other distressed disposal in accordance with the Intercreditor Agreement, claims under the Notes and the Notes Guarantees against, and the liens over any other assets of, such entities and any subsidiaries of such entity securing the Notes and the Notes Guarantees may be released. See "*Description of Certain Financing Arrangements—Intercreditor Agreement" and "Description of the Notes—Security—Release of Liens*".

The Collateral may not be sufficient to secure the obligations under the Notes.

The Notes and the Notes Guarantees will be secured by security interests in the Collateral described in this offering memorandum, which Collateral also secures the obligations under the Revolving Credit Facility Agreement, any other Credit Facility, certain hedging obligations. Upon a refinancing of the Revolving Credit Facility Agreement, or if the lenders under the Revolving Credit Facility Agreement consent to an increase under the Revolving Credit Facility, the amount that will benefit from first ranking security interest in the Collateral may be increased up to the amount provided under the Indenture. The Collateral may also secure additional debt ranking *pari passu* with the Notes to the extent permitted by the terms of the Indenture and the Intercreditor Agreement. Your rights to the Collateral may therefore be diluted by any increase in the first-priority debt secured by the Collateral or by a reduction of the Collateral securing the Notes.

The value of the Collateral and the amount to be received upon an enforcement of such Collateral will depend upon many factors, including, among others, the ability to sell the Collateral in an orderly sale, the economic conditions in which operations are located and the availability of buyers. The book value of the Collateral should not be relied on as a measure of realizable value for such assets. All or a portion of the Collateral may be illiquid and may have no readily ascertainable market value. Likewise, we cannot assure you that there will be a market for the sale of the Collateral, or, if such a market exists, that there will not be a substantial delay in our liquidation. In addition, the share pledges over the shares of an entity may be of no value if that entity is subject to an insolvency or bankruptcy proceeding. The Collateral is located in England and Wales, Isle of Man and Cayman Islands and the multijurisdictional nature of any foreclosure on the Collateral may limit the realizable value of the Collateral. For example, the bankruptcy, insolvency, administrative and other laws of the various jurisdictions may be materially different from, or conflict with, each other, including in the areas of rights of creditors, priority of government and other creditors, ability to obtain post-petition interest and duration of the proceedings.

The granting of the security interests in connection with the issuance of the Notes, or the incurrence of permitted debt in the future, may create or restart hardening periods, i.e., the periods of time following the granting of security interests during which such security interests may be challenged in accordance with the laws applicable in certain jurisdictions.

The granting of security interests to secure the Notes and the Notes Guarantees may create hardening periods for such security interests in certain jurisdictions. The granting of shared security interests to secure future indebtedness permitted to be secured on the Collateral may restart or reopen such hardening periods in particular, as the Indenture permits the release and retaking of security granted in favor of the Notes in certain circumstances including in connection with the incurrence of future indebtedness. The applicable hardening period for these new security interests can run from the moment each new security interest has been granted or perfected. At each time, if the security interest granted or recreated were to be enforced before the end of the respective hardening period applicable in such jurisdiction, it may be declared void or ineffective and/or it may not be possible to enforce it. See "*Service of Process and Enforcement of Civil Liabilities*".

The same rights also apply following the issuance of the Notes in connection with the accession of further subsidiaries as additional Guarantors and the granting of security interest over their relevant assets and equity interests for the benefit of noteholders. See "*Description of the Notes—Security*".

It may be difficult to realize the value of the Collateral securing the Notes.

The Collateral securing the Notes will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture and/or the Intercreditor Agreement and accepted by other creditors that have the benefit of first-priority security interests in the Collateral securing the Notes from time to time, whether on or after the date the Notes are first issued. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral securing the Notes, as well as the ability of the Security Agent to realize or foreclose on such Collateral. Furthermore, the first-priority ranking of security interests can be affected by a variety of factors, including, among others, the timely satisfaction of perfection requirements, statutory liens or characterization under the laws of certain jurisdictions. In addition, any change in the direct or indirect control of any of our entities regulated by the Financial Conduct Authority will require the approval of the Financial Conduct Authority.

The security interests of the Security Agent will be subject to practical problems generally associated with the realization of security interests in the Collateral. For example, under the laws of England and Wales the enforcement of share pledges, whether by means of a sale or an appropriation, is subject to certain specific requirements. The Security Agent may also need to obtain the consent of a third party to enforce a security interest. We cannot assure you that the Security Agent will be able to obtain any such contents. We also cannot assure you that the consents of any third parties will be given when required to facilitate a sale of, or foreclosure on, such assets. Accordingly, the Security Agent may not have the ability to sell or foreclose upon those assets, and the value of the Collateral may significantly decrease.

The security interests in the Collateral will be granted to the Security Agent rather than directly to the holders of the Notes and the Collateral to be granted by us will be granted subsequent to the issuance of the Notes.

The security interests in the Collateral that will secure our obligations under the Notes and the obligations of the Guarantors under the Notes Guarantees will not be granted directly to the holders of the Notes but will be granted only in favor of the Security Agent. The Indenture will provide (along with the Intercreditor Agreement) that only the Security Agent has the right to enforce the Security Documents. As a consequence, holders of the Notes will not have direct security interests and will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee, who will (subject to the provisions of the Indenture) provide instructions to the Security Agent in respect of the Collateral.

The Issuer and the Guarantors will have control over the Collateral securing the Notes, and the sale of particular assets could reduce the pool of assets securing the Notes.

The security documents allow the Issuer and the Guarantors to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from, the Collateral securing the Notes. So long as no default or event of default under the Indenture governing the Notes would result therefrom, the Issuer and the Guarantors may, among other things, without any release or consent by the Security Agent, conduct ordinary course activities with respect to the Collateral, such as selling, factoring, abandoning or otherwise disposing of Collateral, making ordinary course cash payments, including repayments of indebtedness.

You may face interest rate risks by investing in the Notes, as certain of our borrowings bear, and the Floating Rate Notes will bear, interest at floating rates that could rise significantly, increasing our interest cost and reducing cash flow.

Our borrowings under the Revolving Credit Facility and the Floating Rate Notes, which will represent a substantial part of our indebtedness after the Issue Date, bears or will bear interest at per annum rates equal to GBP LIBOR, in each case adjusted periodically, plus a spread. These interest rates could rise significantly in the future, thereby increasing our interest expenses associated with these obligations, reducing cash flow available for capital expenditures and hindering our ability to make payments on the Notes. Although we currently intend to hedge the interest rates with respect to the Floating Rate Notes, we may not be able to obtain such hedges, or replace such hedges, on terms that are acceptable to us, and any such hedge may not be fully effective, which would expose us to interest rate risk.

Risks Related to Our Structure and the Financing

The Issuer is a holding company dependent upon cash flow from subsidiaries to meet its obligations on the Notes and the Notes Guarantees.

The Issuer is a holding company with no independent business operations or significant assets other than investments in their subsidiaries. The holding company depends upon the receipt of sufficient funds from its subsidiaries to meet its obligations. We intend to provide funds to the Issuer in order to meet the obligations on the Notes through a combination of dividends and interest payments on intercompany loans. The obligations under intercompany loans will be junior obligations and will be subordinated in right of payment to all existing and future senior and senior subordinated indebtedness of the Issuer, including obligations under, or guarantees of obligations under, the Revolving Credit Facility and the Notes.

If our subsidiaries do not fulfil their obligations under the intercompany loans and do not distribute cash to the Issuer to make scheduled payments on the Notes, the Issuer will not have any other source of funds that would allow them to make payments to the holders of the relevant Notes. All of our regulated entities are required under FCA regulations applicable to insurance intermediaries to maintain minimum levels of regulatory capital. Cash and cash equivalents held by our regulated entities can only be extracted and upstreamed to their direct or indirect parent entities, including for purposes of debt service, to the extent that such regulated entities has sufficient cumulative distributable reserves and that the minimum capital requirements continue to be met.

Agreements governing our debt may also restrict and, in some cases may actually prohibit, the ability of these subsidiaries to move cash within their restricted group. Applicable tax laws may also subject such payments to further taxation and applicable corporate law may limit the amounts that some of our subsidiaries will be permitted to pay as dividends or distributions on their equity interests, or even prevent such payments. In particular, our ability to pay dividends to the Issuer will generally be limited to the amount of distributable reserves available to us. Distributions by Price Forbes, Autonet, Direct Group and Chase Templeton will also be subject to distributions to minority interests in those groups.

The inability to transfer cash among entities within their respective consolidated groups may mean that, even though the entities, in aggregate, may have sufficient resources to meet their obligations, they may not be permitted to make the necessary transfers from one entity in their restricted group to another entity in their restricted group in order to make payments to the entity owing the obligations. The subsidiaries of the Issuer that do not guarantee the Notes have no obligation to make payments with respect to any of the Notes.

There are circumstances other than repayment or discharge of the Notes under which the Collateral securing the Notes and the Notes Guarantees will be released automatically without your consent or the consent of the Trustee.

Under various circumstances, the Collateral securing the Notes and the Notes Guarantees will be released automatically, including:

- in connection with any sale or other disposition of Collateral to (a) a person that is not the Issuer or a Restricted Subsidiary (but excluding any transaction subject to the merger and consolidation covenant of the Indenture), if such sale or other disposition does not violate the asset sales covenant of the Indenture or (b) any Restricted Subsidiary that is not a Guarantor;
- in the case of a Guarantor that is released from its Notes Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and capital stock, of such Guarantor;
- as allowed under the amendments and waivers provisions of the Notes;
- upon payment in full of principal, interest and all other obligations on the Notes or legal defeasance, covenant defeasance or satisfaction and discharge of the Notes;
- if the Issuer designate any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property and assets, and Capital Stock, of such Unrestricted Subsidiary;
- in accordance with the Intercreditor Agreement or any Additional Intercreditor Agreement;
- in connection with the granting of Liens on such property or assets, which may include Collateral, or the sale of such property or assets, which may include Collateral, pursuant to a “Qualified Receivables Transaction”;
- as permitted by the impairment of security covenant of the Indenture; or
- as otherwise permitted in accordance with the Indenture.

Even though the holders of the Notes share in the Collateral securing the Notes ratably with the lenders under the Revolving Credit Facility, under certain circumstances, the creditors under the Revolving Credit Facility Agreement and certain of our hedging arrangements will control enforcement actions with respect to the Collateral through the Security Agent, whether or not the holders of the Notes agree or disagree with those actions. See “*Description of the Notes—Security—Enforcement of Security Interests*.”

Under various circumstances, the Notes Guarantees will be released automatically, including:

- upon a sale or other disposition (including by way of consolidation or merger) of the capital stock of the relevant Guarantor (whether by direct sale or sale of a holding company) or the sale or disposition of all or substantially all the assets of the Guarantor if the sale or other disposition does not violate the asset sales covenant of the Indenture and the Guarantor ceases to be a Restricted Subsidiary of the Issuer as a result of the sale or other disposition;
- upon the designation in accordance with the Indenture of the Guarantor as an Unrestricted Subsidiary;
- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture;
- in accordance with the Intercreditor Agreement or any Additional Intercreditor Agreement;

- as allowed under the amendments and waivers provisions of the Notes;
- as allowed under the additional guarantees covenant of the Indenture;
- as a result of a Guarantor transferring all or part of its properties and assets to a Restricted Subsidiary that is not a Guarantor in order to comply with any law, rule, regulation or order, recommendation or direction of, or agreement with, any regulatory authority having jurisdiction over the Issuer and/or any of their Restricted Subsidiaries; or
- as a result of any other transaction permitted by the merger and consolidation covenant of the Indenture.

In addition, the Notes Guarantees and security interests will be subject to release upon a distressed disposal as contemplated under the Intercreditor Agreement.

See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Description of the Notes.*"

The Notes will be structurally subordinated to the liabilities and preference shares (if any) of our non-guarantor subsidiaries.

Generally, claims of creditors of a non-guarantor subsidiary, including trade creditors, and claims of preference shareholders (if any) of the subsidiary, will have priority with respect to the assets and earnings of the subsidiary over the claims of creditors of its parent entity, including claims by holders of the Notes under the Notes Guarantees. In the event of any foreclosure, dissolution, winding-up, liquidation, reorganization, administration or other bankruptcy or insolvency proceeding of any of our non-guarantor subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to its parent entity. As such, the Notes and each Notes Guarantee will each be structurally subordinated to the creditors (including trade creditors) and preference shareholders (if any) of our non-guarantor subsidiaries that are non-guarantor subsidiaries).

Within 60 days of the Completion Date, the Issuer and the Guarantors will represent at least 80% of our Pro Forma Adjusted EBITDA. Our audited consolidated financial statements include both Guarantor and non-guarantor subsidiaries and, as such, may be of limited use in assessing the financial position of the Guarantors.

Your rights in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral.

Under certain applicable law, a security interest in certain tangible and intangible assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party and/or the grantor of the security. The security interests in the Collateral securing the Notes may not be perfected with respect to the claims of the Notes if we, or the Security Agent, fail or are unable to take the actions required to perfect any of these security interests. In addition, certain applicable law requires that certain property and rights acquired after the grant of a general security interest, such as real property, equipment subject to a certificate and certain proceeds, can only be perfected at or promptly following the time such property and rights are acquired and identified.

Each Notes Guarantee and security interest will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit its validity and enforceability.

Each Notes Guarantee will provide the relevant holders of the Notes with a direct claim against the relevant Guarantor. In addition, the Issuer and the other Guarantors will secure the payment of the Notes by granting security under the relevant Security Documents. However, each security interest granted under a Security Document will be limited in scope to the value of the relevant assets expressed to be subject to that security interest, and the Indenture will provide that each Notes Guarantee will be limited to the maximum amount that can be guaranteed by the relevant Guarantor, without rendering the relevant Notes Guarantee/security interest voidable or otherwise ineffective under the laws of England and Wales, or any other applicable law, and enforcement of each Notes Guarantee/Security Document would be subject to certain generally available defenses. These laws and defenses include those that relate to corporate benefit, fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally. See "*Service of Process and Enforcement of Civil Liabilities*."

Although laws differ among various jurisdictions, in general, under fraudulent conveyance and other laws, guarantees and security interests can be challenged (by the bankruptcy receiver or trustee, in case of bankruptcy of the relevant Guarantor, or by any of the creditors of such Guarantor outside bankruptcy), and a court could declare unenforceable against third parties (including the beneficiaries thereof) and/or void, any legal act performed by a Guarantor (including, without limitation, the granting by it of the Notes Guarantees or the security interests granted under the Security Documents) and, if payment had already been made under a Notes Guarantee or enforcement proceeds applied under a Security Document, require that the recipient (and possibly, subsequent transferees thereof) return the payment to the relevant Guarantor, if the court found, *inter alia*, that:

- the amount paid or payable under the relevant Notes Guarantee or the enforcement proceeds under the relevant Security Document was in excess of the maximum amount permitted under applicable law; and/or
- the relevant Notes Guarantee or security interest under a Security Document was incurred with actual intent to hinder, delay or defraud creditors or shareholders of the Guarantor or, in certain jurisdictions, even when the recipient was simply aware that the Guarantor was insolvent when it granted the relevant Notes Guarantee or security interest; and/or
- the Guarantor did not receive fair consideration or reasonably equivalent value for granting the relevant Notes Guarantee/security interests and the Guarantor was: (i) insolvent or rendered insolvent because of the relevant Notes Guarantee/security interest; (ii) undercapitalized or became undercapitalized because of the relevant Notes Guarantee/Security Document; or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity; and/or
- the relevant Notes Guarantees/Security Documents were held to exceed the corporate objects of the Guarantor or not to be in the best interests or for the corporate benefit of the Guarantor.

The payment of dividends to the Issuer will reduce the distributable profits and reserves available to satisfy the obligations under the Notes Guarantees and Security Documents. There can be no assurances that we will have distributable profits and reserves available to satisfy the obligations under the Notes Guarantees and Security Documents, whether or not we make dividends. The payment of dividends to service our debt obligations (including under the Notes) will deplete the distributable reserves available to satisfy the obligations under the Notes Guarantees. In addition, the payment under the Notes Guarantees and the enforcement of security interests under the relevant Security Documents may require certain prior corporate formalities to be completed, including, but not limited to, obtaining an audit report, shareholders' resolutions and board resolutions.

The insolvency laws of England and Wales, of Cayman Islands, of Isle of Man and of other jurisdictions may not be as favorable to you as the US bankruptcy laws and may preclude holders of the Notes from recovering payments due on the Notes.

The Issuer and the Guarantors are incorporated under the laws of England and Wales, Cayman Islands and the laws of the Isle of Man. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in England and Wales, in Cayman Islands, in the Isle of Man or in another relevant jurisdiction. Such multi-jurisdictional proceedings may be complex and more costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of your rights. Your rights under the Notes, the Notes Guarantees and the Collateral will be subject to the insolvency and administrative laws of several jurisdictions and there can be no assurance that you will be able to effectively enforce your rights in such complex, multiple bankruptcy, insolvency or similar proceedings.

In addition, the bankruptcy, insolvency, administrative and other laws of the Issuer's and the Guarantors' jurisdictions of organization or incorporation may be materially different from, or in conflict with, each other and those of the United States, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's law should apply, adversely affect your ability to enforce your rights under the Notes and the Notes Guarantees in those jurisdictions or limit any amounts that you may receive. See "*Service of Process and Enforcement of Civil Liabilities*" with respect to certain of the jurisdictions mentioned above.

We may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a change of control as required by the Indenture.

Upon the occurrence of certain events constituting a "change of control", the Issuer would be required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest to the date of purchase. If a change of control were to occur, we cannot assure you that we would have sufficient funds available at such time, or that we would have sufficient funds to provide to the Issuer to pay the purchase price of the outstanding Notes or that the restrictions in the Revolving Credit Facility Agreement, the Indenture, the Intercreditor Agreement or our other existing contractual obligations would allow us to make such required repurchases. Under the Revolving Credit Facility Agreement, a change of control may result in an event of default or a requirement to offer to prepay each of the lenders. The repurchase of the Notes pursuant to such an offer could cause a default under such indebtedness, even if the change of control itself does not. The ability of the Issuer to receive cash from its subsidiaries to allow them to pay cash to the holders of the Notes, following the occurrence of a change of control, may be limited by our then existing financial resources. In addition, under the terms of the Revolving Credit Facility Agreement, under certain circumstances, if we repay more than 50% of the aggregate principal amount of the Notes offered hereby (and any other notes that are issued in the future and rank pari passu with the Notes), we are required to repay and cancel commitments under the Revolving Credit Facility Agreement in the same proportion. Sufficient funds may not be available when necessary to make any required repurchases. If an event constituting a change of control occurs at a time when we are prohibited from providing funds to any of the Issuer for the purpose of repurchasing the Notes, we may seek the consent of the lenders under such indebtedness to the purchase of the Notes or may attempt to refinance the borrowings that contain such prohibition. If such consent to repay such borrowings is not obtained, the Issuer will remain prohibited from repurchasing any Notes. In addition, we expect that we would require third-party financing to make an offer to repurchase the Notes upon a change of control. We cannot assure you that we would be able to obtain such financing. Any failure by the Issuer to offer to purchase the Notes would constitute a default under the Indenture, which would, in turn, constitute a default under the Revolving Credit Facility Agreement and certain other indebtedness. See "*Description of the Notes—Change of Control*."

The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including a reorganization, restructuring, merger or other similar transaction involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "Change of Control" as defined in the Indenture. In addition, no change of control event will be deemed to have occurred if a specified consolidated leverage ratio is not exceeded immediately prior to and after giving *pro forma* effect to such event. Except as described under "*Description of the Notes—Change of Control*," the Indenture will not contain provisions that would require the Issuer to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, merger, recapitalization or similar transaction.

The definition of "Change of Control" in the Indenture will include a disposition of all or substantially all of the assets of the Issuer and its restricted subsidiaries, taken as a whole, to any person. Although there is a limited body of case law interpreting the phrase "all or substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances, there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the Issuer's assets and its restricted subsidiaries taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

There may not be an active trading market for the Notes, in which case your ability to sell the Notes may be limited.

We cannot assure you as to:

- the liquidity of any market in the Notes;
- your ability to sell your Notes; or
- the prices at which you would be able to sell your Notes.

Future trading prices for the Notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities. Historically, the market for non-investment grade securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities and is subject to disruptions that may cause volatility in prices. The trading market for the Notes may attract different investors and this may affect the extent to which the Notes may trade. It is possible that the market for the Notes will be subject to disruptions. Any such disruption may have a negative effect on you, as a holder of the Notes, regardless of our prospects and financial performance. As a result, there is no assurance that there will be an active trading market for the Notes. If no active trading market develops, you may not be able to resell your holding of the Notes at a fair value, if at all.

Although an application will be made for the Notes to be listed on the Channel Islands Securities Exchange Authority Limited (the "**Exchange**") and admitted for trading on the Official List of the Exchange thereof we cannot assure you that the Notes will become or remain listed. Although no assurance is made as to the liquidity of the Notes as a result of the admission to trading on the Official List of the Exchange, failure to be approved for listing or the delisting (whether or not for an alternative admission to listing on another stock exchange) of the Notes, as applicable, from the Official List of the Exchange may have a material effect on a holder's ability to resell the Notes, as applicable, in the secondary market.

In addition, the Indenture will allow us to issue additional notes in the future which could adversely impact the liquidity of the Notes.

Investors may face foreign exchange risks by investing in the Notes.

The Notes will be denominated and payable in U.S. dollar and pound sterling. If investors measure their investment returns by reference to a currency other than U.S. dollar and pound sterling, an investment in the Notes will entail foreign exchange-related risks due to, among other factors, possible significant changes in the values of the U.S. dollar and pound sterling relative to the currency by reference to which investors measure the return on their investments because of economic, political and other factors over which we have no control. Depreciation of the U.S. dollar or pound sterling against the currency by reference to which investors measure the return on their investments could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to investors when the return on the Notes is translated into the currency by reference to which the investors measure the return on their investments. Investments in the Notes denominated in a currency other than U.S. dollars by U.S. investors may also have important tax consequences as a result of foreign exchange gains or losses, if any. See "*Certain Tax Considerations—Certain United States Federal Income Tax Considerations*."

You may not be able to recover in civil proceedings for US securities law violations.

Each of the Issuer and the Guarantors and their respective subsidiaries are organized outside the United States, and our business is conducted entirely outside the United States. The directors, managers and/or executive officers of the Issuer and the Guarantors are non-residents of the United States. Although we and the Guarantors will submit to the jurisdiction of certain New York courts in connection with any action under US securities laws, you may be unable to effect service of process within the United States on these directors, managers and executive officers. In addition, as all of the assets of the Issuer and the Guarantors and their respective subsidiaries and those of their directors and executive officers are located outside of the United States, you may be unable to enforce judgments obtained in the US courts against them. Moreover, actions of the Issuer and the Guarantors may not be subject to the provisions of the federal securities laws of the United States. The United States is not currently bound by a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards, rendered in civil and commercial matters with England and Wales. There is, therefore, doubt as to the enforceability in England and Wales of US securities laws in an action to enforce a US judgment in such jurisdictions. In addition, the enforcement in England and Wales of any judgment obtained in a US court, whether or not predicated solely upon US federal securities laws, will be subject to certain conditions. There is also doubt that a court in England and Wales would have the requisite power or authority to grant remedies sought in an original action brought in such jurisdictions on the basis of US securities laws violations. See "*Service of Process and Enforcement of Civil Liberties*".

The audit reports of each KPMG LLP, RSM UK Audit LLP, PricewaterhouseCoopers LLP, Deloitte LLP and DTE Business Advisors Limited, as applicable, included in this offering memorandum include statements to limit liability and the persons that may rely on such reports and the opinions contained therein.

The audit reports of each KPMG LLP, RSM UK Audit LLP, PricewaterhouseCoopers LLP and Deloitte LLP for the years ended December 31, 2016 and December 31, 2015, as applicable, and DTE Business Advisors Limited for the years ended October 31, 2016 and October 31, 2015, which are included in this offering memorandum, each include a statement to the effect that KPMG LLP, RSM UK Audit LLP, PricewaterhouseCoopers LLP, Deloitte LLP and DTE Business Advisors Limited, as applicable, does not assume responsibility to anyone (including holders of Notes) other than the members of the KIRS Group businesses, as applicable, for the respective audit reports or opinions it has formed. KPMG LLP, RSM UK Audit LLP, PricewaterhouseCoopers LLP, Deloitte LLP and DTE Business Advisors Limited, as applicable, have undertaken their audit work to state to members of the KIRS Group businesses, as applicable, those matters that they are required to state to them in an independent auditor's report and for no other purpose.

The SEC would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the Securities Act or in a report filed under the Exchange Act. If a court were to give effect to such limiting language, the recourse that investors in the Notes may have against the independent auditor or reporting accountant based on its reports or the consolidated financial information to which they relate could be limited.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed herein and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the relevant Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of such Notes.

The transfer of the Notes is restricted, which may adversely affect their liquidity and the price at which they may be sold.

The Notes and the Notes Guarantees have not been registered under, and we are not obliged to register the Notes or the Notes Guarantees under, the Securities Act or the securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and any other applicable laws. See "*Notice to Investors*". We have not agreed to or otherwise undertaken to register any of the Notes or the Notes Guarantees, and do not have any intention to do so.

The Notes will initially be held in book-entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will initially only be issued in global certificated form and held through Euroclear and Clearstream (with respect to the Sterling Notes) and DTC (with respect to the Dollar Fixed Rate Notes). Interests in the global notes will trade in book-entry form only, and Notes in definitive registered form, or definitive registered Notes, will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners or holders of Notes. The common depositary, or its nominee, for Euroclear and Clearstream will be the sole registered holder of the global notes representing the Sterling Notes and the nominee for DTC will be the sole registered holder of the global notes representing the Dollar Notes.

Payments of principal, interest and other amounts owing on or in respect of the global notes representing the Notes will be made to the paying agent, which will make payments to Euroclear and Clearstream or DTC, as applicable. Thereafter, these payments will be credited to participants' accounts that hold book-entry interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream and the nominee for DTC, as applicable, the Issuer will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if investors own a book-entry interest, they must rely on the procedures of Euroclear and Clearstream or DTC, as applicable, and if investors are not participants in Euroclear and Clearstream or DTC, as applicable, they must rely on the procedures of the participant through which they own their interest, to exercise any rights and obligations of a holder of Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon the Issuer's solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if an investor owns a book-entry interest, it will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear and Clearstream or DTC, as applicable. The procedures implemented for the granting of such proxies may not be sufficient to enable such investor to vote on a timely basis. Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered Notes are issued in respect of all book-entry interests, if investors own bookentry interests, they will be restricted to acting through Euroclear and Clearstream or DTC, as applicable. The procedures to be implemented through Euroclear and Clearstream or DTC, as applicable, may not be adequate to ensure the timely exercise of rights under the Notes. See "*Book-Entry, Delivery and Form.*"

The Notes may be treated as issued with original issue discount for U.S. federal income tax purposes.

The Notes may be issued with OID for U.S. federal income tax purposes. In such event, U.S. holders (as defined under "*Certain Tax Considerations—Certain United States Federal Income Tax Considerations*") of Notes issued with OID generally will be required to include such OID in gross income (as ordinary income) on an annual basis under a constant yield accrual method regardless of their regular method of accounting for U.S. federal income tax purposes. As a result, U.S. holders of Notes issued with OID generally will include any OID in income in advance of the receipt of cash attributable to such income. See "*Certain Tax Considerations—Certain United States Federal Income Tax Considerations—Original Issue Discount*."

The interests of our principal shareholders may conflict with your interests.

The interests of our principal shareholders, in certain circumstances, may conflict with your interests as holders of the Notes. As of the date of this offering memorandum, HPS, MDP, KKR and Bain Capital Credit together indirectly own the majority of the Issuer's shares. See "*Shareholders*". As a result, HPS, MDP, KKR and Bain Capital Credit together have, and will continue to have, directly or indirectly, the power, among other things, to affect our legal and capital structure and our day-to-day operations, as well as the ability to elect and change our management and to approve any other changes to our operations. For example, the shareholders could vote to cause us to incur additional indebtedness, to sell certain material assets or make dividends, in each case, so long as the Indenture, the Revolving Credit Facility Agreement and the Intercreditor Agreement so permit. The incurrence of additional indebtedness would increase our debt service obligations and the sale of certain assets could reduce our ability to generate revenue, each of which could adversely affect holders of the Notes.

Risks Related to the Transactions

Certain pro forma financial and other information included herein needs to be carefully considered.

For the convenience of readers only, we include certain Unaudited Pro Forma Financial Information in this offering memorandum to illustrate the effect of the Transactions on the pro forma combined consolidated income statements of the KIRS Group, by giving pro forma effect to the Transactions as if they had occurred on January 1, 2016. The Unaudited Pro forma Financial Information of the KIRS Group for the year ended December 31, 2016 has been prepared by management for illustrative purposes and on the basis of available information, and certain assumptions and adjustments and is not necessarily indicative of what the combined results of operations actually would have been had the Transactions taken place on January 1, 2016.

The Unaudited Pro Forma Condensed Consolidated Financial Information was prepared on the basis of:

- the audited consolidated financial statements of Finco as of and for the year ended December 31, 2016, including the notes thereto;
- the audited consolidated financial statements of Autonet Opco for the year ended December 31, 2016, including the notes thereto;
- the audited consolidated financial statements of Atlanta Holdco as of December 31, 2016, including the notes thereto;
- the audited consolidated financial statements of PFIH Limited for the year ended December 31, 2016, including the notes thereto;
- the audited consolidated financial statements of PF Holdco as of December 31, 2016, including the notes thereto;
- the audited consolidated financial statements of Direct Group as of and for the year ended December 31, 2016, including the notes thereto; and
- the audited consolidated financial statements of Chase Templeton as of and for the year ended October 31, 2016, including the notes thereto.

The Unaudited Pro Forma Combined Profit and Loss for the year ended December 31, 2016 presented in this offering memorandum has been derived by adding the financial information from the following financial statements: (i) Finco 2016 Audited Consolidated Financial Statements, (ii) Autonet 2016 Audited Consolidated Financial Statements, (iii) Price Forbes 2016 Audited Consolidated Financial Statements, (iv) Direct Group 2016 Audited Consolidated Financial Statements and (v) Chase Templeton 2016 Audited Consolidated Financial Statements.

The Unaudited Pro Forma Combined Net Assets as of December 31, 2016 presented in this offering memorandum has been derived by adding the financial information from the following financial statements: (i) Finco 2016 Audited Consolidated Financial Statements, (ii) Atlanta Holdco 2016 Audited Consolidated Financial Statements, (iii) PF Holdco 2016 Consolidated Financial Statements, (iv) Direct Group 2016 Audited Consolidated Financial Statements and (v) Chase Templeton 2016 Audited Consolidated Financial Statements.

The unaudited pro forma adjustments are based on currently available financial information and certain assumptions that we believe are reasonable and factually supportable.

The unaudited pro forma financial information as of and for the year ended December 31, 2016 has been prepared by management for illustrative purposes and as supplemental information to facilitate management discussion and analysis. Such information is not necessarily indicative of what the combined results of operations actually would have been had the Transactions been completed as of the dates indicated nor is it meant to be indicative of any anticipated condensed balance sheets or income statements that the KIRS Group will experience after such transactions. In addition, the unaudited pro forma financial information as of and for the year ended December 31, 2016 has not been prepared and shall not be construed to be in compliance with Regulation S-X under the U.S. Securities Act or the Prospectus Directive or any other regulations or the SEC or any other regulator and does not purport to project the future financial results of operations of the combined entity. Neither the assumptions underlying the pro forma adjustments nor the resulting pro forma financial information have been audited or reviewed in accordance with any generally accepted auditing standards. Any reliance you place on this information should fully take this into consideration.

The unaudited Pro Forma Adjusted EBITDA information presented in this offering memorandum is inherently subject to risks and uncertainties. It does not present our reported results of operations for the twelve months ended December 31, 2016, and is not comparable to Towergate's, Price Forbes's, Autonet's, Direct Group's or Chase Templeton's respective consolidated financial statements or other financial information included elsewhere in this offering memorandum. In addition, Pro Forma Adjusted EBITDA does not purport to indicate our future consolidated results of operations. Our actual results may differ significantly from those reflected in our Pro Forma Adjusted EBITDA. The calculations of Pro Forma Adjusted EBITDA are based on various assumptions and management estimates. The Unaudited Pro Forma Adjusted EBITDA information is inherently subject to risks and uncertainties and may not, in the case of Towergate, Price Forbes, Autonet, Direct Group and Chase Templeton, give an accurate or complete picture of the financial condition or results of operations of the acquired entities prior to their acquisition by us or may not be comparable to our consolidated financial statements or the other financial information included in this offering memorandum and should not be relied upon when making an investment decision. In addition, Pro Forma Adjusted EBITDA includes the EBITDA of entities with minority interests. See "*Summary Corporate and Financing Structure*."

Certain of the financial information included herein is not directly comparable to other financial information included herein.

Certain financial information included in this offering memorandum is not directly comparable. Towergate, Autonet, Price Forbes and Direct Group audited financial statements are based on a January 1 to December 31 fiscal year while Chase Templeton audited financial statements are on November 1 to October 31 fiscal year. Towergate also had no operating expenses or profits or losses prior to the 2015 financial restructuring. Thus, the financial results of Towergate, Price Forbes, Autonet, Direct Group and Chase Templeton are not directly comparable. In addition, Towergate and Direct Group prepare their financial statements in accordance with IFRS while Autonet, Price Forbes and Chase Templeton prepare their financial statements in accordance with UK GAAP. Autonet, Price Forbes and Chase Templeton's financial statements may also have been significantly different if they had been calculated using financial information that was prepared in accordance with IFRS, and there can be no assurance that our Pro Forma Adjusted EBITDA was not materially affected by such a difference. The adjustments made relating to U.K. GAAP and IFRS primarily relate to adjustments to reversal of goodwill amortization. For a discussion of certain differences between UK GAAP and IFRS as applied by Towergate, Price Forbes, Autonet, Direct Group and Chase Templeton, see Note 6 to the "*Unaudited Pro Forma Condensed Combined Financial Information*."

We may not be able to fully realize the KIRS Group commercial and strategic vision.

We may experience difficulties in maximizing collaboration across the KIRS Group portfolio, including taking advantage of cross-selling opportunities, and may incur higher than expected costs or may fail to realize all of the anticipated benefits. Achieving operational efficiencies across the KIRS Group portfolio may involve unforeseen difficulties and may require a disproportionate amount of our management's attention or of our financial and other resources. Completion of the Transactions may also disrupt our relationships with current and new employees, customers and suppliers. We believe that following the completion of the Transactions the combined KIRS Group portfolio can generate sizeable back- and middle-office efficiencies but we can provide no assurance that we will realize our goals. Although we have conducted due diligence investigations into the businesses prior to the completion of the Transactions, we can provide no assurance that we discovered all operational deficiencies or material liabilities for which we may be responsible as a successor owner or operator, and actual developments may differ significantly from our expectations. The failure to achieve the KIRS Group vision in terms of collaboration across the businesses could adversely affect our financial condition and results of operations.

Release of the proceeds from the Offering is subject to the completion of the Acquisition, the Nevada Acquisitions and the Nevada Push Down by KIRS Group or one of its subsidiaries.

The completion of the Acquisition, the Nevada Acquisitions and the Nevada Push Down conditions to release of the proceeds from the Offering of the Notes from escrow. If the Acquisition is not completed for any reason on or prior to December 31, 2017 and, as a result, the proceeds from the sale of the Notes to be held in escrow are not released, the Issuer will be required to redeem the Notes pursuant to the terms of the special mandatory redemption provided under the Indenture, and you may not obtain the investment return you expect on the Notes. The consummation of the Acquisition pursuant to the acquisition agreement is itself subject to the satisfaction of certain conditions precedent. See "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*."

The Issuer does not currently control the Nevada Companies and will not control the Nevada Companies until completion of the Transactions.

Nevada is currently controlled by the HPS and MDP Sellers and Direct Group and Chase Templeton are controlled by the DG Vendors and CT Vendors, respectively. We will not obtain control of the Nevada Companies until the completion of the Transactions. Prior to the Completion Date, the Nevada Companies will not be subject to the covenants described in "*Description of the Notes*," to be included in the Indenture. As such, we cannot assure you that, prior to such date, the Nevada Companies will not take any action that would otherwise have been prohibited by the Indenture had those covenants been applicable.

Certain information contained in this offering memorandum has been provided by Price Forbes's, Autonet's, Direct Group's and Chase Templeton's management, and we have relied on such information in its preparation. We cannot assure you that KIRS will operate the Nevada Companies' businesses, following the Completion Date, in the same way that the prior shareholders operated the Nevada Companies' businesses. Moreover, the Transactions have required, and will likely continue to require, substantial amounts of management's time and focus, which could adversely affect management's ability to operate the respective business. Our employees may also be uncomfortable with the Transactions or feel otherwise affected by it, which could have an impact on work quality and retention.

If the conditions to the escrow are not satisfied, we will be required to redeem the Notes, which means that you may not obtain the return you expect on the Notes.

The gross proceeds from the Offering will be held in the Escrow Account pending the satisfaction of certain conditions, some of which are outside of our control. If the Acquisition, the Nevada Acquisitions and the Nevada Push Down do not occur on or before December 31, 2017, or in the event of certain other events that trigger escrow termination, the Notes will be subject to a special mandatory redemption as described in "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*" and you may not obtain the return you expect to receive on the Notes.

In lieu of prefunding any interest that may accrue on the Notes prior to the last date on which the Notes may be redeemed pursuant to a special mandatory redemption, Nevada Investments Holdings 2 Limited will be required to fund certain shortfalls in the Escrow Account, including accrued and unpaid interest on the Notes and additional amounts, if any, owing to the holders of the Notes, pursuant to a guarantee. The escrow funds will be initially limited to the gross proceeds of the Offering of the Notes and will not be sufficient to pay the special mandatory redemption price, which is equal to 100% of the aggregate issue price of the Notes plus accrued and unpaid interest and additional amounts, if any, from the relevant Issue Date for the Notes to the date of special mandatory redemption. In the event such guarantee is not honored, the Issuer will not have sufficient funds to make these payments.

Use of Proceeds

We estimate that the gross proceeds of the offering of the Notes will be approximately £800.0 million equivalent. Pending consummation of the Acquisition, the Nevada Acquisitions and the Nevada Push Down, an amount equal to the gross proceeds of the Notes will be deposited into the applicable Escrow Account in the name of the Issuer but controlled by the Escrow Agent and secured on a first-priority basis in favor of the Trustee on behalf of the holders of the Notes. The release of the proceeds from escrow will be subject to the satisfaction of certain conditions. See "*Description of the Notes—Escrow of proceeds; Special Mandatory Redemption.*"

Upon satisfaction of the conditions to the release of the proceeds of the Offering from escrow, including among other things the completion of the Acquisition, the Nevada Acquisitions and the Nevada Push Down (see "*Summary—The Transactions—The Acquisition, Nevada Push Down and Nevada Acquisitions*"), the proceeds will be released and, together with cash on balance sheet, will be used to: (i) repay amounts outstanding under the Existing Super Senior Secured Notes and Existing Senior Secured Notes; (ii) repay all amounts outstanding under the Autonet Facility, the Lunar Facility and the Price Forbes Facility; (iii) pay certain call premiums and accrued and unpaid interest on the Existing Indebtedness; (iv) finance the Nevada Acquisitions; (v) pay certain costs, fees and expenses incurred in connection with the Transactions; and (v) add cash to the balance sheet.

Sources and Uses for the Transactions

The estimated sources and uses of funds related to the Transactions are shown in the table below as of the expected Completion Date, which we have assumed to be June 30, 2017. Actual amounts may vary from estimated amounts depending on several factors, including the date of consummation of the Acquisition, Nevada Acquisitions and the Nevada Push Down, the outstanding balances, including any accrued and unpaid interest due under the Existing Indebtedness as of the Completion Date, and the fees and expenses incurred in connection with the Transactions. Any changes in these amounts may be reflected as an increase or decrease in the amount of cash on the Company's balance sheet used or retained in connection with the Transactions. This table should be read in conjunction with "*Capitalization.*"

Sources of funds	(£ in millions)	Uses of funds	(£ in millions)
Notes offered hereby[(1)]	800.0	Repayment of Existing Notes[(3)]	500.0
Cash on balance sheet	46.8	Repayment of other indebtedness[(4)]	96.5
Equity issued to HPS and MDP[(2)]	254.9	Equity value of the Acquisition and the Nevada Acquisitions	414.5
		Cash overfund	39.1
		Call premiums and accrued interest on Existing Indebtedness[(5)]	15.8
		Transaction costs and other payments[(6)]	35.8
Total sources	**1,101.7**	**Total uses**	**1,101.7**

(1) Represents the gross proceeds of (i) the £ million aggregate principal amount of Sterling Fixed Rate Notes, (ii) the £ million aggregate principal amount of Floating Rate Notes and (iii) the pounds sterling equivalent of the $ million aggregate principal amount of Dollar Fixed Rate Notes offered hereby, translated at an exchange rate of $ = £1.0, which represents the rate of exchange as of , 2017, as published by Bloomberg Composite Rate (New York).

(2) Represents convertible equity securities issued to HPS and MDP as consideration for the Acquisition. No cash distribution is expected to be paid to shareholders other than for repayment of certain existing indebtedness, principally related to the Autonet Facility and Lunar Facility. See "*Summary—The Transactions—The Acquisition, Nevada Push Down & Nevada Acquisitions*" and "*Related Party Transactions.*"

(3) Represents repayment of the Existing Senior Secured Notes (£425.0 million principal amount outstanding) and the Existing Super Senior Secured Notes (£75.0 million principal amount outstanding).

(4) Represents repayment of (i) £60.0 million outstanding under the Autonet Facility, (ii) £26.5 million settlement amount under the Lunar Facility (including early prepayment adjustments) and (iii) £10.0 million outstanding under the Price Forbes Facility. See "*Related Party Transactions.*"

(5) Represents (i) £8.9 million of call premiums, at a redemption price of 101.0%, due in connection with the redemption of the Existing Senior Secured Notes, plus estimated accrued and unpaid interest, (ii) £2.8 million of call premiums, at a redemption price of 102.0%, due in connection with the redemption of the Existing Super Senior Secured Notes, plus estimated accrued and unpaid interest, (iii) £3.9 million of

repayment premiums, at a prepayment price of 104.0%, due in connection with the repayment of the Autonet Facility, plus accrued and unpaid interest, and (iv) £0.1 million of estimated, accrued and unpaid interest due in connection with the Price Forbes Facility, each as of the estimated Completion Date.

(6) Total transaction costs and other payments include estimated fees and expenses associated with the Transactions, including initial purchaser discounts, original issue discount (if any), commitment and financial advisory fees and other transaction costs and professional expenses.

Capitalization

The following table sets forth (i) the historical cash and capitalization of Towergate as of December 31, 2016 on a historical consolidated basis, (ii) the pro forma combined cash and capitalization of Nevada Companies as of December 31, 2016 and (iii) the cash and capitalization of Midco 2 on an adjusted basis to give pro forma effect to the Transactions as of the Completion Date, which we have assumed to be June 30, 2017.

The historical information has been derived from the audited consolidated financial statements of Towergate as of and for the year ended December 31, 2016, included elsewhere in this offering memorandum, and PF Holdco 2016 Consolidated Financial Statements, Atlanta Holdco 2016 Audited Consolidated Financial Statements, the Direct Group 2016 Audited Consolidated Financial Statements and the Chase Templeton 2016 Audited Consolidated Financial Statements, included elsewhere in this offering memorandum, and management accounts as of December 31, 2016. The adjusted information below is presented for illustrative purposes only and does not purport to be indicative of our cash and cash equivalents or our capitalization following the completion of the offering of the Notes. You should read the following table in conjunction with "*Presentation of Financial Information*," "*Use of Proceeds*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Description of Certain Financing Arrangements*," the "*Unaudited Pro Forma Condensed Consolidated Financial Information*," the Finco Audited Consolidated Financial Statements, the Finco 2017 Q1 Unaudited Condensed Consolidated Three Month Interim Financial Statements, the Autonet Audited Consolidated Financial Statements, the Price Forbes Audited Consolidated Financial Statements, the Direct Group Audited Consolidated Financial Statements and the Chase Templeton Audited Consolidated Financial Statements, and the notes thereto. Except as set forth below, there have been no other material changes in our capitalization since December 31, 2016.

(£ in millions)	Towergate as of December 31, 2016	Nevada Companies as of December 31, 2016	Adjustments for the Transactions	As adjusted for the Transactions
Net cash and cash equivalent	27.2[(1)]	15.8[(2)]	(3.9)	39.1[(3)]
Debt				
Existing Senior Secured Notes[(4)]	425.0	—	(425.0)	—
Existing Super Senior Secured Notes[(5)]	75.0	—	(75.0)	—
Other Indebtedness	36.1[(6)]	81.3[(7)]	(105.9)	11.5
Revolving Credit Facility[(8)]	—	—	—	—
Notes offered hereby	—	—	800.0	800.0
Total financial indebtedness	**536.1**	**81.3**	**194.1**	**811.5**
Total shareholders' equity (book value)	132.6	155.4	132.5	420.5
Total capitalization	**668.7**	**236.7**	**326.6**	**1,232.0**

(1) Excludes fiduciary cash in an amount of £110.1 million and restricted cash in an amount of £5.7 million which, together with £13.5 millon of Towergate's fixed term deposit constitute TC 2.4 capital of £19.2 million as of December 31, 2016. Fiduciary cash consists of client money in respect of insurance premiums due to insurance companies and insurance company money in respect of claims payments due to policyholders. Restricted cash consists of (i) cash deposits kept for purposes of solvency and capital adequacy requirements imposed by the FCA and (ii) rent deposits.

(2) Excludes fiduciary cash in an amount of £3.0 million as of December 31, 2016. Fiduciary cash consists of client money in respect of insurance premiums due to insurance companies and insurance company money in respect of claims payments due to policyholders.

(3) Represents cash and cash equivalents less any bank overdrafts as of December 31, 2016 as adjusted for the incremental cash added to the balance sheet as a result of the Offering. See "*Use of Proceeds.*"

(4) Represents the principal amount outstanding under our Existing Senior Secured Notes, which will be redeemed on the Completion Date.

(5) Represents the principal amount outstanding under our Existing Super Senior Secured Notes, which will be redeemed on the Completion Date.

(6) Represents the principal amount outstanding under the Lunar Facility, plus accrued and upaid interest, which will be repaid on the Completion Date. See "*Use of Proceeds*."

(7) Represents the principal amount outstanding under the Autonet Facility, the Price Forbes RBS Facility, the Price Forbes Loan Notes, the Autonet Override Agreement and certain bank loans and overdrafts, which will be repaid on the Completion Date. See "*Use of Proceeds*."

(8) The Revolving Credit Facility is expected to be undrawn as of the Completion Date.

Selected Historical Financial Information

The following selected historical consolidated statement of comprehensive income, statement of financial position, and statement of cash flows for Towergate (i) as of December 31, 2015 and for the period from incorporation on February 5, 2015 to December 31, 2015 and as of and for the year ended December 31, 2016 have been derived from the Finco Audited Consolidated Financial Statements which have been prepared in accordance with IFRS and are included elsewhere in this offering memorandum, (ii) as of and for the three-month period ended March 31, 2016 have been derived from the Unaudited Condensed Consolidated interim financial statements of Finco, as of and for the three-month period ended March 31, 2016 which have been prepared in accordance with IFRS and (iii) as of and for the three-month period ended March 31, 2017 have been derived from the Finco 2017 Q1 Unaudited Condensed Consolidated Three Month Interim Financial Statements which have been prepared in accordance with IFRS and are included elsewhere in this offering memorandum.

The year ended December 31, 2015 was a nine-month fiscal year, commencing on April 2, 2015 and the first fiscal year following Towergate's incorporation. Although Towergate was incorporated on February 5, 2015, Towergate had no income or expenses prior to the completion of the acquisition of Towergate Insurance Limited (together with its subsidiary companies) on April 2, 2015. Accordingly, the results for the year ended December 31, 2015 represents the results for the period of April 2, 2015 to December 31, 2015.

The following summary historical consolidated statement of comprehensive income, statement of financial position, and statement of cash flows for Price Forbes as of and for the years ended December 31, 2015 and December 31, 2016 have been derived from the Price Forbes 2015 Audited Consolidated Financial Statements and the Price Forbes 2016 Audited Consolidated Financial Statements which have been prepared in accordance with UK GAAP and are included elsewhere in this offering memorandum.

The following summary historical consolidated statement of comprehensive income, statement of financial position, and statement of cash flows for Autonet as of and for the years ended December 31, 2015 and December 31, 2016 have been derived from the Autonet 2015 Audited Consolidated Financial Statements and the Autonet 2016 Audited Consolidated Financial Statements which have been prepared in accordance with UK GAAP and are included elsewhere in this offering memorandum.

The following summary historical consolidated statement of comprehensive income, statement of financial position, and statement of cash flows for Direct Group as of and for the years ended December 31, 2015 and December 31, 2016 have been derived from the Direct Group Audited Consolidated Financial Statements which have been prepared in accordance with IFRS and are included elsewhere in this offering memorandum.

The following summary historical consolidated statement of comprehensive income, statement of financial position, and statement of cash flows for Chase Templeton as of and for the years ended October 31, 2015 and October 31, 2016 have been derived from the Chase Templeton Audited Consolidated Financial Statements which have been prepared in accordance with UK GAAP and are included elsewhere in this offering memorandum.

This section includes financial information prepared under UK GAAP and under IFRS. UK GAAP differs in several respects from IFRS. For a discussion of certain differences between UK GAAP and IFRS as applied by Towergate, Price Forbes, Autonet, Direct Group and Chase Templeton, see Note 6 to the "*Unaudited Pro Forma Condensed Consolidated Financial Information*."

You should read the information summarized below in conjunction with the information contained in "*Presentation of Financial Information*," "*Use of Proceeds*," "*Capitalization*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Description of the Notes,*" the Finco Audited Consolidated Financial Statements, the Finco 2017 Q1 Unaudited Condensed Consolidated Three Month Interim Financial Statements, the Autonet 2015 Audited Consolidated Financial Statements and the Autonet Audited Consolidated Financial Statements, the Price Forbes 2015 Audited Consolidated Financial Statements and the Price Forbes 2016 Audited Consolidated Financial Statements, the Direct Group Audited Consolidated Financial Statements and the Chase Templeton Audited Consolidated Financial Statements, and the notes thereto, which are included elsewhere in this offering memorandum.

Finco Financial Information

Finco Statement of Comprehensive Income

	For year ended December 31, 2016	From April 2, 2015 (period of inception) to December 31, 2015	Three-months ended March 31, 2017	2016
	(IFRS) (£ in thousands)			
Continuing operations				
Commission and fees	**318,042**	258,231	**77,666**	**76,783**
Other income	**195**	159	**170**	**62**
Investment income	**282**	228	**20**	**43**
Salaries and associated costs	**(183,580)**	(128,610)	**(44,491)**	**(48,809)**
Other operating costs	**(116,275)**	(170,358)	**(34,626)**	**(24,782)**
Depreciation and amortization charges	**(44,139)**	(32,836)	**(11,845)**	**(10,899)**
Share of loss from associate	**(706)**	—	**(52)**	**—**
Impairment of goodwill	**—**	(86,400)	**—**	**—**
Operating loss	**(26,181)**	(159,586)	**(13,158)**	**(7,602)**
Finance costs	**(47,005)**	(34,491)	**(12,109)**	**(11,473)**
Finance income	**201**	405	**15**	**29**
Loss before taxation	**(72,985)**	(193,672)	**(25,252)**	**(19,046)**
Income tax credit	**11,845**	6,787	**1,888**	**1,933**
Total comprehensive loss for the period attributable to continuing operations	**(61,140)**	(186,885)	**(23,364)**	**(17,113)**
Discontinued operations				
Profit on sale of discontinued operations	—	—	2,674	—
Total comprehensive profit for the period attributable to discontinued operations	**18,141**	2,421	**—**	**793**
Total comprehensive loss for the period	**(42,999)**	(184,464)	**(20,690)**	**(16,320)**

Finco Statement of Financial Position

	As of December 31, 2016	As of December 31, 2015	As of March 31, 2017	As of March 31, 2016
	(IFRS) (£ in thousands)			
Non-current assets				
Intangible assets	**657,174**	700,293	**650,772**	676,609
Property, plant and equipment	**19,051**	9,310	**22,346**	8,534
Investment in associate	**6,495**	—	**6,443**	—
Available-for-sale assets	**152**	152	**152**	152
Deferred tax assets	**16,417**	12,985	**16,417**	12,970
	699,289	722,740	**696,130**	698,265
Current assets				
Cash and cash equivalents	**143,088**	205,888	**148,315**	179,317
Trade and other receivables	**67,689**	55,718	**63,068**	50,864
Held to maturity assets(1)	**13,508**	—	**13,508**	—
Available-for-sale assets	**460**	—	**3,136**	—
Assets of disposed group classified as held for sale	**—**	—	**—**	31,288
Current tax assets	**70**	—	**70**	—
	224,815	261,606	**228,097**	261,469
Current liabilities				
Trade and other payables	**(171,989)**	(177,846)	**(187,122)**	(170,914)
Borrowings	**(9,854)**	(6,422)	**(19,698)**	(74)
Other financial liability	**(162)**	—	**(162)**	—
Current tax liabilities	**—**	(219)	**—**	(223)
Liabilities of disposed group classified as held for sale	**—**	—	**—**	(12,234)
Provisions for other liabilities and charges	**(30,867)**	(53,961)	**(28,403)**	(51,134)
	(212,872)	(238,448)	**(235,385)**	(234,579)
Net current assets/liabilities	**11,943**	23,158	**(7,288)**	26,890
Non-current liabilities				
Trade and other payables	**(11,874)**	(11,254)	**(11,150)**	(14,088)
Borrowings	**(516,969)**	(494,399)	**(517,150)**	(494,707)
Other financial liability	**(132)**	—	**(132)**	—
Deferred tax liabilities	**(43,309)**	(51,975)	**(41,421)**	(50,131)
Provisions for other liabilities and charges	**(6,362)**	(12,616)	**(7,093)**	(6,895)
	(578,646)	(570,244)	**(576,946)**	(565,821)
Net assets	**132,586**	175,654	**111,896**	159,334
Total equity				
Capital and reserves attributable to Finco's shareholders				
Share capital	**300,000**	300,000	**300,000**	300,000
Capital reserve	**60,000**	60,000	**60,000**	60,000
Retained losses	**(227,439)**	(184,425)	**(248,129)**	(200,745)
Shareholders' equity	**132,561**	175,575	**111,871**	159,255
Non-controlling interests	**25**	79	**25**	79
Net assets	**132,586**	175,654	**111,896**	159,334

(1) Held to maturity assets are reclassified from / to cash and cash equivalents as and when the nature of the deposit account changes. All deposit accounts will be classified either as loans and receivables or held to maturity depending on the maturity date of the funds held.

Finco Statement of Cash Flows

	For year ended December 31, 2016	From April 2, 2015 (period of inception) to December 31, 2015	Three-months ended March 31, 2017	2016
	(IFRS) (£ in thousands)			
Cash flows from operating activities				
Net cash inflow from operations	**7,039**	47,960	**30,047**	5,087
Exceptional items	**(39,504)**	(81,651)	**(12,014)**	(4,780)
Interest paid	**(301)**	(13)	**(2)**	(4)
Interest received	**199**	405	**15**	29
Taxation received / (paid)	**559**	(47)	**—**	—
Investment income	**302**	262	**21**	52
Increase / (decrease) in net insurance broking creditors	**18,137**	(10,181)	**(1,468)**	(9,951)
Net cash inflow / (outflow) from operating activities	**(13,569)**	(43,265)	**16,599**	(9,567)
Cash flows from investing activities				
Acquisition of businesses	**—**	(65,028)	**—**	—
Purchase of property, plant and equipment	**(13,185)**	(1,386)	**(4,440)**	(442)
Purchase of intangible assets	**(13,496)**	(4,441)	**(4,299)**	(844)
Deferred consideration received	**231**	1,394	**—**	130
Disposal of business	**28,527**	—	**(3)**	—
Net cash disposed of with businesses	**(17,132)**	—	**—**	—
Dividends received	**3**	—	**—**	—
Cash transferred to fixed term deposits[(1)]	**(13,508)**	—	**—**	—
Net cash outflow from investing activities	**(28,560)**	(69,461)	**(8,742)**	(1,156)
Cash flows from financing activities				
Proceeds from issue of shares	**—**	300,000	**—**	—
Proceeds from borrowings	**26,025**	52,000	**25,000**	—
Repayment of borrowings	**—**	—	**(25,000)**	—
Interest paid on borrowings	**(43,615)**	(26,579)	**(1,894)**	(1,607)
Capitalized debt costs	**(1,190)**	(3,697)	**(553)**	—
Settlement of deferred consideration	**—**	—	**—**	—
Settlement of financial liabilities on acquisition	**(1,798)**	(3,065)	**(174)**	(918)
Capital element of finance lease rental payments	**(93)**	(45)	**(9)**	(38)
Net cash (outflow) /inflow from financing activities	**(20,671)**	318,614	**(2,630)**	(2,563)
Net (decrease) / increase in cash and cash equivalents including discontinued operations	**(62,800)**	205,888	**5,227**	(13,286)
Cash and cash equivalents at the beginning of the period	**205,888**	—	**143,088**	205,888
Cash disclosed as held for sales	**—**	—	**—**	(13,285)
Cash and cash equivalents at the end of the period[(2)]	**143,088**	205,888	**148,315**	179,317

(1) Held to maturity assets are reclassified from / to cash and cash equivalents as and when the nature of the deposit account changes. All deposit accounts will be classified either as loans and receivables or held to maturity depending on the maturity date of the funds held.

(2) Includes fiduciary cash and restricted cash.

Price Forbes Financial Information

Price Forbes Consolidated Income Statement

	For the year ended December 31, 2016	2015
	(UK GAAP) (£ in thousands)	
Turnover	**67,326**	61,582
Administrative expenses	**(62,233)**	(57,023)
Other operating income	**385**	188
Operating profit	**5,478**	4,747
Interest payable and similar charges	**(239)**	(103)
Profit before taxation	**5,239**	4,644
Tax on profit	**(1,676)**	(1,222)
Profit for the financial year	**3,563**	3,422
Cash flow hedges		
—change in value of hedging instrument	**(19,972)**	(4,356)
—reclassification to profit and loss	**5,677**	1,662
Foreign exchange translation differences	**(114)**	105
Total tax on components of other comprehensive income	**2,667**	546
Total comprehensive (expenses)/income	**(8,179)**	1,379

Price Forbes Consolidated Statement of Financial Position

	For the year ended December 31, 2016	2015
	(UK GAAP) (£ in thousands)	
Fixed assets		
Intangible assets	**784**	1,567
Tangible assets	**4,694**	2,150
Current assets	**5,478**	3,717
Debtors	**29,396**	21,060
Cash at bank and in hand	**12,169**	9,708
	41,565	30,768
Creditors: amounts falling due within one year	**(29,894)**	(15,971)
Net current assets	**11,671**	14,797
Total assets less current liabilities	**17,149**	18,514
Creditors: amounts falling due after more than one year	**(10,155)**	(3,436)
Provisions for liabilities	**(301)**	(313)
Net assets	**6,693**	14,765
Capital and reserves		
Called up share capital	**881**	881
Share premium account	**642**	642
Other reserves	**567**	460
Capital redemption reserve	**50**	50
Fair value and hedging reserves	**(16,364)**	(4,736)
Profit and loss account	**20,917**	17,468
Total shareholders' funds	**6,693**	14,765

Price Forbes Consolidated Statement of Cash Flow

	For the year ended December 31, 2016	2015
	(UK GAAP) (£ in thousands)	
Operating activities		
Net cash inflow from operating activities	**2,557**	1,583
Corporation tax paid	**(1,024)**	(1,751)
Net cash generated from/(used in) operating activities	**1,533**	(168)
Cash flow from investing activities		
Purchase of intangible fixed assets	**(165)**	(543)
Purchase of tangible fixed assets	**(2,987)**	(2,096)
Issue of ordinary share capital	**—**	145
Net cash used in investing activities	**(3,152)**	(2,494)
Cash flow from financing activities		
Interest paid	**(248)**	(1,501)
Transaction cost incurred on behalf of parent company	**(3,057)**	—
Purchase of ordinary share capital	**—**	(68)
Drawdown of RBS facility	**6,474**	3,000
Repayments on loan notes	**—**	(2,224)
Net cash from/(used in) financing activities	**3,169**	(793)
Net increase/(decrease) in cash and cash equivalents	**1,550**	(3,455)
Reconciliation of net cash flow to movement in net funds		
(Decrease)/increase in cash and cash equivalents	**1,550**	(3,455)
Exchange gains/(losses) on cash	**911**	(1,662)
Cash and cash equivalents at start of the year	**9,708**	14,825
Cash and cash equivalents at the end of the year	**12,169**	9,708

Autonet Financial Information

Autonet Consolidated Statement of Comprehensive Income

	For the year ended December 31, 2016	2015
	(UK GAAP) (£ in thousands)	
Turnover	**42,267**	41,506
Administrative expenses	**(31,463)**	(30,268)
Other operating income	**12**	13
Operating profit	**10,816**	11,251
Interest receivable and similar income	**157**	51
Interest payable and similar expenses	**(66)**	(119)
Profit before taxation	**10,907**	11,183
Taxation	**(2,097)**	(2,315)
Profit after taxation and total comprehensive income	**8,810**	8,868
Profit and total comprehensive income for the year attributable to:		
Owners of the parent	**8,734**	8,762
Non-controlling interests	**76**	106
Profit and total comprehensive income for the year	**8,810**	8,868

Autonet Consolidated Statement of Financial Position

	As of December 31, 2016	2015
	(UK GAAP) (£ in thousands)	
Fixed assets		
Intangible assets	**2,308**	566
Tangible assets	**4,170**	4,348
	6,478	4,914
Current assets		
Stocks	**200**	10
Debtors	**14,303**	9,184
Cash at bank and in hand	**6,360**	5,952
	20,863	15,146
Current liabilities		
Creditors: Amounts falling due within one year	**(12,607)**	(11,944)
Net current assets	**8,256**	3,202
Total assets less current liabilities	**14,734**	8,116
Creditors: amounts falling due after more than one year	**(1,885)**	(1,630)
Deferred income	**(411)**	(436)
Provisions for liabilities	**(187)**	(98)
Net assets	**12,251**	5,952
Capital and reserves		
Called up share capital	**128**	128
Profit and loss account	**11,972**	5,709
Equity attributable to owners of the parent	**12,100**	5,837
Non-Controlling Interests	**151**	115
Total equity	**12,251**	5,952

Autonet Consolidated Statement of Cash Flows

	For the year ended December 31, 2016	2015
	(UK GAAP) (£ in thousands)	
Operating activities		
Cash generated from operations	**11,966**	11,213
Interest paid	**(28)**	(37)
Income taxes paid	**(2,387)**	(2,048)
Net cash from operating activities	**9,551**	9,128
Investing activities		
Purchase of intangible fixed assets	**(1,953)**	(235)
Purchase of tangible fixed assets	**(282)**	(386)
Proceeds on disposal of intangible fixed assets	**5**	—
Proceeds on disposal of tangible fixed assets	**—**	4
Loans granted to group undertakings	**(4,734)**	—
Interest received	**41**	51
Net cash used in investing activities	**(6,923)**	(566)
Financing activities		
Proceeds of new borrowings	**2,000**	—
Repayments of borrowings	**(1,792)**	(163)
Dividends paid	**(2,538)**	(8,251)
Repayments of obligations under finance leases	**(6)**	(12)
Net cash used in financing activities	**(2,336)**	(8,426)
Net increase in cash and cash equivalents	**293**	136
Cash and cash equivalents at beginning of year	**5,741**	5,605
Cash and cash equivalents at end of year	**6,033**	5,741
Relating to:		
Bank balances and short term deposits included in cash at bank and in hand	**6,360**	5,952
Overdrafts included in “creditors: amounts falling due within one year”	**(327)**	(211)
	6,033	5,741

Direct Group Financial Information

Direct Group Consolidated Statement of Comprehensive Income

	For the year ended December 31, 2016	2015
	(IFRS) (£ in thousands)	
Revenue		
Distribution service fees	**16,236**	13,452
Claims management fees	**9,738**	8,106
Profit commissions	**2,450**	2,103
Total operating revenue	**28,424**	23,661
Related party revenue	**—**	648
Total revenue	**28,424**	24,309
Expenses		
Staff costs	**14,125**	11,093
Other general & administrative expenses	**6,713**	5,638
Restructuring & transaction related overheads	**1,083**	1,578
Depreciation & amortization	**5,369**	4,291
Related party expenses	**—**	648
Total operating expenses	**(27,290)**	(23,248)
Operating profit	**1,134**	1,061
Finance income	**11**	—
Finance costs	**(4,774)**	(4,185)
Net finance cost	**(4,763)**	(4,185)
Loss before tax	**(3,629)**	(3,124)
Tax benefit	**312**	665
Loss and total comprehensive loss for the year	**(3,317)**	(2,459)

Direct Group Consolidated Statement of Financial Position

	As of December 31, 2016	2015
	(IFRS) (£ in thousands)	
Assets		
Current assets		
Cash	**25,647**	24,130
Trade and other receivables	**18,665**	9,275
Due from related parties	**—**	7,998
Prepayments and accrued income	**3,094**	3,602
Total current assets	**47,406**	45,005
Non-current assets		
Property and equipment	**4,572**	4,138
Intangible assets and goodwill	**56,211**	45,030
Contract costs	**308**	577
Total non-current assets	**61,091**	49,745
Total assets	**108,497**	94,750
Liabilities and members' equity		
Current operating liabilities		
Trade and other payables	**40,990**	30,027
Unsecured loan notes	**4,490**	—
Due to related parties	**4,612**	12,602
Accruals and deferred income	**3,944**	5,572
Provisions	**1,631**	1,455
Total current operating liabilities	**55,667**	49,656
Non-current operating liabilities		
Preference share capital	**36,535**	36,535
10% dividend due on redeemable shares	**16,485**	12,834
Deferred tax liabilities	**90**	188
Unsecured loan notes	**7,500**	—
Total non-current operating liabilities	**60,610**	49,557
Total liabilities	**116,277**	99,213
Members' equity		
Share capital	**2**	2
Accumulated profit (loss)	**(7,782)**	(4,465)
Total members' equity	**(7,780)**	(4,463)
Total liabilities and equity	**108,497**	94,750

Direct Group Consolidated Statement of Cash Flows

	For the year ended December 31, 2016	2015
	(IFRS) (£ in thousands)	
Cash flows from operating activities		
Loss before tax for the year	**(3,629)**	(3,124)
Adjustments to reconcile net income (loss) from continuing operations to cash flows from (used for) operating activities:		
Loss on sale of fixed assets	**—**	477
Depreciation and amortization	**5,369**	4,291
Finance income	**(11)**	—
Finance cost	**4,774**	4,185
Tax paid	**(862)**	—
Change in:		
Prepayments and accrued income	**589**	(964)
Trade and other receivables	**(7,263)**	(1,986)
Trade and other payables	**5,290**	3,076
Due from related parties	**7,998**	3,724
Due to related parties	**(4,339)**	(3,611)
Provisions	**(154)**	557
Accruals and deferred income	**(2,494)**	390
Net cash flows from operating activities	**5,268**	7,015
Cash flows used for investing activities		
Acquisition of property, plant and equipment	**(1,443)**	(1,559)
Acquisition of intangible assets	**(1,056)**	(554)
Acquisition of subsidiary	**(4,111)**	—
Acquisition of contract assets	**(39)**	(309)
Finance income	**11**	—
Net cash flows used for investing activities	**(6,638)**	(2,422)
Cash flows from / (used for) financing activities		
Unsecured Loan Notes	**7,500**	—
Finance Costs	**(4,613)**	(4,185)
Net cash flows from / (used for) financing activities	**2,887**	(4,185)
Net change in cash and cash equivalents	**1,517**	408
Cash and cash equivalents — beginning balance	**24,130**	23,722
Cash and cash equivalents — ending balance	**25,647**	24,130

Chase Templeton Financial Information

Chase Templeton Consolidated Income Statement and Other Comprehensive Income

	For the year ended October 31, 2016	2015
	(UK GAAP) (£ in thousands)	
Turnover	**16,655**	12,735
Cost of sales	**(4,140)**	(5,086)
Gross profit	**12,515**	7,649
Administrative expenses	**(6,224)**	(4,618)
Amortization of goodwill and other intangibles	**(3,710)**	(2,340)
Total administrative expenses	**(9,933)**	(6,958)
	2,582	691
Other operating income	**—**	40
Operating profit	**2,582**	732
Interest receivable and similar income	**—**	—
	2,582	732
Interest payable and similar charges	**(1,950)**	(1,253)
Profit/(loss) on ordinary activities before taxation	**632**	(521)
Tax on profit/(loss) on ordinary activities	**(829)**	(221)
Loss for the financial year	**(197)**	(742)
Loss attributable to:		
Owners of the parent	**(197)**	(742)
Other comprehensive income	**—**	—
Total comprehensive income for the year	**(197)**	(742)
Total comprehensive income attributable to:		
Owners of the parent	**(197)**	(742)

Chase Templeton Consolidated Balance Sheet

	As of October 31, 2016	2015
	(UK GAAP) (£ in thousands)	
Fixed assets		
Intangible assets	**28,321**	21,787
Tangible assets	**425**	309
Investments	**—**	—
	28,746	22,096
Current assets		
Debtors	**3,987**	2,683
Cash at bank and in hand	**181**	753
	4,168	3,435
Creditors		
Amounts falling due within one year	**(5,000)**	(4,198)
Net current liabilities	**(832)**	(763)
Total assets less current liabilities	**27,914**	21,333
Creditors		
Amounts falling due after more than one year	**(29,355)**	(22,608)
Provisions for liabilities	**(78)**	(48)
Net liabilities	**(1,520)**	(1,323)
Capital and reserves		
Called up share capital	**200**	200
Retained earnings	**(1,720)**	(1,523)
Shareholders' funds	**(1,520)**	(1,323)

Chase Templeton Consolidated Cash Flow Statement

	For the year ended October 31, 2016	2015
	(UK GAAP) (£ in thousands)	
Cash flows from operating activities		
Cash generated from operations	**5,180**	2,626
Interest paid	**(1,950)**	(855)
Tax paid	**(313)**	(332)
Net cash from operating activities	**2,916**	1,439
Cash flows from investing activities		
Purchase of intangible fixed assets	**(6,317)**	(657)
Purchase of tangible fixed assets	**(181)**	(80)
Sale of tangible fixed assets	**—**	1
Sale of fixed asset investments	**—**	23
Purchase of subsidiary undertaking	**(4,297)**	(7,603)
Cash acquired on acquisition	**370**	4
Interest received	**—**	—
Net cash from investing activities	**(10,425)**	(8,312)
Cash flows from financing activities		
New loans in year	**9,863**	9,188
Loan repayments in year	**(2,528)**	(1,281)
Amount withdrawn by directors	**(398)**	(398)
Net cash from financing activities	**6,937**	7,508
(Decrease)/increase in cash and cash equivalents	**(571)**	636
Cash and cash equivalents at beginning of year	**753**	117
Cash and cash equivalents at end of year	**181**	753

Unaudited Pro Forma Condensed Consolidated Financial Information

We present unaudited pro forma financial information as of and for the year ended December 31, 2016, as adjusted to give effect to the Transactions. The unaudited pro forma financial information as of and for the year ended December 31, 2016 is based on the assumptions and subject to the qualifications and adjustments, including certain differences between UK GAAP to IFRS, as described in the notes herein.

The Unaudited Pro Forma Combined Profit and Loss for the year ended December 31, 2016 presented in this offering memorandum assumes the completion of the Transactions on January 1, 2016 and has been derived by adding the financial information from the following financial statements: (i) Finco 2016 Audited Consolidated Financial Statements, (ii) Price Forbes 2016 Audited Consolidated Financial Statements, (iii) Autonet 2016 Audited Consolidated Financial Statements, (iv) Direct Group 2016 Audited Consolidated Financial Statements and (v) Chase Templeton 2016 Audited Consolidated Financial Statements.

The Unaudited Pro Forma Combined Net Assets as of December 31, 2016 presented in this offering memorandum assumes the completion of the Transactions had occured on December 31, 2016 and has been derived by adding the financial information from the following financial statements: (i) Finco 2016 Audited Consolidated Financial Statements, (ii) PF Holdco 2016 Consolidated Financial Statements, (iii) Atlanta Holdco 2016 Audited Consolidated Financial Statements, (iv) Direct Group 2016 Audited Consolidated Financial Statements and (v) Chase Templeton 2016 Audited Consolidated Financial Statements.

The unaudited pro forma adjustments are based on currently available financial information and certain assumptions that we believe are reasonable and factually supportable, directly attributable to the Transactions and expected to have a continuous impact.

The unaudited pro forma financial information as of and for the year ended December 31, 2016 has been prepared by management for illustrative purposes and as supplemental information to facilitate management discussion and analysis. Such information is not necessarily indicative of what the combined results of operations actually would have been had the Transactions been completed as of the dates indicated nor is it meant to be indicative of any anticipated condensed balance sheets or income statements that the KIRS Group will experience after such transactions. In addition, the accompanying unaudited pro forma condensed consolidated financial information does not include any expected cost savings or restructuring actions which may be achievable subsequent to such transactions or the impact of any non-recurring activity and one-time transactions related costs on the pro forma condensed combined income statement. In addition, the unaudited pro forma financial information as of and for the year ended December 31, 2016 has not been prepared and shall not be construed to be in compliance with Regulation S-X under the U.S. Securities Act or the Prospectus Directive or any other regulations or the SEC or any other regulator and does not purport to project the future financial results of operations of the combined entity. Neither the assumptions underlying the pro forma adjustments nor the resulting pro forma financial information have been audited or reviewed in accordance with any generally accepted auditing standards. Any reliance you place on this information should fully take this into consideration.

Unaudited Pro Forma Combined Profit and Loss for the year ended December 31, 2016

£ millions	Towergate	Price Forbes	Autonet	Direct Group	Chase* Templeton	Transaction adjustments and GAAP adjustments	Issuer Pro Forma
	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	
Total income	318.5	67.3	42.3	28.4	16.7	—	473.2
Operating expenses	(344.7)	(61.8)	(31.5)	(27.3)	(14.1)	(0.7)	(480.1)
Operating profit/(loss)	**(26.2)**	**5.5**	**10.8**	**1.1**	**2.6**	**(0.7)**	**(6.9)**
Net finance (costs)/ income	(46.8)	(0.2)	0.1	(4.8)	(1.9)	1.0	(52.6)
Profit/(Loss) before tax	**(73.0)**	**5.2**	**10.9**	**(3.6)**	**0.6**	**0.3**	**(59.5)**

* Chase Templeton financial information is presented for the 12 months ended October 31, 2016

For purposes of providing more a meaningful Unaudited Pro Forma Combined Profit and Loss presentation for Price Forbes and Autonet, we have used the historical consolidated financial information for PFIH Limited and Autonet Insurance Services Limited as PF Holdco's historical financial information is for a 15 month period and Atlanta Holdco only has historical financial information for the period from November 15, 2016 to December 31, 2016. PF Holdco and Atlanta Holdco conduct no material trading activity.

Note 1: Towergate's financial information has been extracted without material adjustment, from KIRS Finco Plc's audited consolidated financial statements for the year ended December 31, 2016, which are prepared under IFRS.

Note 2: Price Forbes's financial information has been extracted from the PFIH Limited consolidated financial statements for the year ended December 31, 2016, prepared under UK GAAP.

Note 3: Autonet's financial information has been extracted without material adjustment from the Autonet Insurance Services Limited audited consolidated financial statements for the year ended December 31, 2016, prepared under UK GAAP.

Note 4: Direct Group's financial information has been extracted without material adjustment from the audited consolidated financial statements of Ryan Direct Group Limited for the year ended December 31, 2016, which are prepared under IFRS.

Note 5: Chase Templeton's financial information has been extracted without material adjustment from the Chase Templeton Holdings Limited audited consolidated financial statements of Chase Templeton Holding Limited for the year ended October 31, 2016, prepared under UK GAAP.

Note 6: Represents the required transaction and GAAP adjustments, as follows:

£ millions	KIRS Group Limited adjustment	Finance costs adjustment	GAAP adjustment	Total transaction and GAAP adjustments
	6(a)	6(b)	6(c)	
Total income	—	—	—	—
Operating expenses	(2.4)	—	1.6	(0.7)
Operating profit/(loss)	**(2.4)**	**—**	**1.6**	**(0.7)**
Net finance costs	—	1.0	—	1.0
Profit/(Loss) before tax	**(2.4)**	**1.0**	**1.6**	**0.3**

6(a) Represents £(2.4) million of board of directors and oversight costs incurred in KIRS Group Limited (formerly TIG Topco Limited).

6(b) Represents the adjustment to finance costs to reflect the assumed new financing structure including the amortization of capitalized financing costs.

6(c) Represents the difference in the accounting treatment for goodwill amortisation between IFRS and UK GAAP.

Under IFRS, amortisation of goodwill is not permitted, instead annual impairment testing is required. Under UK GAAP, goodwill is amortised over its useful economic life.

An adjustment has been made to eliminate goodwill amortisation and present the financial statements of PFIH Limited and Chase Templeton on a basis consistent with Towergate's accounting policies under IFRS. The amortisation charges are extracted from the financial statements for the respective entities and are as follows:

	£ millions
PFIH Limited	0.9
Chase Templeton Holdings Limited	0.7
	1.6

No adjustment is required for Towergate or Direct Group given the financial information for both companies is prepared under IFRS and no adjustment is required for Autonet as the company does not carry goodwill.

Unaudited Pro Forma Combined Net Assets as at December 31, 2016*

£ millions	Towergate	Price Forbes Holdings Limited	Atlanta Investment Holdings 3 Limited	Direct Group	Chase Templeton	KIRS Group Adjustment	Transaction Adjustments	Issuer Pro Forma
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	*Note 7*	
Assets								
Goodwill and Other Intangible Fixed Assets	657.2	93.5	139.2	56.2	28.3	—	120.3(a)	1,094.6
Tangible Fixed Assets	19.1	4.7	4.2	4.6	0.4	—	—	32.9
Trade Receivables and Other Debtors	67.8	20.5	9.6	21.8	4.0	(12.1)	—	111.5
Other Assets	37.0	3.6	0.2	0.3	—	—	—	41.2
Cash and Cash Equivalents	143.1	12.2	6.6	25.6	0.2	—	(7.9)(b)	179.8
Total assets	**924.1**	**134.5**	**159.7**	**108.5**	**32.9**	**(12.1)**	**112.4**	**1,460.0**
Liabilities excluding debt								
Trade Payables and Other Creditors	(157.7)	(14.9)	(14.0)	(44.9)	(2.4)	(1.2)	3.4(c)	(231.8)
Other Liabilities	(106.8)	(20.2)	(9.6)	(1.7)	(0.1)	—	—	(138.5)
Total liabilities excluding debt	**(264.5)**	**(35.2)**	**(23.6)**	**(46.7)**	**(2.4)**	**(1.2)**	**3.4**	**(370.3)**
Debt								
New Borrowings	—	—	—	—	—	—	(775.0)(d)	(775.0)
Existing Borrowings	(527.0)	(18.9)	(61.0)	(69.6)	(32.0)	—	697.3(d)	(11.3)
Total debt	**(527.0)**	**(18.9)**	**(61.0)**	**(69.6)**	**(32.0)**	**—**	**(77.7)**	**(786.3)**
Net asets/(liabilities)	**132.6**	**80.4**	**75.0**	**(7.8)**	**(1.5)**	**(13.3)**	**38.0**	**303.4**

* Excludes Nevada which is a non-trading holding company with principal assets comprising intercompany balances with other KIRS Group entities. Chase Templeton has an October 31, year end.

No adjustments have been made to reflect the operations of Towergate or the Nevada Companies since December 31, 2016 or other changes of their financial situation within this period of time.

Pro forma adjustments to combined net assets

Note 1: Towergate's financial information has been extracted without material adjustment from KIRS Finco Plc's audited consolidated financial statements for the year ended December 31, 2016, which are prepared under IFRS.

Note 2: Price Forbes Holdings Limited net assets have been extracted from the consolidated financial statements, prepared under UK GAAP, as at December 31, 2016.

Note 3: Atlanta Investment Holdings 3 Limited net assets have been extracted without material adjustment from the consolidated financial statements, prepared under UK GAAP, as at December 31, 2016.

Note 4: Direct Group's financial information has been extracted without material adjustment from the audited consolidated financial statements of Ryan Direct Group Limited for the year ended December 31, 2016, which are prepared under IFRS.

Note 5: Chase Templeton's financial information has been extracted without material adjustment form the audited consolidated financial statements of Chase Templeton Holding Limited for the year ended October 31, 2016, prepared under UK GAAP.

Note 6: Represents the adjustment required to reflect the total KIRS Group Limited consolidated net assets as per the audited consolidated financial statements of KIRS Group Limited the year ended December 31, 2016, prepared under IFRS.

Note 7: Represents the adjustments relating to the Transactions.

7(a) Represents the allocation of the preliminary purchase price for the acquisitions of each of the companies.

The unaudited pro forma combined financial information reflects the estimated total equity value of £414.5 million for all of the Nevada Companies.

Under the acquisition method of accounting, in accordance with IFRS 3 the total estimated cost of acquisition is allocated to each company's net tangible and intangible assets based on their estimated fair values as at the date of completion of the acquisition. For the purposes of the unaudited pro forma combined financial information, we have assumed that the book value of assets acquired and liabilities assumed approximates fair value. Such allocation may change based on our final analysis of such fair values, as described below. Based on our estimated cost of acquisition and our preliminary valuation, our purchase price allocation is presented in the table below.

Existing non-restricted cash and debt balances have been excluded from the estimated preliminary fair value of the net assets acquired as at December 31, 2016, as the purchase consideration is on a cash-free and debt-free basis. Minority interest has been calculated on the basis of acquired net assets.

£ millions	Price Forbes Holdings Limited	Atlanta Investments Holdings 3 Limited	Direct Group	Chase Templeton	Total
Estimated purchase consideration					**414.5**
Less estimated fair value of the net assets acquired					
Carrying value of net assets/(liabilities)	80.4	75.0	(7.8)	(1.5)	**146.1**
Adjustments to:					**—**
exclude existing goodwill	(93.5)	(88.3)	(46.5)	(4.4)	**(232.7)**
exclude existing cash balances	(12.2)	(3.6)	(1.7)	(0.2)	**(17.7)**
exclude existing debt balances	9.5	59.2	69.6	32.0	**170.3**
Total estimated preliminary fair value of the net assets acquired	(15.8)	42.2	13.7	25.9	**66.0**
Less minority interest	3.5	(8.0)	—	—	**(4.6)**
Total estimated preliminary fair value of the net assets acquired less minority interest	(12.3)	34.2	13.7	25.9	**61.5**
Goodwill arising on acquisition					**353.0**
Existing goodwill in Nevada Companies					**232.7**
Adjustment required to goodwill					**120.3**

7(b): Reflects the net impact on cash and cash equivalents of the Refinancing.

	£million
Combined Cash of Finco and Nevada Companies	**187.7**
Less:	
Direct Group unrestricted cash	(0.2)
Chase Templeton unrestricted cash	(1.7)
Notes offered hereby	800.0
Roll-over equity contribution	254.9
Less:	
Repayment of existing debt	(596.5)
Consideration for acquisitions	(414.5)
Call premiums	(8.2)
Accrued interest	(6.1)
Transaction costs and other payments	(35.8)
Pro Forma Adjusted Cash	**179.8**
Pro Forma Adjustment	**(7.9)**

7(c): Reflects (i) the removal of a £1.2 million payable in Towergate due to Nevada that will become intercompany on completion; and (ii) the reduction in payables by £2.2 milion as a result of the estimated corporation tax impact of expensed transaction costs.

7(d): Reflects the expected withdrawal of existing borrowings in the Nevada Companies prior to the Acquisition and the Nevada Acquisitions and increase in borrowings as a result of the refinancing as follows:

	£m
KIRS Group Limited	527.0
Price Forbes Holdings Limited	9.5
Atlanta Investments Holdings 3 Limited	59.2
Current Borrowings Settled from New Borrowings	**595.7**
Ryan Direct Group Limited	69.6
Chase Templeton Holdings Limited	32.0
Current Borrowings Settled on Acquisition	**101.6**
Total Settlement of Exisiting Borrowings	**697.3**
Estimated New Borrowings after Refinancing net of Capitalised Transaction Costs	775.0
Existing Borrowings Not Settled	11.3
Total Pro Forma Borrowings	**786.3**

Comprehensive Unaudited Pro Forma Adjusted EBITDA

The following table presents the Comprehensive Unaudited Pro Forma Adjusted EBITDA. Pro Forma Adjusted EBITDA is defined as the Adjusted EBITDA of each of Towergate, Price Forbes, Autonet, Direct Group and Chase Templeton, each as adjusted for overhead costs currently incurred by KIRS Group, Atlanta Holdco and PF Holdco, certain cost saving initiatives and cost synergies, a USD/GBP FX adjustment related to Price Forbes and certain other transaction adjustments including certain UK GAAP to IFRS adjustments. The Comprehensive Unaudited Pro Forma Adjusted EBITDA gives effect to the Transactions as if they had been consummated on January 1, 2016. Prior to the completion of the Transactions, Towergate represents KIRS Finco Plc (previously TIG Finco Plc). Following the completion of the Transactions, Towergate represents TIL.

The following Comprehensive Unaudited Pro Forma Adjusted EBITDA has been derived from and should be read in conjunction with the Unaudited Pro Forma Condensed Consolidated Financial Information, the Finco 2016 Audited Consolidated Financial Statements, the Price Forbes 2016 Audited Consolidated Financial Statements, the Autonet 2016 Audited Consolidated Financial Statements, the Direct Group 2016 Audited Consolidated Financial Statements and the Chase Templeton 2016 Audited Consolidated Financial Statements, included elsewhere in this offering memorandum.

For a reconciliation of pro forma adjusted profit / (loss) before tax to the Unaudited Pro Forma Combined Profit and Loss for the year ended December 31, 2016 contained in "*Unaudited Pro Forma Condensed Consolidated Financial Information*", see "*—Reconciliation to the Unaudited Pro Forma Combined Profit and Loss for the year ended December 31, 2016.*"

This section includes financial information prepared under UK GAAP and under IFRS. UK GAAP differs in several respects from IFRS. The differences between UK GAAP and IFRS most relevant to adjustments made herein primarily relate to the reversal of goodwill amortization. For a discussion of certain differences between UK GAAP and IFRS as applied by Finco, Price Forbes, Autonet, Direct Group and Chase Templeton, see Note 6 to the "*Unaudited Pro Forma Condensed Consolidated Financial Information*".

The following Summary Unaudited Pro Forma Adjusted EBITDA and other pro forma information is for illustrative purposes only and does not purport to indicate the financial results of our combined business had the above mentioned events taken place on January 1, 2016, and is not intended to be a projection of future results. Future results may vary significantly from the results reflected because of various factors, including those discussed in "*Risk Factors*".

The following tables should be read in conjunction with the information contained in "*Presentation of Financial and Other Information,*" "*Use of Proceeds,*" "*Capitalization,*" "*Selected Historical Financial Information,*" "*Management's Discussion and Analysis of Financial Condition and Results of Operations,*" "*Summary Unaudited Pro Forma Adjusted EBITDA and Other Pro Forma Information,*" "*Unaudited Pro Forma Condensed Consolidated Financial Information*" *and* "*Description of the Notes*" included elsewhere in this offering memorandum. Historical results are not necessarily indicative of future expected results.

Comprehensive Unaudited Pro Forma Adjusted EBITDA

Certain reclassifications have been made to each of the individual line items in the profit and loss accounts and balance sheets to align the presentation for the unaudited pro forma combined profit and loss for the year ended December 31, 2016 and net assets as at December 31, 2016.

Pro Forma Unaudited Adjusted EBITDA for the year ended December 31, 2016

£ millions	Towergate	Price Forbes	Autonet	Direct Group	Chase Templeton	Pro Forma Transaction adjustments	Issuer Pro Forma
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	
Total income	**318.5**	**67.3**	**42.3**	**28.4**	**16.7**	**17.8**	**491.0**
Operating expenses	(344.7)	(61.8)	(31.5)	(27.3)	(14.1)	20.1	(459.2)
Operating profit/(loss)	**(26.2)**	**5.5**	**10.8**	**1.1**	**2.6**	**37.9**	**31.8**
Net finance (costs)/income	(46.8)	(0.2)	0.1	(4.8)	(1.9)	0.7	(52.9)
Profit/(loss) before tax	**(73.0)**	**5.2**	**10.9**	**(3.6)**	**0.6**	**38.7**	**(21.1)**
Add back							
Net finance costs/(income)	47.0[(a)]	0.2	(0.1)	4.8	1.9	(0.7)	53.1
Depreciation and amortization	44.1	1.4	0.8	5.4	3.8	11.7	67.2
Share of loss from associate	0.7[(b)]	—	—	—	—	—	0.7
Non-recurring costs	18.3[(c)]	3.6[(a)]	0.6[(a)]	1.1[(a)]	—	(3.6)	20.0
Group reorganization costs	10.3[(d)]	—	—	—	—	—	10.3
Regulatory costs	4.2[(e)]	—	—	—	—	—	4.2
Total adjustments	124.6	5.2	1.3	11.2	5.7	7.3	155.4
Adjusted EBITDA	**51.6**	**10.5**	**12.2**	**7.6**	**6.4**	**46.0**	**134.3**

* Chase Templetion year end is October 31, 2016

Note 1: Towergate financial information has been derived without material adjustment from KIRS Finco plc (formerly TIG Finco plc) audited consolidated financial statements, which were prepared under IFRS, and annual report for the year ended December 31, 2016. The reconciliation of line items to KIRS Group is set out in Note 6.

(a) Finance costs are comprised of interest payable on bank loans, directors' loans, Existing Notes and interest on the Lunar Facility, finance charges payable in respect of finance leases and hire purchase contracts and certain other charges and excludes finance income.

(b) Represents Towergate's share of loss of Bravo Investment Holdings Limited in which Towergate holds a 19.9% share. The calculation of the share of loss from associate is included in Note 14 to the Finco 2016 Audited Consolidated Financial Statement.

(c) Represents (i) £(0.973) million of adjustments related to the disposal of companies and portfolios in 2015; (ii) £(1.533) million related to the revaluation of liabilities for contingent consideration payments; (iii) £1.648 million of historical amounts written-off following an internal review of Towergate's balance sheet; (iv) £13.325 million of investment costs which are incurred for the purposes of generating future EBITDA and value growth, including, amongst other things: recruitment and compensation costs paid in relation to market professionals recruited from competitors, appointment of executive, non-executive and specialist advisers, provisions for buildings vacated and other costs related to the Towergate's transformation program; (v) £(0.186) million of costs relating to the 2015 financial restructuring (vi) £1.010 million of consultancy costs related to legacy FCA related matters described in (E) below; (vii) a £2.000 million provision recognized for the potential future settlement of specific levy costs; and (viii) £2.952 million of HMRC settlement costs for liabilities incurred by subsidiary companies prior to their acquisition by Towergate.

(d) In the fourth quarter of 2015, Towergate began a transformation program aimed to increase efficiency and drive growth. This includes the Towergate IT Transformation Program, the Towergate Finance Transformation Project, Small Business Unit Turnaround initiative, property cost reduction initiative, the operation efficiency initiative and Towergate's Broker System Consolidation, each of which are aimed at substantially reducing our cost base and increasing our profitability. See Note 5 to the Finco 2016 Audited Consolidated Financial Statement.

(e) Towergate incurred exceptional regulatory costs of £4.2 million during the year ended December 31, 2016. These items represent ongoing costs and expenses related to various legacy FCA related matters and include a £2.6 million fine levied by the FCA on Towergate Underwriting Group Limited, a subsidiary company, in relation to historical client and insurer money issues. See Note 5 to the Finco 2016 Audited Consolidated Financial Statement.

Note 2: Price Forbes consolidated financial information has been extracted from the consolidated financial statements, prepared under UK GAAP for the year ended December 31, 2016.

(a) Represents investments made by Price Forbes in the year ended December 31, 2016 in people and infrastructure. This financial information was presented in the strategic report that accompanied the Price Forbes consolidated financial statements, which are prepared under UK GAAP.

Note 3: Autonet consolidated financial information has been extracted without material adjustment from the audited consolidated financial statements, prepared under UK GAAP, and the annual report for the year ended December 31, 2016.

(a) During the year ended December 31, 2016, Autonet incurred non-recurring costs of £0.615 million relating to the preparation of the business in advance of sale.

Note 4: Direct Group financial information has been extracted without material adjustment from the Ryan Direct Group Limited audited consolidated financial statements, which are prepared under IFRS, and the annual report for the year ended December 31, 2016.

(a) Represents restructuring and overhead costs related to the transactions.

Note 5: Chase Templeton consolidated financial information has been extracted without material adjustment from the audited consolidated financial statements, prepared under UK GAAP, and the annual report for the year ended October 31, 2016.

Note 6: Represents the transaction and GAAP adjustments, as follows:

£ millions	**Towergate**	**Price Forbes**	**Autonet**	**Direct Group**	**Chase Templeton**	**Central adjustment**	**Finance costs adjustment**	**GAAP adjustment**	**Total pro forma adjustments**
Note 6	**6(a)**	**6(b)**	**6(c)**	**6(d)**	**6(e)**	**6(f)**	**6(g)**	**6(h)**	
Total income	6.0	11.5	(0.0)	—	0.4	—		—	**17.8**
Operating expenses	31.7	(9.1)	(23.2)	(0.1)	1.3	4.0		15.5	**20.1**
Net finance (costs)/income	—	(0.3)	(6.3)	0.2	(0.1)	—	7.3	—	**0.7**
Add back									
Net finance costs /(income)	—	0.3	6.3	(0.2)	0.1	—	(7.3)	—	**(0.7)**
Depreciation and amortization	—	4.2	23.1	—	—	—		(15.5)	**11.7**
Non-recurring costs	(6.0)	2.1	0.1	—	0.1	—		—	**(3.6)**
Total adjustments to Adjusted EBITDA	**31.7**	**8.7**	**(0.0)**	**(0.1)**	**1.8**	**4.0**	—	—	**46.0**

6(a) represents the following:

£31.7 million of adjustments to operating expenses relating to (i) £(2.4) million of operating expenses incurred in KIRS Group Limited; (ii) a net £(0.9) million of non-recurring items; (iii) run-rate savings from initiatives of £35.0 million.

(i) Represents £(2.4) million of operating expenses incurred in KIRS Group Limited primarily related to non-executive and executive board and oversight;

(ii) Represents non-recurring adjustments, including

a. £1.2 million add-back of broking one-offs relating to a change in the Errors and Omissions provisioning following the recruitment of a new General Counsel in 2016;

b. £0.7 million of underwriting one-offs resulting from management aligning bad debt provisions across the Towergate divisions;

c. £0.2 million add back of a one-off balance sheet write off in personal line;

d. £0.3 million of revenue recognition adjustment; and

e. £(3.3) million release of accruals, including release of a £(1.1) million IT accrual, a £(1.8) million property dilapidation accrual and a £(0.4) million project accrual.

(iii) Run-rate savings from initiatives of £35.0 million presented in the table below:

Savings initiatives completed/expected in	**2016 and Q1 2017**	**Q2 to end of 2017**	**Total**
	(in £ thousands)		
IT	4,410[(a)]	919[(b)]	5,329
Finance	1,252[(c)]	9,626[(d)]	10,878
Property	1,939[(e)]	1,485[(f)]	3,424
Small Business Unit	5,000[(g)]	452[(h)]	5,452
Operational efficiency	8,097[(i)]	1,745[(j)]	9,842
Broker system consolidation		64[(k)]	64
	20,698	**14,291**	**34,989**

a. Represents the full year impact of IT related savings achieved in the year ended December 31, 2016 and the first quarter of 2017, including (i) £3.615 million of cost savings resulting from the modification or termination of various IT supplier agreements in connection with Towergate's IT Transformation Program and related Accenture outsourcing agreement and the reduction in headcount of our service delivery team; (ii) £0.4 million of IT supplier rationalization savings achieved in the first quarter of 2017; (iii) £0.2 million of savings resulting from new telecommunications and printing agreements achieved in the year ended December 31, 2016; (iv) £0.3 million of savings resulting from new IT licensing agreements achieved in the year ended December 31, 2016; and (v) £(0.105) million of savings that Towergate estimates it will realize in connection with the cancellation of the ITG services contract achieved in the year ended December 31, 2016. See, "*Business—KIRS Group Business Change Initiatives—Towergate Information Technology Transformation Program*."

b. Represents the additional run-rate cost savings Towergate estimates it will have achieved by December 31, 2017 from initiatives expected to have been implemented in the last three quarters of 2017 comprising (i) £0.519 million of run-rate net cost savings from the IT Transformation Program and Accenture outsourcing agreement and the potential related reduction in headcount of service delivery team; (ii) £0.2 million of run-rate costs savings from the further rationalization of various IT-related supplier agreements; and (iii) £0.2 million of run-rate cost savings from the rationalization of our internet capabilities.

c. Represents the full year impact of £0.352 million of staff reduction costs savings achieved in the first quarter of 2017 as part of Towergate's Finance Transformation Project, see "*Business—KIRS Group Business Change Initiatives—Towergate Finance Trnsformation Project,*" and £0.9 million of salary actually paid in the year ended December 31, 2016 to finance staff prior to their termination.

d. Represents the additional run-rate cost savings Towergate estimates it will have achieved by December 31, 2017 from initiatives expected to have been implemented in the last three quarters of 2017 comprising (i) £8.626 million of run-rate cost savings from a proposed headcount reduction associated with our Finance Transformation Project and the outsourcing of certain business process and application services to Accenture (see "*Business—KIRS Group Business Change Initiative—Towergate Finance Trnsformation Project*"); (ii) and the run-rate net cost savings of £1.0 million from a reduction in finance staff recruitment expenses.

e. Represents the full year impact of property related savings completed in the year ended December 31, 2016 and in the first quarter of 2017, including (i) £0.5 million of actual rent and rates paid in the year ended December 31, 2016 in connection with terminated leases that would not have been paid had the leases been terminated on January 1, 2016; (ii) £0.6 million of actual rent and rates paid in the year ended December 31, 2016 in connection with modified leases that would not have been paid had the premises been partially exited on January 1, 2016; and (iii) £0.8 million of actual rent and rates paid in the first quarter of 2017 in connection with terminated or modified leases that we would not have paid had the leases been terminated or modified on January 1, 2017 and the net cost savings Towergate estimates it will realize from a reduction of utilities (i.e. water, heat, gas and similar) costs, service agreement costs, including for cleaning, pest control, repairs and maintenance, security and storage services, and other costs associated with leased properties in connection with the termination or modification of certain leases in the year ended December 31, 2016 and the first quarter of 2017.

f. Represents the additional run-rate cost savings Towergate estimates it will have achieved by December 31, 2017 from initiatives expected to have been implemented in the last three quarters 2017 that Towergate believes will result in £1.485 million of run-rate costs savings related to terminated and modified leases and the associated reduction of utilities costs and service agreements costs.

g. Represents the full year impact of the Small Business Unit cost savings achieved in the year ended December 31, 2016 and the first quarter of 2017, including: (i) £3.6 million representing the run-rate effects of the difference between the annualized cost of certain employees who were terminated as a result of the closure of Towergate's Manchester facility on March 31, 2017 (the annualized cost of £5.6 million is based on the December 2016 cost of £0.5 million pro-rated for twelve months) and the annual savings in rent and other office related costs of the Manchester facility of £1.1 million less the expected annual cost of additional staff at our Croydon facility of £1.9 million, the annualized increase in rent and other office related costs of our Croydon facility of £0.5 million and the expected additional annual costs in our Classic Car and Household businesses of £0.7 million; and (ii) £1.4 million in salary actually paid to retail employees of the now closed Milton Keynes facility for the year ended December 31, 2016 prior to their termination.

h. Represents the additional run-rate cost savings Towergate estimates it will have achieved by December 31, 2017 from initiatives expected to have been implemented in the last three quarters of 2017 that Towergate believes will result in £0.452 million of run-rate cost savings associated with the Small Business Unit cost savings initiatives.

i. Represents the full year impact of the operational efficiency cost savings initiatives completed in the first quarter of 2017, including (i) £2.191 million in salary paid to employees terminated in the first quarter of 2017 representing an annualization of monthly costs of £0.130 million pursuant to the broking staff reductions program; (ii) £1.994 million in salary paid to employees terminated in the first quarter of 2017 pursuant to the underwriting staff reductions program representing an annualization of monthly costs of £0.166 million; (iii) £0.5 million in savings that Towergate believes will result from adjustments made to our bonus model in the first quarter of 2017; (iv) £0.5 million in cost savings that Towergate believes will result from adjustments we made to our permitted travel and accommodations expense in the first quarter of 2017; (v) £0.3 million in run-rate net cost savings representing the difference between the salaries paid to three IT contractors who are no longer being used by the company and the salaries of the three permanent employees that were hired to replace the IT contractors in the first quarter of 2017; (vi) £0.164 million in run-rate cost savings associated with improved contractual terms with the payroll services provider; (vii) £0.149 million in run-rate cost savings associated with improved contractual terms agreed with the recruitment services provider; (viii) £1.2 million in salary actually paid to employees that have been terminated in the year ended December 31, 2016 pursuant to the advisory staff headcount reduction initiative; and (ix) £1.099 million relating to contractors that were replaced by permanent employees at lower cost.

j. Represents the additional run-rate cost savings Towergate estimates it will have achieved by December 31, 2017 from initiatives expected to have been implemented in the last three quarters of 2017 that Towergate believes will result in £1.745 million of operational efficiency run-rate cost savings, including (i) £0.458 million in salary paid to employees terminated in the last three quarters of 2017 pursuant to the proposed broking staff reductions program; (ii) £0.2 million of savings associated with a reduction in document storage expenses; (iii) £0.2 million of savings associated with a reduction in marketing expenses; (iv) £0.3 million of salary associated with potential back- and middle-office headcount reductions; and (v) £0.587 million of savings associated with the termination and modification of various non-IT procurement and supplier agreements.

k. Represents the £0.064 million that Towergate estimates it will realize in connection with the proposed reduction in headcount of support staff in its broking division in connection with the Towergate Broker System Consolidation initiative.

The adjustment to total income of £6.0 million represents reclassification of exceptional charges contained within revenue to non-recurring costs. These charges mainly relate to write-offs of historical debtor balances and impact of legacy issues that are not expected to be ongoing.

6(b) Price Forbes represents the following adjustments:

£9.769 million adjustment made to normalize 2016 Adjusted EBITDA to a USD/GBP FX rate of 1.24, including:

i) £5.677 million reversal of hedging losses incurred during the year, effectively adjusting income to what it would have been at actual rates;

ii) £5.816 million income adjustment to the closing USD/GBP FX at 1.24; and

iii) a contingency of £(1.724) million estimated at 15% of incremental income from (i) and (ii) above against potential FX variance and / or increased operating expenses.

Over 80% of Price Forbes' revenue is generated in USD and the company hedges its income stream with forward contracts. Following the 2016 Brexit referendum result and subsequent weakening of the GBP, hedges taken out prior to this event had the effect of supressing the earnings in comparison to what the business would have achieved had these not been in place. In addition, the USD/GBP FX rate was significantly different at the end of 2016 compared to the beginning of the year.

Assuming no change in the exchange rate of USD/GBP 1.24, £20.234 million of losses from historical hedging would be recognized in the profit and loss accounts through 2019, of which £10.079 million would be incurred in 2017, (£6.373 million in the first half of 2017 and £3.706 million in the second half), £7.197 million would be incurred in 2018 and £2.959 million would be incurred in 2019.

£(1.1) million of net adjustments to one-off costs representing £(3.176) million of estimated annual operating expenses and £2.128 million of non-recurring items.

(i) £(3.176) million of Adjusted EBITDA adjustments representing estimated annual operating expenses incurred in PF Holdco:

a) £(2.358) million of operating expenses relating to a long-term incentive plan that was set up on the acquisition by Nevada to replace a legacy stock option grant;

b) £(0.748) million of operating expenses in relation to the start-up of an MGA in the United States; and

c) £(0.070) million of other start-up costs.

(ii) £2.128 million of non-recurring items, including:

d) £0.225 million of operating expenses related to legal fees for discontinued business in Cuba;

e) £0.384 million of operating expenses relating to one-off balance sheet accruals;

f) £2.358 million in relation to the long-term incentive plan discussed above;

g) £0.748 million in relation to the start-up of an MGA in the United States discussed above;

h) £2.538 million of start-up and recruitment expenses during the ramp-up period of new teams before they start producing, net of non-variable expenses;

i) £0.423 million of duplicate rental expenses during office moves and refurbishment, as well as expenses in relation to surplus property;

j) £(0.819) million of gains made on balance sheet revaluation due to strengthening USD;

k) £(0.129) million of statutory adjustments; and

l) £(3.6) million representing managements adjustments relating to non-recurring expenses included in the EBITDA per the 2016 annual accounts as these are covered above in (ii)(d) to (ii)(k).

£(4.155) million of operating expenses relating to goodwill amortisation;

£(0.327) million of loan note interest.

6(c) The total Autonet Adjusted EBITDA adjustment is £(0.020) million and includes:

i) £(0.023) million net income normalisation adjustments in relation to KDB Medical and premium rate call income.

ii) £(0.061) million adjustment to operating expenses relating to audit expenses (£0.015) million in the Atlanta Holdco, minority interest share of Autonet Law and a reclassification of IBA accounts interest.

iii) £0.064 million relating to closure costs in Autonet Law a non-cash share based payment charge.

£(23.099) million of annualized amortization in Atlanta Holdco. During the 6-week period of trading in 2016, a total of £2.665 million (of which £1.122 million in relation to goodwill) was charged which has been grossed up to represent a 52-week period;

£(6.240) million finance costs in the Atlanta Holdco representing annual interest charge of £(6.000) million and amortisation of capitalised finance costs of £(0.240) million.

6(d) The total Direct Group Adjusted EBITDA adjustment is £(0.149) million and includes:

i) At the end of March 2016, Direct Group acquired Midas Underwriting Limited. A pro forma adjustment of £0.125 million has been made to the operating expenses of Direct Group to annualize the EBITDA impact of the acquisition at the end of March 2016.

ii) For a limited period post-acquisition, Midas remain in their offices rent free. An adjustment of £(0.098) million to operating expenses represents the estimated increased rental costs following the expiry of this arrangement.

iii) £(0.176) million of credit and debit card fees.

6(e) Chase Templeton represents the following:

The total Chase Templeton EBITDA adjustment is £1.769 million, primarily driven by the presentation of the financial information for a December 31 year end and the annualization of acquisitions completed and signed in 2016 and the first quarter of 2017.

Chase Templeton's financial year ends on October 31. In order to present the total Pro Forma profit and loss in a consistent manner, an adjustment that represents the difference between the last twelve months to December 31, 2016 per the management accounts and the financial year ending October 31, 2016 has been made. The net impact of this adjustment is £0.354 million of income and a £(0.070) million increase in operating expenses.

The other adjustments to Chase Templeton EBITDA are as follows:

(i) £1.210 million to annualise the impact of the financial contribution of acquisitions made in 2016 and in early 2017;

(ii) £0.093 million of interest payable has been reclassified from operating expenses to finance costs;

(iii) £0.045 million of normalization adjustments for expenses that will not be incurred going forward; and

(iv) £0.137 million of non-recurring costs contained within operating expenses has been reclassified, these costs mainly relate to shareholder costs and redundancies, included in statutory operating profit.

6(f) Central represents the following adjustments:

(i) £(2.900) million of estimated KIRS Group Limited expenses, primarily related to senior management and central support costs for the enlarged Group;

ii) £6.939 million of cost synergies across KIRS Group Limited, primarily from specific and clearly identified operational efficiencies resulting from leveraging the Group's most efficient operating platforms.

6(g) Represents the adjustment to finance costs to reflect the assumed new financing structure including the amortization of capitalized financing costs.

6(h) Represents the difference in the accounting treatment for goodwill amortisation between IFRS and UK GAAP.

Under IFRS, amortisation of goodwill is not permitted, instead annual impairment testing is required. Under UK GAAP, goodwill is amortised over its useful economic life.

An adjustment has been made to eliminate goodwill amortisation and align accounting treatment under IFRS. The amortisation charges are extracted from the financial statements for the respective entities and are as follows:

	£ millions
Atlanta Investments Holdings 3 Limited	9.7
Chase Templeton Holdings Limited	0.7
Price Forbes Holdings Limited	4.2
PFIH Limited	0.9
	15.5

No adjustment is required for Towergate or Direct Group given the financial information for both companies is prepared under IFRS.

Reconciliation to the Unaudited Pro Forma Combined Profit and Loss for the year ended December 31, 2016

The table below outlines the how the Pro Forma adjusted profit / (loss) before tax outlined above differs from those in the Unaudited Pro Forma Combined Profit and Loss for the year ended December 31, 2016. See "*Unaudited Pro Forma Condensed Consolidated Financial Information*".

		Reconciliation to the Unaudited Pro Forma Combined Profit and Loss for the year ended December 31, 2106							
£ millions	**Pro Forma Adjustments from the Unaudited Pro Forma Combined Profit and Loss for the year ended December 31, 2106**	**Atlanta Holdco & PF Holdco Adjustments**	**Further finance costs adjustment**	**Further GAAP adjustment**	**Run-rate Savings Central Costs and Synergies**	**Price Forbes FX Adjustment**	**Towergate Exceptional Income Charges**	**Other Management Adjustments**	**Total Management Adjustments**
		Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	*Note 7*	
Total income	**—**	**—**	**—**	**—**	**—**	**11.5**	**6.0**	**0.3**	**17.8**
Operating expenses	(0.7)	(30.5)	—	13.9	39.0	(1.7)	—	0.2	20.1
Operating profit/(loss)	**(0.7)**	**(30.5)**	**—**	**13.9**	**39.0**	**9.8**	**6.0**	**0.5**	**37.9**
Net finance costs	1.0	(6.6)	6.2	—	—	—	—	0.0	0.7
Profit/(Loss) before tax	**0.3**	**(37.0)**	**6.2**	**13.9**	**39.0**	**9.8**	**6.0**	**0.6**	**38.7**

	Pro Forma Adjustments from the Unaudited Pro Forma Combined Profit and Loss for the year ended December 31, 2106			
£ millions	**Total transaction and GAAP adjustments**	**KIRS Group Limited adjustment**	**Finance costs adjustment**	**GAAP adjustment**
		Note A	*Note B*	*Note C*
Total income	—	—	—	—
Operating expenses	(0.7)	(2.4)	—	1.6
Operating profit/(loss)	**(0.7)**	**(2.4)**	**—**	**1.6**
Net finance costs	1.0	—	1.0	—
Profit/(Loss) before tax	**0.3**	**(2.4)**	**1.0**	**1.6**

Note 1: The variance relates to (i) the inclusion of £23.099 million of total amortisation costs, £6.240 million of finance costs and £0.015 million of operating expenses in the Atlanta Holdco; (ii) £4.155 million of goodwill amortisation, £0.327 million of finance costs and £3.177 million of other operating expenses in PF Holdco. See "*Comprehensive Pro Forma Adjusted EBITDA—Note 6(b) and 6(c).*"

Note 2 : The variance relates to the inclusion of £6.240 million of interest in Autonet and Atlanta Holdco. See "*Comprehensive Pro Forma Adjusted EBITDA—Note 6(c) and Note 6(g).*"

Note 3: The variance relates to the inclusion of goodwill amortisation in Autonet and Atlanta Holdco and PF Holdco of £9.723 million and £4.155 million, respectively. See "*Comprehensive Pro Forma Adjusted EBITDA—Note 6(b) and Note 6(c).*"

Note 4: Includes £34.989 million of run-rate savings in Towergate, £6.939 million of synergies and £(2.9) million of estimated Nevada Topco expenses, primarily related to senior management and central support costs for the enlarged Group. See "*Comprehensive Pro Forma Adjusted EBITDA—Note 6(a)(iii) and Note 6(f).*"

Note 5: Relates to Price Forbes FX adjustments. See "*Comprehensive Pro Forma Adjusted EBITDA—Note 6(b)(i), Note 6(b)(ii) and Note 6(b)(iii).*"

Note 6: The adjustment to total income of £6.0 million represents reclassification of exceptional charges contained within revenue to non-recurring costs. These changes mainly relate to write-offs of historical debtor balances and impact of legacy issues that are not expected to be ongoing. See "*Comprehensive Pro Forma Adjusted EBITDA—Note 6(a).*"

Note 7: Relates to:

(i) Towergate non-recurring adjustments. See "*Comprehensive Unaudited Pro Forma Adjusted EBITDA—Note 6(a)(ii)*";

(ii) Autonet adjustments relating to KDB Medical income, premium rate call income and Autonet Law minority interest. See "*Comprehensive Unaudited Pro Forma Adjusted EBITDA—Note 6(i) and Note 6(ii)*";

(iii) Direct Group adjustments relating to the Midas acquisition, Midas premises and debit and credit card fees. See "*Comprehensive Unaudited Pro Forma Adjusted EBITDA—Note 6(d)*"; and

(iv) Chase Templeton adjustments relating to presenting Chase Templeton financial information for calendar year 2016, the annualization of the impact of acquisitions, interest payable, chairman costs, shareholder costs and redundancies . See "*Comprehensive Unaudited Pro Forma Adjusted EBITDA—Note 6(e).*"

Management's Discussion and Analysis of Financial Condition and Results of Operations

The historical data below should be read in conjunction with "Use of Proceeds," "Capitalization," "Summary Historical Financial Information and Other Data," "Selected Historical Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and along with the Finco Audited Consolidated Financial Statements, the Finco 2017 Q1 Unaudited Condensed Consolidated Three Month Interim Financial Statements, the TIL 2015 Q1 Unaudited Condensed Consolidated Three Month Interim Financial Statements, the Autonet Audited Consolidated Financial Statements, the Price Forbes Audited Consolidated Financial Statements, the Direct Group Audited Consolidated Financial Statements and the Chase Templeton Audited Consolidated Financial Statements, in each case, with the related notes thereto, which are included elsewhere in this offering memorandum. The information below is not necessarily indicative of our future results of operations. The following discussion contains forward-looking statements that reflect our plans and estimates and our beliefs. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this offering memorandum particularly in the sections entitled "Risk Factors" and "Forward-Looking Statements."

Overview

Upon completion of the Transactions, KIRS Group will bring together under common ownership (i) Towergate, a leading insurance intermediary company in the United Kingdom with a focus on specialty SME and personal lines, (ii) Price Forbes, one of the top independent wholesale brokers in the London Market, (iii) Autonet, a leading independent van insurance broker in the United Kingdom by market share, (iv) Direct Group, a leading provider of third party policy administration and claims services for insurers, corporations, affinities and brokers as well as an MGA, and (v) Chase Templeton, a leading United Kingdom based private medical insurance ("**PMI**") broker. Upon completion of the Transactions, KIRS Group will be the leading diversified independent insurance intermediary by broking income in the United Kingdom and will offer a highly diversified range of insurance products and services. On a *pro forma* basis, assuming the Transactions had occurred on January 1, 2016, KIRS Group would have placed £2.9 billion in gross written premiums ("**GWP**") and generated £134.3 million in Pro Forma Adjusted EBITDA.

As an insurance intermediary, we work with large corporations, brokers, third party MGAs, small and medium enterprises ("**SMEs**") and individual customers to identify products that meet their insurance needs and work with insurers to design, price and administer insurance products that meet market demands. We provide products that match a spectrum of diverse customers' risk profiles ranging from the provision of higher value and lower volume bespoke products to the provision of lower value and higher volume general insurance products. We also provide market leading pre- and post-sales insurance administration and claims management services. KIRS Group performs all roles across the insurance chain, with the exception of assuming underwriting or principal risk in relation to any of the services or products that it provides and therefore we neither provide capital nor assume any responsibility for insurance claim costs. KIRS Group's business model and capital requirements reflect the agency as opposed to the principal nature of our activities, resulting in a highly profitable and cash generative business model.

KIRS Group will have three segments—(i) distribution, (ii) wholesale, and (iii) MGA & Services—that together will offer products and services spanning the full insurance intermediary value chain, from partnering with insurer capital providers to providing broking services to the insurance product purchaser. The three segments focus on distinct but complementary aspects of the insurance intermediary market, with (i) KIRS Group's distribution segment including a digital division, comprising Towergate's retail broking unit, Autonet, and Towergate's Paymentshield business, and an advisory division, comprising Towergate's advisory broking unit and Chase Templeton; (ii) KIRS Group's wholesale segment including Price Forbes and Bishopsgate, which is Towergate's London market wholesale broker; Price Forbes and Bishopsgate will continue to operate independently of each other based on their respective management structures and (iii) KIRS Group's MGA & Services segment including Towergate's underwriting division, and Direct Group's MGA and services business.

Significant Factors Affecting Results of Operations

Our business and results of operations have been, and are expected to continue to be, affected by certain key factors and we expect these key factors to affect our business in the future. Each of these additional factors is discussed in more detail below.

Insurance cycle

The general insurance cycle is an insurance market phenomenon that is driven by supply of and demand for insurance and can be particularly pronounced in reinsurance and industrial lines insurance. The insurance market cycle is defined as "softening" and "hardening". "Soft" periods are characterized by falling or stagnant premium rates and are driven normally by excessive supply of capital from insurance companies and other market participants competing for available business. Soft markets on average result in low profitability for the insurers and as a result lower commissions for brokers. "Hard" periods can be precipitated by catastrophes or similar significant losses, for example, severe credit market losses, that result in insurers' capital becoming depleted. As a result, certain market participants may no longer be able to participate in the market, thereby decreasing competition. This results in premium rate increases and the potential for greater profitability for the remaining insurers.

Commissions and fees

Insurance intermediaries, such as underwriting agencies and brokers, derive their revenue from commissions and fees and premium credit facilities. Commission income is generally based on insurance premiums and negotiated commission rates, and fees are paid for individual services based on negotiated amounts.

A small portion of our commissions and fees are derived from profit commissions paid by our insurance company partners. Profit commissions are typically based on the profitability of the business placed with the insurance company for a certain insurance product class or for the business as a whole. The profitability of the business placed is a function of premiums earned net of commissions less claims, expenses and target minimum returns for the insurance company. Profit commissions are typically calculated and paid by the insurance company in the year following the year in which the premium was generated, following the resolution of any customer claims incurred in respect of the policies placed. It is more difficult to forecast profit commissions than traditional commissions as profit commissions are generally based on the profitability of the business placed with the insurance company. Furthermore, catastrophic events, whether natural or otherwise, can have a significant effect on the number and value of claims being made, and therefore a significant effect on the profitability of the business we place with the insurance company. Changes in profit commissions are largely attributable to economic and market conditions that are outside of our control and that affect premium prices and lead to increases or decreases in overall claims. Additionally, insurance companies may seek to negotiate profit sharing agreements and commission rates with less favorable terms for us as a result of any decrease in the profitability of the business we place with them.

Loss corridors provide that a portion of the commission and fees derived from issuing policies based on underwriting capacity from an insurer may revert back to the insurer if the loss ratio (i.e. the ratio of claims actually submitted to policies written) exceeds a certain amount whereas profit commissions are payable by the insurers to Towergate for better performance. This exposure however is capped. The maximum exposure we could have to loss corridors for the year ended December 31, 2017 is capped at £3.0 million for Towergate and is de minimis for Price Forbes, Autonet, Direct Group and Chase Templeton. In the normal course of business we would not expect significant loss corridor costs.

Seasonality

We experience some seasonality in the volumes of insurance policies we place and, consequently, in our commission and fees. Like many of our competitors, we have historically transacted less business from November to February than we have in most other months of the year. Accordingly, although volumes typically increase in March, commission and fees for the first quarter tend to be slightly lower than the second and third quarter, before declining again in the fourth quarter.

Towergate

Additional Significant Factors Affecting Results of Operations of Towergate

Towergate Transformation Program

Certain statements and targets in this section are forward-looking. They are based upon our expectations and assumptions regarding our group's present and future business strategies and the environment in which it will operate, which may prove not to be accurate. Actual results and market developments may differ materially from those described below. See "Forward-Looking Statements" and "Risk Factors" herein for a description of factors that may cause these statements not to materialize.

We have a number of operations which have, in recent years, incurred elevated levels of costs. For example, the Towergate legacy IT infrastructure that we inherited following Towergate's 2015 financial restructuring did not meet industry standards of efficiency or functionality. The lack of integration across Towergate's businesses prior to the 2015 financial restructuring resulted in the use of multiple outsourced service providers with unclear responsibilities, slow and inadequate responses to issues and internal reliance on unstandardized and multi-tool platforms in order to accomplish basic business administration processes. Key components of an industry standard IT infrastructure, such as resilience and disaster recovery, were also missing. As a result, the lack of integration and weakness in Towergate's systems has adversely affected Towergate's profitability. To address our legacy issues, improve our operational capabilities and drive profitability we have implemented a series of initiatives, including the Towergate IT Transformation Program, the Towergate Finance Transformation Project, Small Business Unit Turnaround initiative, property cost reduction initiative, the operation efficiency initiative and Towergate's Broker System Consolidation, each of which are aimed at substantially reducing our cost base and increasing our profitability.

The Towergate IT Transformation Program ("**ITTP**") is composed of a number of improvement measures seeking to reduce IT costs, including improvements to Towergate's network and telephony systems, data center and hosting capabilities, IT support services and our end-user environment. The ITTP aims to generate approximately £7.0 million of estimated annualized savings by the end of 2017, of which £6.1 million were delivered on an annualized basis by March 31, 2017. We anticipate that we will be able to realize the remaining £0.9 million of targeted annualized savings in the last three quarters of 2017. The total implementation costs for the ITTP (including those incurred to date) are expected to be approximately £18.5 million, of which £17.1 million had been incurred as of March 31, 2017. As of March 31, 2017, we have migrated the majority our servers to Azure Cloud, decommissioned 850 servers, closed three data centers, upgraded to Windows 10 on the majority of our desktops and laptops, modified or terminated several redundant IT agreements, reduced our overall IT headcount and entered into an IT support agreement with Accenture to outsource certain processes. See "*Summary Unaudited Pro Forma Condensed Consolidated Financial Information—Pro Forma and Other Information*."

The Towergate Finance Transformation Project ("***FTP***") was designed to improve Towergate's control over its financial processes, increase efficiency within the finance department, bring the finance department IT capabilities up to industry standards and simplify the finance department's IT platforms and tools. FTP focuses on reducing costs and standardizing processes within agreed control frameworks. FTP includes both new and incremental measures seeking to achieve further savings within the business beyond those being implemented as part of ITTP, as well as new measures aimed at reducing costs and improving profits across certain parts of the group. FTP aims to generate approximately £14.0 million of estimated annualized savings by the end 2018, of which £3.8 million were delivered on an annualized basis by March 31, 2017. We anticipate that we will be able to realize the remaining £10.2 million of targeted annualized savings by the end of 2018, of which £9.6 million of annualized savings are targeted for delivery in the last three quarters of 2017 and a further £0.6 million are targeted for delivery by the end of 2018. The total implementation costs for FTP (including those incurred in to date) are expected to be approximately £21.0 million, of which £5.5 million had been incurred as of March 31, 2017. As of March 31, 2017, we have completed the initial process of engineering activities, invested in robotics, started process automation, reduced our finance staff headcount and entered into a business processing outsource agreement with Accenture to outsource certain processes. See "*Summary Unaudited Pro Forma Condensed Consolidated Financial Information—Pro Forma and Other Information"* and "*Business—KIRS Group Business Change Initiatives—Towergate Finance Transformation Project.*"

The Small Business Unit Turnaround ("**SBU**") initiative has been implemented. The initiative focused on reviewing Towergate's small business unit and resulted in the closure of its Milton Keynes and Manchester facilities and transitioned customers to a new dedicated small business unit center based in Towergate's Croydon office. As of March 31, 2017, the SBU initiative has delivered annualized savings of £6.6 million with the remaining £0.5 million expected to be delivered by the end of 2018. The total implementation costs for the SBU initiative (including those incurred to date) were approximately £4.1 million, of which £1.5 million had been incurred as of March 31, 2017. See "*Summary Unaudited Pro Forma Condensed Consolidated Financial Information—Pro Forma and Other Information*."

The property cost reduction ("**PCR**") initiative is proposed to be fully implemented by the end of 2017. The initiative is composed of modifying or terminating certain lease agreements and correspondingly, reducing the costs of utilities (i.e. water, heat, gas and similar), reducing service agreement costs, including for cleaning, pest control, repairs and maintenance, security and storage services, and reducing other costs, in each case, associated with the termination or modification of these leases. The PCR initiative aims to generate £5.3 million of annualized savings by the end of 2017, of which approximately £3.8 million were delivered by March 31, 2017. We anticipate that we will be able to realize the remaining £1.5 million of additional targeted annualized savings in the last three quarters of 2017. The total implementation costs for the PCR (including those incurred to date) are expected to be approximately £1.2 million, of which £0.8 million had been incurred as of March 31, 2017. As of March 31, 2017, we have modified or terminated five lease agreements. See "*Summary Unaudited Pro Forma Condensed Consolidated Financial Information—Pro Forma and Other Information*" and "*Business—KIRS Group Business Change Initiatives.*"

The operation efficiency ("**OE**") initiative is proposed to be fully implemented by the end of 2019. The initiative is composed of proposed reduction of headcount across various business units, improving our payroll and recruitment services provider contracts, adjusting our bonus and travel and accommodations models, reducing marketing and document storage expenses, modifying and cancelling non-IT procurement contracts and replacing IT contractors with more cost efficient permanent staff. The OE initiative aims to generate £17.6 million of annualized savings by the end of 2019, of which £13.8 million were delivered by March 31, 2017. We anticipate that we will be able to realize the remaining £3.8 million of targeted annualized savings, of which £1.7 million are targeted for delivery in the last three quarters of 2017 and a further £2.1 million are targeted for delivery by the end of 2019. The total implementation costs for the OE (including those incurred to date) are expected to be approximately £2.0 million, of which £1.7 million had been incurred as of March 31, 2017. See "*Summary Unaudited Pro Forma Condensed Consolidated Financial Information—Pro Forma and Other Information*" and "*Business—KIRS Group Business Change Initiatives*."

Towergate's Broker System Consolidation ("**BSC**") initiative is proposed to be fully implemented by 2020. The initiative is composed of a number of improvement measures focusing on streamlining and automating the back-office processes within Towergate's advisory division. Towergate's employees will be able to consistently process customer data by using automated workflow programs that are simplified, less reliant upon the manual input of information and designed for detailed risk capture, leading to improved customer experiences, lower running costs and increased change speeds. We believe that the consolidation and standardization of Towergate's policy administration systems will generate £5.1 million of annualized savings by the end of 2020 by reducing duplicative tasks and manual tasks susceptible to human error. The total implementation costs for the BSC (including those incurred to date) are expected to be approximately £11.9 million, of which £1.5 million had been incurred as of March 31, 2017. See *"Summary Unaudited Pro Forma Condensed Consolidated Financial Information—Pro Forma and Other Information*" *and* "Business—*KIRS Group Business Change Initiatives*."

The ITTP, FTP, PCR, OE and BSC initiatives together target to deliver annualized savings of approximately £55.9 million by the end of 2020. Of this targeted amount, approximately £34.1 million of annualized savings were delivered as of March 31, 2017. The total implementation costs of these initiatives are expected to be approximately £58.8 million, of which £28.1 million had been incurred as of March 31, 2017. We expect the remaining costs to be largely completed by 2018.

For a detailed breakdown of these initiatives for (i) the full year impact of savings achieved in the year ended December 31, 2016 and in the first quarter 2017 and (ii) the year end run-rate savings we expect to achieve in the last three quarters of 2017, see note (2) to *"Summary Unaudited Pro Forma Condensed Consolidated Financial Information—Pro Forma and Other Information*."

Significant Factors Affecting Comparability

On April 2, 2015, the Towergate group completed a financial restructuring in relation to the senior secured creditors and senior unsecured creditors of Towergate Finance plc, a former intermediate parent company. As part of these arrangements, KIRS Finco plc (formerly TIG Finco plc, incorporated on February 5, 2015) ("**Finco**") acquired the Towergate group for consideration of £752.0 million made up of the issue of £425.0 million of Senior Secured Notes (the "***Existing Senior Secured Notes***") and £75.0 million of Super Senior Secured Notes (the "***Super Senior Secured Notes***") by KIRS Finco plc and the issue of new shares in KIRS Finco plc's indirect parent company, KIRS Group Limited (formerly TIG Topco Limited), valued at £360.0 million net of £108.0 million of cash. As a result of this restructuring, Towergate's results for the nine months ended December 31, 2015 include, among other things, a number of non-recurring costs associated with the restructuring. See "*Summary Unaudited Pro Forma Financial Information—Pro Forma and Other Information*."

As a result of the restructuring, the year ended December 31, 2015 was a nine-month fiscal period, commencing on April 2, 2015 and the first fiscal year following Finco's incorporation. Although Finco was incorporated on February 5, 2015, Finco had no income or expenses prior to the completion of the acquisition of Towergate Insurance Limited ("**TIL**") and its subsidiaries on April 2, 2015. Accordingly, the results for the year ended December 31, 2015 represents the results for the period of April 2, 2015 to December 31, 2015. To provide a more meaningful year on year comparison, we have presented a combined adjusted 12 months ended December 31, 2016 for Finco comprised of (i) the audited consolidated financial statements of Finco for the period from incorporation on February 5, 2015 to December 31, 2015, (ii) the unaudited condensed consolidated interim financial statements of TIL as of and for the three-month period ended March 31, 2015 and (iii) certain adjustments as detailed therein.

Acquisitions and Disposals

During the year ended December 31, 2015, TIL disposed of three businesses. On March 16, 2015, TIL disposed of its Towergate Financial business to Palatine Private Equity ("**PPE**") for a gross consideration of £8.7 million. Towergate Financial was a provider of independent financial and mortgage advice and operated outside Towergate's core United Kingdom specialist personal lines and SME markets. Provisions and contingent liabilities in respect of sales of enhanced transfer value ("**ETV**") products and unregulated collective investment schedules ("**UCIS**") were not transferred to PPE and remain with the Group. For additional information see "—*Contingent obligations and liabilities" and* "*Business—Legal proceedings*."

On March 22, 2016, TIL agreed to sell the entire issued share capital of The Broker Network Limited and Countrywide Insurance Management Limited, each a wholly owned subsidiary of the Towergate group (together, "**Broker Network**") to funds advised, managed and/or controlled by HPS. The transaction completed on July 1, 2016. The consideration for the acquisition was satisfied in part by the allotment to Towergate of all the A Ordinary Shares (comprising 19.9% of all of the issued shares) in the acquisition vehicle, Bravo Investment Holdings Limited and in part through an initial cash consideration of £29.0 million. In addition, a contingent consideration of up to a further £17.2 million may be receivable by TIL if certain performance measures occur (the "**Broker Network sale**"). As of December 31, 2016, the Towergate group expected the performance measures to be met but not exceeded and as a result, no asset was recognized. As of March 31, 2017, based on the latest projections, the Towergate group expected the performance measures to be exceeded and, as a result, recognized £2.7 million as the fair value of the contingent consideration receivable.

Towergate Key Income Statement Items

Below is a summary description of the key elements of the line items of the Finco 2016 Audited Consolidated Financial Statements, which were prepared in accordance with IFRS. These line items are also among the financial data related to comprehensive income that appears in the Finco unaudited condensed consolidated interim financial statements of Finco as of and for the three-month periods ended March 31, 2017 and March 31, 2016 and the TIL unaudited condensed consolidated interim financial statements of TIL as of and for the three-month periods ended March 31, 2015. See "*Presentation of Financial and Other Information*" and the Finco 2017 Q1 Unaudited Condensed Consolidated Three Month Interim Financial Statements and the TIL 2015 Q1 Unaudited Condensed Consolidated Three Month Interim Financial Statements, and notes thereto for more information regarding our interim financial information.

Commission and fees

Commissions and fees represents income received from third parties net of commissions paid to sub-agents and brokers. The group typically shares commissions resulting from a sub-agent or broker referring a customer to Towergate with the sub-agent or broker. Income from profit share arrangements with insurers is included in commission and fees.

Other income

Other income represents income received from non-core trading activities, including rental income from the sub-let of vacant properties.

Investment income

Investment income represents the interest received on fiduciary cash.

Salaries and associated expenses

Salaries and associated expenses represent the costs of staff and staff related expenses incurred in the operations of our business and includes exceptional staff related costs for spend not in the normal course of operations.

Other operating costs

Other operating costs represent all other administrative costs and includes exceptional spend not in the normal course of operations.

Depreciation and amortization charges

Depreciation and amortization charges represent the depreciation charge of tangible assets and the amortization of intangible assets.

Share of loss from associate

Share of loss from associate represents Towergate's share of losses incurred from Bravo Investment Holdings Limited.

Impairment of goodwill

Impairment of goodwill represents a charge where the carrying value of the cash generating units ("**CGUs**") of Towergate (based on the lines of business within Towergate: advisory, retail, Bishopsgate, underwriting, Paymentshield and Broker network) to which the goodwill has been allocated exceeds the recoverable value of that CGU.

Finance costs

Finance costs represent the interest expense and other financing costs.

Finance income

Finance income represents the interest on available cash and the changes in fair value of the financial instruments in the statement of financial position.

Income tax credit

An income tax credit arises on the unwinding of the deferred tax liability.

Discontinued operations

Discontinued operations represent a strategic shift that has (or will have) a major effect on Towergate's operations and financial results as determined when the component or group of components: (i) meets the criteria to be classified as held for sale; (ii) is disposed of by sale; or (iii) is disposed of other than by sale.

Adjusted EBITDA

Adjusted EBITDA represents commissions and fees less salaries and associated costs and other operating costs, before finance costs, tax, depreciation and amortization, significant one-off items including group reorganization costs and regulatory costs, share of loss from associate, gain/loss on sale of businesses and investments, reduction in value of financial liabilities acquired, one-off business investment costs and transformation costs.

Results of Operations—Three Months Ended March 31, 2017 Compared to the Three Months Ended March 31, 2016

	Three months ended March 31,	
	2017	2016
	(IFRS) (£ in thousands)	
Continuing operations		
Commission and fees	**77,666**	76,783
Other income	**170**	62
Investment income	**20**	43
Salaries and associated costs	**(44,491)**	(48,809)
Other operating costs	**(34,626)**	(24,782)
Depreciation and amortization charges	**(11,845)**	(10,899)
Share of loss from associate	**(52)**	—
Impairment of goodwill	**—**	—
Operating loss	**(13,158)**	(7,602)
Finance costs	**(12,109)**	(11,473)
Finance income	**15**	29
Loss before taxation	**(25,252)**	(19,046)
Income tax credit	**1,888**	1,933
Total comprehensive loss for the period attributable to continuing operations	**(23,364)**	(17,113)
Discontinued operations		
Total comprehensive profit for the period attributable to discontinued operations	**—**	793
Profit on sale of discontinued operations	**2,674**	—
Total comprehensive loss for the period	**(20,690)**	(16,320)

Commission and fees

Commission and fees in the three months ended March 31, 2017 were £77.7 million compared to £76.8 million in the three months ended March 31, 2016, an increase of £0.9 million or 1.1%. The increase is primarily due to year on year organic income growth of 2.9% in Insurance Broking from £50.5 million to £52.0 million, with new hires and strong margin management driving positive results, and 7.1% for Paymentshield from £9.9 million to £10.7 million with an uplift in new business sales and an increase in income from profit share arrangements. In addition, across Towergate we have seen net commission margin improvement, although this is partially offset by a decrease in GWP volume.

Other income

Other income in the three months ended March 31, 2017 was £0.2 million compared to £0.1 million in the three months ended March 31, 2016, an increase of £0.1 million. The increase was primarily due to an increase in income from sub-lets.

Investment income

Investment income in the three months ended March 31, 2017 was £20,000 compared to £43,000 in the three months ended March 31, 2016, a decrease of £23,000 or 53.5%. The decrease was primarily due to decreased interest income from certain fiduciary cash.

Salaries and associated costs

Salaries and associated costs in the three months ended March 31, 2017 were £44.5 million compared to £48.8 million in the three months ended March 31, 2016, a decrease of £4.3 million or 8.8%. The decrease was primarily due to a reduction in FTEs as a result of implementing our cost-saving initiatives. See *"—Factors Affecting Results of Operations—Initiatives to reduce cost base and improve profitability*."

Other operating costs

Other operating costs in the three months ended March 31, 2017 were £34.6 million compared to £24.8 million in the three months ended March 31, 2016, an increase of £9.8 million or 39.7%. The increase was primarily due to an increase in exceptional costs associated with implementing our cost-saving initiatives. See "*—Factors Affecting Results of Operations—Initiatives to reduce cost base and improve profitability*." Underlying costs excluding exceptional costs increased by 6%, or £1.1 million, year on year on the same basis.

Depreciation and amortization charges

Depreciation and amortization charges in the three months ended March 31, 2017 were £11.8 million compared to £10.9 million in the three months ended March 31, 2016, an increase of £0.9 million or 8.7%. The increase was primarily due to additional investments associated with our cost-saving initiatives. See "*—Towergate—Additional Significant Factors Affecting Results of Operations of Towergate—Towergate Transformation Program*."

Share of loss from associate

Share of loss from associate in the three months ended March 31, 2017 was £52,000 compared to £nil in the three months ended March 31, 2016. No investment in an associate occured in the prior period.

Finance costs

Finance costs in the three months ended March 31, 2017 were £12.1 million compared to £11.5 million in the three months ended March 31, 2016, an increase of £0.6 million or 5.5%. The increase was primarily due to an increase in interest payments relating to our Lunar Facility, which we entered into in November 2016.

Income tax credit

Income tax credit in the three months ended March 31, 2017 remained stable at £1.9 million compared to £1.9 million in the three months ended March 31, 2016. This reflects an unwinding of deferred tax liabilities on intangible assets.

Discontinued operations

Profit for the period attributable to discontinued operations in the three months ended March 31, 2017 was £nil million compared to £0.8 million in the three months ended March 31, 2016. This was due to the disposal of the Broker Network Limited in 2016. Towergate recognised a profit on disposal of discontinued operations of £2.7 million in the three months ended March 31, 2017 due to revised profit expectation of the Broker Network Limited.

Total comprehensive loss for the period

Total comprehensive loss for the period in the three months ended March 31, 2017 was £20.7 million compared to £16.3 million in the three months ended March 31, 2016, an increase of £4.4 million or 27.0%. The increase was primarily due to an increase in other operating costs of £9.8 million driven by an increase in exceptional costs, partially offset by £4.3 million from salaries and other associated cost savings.

Adjusted EBITDA

Adjusted EBITDA in the three months ended March 31, 2017 was £12.3 million compared to £8.2 million in the three months ended March 31, 2016, an increase of £4.1 million or 50.0%. The increase was primarily due to an increase in commission and fees and a £3.1 million cost reduction driven by salaries and other associated cost savings.

Results of Operations—Year Ended December 31, 2016 Compared to the Year Ended December 31, 2015

	For the year ended December 31,	Pro forma for the 12 months ended December 31,	Adjustments			For the Three Months Ended March 31,	From April 2, 2015 (period of inception) to December 31,
			Pro forma adjustments for TIL and segmental re-analysis[4]	Pro forma adjustments for disposals[3]	Adjustments for discontinued operations		
	2016	2015				2015[2]	2015[1]
			(IFRS) (£ in thousands)				
Continuing operations							
Commission and fees	**318,042**	338,642	(729)[(a)]	(1,471)	(2,720)	85,331	258,231
Other income	**195**	185	—	—	26	—	159
Investment income	**282**	307	—	—	(10)	89	228
Salaries and associated costs	**(183,580)**	(176,606)	—	1,126	1,365	(50,487)	(128,610)
Other operating costs	**(116,275)**	(197,847)	12,409[(b)]	655	396	(40,949)	(170,358)
Depreciation and amortization charges	**(44,139)**	(43,903)	(5,979)[(c)]	11	204	(5,303)	(32,836)
Share of loss from associate	**(706)**	—	—	—	—	—	—
Impairment of goodwill	**—**	(86,400)	—	—	—	—	(86,400)
Operating loss	**(26,181)**	(165,622)	5,701	321	(738)	(11,319)	(159,586)
Finance costs	**(47,005)**	(45,765)	(11,036)[(d)]	—	—	(238)	(34,491)
Finance income	**201**	498	—	—	—	93	405
Loss before taxation	**(72,985)**	(210,899)	(5,335)[(e)]	321	(738)	(11,464)	(193,672)
Income tax credit	**11,845**	6,528	—	—	(36)	(224)	6,788
Total comprehensive profit/loss for the period attributable to continuing operations	**(61,140)**	(204,361)	(5,335)	321	(775)	(11,688)	(186,884)
Discontinued operations							
Total comprehensive profit/(loss) for the period attributable to discontinued operations	**18,141**	3,196	366[(f)]	—	775	(366)	2,421
Total comprehensive profit/(loss) for the period	**(42,999)**	**(201,165)**	**(4,969)**	**321**	**—**	**(12,054)**	**(184,463)**

(1) The period ended December 31, 2015 was a nine-month period commencing on April 2, 2015. Although Towergate was incorporated on February 5, 2015, Towergate had no income or expenses prior to the completion of the acquisition of Towergate Insurance Limited (together with its subsidiary companies) on April 2, 2015. Accordingly, the 2015 fiscal period represents the results for the period of April 2, 2015 to December 31, 2015.

(2) The pre-acquisition period for TIL represents the trading period January 1, 2015 to April 1, 2015 derived from the unaudited interim condensed consolidated financial statements for TIL as of and for the three months ended March 31, 2015. These figures have been previously reported in the Towergate Insurance Limited investor report issued on June 26, 2015 for the quarter ended March 31, 2015.

(3) The pro forma adjustments for disposals represents the removal of the aggregated results of the trading period January 1, 2015 to December 31, 2015 for Broker Network which is compiled from information in the respective management accounts of Broker Network.

(4) The *pro forma* adjustments for TIL, disposal of Towergate Financial ("**TF**") and debt costs represents: (a) (i) 2014 audit adjustments made after the Group accounts had been signed and (ii) a timing adjustment in the recognition of a profit share, (b) the reversal of group restructuring costs previously included in TIL but subsequently accounted for in Finco, (c) amortization of intangibles for the three months to March 31, 2015 based on Finco intangible balances (£10.2 million) offset by the reversal of the three months amortization of intangibles to March 31, 2015 already in TIL (£4.2 million), (d) (i) three months interest cost on the £425.0 million 8.75% senior secured notes (£9.3 million) (ii) three months interest on the £75.0 million floating rate super senior secured notes (£1.7 million) (iii) three months amortization of capitalized debt costs of £3.7 million over a period of 5 years (£0.2 million) offset by (iv) the reversal of interest charged in TIL on the £20.0 million bridging loan (£0.2 million) and (e) tax effect of pro forma adjustments (a), (b), (c) and (d) and (f) represents the removal of the aggregated results of the trading period January 1, 2015 to March 16, 2015 for TF which was classed as discontinued operations in the TIL consolidated financial statements and is compiled from information in the respective management accounts of TF.

Commission and fees

Commission and fees in the year ended December 31, 2016 were £318.0 million compared to £258.2 million in the nine months ended December 31, 2015. On an adjusted *pro forma* (unaudited) 12-months ended December 31, 2015 basis, commission and fees decreased by 6%, or £(20.6) million from £338.6 million to £318.0 million, year on year, driven primarily by volume reduction in our Retail unit which was undergoing restructuring and our Underwriting unit which was impacted by actions taken to drive improved insurer results, offset partially by margin increase. Underlying income excluding exceptional items decreased by 4%, or £14.8 million, year on year for the reasons described above.

Other income

Other income in the year ended December 31, 2016 was £195,000 compared to £159,000 for the nine months ended December 31, 2015. On an adjusted *pro forma* (unaudited) 12-months ended December 31, 2015 basis, other income increased by 5% year on year from £185,000 to £195,000. The increase was primarily due to an increase in income from sub-letting vacant properties.

Investment income

Investment income in the year ended December 31, 2016 was £282,000 compared to £228,000 for the nine months ended December 31, 2015. On an adjusted *pro forma* (unaudited) 12-months ended December 31, 2015 basis, investment income decreased by 8% year on year from £307,000 to £202,000 primarily due to a decrease in interest income from certain fiduciary cash.

Salaries and associated costs

Salaries and associated costs in the year ended December 31, 2016 were £183.6 million compared to £128.6 million for the nine months ended December 31, 2015. On an adjusted *pro forma* (unaudited) 12-months ended December 31, 2015 basis, salaries and associated costs increased by 4%, or £6.9 million from £176.6 million to £183.6 million, year on year primarily due to exceptional costs as a result of implementing FTE reduction measures combined with the recruitment of new income generating hires. Underlying costs excluding exceptional costs decreased by 5%, or £8.3 million, year on year on the same basis.

Other operating costs

Other operating costs in the year ended December 31, 2016 were £116.3 million compared to £170.4 million for the nine months ended December 31, 2015. On an adjusted *pro forma* (unaudited) 12-months ended December 31, 2015 basis, other operating costs decreased by 41%, or £81.6 million from £197.8 million to £116.3 million, year on year primarily due to exceptional costs incurred as part of the financial restructuring in 2015, partially offset by 2016 exceptional costs associated with our cost-saving initiatives. Underlying costs excluding exceptional costs decreased by 4%, or £3.6 million, year on year on the same basis.

Depreciation and amortization charges

Depreciation and amortization charges in the year ended December 31, 2016 were £44.1 million compared to £32.8 million for the nine months ended December 31, 2015. On an adjusted *pro forma* (unaudited) 12-months ended December 31, 2015 basis, depreciation and amortization charges increased by 0.5%, or £0.2 million from £43.9 million to £44.1 million, year on year primarily due to an increase in the value of capitalized assets.

Share of loss from associate

Share of loss from associate in the year ended December 31, 2016 was £0.7 million compared to £nil for the nine months ended December 31, 2015. On an adjusted *pro forma* (unaudited) 12-months ended December 31, 2015 basis, the numbers remain unchanged.

Impairment of goodwill

Impairment of goodwill in the year ended December 31, 2016 was £nil compared to £86.4 million for the nine months ended December 31, 2015. On an adjusted *pro forma* (unaudited) 12-months ended December 31, 2015 basis, the numbers remain unchanged.

Finance costs

Finance costs in the year ended December 31, 2016 were £47.0 million compared to £34.5 million for the nine months ended December 31, 2015. On an adjusted *pro forma* (unaudited) 12-months ended December 31, 2015 basis, finance costs increased year on year primarily relating to the financial restructuring in 2015 and an increase in interest payments relating to our Lunar Facility, which we entered into in November 2016.

Finance income

Finance income in the year ended December 31, 2016 was £0.2 million compared to £0.4 million for the nine months ended December 31, 2015. On an adjusted *pro forma* (unaudited) 12-months ended December 31, 2015 basis, finance income decreased by £0.3 million year on year from £0.5 million to £0.2 million. The decrease was primarily due to a decrease in interest income from funds held.

Income tax credit

Income tax credit in the year ended December 31, 2016 was £11.8 million compared to £6.8 million for the nine months ended December 31, 2015. On an adjusted *pro forma* (unaudited) 12-months ended December 31, 2015 basis, income tax credit increased by 81%, or £5.3 million from £6.5 million to £11.8 million, year on year. The increase was primarily due to recognition of a deferred tax asset in the prior period.

Discontinued operations

Discontinued operations in the year ended December 31, 2016 were £18.1 million compared to £2.4 million for the nine months ended December 31, 2015. On an adjusted *pro forma* (unaudited) 12-months ended December 31, 2015 basis, profit from discontinued operations increased by £14.9 million year on year. The increase was primarily due to the sale of the entire issued share capital of The Broker Network Limited and Countrywide Insurance Management Limited, each a wholly owned subsidiary of Towergate, and the assets of Broker Network Underwriting, a trading style of Towergate Underwriting Group Limited.

Total comprehensive loss for the period

Total comprehensive loss for the period in the year ended December 31, 2016 was £43.0 million compared to £184.5 million for the nine months ended December 31, 2015. On an adjusted *pro forma* (unaudited) 12-months ended December 31, 2015 basis, total comprehensive loss for the period decreased by £158.2 million year on year from £201.2 million to £43.0 million. The decrease was primarily due to a £(21.0) million in decreased commission and fees and a £6.9 million increase in salaries and associated costs, offset by £14.9 million profit on discontinued operations, and a £86.4 million in decreased impairment of goodwill and a £81.6 million decrease in other operating costs.

Adjusted EBITDA

Adjusted EBITDA in the year ended December 31, 2016 was £51.6 million compared to £54.5 million for the *pro forma* (unaudited) 12-months ended December 31, 2015, a decrease of £2.9 million or 5.3%. The decrease was primarily due to a decrease in commission and fees, partially offset by salaries and associated costs and other operating costs.

Price Forbes

Additional Factors Affecting Results of Operations of Price Forbes

Price Forbes's primary business is as a wholesale insurance and reinsurance broker. Their clients are predominantly made up of large international corporate businesses with complex insurance requirements. These clients require bespoke insurance policies to meet their needs, which they may not be able to source in their domestic markets. In addition, the pricing of insurance domestically may be uncompetitive compared to the international markets. As such the success of its business partly depends upon the relative strength of its clients' domestic insurance markets compared to the international markets with which the company trades. When the relative positioning of the domestic markets for providing favorably priced insurance products compared to the international markets changes, its clients will seek to retain more business in their local markets. The company therefore performs well when the London and international markets pricing of insurance risks is competitive and the converse is also true as a large proportion of the company's business is derived from clients with sophisticated needs which can only be met in the London and international markets.

Furthermore, much of the company's income is commission based and when markets are soft (insurance rates are declining) it will earn less remuneration than in a hard market. In common with its peers, the company has experienced a sustained soft market which means that turnover is less than it otherwise might have been.

A key part of the company's business is derived from Energy, Natural Resources and Marine clients. In 2016, the energy and natural resources sectors experienced global difficulties and this was reflected in a downturn in the investing and operating activities of these clients and their insurance requirements. The company's marine clients were also impacted by this downturn is activity.

The company is constantly seeking to invest in new products or broaden and deepen its offering. This investment in new staff and teams often results in early year losses while the teams build up their client base. Price Forbes business is further characterized by highly seasonal revenue as a consequence of traditional policy renewal pattern across the various lines of business. February, July and December are typically the months with the highest broking activity levels.

In addition, a significant amount of Price Forbes income (83% in the year ended December 31, 2016) is denominated in United States Dollars despite the business being based in the United Kingdom and its costs being incurred substantially in pound sterling. Where Price Forbes is unable to match brokerage and fees received in foreign currencies with costs paid in the same currency, its results of operations are affected by currency exchange rate fluctuations. Price Forbes presents its consolidated financial statements in pounds sterling. As a result, it must translate the assets, liabilities, income and expenses of all of its operations with a functional currency other than pounds sterling into pounds sterling at then-applicable exchange rates. Consequently, increases or decreases in the value of these currencies against the pound may affect the value of its assets, liabilities, income and expenses with respect to Price Forbes's non-sterling businesses in its consolidated financial statements, even if its value has not changed in its original currency, which creates translation risk. These translations could significantly affect the comparability of Price Forbes's results between financial periods and result in significant changes to the carrying value of Price Forbes's assets, liabilities and shareholders' equity. Post-Brexit, the US dollar strengthened against the pound sterling, resulting in a positive effect for the year ended December 31, 2016 compared to the year ended December 31, 2015. Assuming no change in the exchange rate of USD/GBP 1.25, £20.2 million of losses from historical hedging would be recognized in the profit and loss accounts through 2019, of which £10.1 million would be recognized in 2017, £7.2 million would be recognized in 2018 and £3.0 million would be recognized in 2019.

Price Forbes Key Income Statement Items

Below is a summary description of the key elements of the line items of the Price Forbes 2016 Audited Consolidated Financial Statements, which were prepared in accordance with UK GAAP.

Turnover

Turnover represents brokerage and fees derived from insurance and reinsurance contracts together with revenues from operating binding authorities and associated profit commission.

Administrative expenses

Administrative expenses represents the costs of staff and staff related expenses together with infrastructure costs such are premises, systems and communications incurred in the operations of our business.

Other operating income

Other operating income represents interest earned.

Interest payable and similar expenses

Interest payable and similar expenses represents interest payable on the company's revolving credit facility.

Tax on profit

Tax on profit represents the sum of the current tax expense and deferred tax expense.

Change in value of hedging instrument

Change in value of hedging instrument represents the movement in the cumulative fair value on a mark to market basis of the hedging instruments outstanding at the year-end compared to the cumulative fair value on a mark to market basis of all hedging instruments outstanding at the prior year end less any hedges which crystalized in the current year..

Reclassification to profit and loss

Reclassification to profit and loss represents the profit or loss on derivative financial instruments, outstanding at the prior year end which crystalized in the current year.

Total tax on components of other comprehensive income

Total tax on components of other comprehensive income represents deferred tax on the movement in the change in value of hedging instruments.

Results of Operations – Year Ended December 31, 2016 Compared to the Year Ended December 31, 2015

	For the year ended December 31,	
	2016	2015
	(UK GAAP) (£ in thousands)	
Turnover	**67,326**	61,582
Administrative expenses	**(62,233)**	(57,023)
Other operating income	**385**	188
Operating profit	**5,478**	4,747
Interest payable and similar charges	**(239)**	(103)
Profit before taxation	**5,239**	4,644
Tax on profit	**(1,676)**	(1,222)
Profit for the financial year	**3,563**	3,422
Cash flow hedges		
- change in value of hedging instrument	**(19,972)**	(4,356)
- reclassification to profit and loss	**5,677**	1,662
Foreign exchange translation differences	**(114)**	105
Total tax on components of other comprehensive income	**2,667**	546
Total comprehensive (expenses)/income	**(8,179)**	1,379

Turnover

Turnover in the year ended December 31, 2016 was £67.3 million compared to £61.6 million in the year ended December 31, 2015, an increase of £5.7 million or 9.3%. The increase was primarily due to growth in

Non-Marine (particularly in the US) despite a continuing soft market. These gains were partially offset by difficulties in the energy sector due to the low oil price and a consequential slowdown in investment by the group's energy clients. The turnover also benefited from the fall in GBP against the USD following the Brexit referendum.

Administrative expenses

Administrative expenses in the year ended December 31, 2016 were £62.2 million compared to £57.0 million in the year ended December 31, 2015, an increase of £5.2 million or 9.1%. The increase was primarily due to the impact of investment in the group's future growth including hiring of key individuals and teams, refurbishment and expansion of the head office premises and investment in core systems.

Other operating income

Other operating income in the year ended December 31, 2016 was £0.4 million compared to £0.2 million in the year ended December 31, 2015, an increase of £0.2 million or 100.0%. The increase was primarily due to more favorable interest rates being achieved augmented by improved exchange rates on USD deposits.

Interest payable and similar expenses

Interest payable and similar expenses in the year ended December 31, 2016 were £0.2 million compared to £0.1 million in the year ended December 31, 2015, an increase of £0.1 million or 100.0%. The increase was primarily due to the interest payments relating to a revolving credit facility which was drawn down to finance the refurbishment of the company's headquarters and to pay the transaction expenses arising on the sale of PFIH Limited to Price Forbes Holdings Limited.

Tax on profit

Tax on profit in the year ended December 31, 2016 were £1.7 million compared to £1.2 million in the year ended December 31, 2015, an increase of £0.5 million or 41.7%. The increase was due to the increase in profits in 2016 together with the timing differences arising on the tax treatment of the refurbishment of premises.

Change in value of hedging instrument

Change in value of hedging instrument in the year ended December 31, 2016 was £(20.0) million compared to £(4.4) million in the year ended December 31, 2015, an increase of £(15.6) million or 354.5%. The increase was primarily due to the change in value of USD: GBP exchange rate moving from 1.4833 on December 31, 2015 to 1.2357 at the December 31, 2016. This movement fed through into the mark to market revaluation of all the outstanding forward sale contracts.

Reclassification to profit and loss

Reclassification to profit and loss in the year ended December 31, 2016 was £(5.7) million compared to £(1.7) million in the year ended December 31, 2015, an increase of £4.0 million or 235.3%. The increase was primarily due to the significant weakening of GBP against the USD during 2016 which resulted in crystalizing forward USD sale transactions generating a greater loss than the prior year.

Total tax on components of other comprehensive income

Total tax on components of other comprehensive income in the year ended December 31, 2016 was £2.7 million compared to £0.5 million in the year ended December 31, 2015, an increase of £2.2 million or 440.0%. The increase was primarily due to the tax benefit of the change in value of the hedging instruments.

Total comprehensive (expenses)/income

Total comprehensive (expenses)/income in the year ended December 31, 2016 was £(8.2) million compared to £1.4 million in the year ended December 31, 2015, a decrease of £9.6 million or 685.7%. The decrease was primarily due to the significant movement on the USD : GBP exchange rate post-Brexit, which resulted in a material mark to market adjustment on unrealized hedges taken out in prior years. As a result of these hedges, the balance sheet revaluation net of tax was £16.2 million and the charge to the income statement in 2016 was £5.7 million gross of tax (£4.6 million net of tax).

Autonet

Autonet Key Income Statement Items

Below is a summary description of the key elements of the line items of the Autonet 2016 Audited Consolidated Financial Statements, which were prepared in accordance with UK GAAP.

Turnover

Turnover represents insurance brokerage fees, income received from premium financing, aggregator income, other claims related services, income from legal services and fee income generated by its medical reporting business and is measured at fair value.

Administrative expenses

Administrative expenses represent the costs of staff and staff related expenses incurred in the operations of our business.

Other income

Other income represents income received from non-core trading activities, including interest income.

Interest receivable and similar income

Interest receivable and similar income represents bank interest, other interest and effective interest on loans.

Interest payable and similar expenses

Interest payable and similar expenses represents interest payable on loans, dividends on non-equity share classified as debt and lease finance charges.

Taxation

Taxation represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognized when tax paid exceeds the tax payable.

Results of Operations—Year Ended December 31, 2016 Compared to the Year Ended December 31, 2015

	For the year ended December 31, 2016	2015
	(UK GAAP) (£ in thousands)	
Turnover	**42,267**	41,506
Administrative expenses	**(31,463)**	(30,268)
Other operating income	**12**	13
Operating profit	**10,816**	11,251
Interest receivable and similar income	**157**	51
Interest payable and similar expenses	**(66)**	(119)
Profit before taxation	**10,907**	11,183
Taxation	**(2,097)**	(2,315)
Profit after taxation and total comprehensive income	**8,810**	8,868

Turnover

Turnover in the year ended December 31, 2016 was £42.3 million compared to £41.5 million in the year ended December 31, 2015, an increase of £0.8 million or 1.9%. The increase was primarily due to an increase in brokerage income through additional new business units and improvements in renewal earnings.

Administrative expenses

Administrative expenses in the year ended December 31, 2016 were £31.5 million compared to £30.3 million in the year ended December 31, 2015, an increase of £1.2 million or 4.0%. The increase was primarily due to the additional marketing costs £0.7 million related to the new business cases acquired and associated increase in costs through the increased turnover and additional depreciation through increased capex expenditure in the period.

Other operating income

Other operating income was broadly stable for the period.

Interest receivable and similar income

Interest receivable and similar income in the year ended December 31, 2016 was £156,700 compared to £50,900 in the year ended December 31, 2015, an increase of £105,800 or 207.9%. The increase was primarily due to a notional interest recognition (£115,000) due to accounting disclosure FRS102 for £2 million interest free advance from close premium finance.

Interest payable and similar expenses

Interest payable and similar expenses in the year ended December 31, 2016 were £65,700 compared to £118,700 in the year ended December 31, 2015, a decrease of £53,000 or 44.7%. The decrease was primarily due to reduced dividends on non-equity shares classified as debt.

Taxation

Taxation in the year ended December 31, 2016 was £2.1 million compared to £2.3 million in the year ended December 31, 2015, a decrease of £0.2 million or 8.7%. The decrease was primarily due to lowering of the corporate tax rate.

Profit and total comprehensive income for the year

Profit and total comprehensive income for the year in the year ended December 31, 2016 was £8.8 million compared to £8.9 million in the year ended December 31, 2015, a decrease of £0.1 million or 1.1%. The decrease was primarily due to an increase in operating profit before non-recurring items of £0.2 million, offset by £0.6 million of non-recurring cost (deal cost).

Direct Group

Direct Group Key Income Statement Items

Below is a summary description of the key elements of the line items of the Direct Group 2016 Audited Consolidated Financial Statements, which were prepared in accordance with IFRS.

Distribution service fees

Distribution service fees represents fees received for brokerage services and policy administration services that the group provides to policyholders on behalf of the insurer, syndicate of insurers or underwriter

Claims management fees

Claims management fees represents fees received for services associated with the claims life cycle, such as first notification, claims investigation, decision and settlement, supply chain management, fraud investigation, field/ loss adjusting services and management information.

Profit commissions

Profit commissions represents commission paid by an insurer in the period based on the overall underwriting profitability of the business placed.

Related party revenue

Related party revenue represents the recharge of expenses incurred to Ryan Specialty Group Underwriting Managers Europe Limited and Ryan Specialty Group Limited relating to certain expenses incurred by Direct Group on behalf of Ryan Specialty Group Underwriting Managers Europe Limited and Ryan Specialty Group Limited.

Staff costs

Staff costs represent the costs of staff and staff related expenses incurred in the operations of our business.

Other general and administrative expenses

Other general and administrative expenses represent all other administrative costs.

Restructuring and transaction related overheads

Restructuring and transaction related overheads represent expenses incurred in connection with the group's reorganizations and restructuring.

Depreciation and amortization

Depreciation and amortization represents the depreciation charge of tangible assets and the amortization of intangible assets.

Related party expenses

Related party expenses represent certain expenses incurred by Direct Group on behalf of Ryan Specialty Group Underwriting Managers Europe Limited and Ryan Specialty Group Limited.

Finance income and Finance costs

Finance income and finance costs include interest income and interest payable which is recognized in the consolidated statement of profit or loss as it accrues, using the effective interest method. Furthermore finance costs include transactional bank charges and credit and debit card charges.

Tax benefit / (expense)

Tax benefit / (expense) comprises current and deferred tax. Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Results of Operations—Year Ended December 31, 2016 Compared to the Year Ended December 31, 2015

	For the year ended December 31,	
	2016	2015
	(IFRS) (£ in thousands)	
Revenue		
Distribution service fees	16,236	13,452
Claims management fees	9,738	8,106
Profit commissions	2,450	2,103
Total operating revenue	**28,424**	23,661
Related party revenue	—	648
Total revenue	**28,424**	24,309
Expenses		
Staff costs	14,125	11,093
Other general & administrative expenses	6,713	5,638
Restructuring & transaction related overheads	1,083	1,578
Depreciation & amortization	5,369	4,291
Related party expenses	—	648
Total operating expenses	**(27,290)**	(23,248)
Operating profit	**1,134**	1,061
Finance income	11	—
Finance costs	(4,774)	(4,185)
Net finance cost	**(4,763)**	(4,185)
Loss before tax	**(3,629)**	(3,124)
Tax benefit	312	665
Total comprehensive loss for the year	**(3,317)**	(2,459)

Distribution service fees

Distribution service fees in the year ended December 31, 2016 were £16.2 million compared to £13.5 million in the year ended December 31, 2015, an increase of £2.8 million or 20.7%. The increase was primarily due to the acquisition of Midas Underwriting Limited on March 31, 2016 (the "***Midas Acquisition***").

Claims management fees

Claims management fees in the year ended December 31, 2016 were £9.7 million compared to £8.1 million in the year ended December 31, 2015, an increase of £1.6 million or 20.1%. The increase was primarily due to new account wins in property.

Profit commissions

Profit commissions in the year ended December 31, 2016 were £2.5 million compared to £2.1 million in the year ended December 31, 2015, an increase of £0.3 million or 16.5%. The increase was primarily due to receipt on additional schemes entering profit commission arrangements.

Related party revenue

Related party revenue in the year ended December 31, 2016 was £nil compared to £0.6 million in the year ended December 31, 2015, a decrease of £0.6 million. The decrease was primarily due to the other businesses within the wider group incurring these costs directly rather than being recharged by Direct Group.

Staff costs

Staff costs in the year ended December 31, 2016 were £14.1 million compared to £11.1 million in the year ended December 31, 2015, an increase of £3.0 million or 27.3%. The increase was primarily due to the additional staff cost within Midas Underwriting Limited business acquired on March 31, 2016 and additional claim handling staff required to service new claims accounts in 2016.

Other general & administrative expenses

Other general & administrative expenses in the year ended December 31, 2016 were £6.7 million compared to £5.6 million in the year ended December 31, 2015, an increase of £1.1 million or 19.1%. The increase was primarily due to additional overhead within the Midas Underwriting Limited business acquired on March 31, 2016.

Restructuring & transaction related overheads

Restructuring & transaction related overheads in the year ended December 31, 2016 were £1.1 million compared to £1.6 million in the year ended December 31, 2015, a decrease of £0.5 million or 31.4%. The decrease was primarily due to lower spend on systems decommissioning and premises closures in 2016.

Depreciation and amortization

Depreciation and amortization in the year ended December 31, 2016 was £5.4 million compared to £4.3 million in the year ended December 31, 2015, an increase of £1.1 million or 25.1%. The increase was primarily due to the amortization of intangible assets recognized as part of the Midas Acquisition.

Related party expenses

Related party expenses in the year ended December 31, 2016 was £nil compared to £0.6 million in the year ended December 31, 2015, a decrease of £0.6 million or 100.0%. The decrease was primarily due to the other businesses within the wider group incurring these costs directly rather than being recharged by Direct Group.

Finance income

Finance income in the year ended December 31, 2016 was £11,000 compared to £nil in the year ended December 31, 2015, an increase of £11,000.

Finance costs

Finance costs in the year ended December 31, 2016 were £4.8 million compared to £4.2 million in the year ended December 31, 2015, an increase of £0.6 million or 14.1%. The increase was primarily due to interest on the shareholder loan notes issued as part of the Midas Acquisition.

Tax benefit

Tax benefit in the year ended December 31, 2016 was £0.3 million compared to £0.7 million in the year ended December 31, 2015, a decrease of £0.4 million or 53.1%. The decrease was primarily due to lower deferred tax assets being reorganized in 2016.

Total comprehensive loss for the year

Total comprehensive loss for the year in the year ended December 31, 2016 was £3.3 million compared to £2.5 million in the year ended December 31, 2015, an increase of £0.9 million or 34.9%. The increase was primarily due to the factors outlined above.

Chase Templeton

Significant Factors Affecting Comparability

We maintain an acquisition strategy which has continued with a number of acquisitions completing each year. For the year ended October 31, 2016 and 2015, we completed 13 and 14 acquisitions, respectively. Accordingly, the results for the year ended October 31, 2016 may not be directly comparable to the year ended December 31, 2015.

Chase Templeton Key Income Statement Items

Below is a summary description of the key elements of the line items of the Chase Templeton 2016 Audited Consolidated Financial Statements, which were prepared in accordance with UK GAAP.

Turnover

Turnover represents commission and fees receivable in respect of services completed, exclusive of value added tax and trade discounts.

Cost of sales

Cost of sales represents commission payable.

Amortization of goodwill and other intangibles

Goodwill represents the difference between the fair value of the amounts paid on acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortized to the profit and loss accounts over its estimated economic life.

Administrative expenses

Administrative expenses represents the costs of staff and staff related expenses incurred in the operations of our business.

Interest payable and similar charges

Interest payable and similar charges represents bank loan interest, management and shareholder loan interest and hire purchase interest.

Tax on profit/(loss) on ordinary activities

Tax on profit/(loss) on ordinary activities comprises current and deferred tax. Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Results of Operations—Year Ended October 31, 2016 Compared to the Year Ended October 31, 2015

	For the year ended October 31, 2016	2015
	(UK GAAP) (£ in thousands)	
Turnover	**16,655**	12,735
Cost of sales	**(4,140)**	(5,086)
Gross profit	**12,515**	7,649
Administrative expenses	**(6,224)**	(4,618)
Amortization of goodwill and other intangibles	**(3,710)**	(2,340)
Total administrative expenses	**(9,933)**	(6,958)
	2,582	691
Other operating income	**—**	40
Operating profit	**2,582**	732
Interest receivable and similar income	**—**	—
	2,582	732
Interest payable and similar charges	**(1,950)**	(1,253)
Profit/(loss) on ordinary activities before taxation	**632**	(521)
Tax on profit/(loss) on ordinary activities	**(829)**	(221)
Loss for the financial year	**(197)**	(742)
Loss attributable to:		
Owners of the parent	**(197)**	(742)
Other comprehensive income	—	—
Total comprehensive loss for the year	**(197)**	(742)
Total comprehensive income attributable to:		
Owners of the parent	**(197)**	(742)

Turnover

Turnover in the year ended October 31, 2016 was £16.7 million compared to £12.7 million in the year ended October 31, 2015, an increase of £3.9 million or 30.8%. The increase was primarily due to continued growth through a number of acquisitions made over the period, including significantly, the acquisition of Atlas Consulting Group Limited (August 2015) and the Consilium book of business (November 2015).

Cost of sales

Cost of sales in the year ended October 31, 2016 were £4.1 million compared to £5.1 million in the year ended October 31, 2015, a decrease of £0.9 million or 18.6%. The decrease was primarily due the reduction in the number of appointed representatives within the business.

Administrative expenses

Administrative expenses in the year ended October 31, 2016 were £6.2 million compared to £4.6 million in the year ended October 31, 2015, an increase of £1.6 million or 34.8%. The increase was primarily due to the increase in FTEs as a result of our acquisitions over the period.

Amortization of goodwill and other intangibles

Amortization of goodwill and other intangibles in the year ended October 31, 2016 were £3.7 million compared to £2.3 million in the year ended October 31, 2015, an increase of £1.4 million or 58.5%. The increase was primarily due to the increase in intangible assets as a result of the acquisitions described above.

Interest payable and similar charges

Interest payable and similar charges in the year ended October 31, 2016 were £2.0 million compared to £1.3 million in the year ended October 31, 2015, an increase of £0.7 million or 55.6%. The acquisitions described above were partly funded through increased borrowing which resulted in an increase in interest costs.

Tax on profit/(loss) on ordinary activities

Tax on (loss) on ordinary activities in the year ended October 31, 2016 were £0.8 million compared to £0.2 million in the year ended October 31, 2015, an increase of £0.6 million or 275.5%. The increase was primarily due to the reasons described above.

Total comprehensive loss for the year

Total comprehensive loss for the year in the year ended October 31, 2016 was £(0.2) million compared to £(0.7) million in the year ended October 31, 2015, an decrease of £0.5 million or 73.4%. The decrease was primarily due to the reasons described above.

Liquidity and Capital Resources

Liquidity describes the ability of a company to generate sufficient cash flows to meet the cash requirements of its business operations, including working capital needs, capital expenditure, debt service obligations, other commitments, contractual obligations and acquisitions. Our liquidity requirements arise primarily to meet our debt service obligations, to fund capital expenditures, to fund salaries and other associated costs and to fund acquisitions. Going forward, our primary sources of liquidity are provided by our cash from operating activities and drawings under the Revolving Credit Facility.

Following the Transactions, including the offering of the Notes, and the application of the proceeds therefrom, our debt service obligations will consist primarily of interest payments on the Notes and borrowings under the Revolving Credit Facility.

Although we believe that our expected cash flows from operating activities, together with available borrowings will be adequate to meet our anticipated general liquidity needs and debt service obligations, we cannot assure you that our business will generate sufficient cash flows from operations to meet these needs or that future debt or equity financing will be available to us in an amount sufficient to enable us to fund our liquidity needs, including making payments on the Notes or other debt when due. If our cash flows from operating activities are lower than expected or our capital expenditure requirements exceed our projections, we may be required to seek additional financing, which may not be available on commercially reasonable terms, if at all. Our ability to arrange financing generally and our cost of capital depends on numerous factors, including general economic conditions, the availability of credit from banks, other financial institutions, and capital markets, restrictions in instruments governing our debt, and our general financial performance. See "*Risk Factors—Risks related to our Financial Profile*" and "*Risk Factors—Risks Related to our Financial Profile—Our substantial leverage and debt service obligations could adversely affect our business and prevent us from fulfilling our obligations with respect to the Notes and the Notes Guarantees*."

Towergate

Cash Flow Analysis—Three Months Ended March 31, 2017 Compared to the Three Months Ended March 31, 2016

	For three months ended March 31,	
	2017	2016
	(IFRS) (£ in thousands)	
Cash and cash equivalents at beginning of period	143,088	205,888
Net Cash flows from operating activities	16,599	(9,567)
Net Cash flows from investing activities	(8,742)	(1,156)
Net Cash flows from financing activities	(2,630)	(2,563)
Cash disclosed as held for sale	—	(13,285)
Cash and cash equivalents at end of period	**148,315**	**179,317**
Fiduciary cash	109,096	104,780
Own funds—Restricted	14,237	28,013
Own funds	24,982	46,524

Net cash generated from operating activities

The net cash inflow from operating activities for the three months ended March 31, 2017 was £16.6 million, as compared a net cash outflow of £9.6 million for the three months ended March 31, 2016, an increase of £26.2 million. The cash inflow for the three months ended March 31, 2017 was primarily due to an increase in intercompany credit balance with KIRS Group Limited (formerly TIG Topco Limited) due to the transfer of

£40.0 million of receipts relating to KIRS Group Limited's rights offering and an increase in exceptional items associated with the UCIS redress payments, offset by a £8.5 million reduction of the net creditor balance owed to insurers where cash is collected from customers prior to distribution to insurers.

Net cash generated from investing activities

The net cash outflow from investing activities for the three months ended March 31, 2017 was £8.7 million, as compared to £1.2 million for the three months ended March 31, 2016, an increase of £7.6 million. The increase in cash outflow was primarily due to increased capital expenditure relating to our cost-saving initiatives (see *"—Towergate—Additional Significant Factors Affecting Results of Operations of Towergate—Towergate Transformation Program*") and the relocation to new offices in London.

Net cash generated from financing activities

The net cash outflow from financing activities for the three months ended March 31, 2017 remained broadly stable at £2.6 million, as compared to £2.6 million for the three months ended March 31, 2016. The net movement in cash outflow was primarily due to an increase in interest payments relating to our Lunar Facility, which we entered into in November 2016, offset by prior year settlement of financial liabilities on acquisitions.

Cash disclosed as held for sale

The net cash flow from cash disclosed as held for sale was £nil for the three months ended March 31, 2017 as compared to £13.3 million outflow in the three months ended March 31, 2016, due to cash being transferred on the balance sheet pending the sale of Broker Network Holdings Limited.

Movement in own fund—restricted

During 2016, £13.5 million of restricted cash was placed on deposit and is reflected in held to maturity assets on the balance sheet.

Cash Flow Analysis—Year Ended December 31, 2016 Compared to the Year Ended December 31, 2015

	For year ended December 31,	From April 2, 2015 (period of inception) to December 31,
	2016	2015[(1)]
	(IFRS) (£ in thousands)	
Cash and cash equivalents at beginning of period	**205,888**	—
Net Cash flows from operating activities	**(13,569)**	(43,265)
Net Cash flows from investing activities	**(28,560)**	(69,461)
Net Cash flows from financing activities	**(20,671)**	318,614
Cash and cash equivalents at end of period	**143,088**	205,888
Fiduciary cash	110,090	120,159
Own funds—Restricted	20,357	28,581
Own funds	12,641	57,148

(1) The year ended December 31, 2015 was a nine-month fiscal year, commencing on April 2, 2015 and the first fiscal year following Towergate's incorporation. Although Towergate was incorporated on February 5, 2015, Towergate had no income or expenses prior to the completion of the acquisition of Towergate Insurance Limited (together with its subsidiary companies) on April 2, 2015. Accordingly, the 2015 fiscal year period represents the results for the period of April 2, 2015 to December 31, 2015.

Net cash generated from operating activities

The net cash outflow from operating activities for the year ended December 31, 2016 was £13.6 million, as compared to £43.3 million for the nine months ended December 31, 2015, a decrease of £29.7 million. The decrease in cash outflow was primarily due to a reduction in exceptional costs, which were substantially higher in 2015 as a result of the financial restructuring.

Net cash generated from investing activities

The net cash outflow from investing activities for the year ended December 31, 2016 was £28.6 million, as compared to £69.5 million for the nine months ended December 31, 2015, a decrease of £40.9 million. The decrease in cash used in investing activities was primarily the result of the acquisition of TIL Group in the year ended December 31, 2015, which cost Towergate, net of cash acquired, £65.0 million, partially offset by an increase in capital expenditure from £5.8 million for the year ended December 31, 2015 to £26.7 million for the year ended December 31, 2016. In addition, during 2016, £13.5 million of cash was transferred to a fixed term deposit.

Net cash generated from financing activities

The net cash outflow from financing activities for the year ended December 31, 2016 was £20.7 million, as compared to a net cash inflow of £318.6 million for the nine months ended December 31, 2015, an increase of £339.3 million. The increase in cash outflow was primarily due to £300.0 million proceeds from issue of shares and £52.0 million of proceeds from borrowings in 2015 compared to £26.0 million in 2016 combined with an increase in debt financing outflow from £33.4 million to £46.7 million in 2016, as a result of the financial restructuring in 2015.

Price Forbes

Cash Flow Analysis—Year Ended December 31, 2016 Compared to the Year Ended December 31, 2015

	For year ended December 31,	
	2016	2015
	(UK GAAP) (£ in thousands)	
Cash and cash equivalents at beginning of period	**9,708**	14,825
Net Cash flows from operating activities	**1,533**	(168)
Net Cash flows from investing activities	**(3,152)**	(2,494)
Net Cash flows from financing activities	**3,169**	(793)
Exchange gains (losses) on cash	**911**	(1,662)
Cash and cash equivalents at end of period	**12,169**	**9,708**

Net cash generated from operating activities

The net cash inflow from operating activities for the year ended December 31, 2016 was £1.5 million, as compared to a net cash outflow of £0.2 million for the year ended December 31, 2015, an increase of £1.7 million. The increase in cash inflow was primarily due to the company paying less corporation tax in the year compared to the prior year, increased reported profits and working capital movements.

Net cash generated from investing activities

The net cash outflow from investing activities for the year ended December 31, 2016 was £3.2 million, as compared to a net cash outflow of £2.5 million for the year ended December 31, 2015, an increase of £0.7 million. The increase in cash outflow was primarily due to purchase of computer software as part of the replacement of the core broking system offset by a reduction in the purchase price paid for books of business from competitors.

Net cash generated from financing activities

The net cash inflow from financing activities for the year ended December 31, 2016 was £3.2 million, as compared to a net outflow of £0.8 million for the year ended December 31, 2015, an increase of £4.0 million. In 2016, the group took a £6.5 million drawdown on its revolving credit facility to finance the investing activities described above and incurred an additional £3.1 million of transaction expenses as a result of the sale of PFIH Limited to Price Forbes Holdings Limited. In 2015, the £0.8 million of net cash outflow was the result of paying off shareholder loans and accrued interest prior to the sale of the group netted off by a £3 million drawdown on its revolving credit facility.

Autonet

Cash Flow Analysis—Year Ended December 31, 2016 Compared to the Year Ended December 31, 2015

	For year ended December 31,	
	2016	2015
	(UK GAAP) (£ in thousands)	
Cash and cash equivalents at beginning of period	**5,741**	5,605
Net Cash flows from operating activities	**9,551**	9,128
Net Cash flows from investing activities	**(6,923)**	(566)
Net Cash flows from financing activities	**(2,336)**	(8,426)
Cash and cash equivalents at end of period	**6,033**	**5,741**

Net cash generated from operating activities

The net cash inflow from operating activities for the year ended December 31, 2016 was £9.6 million, as compared to £9.1 million for the year ended December 31, 2015, an increase of £0.5 million or 5.5%. The increase in cash inflow was primarily due to small changes in working capital at the period end.

Net cash generated from investing activities

The net cash outflow from investing activities for the year ended December 31, 2016 was £6.9 million, as compared to £0.6 million for the year ended December 31, 2015, an increase of £6.3 million or 1,050.0%. The increase in cash outflow was primarily due to increase in capital expenditure purchases primarily through the purchase of Kwik Fit "express" renewals (£1.0) million and an inter-company loan passed to Atlanta Holdco (£4.7 million) during the completion process.

Net cash generated from financing activities

The net cash outflow from financing activities for the year ended December 31, 2016 was £2.3 million, as compared to £8.4 million for the year ended December 31, 2015, a decrease of £6.1 million or 72.6%. The decrease in cash outflow was primarily due to dividend payments dropping from £8.2 million to £2.5 million prior to the purchase by Atlanta Holdco.

Direct Group

Cash Flow Analysis—Year Ended December 31, 2016 Compared to the Year Ended December 31, 2015

	For year ended December 31,	
	2016	2015
	(IFRS) (£ in thousands)	
Cash and cash equivalents at beginning of period	**24,130**	23,722
Net Cash flows from operating activities	**5,268**	7,015
Net Cash flows used for investing activities	**(6,638)**	(2,422)
Net Cash flows from / (used in) financing activities	**2,887**	(4,185)
Cash and cash equivalents at end of period	**25,647**	24,130

Net cash generated from operating activities

The net cash inflow from operating activities for the year ended December 31, 2016 was £5.3 million, as compared to £7.0 million for the year ended December 31, 2015, a decrease of £1.7 million. The decrease in cash inflow was primarily due to an increase in insurance trade debtors.

Net cash generated used for investing activities

The net cash outflow used for investing activities for the year ended December 31, 2016 was £6.6 million, as compared to £2.4 million for the year ended December 31, 2015, an increase of £4.2 million. The increase in cash outflow was primarily due to the investment to acquire Midas Underwriting Limited on March 31, 2016.

Net cash generated from / (used in) financing activities

The net cash inflow from financing activities for the year ended December 31, 2016 was £2.9 million, as compared to a net cash outflow of £4.2 million for the year ended December 31, 2015, an increase of £7.1 million. The increase in cash inflow was primarily due to the loan notes issued to finance the Midas Acquisition in 2016.

Chase Templeton

Cash Flow Analysis—Year Ended October 31, 2016 Compared to the Year Ended October 31, 2015

	For year ended October 31,	
	2016	2015
	(UK GAAP)	**(£ in thousands)**
Cash and cash equivalents at beginning of period	**753**	117
Net Cash flows from operating activities	**2,916**	1,439
Net Cash flows from investing activities	**(10,425)**	(8,312)
Net Cash flows from financing activities	**6,937**	7,508
Cash and cash equivalents at end of period	**181**	**753**

Net cash generated from operating activities

The net cash inflow from operating activities for the year ended October 31, 2016 was £2.9 million, as compared to £1.4 million for the year ended October 31, 2015, an increase of £1.5 million or 102.6%. The increase in cash inflow was primarily due to an increase in the volume of business as a result of a number of acquisitions completed over the period and a decrease in the level of payaways as a result of a decrease in the number of Appointed Representatives.

Net cash generated from investing activities

The net cash outflow from investing activities for the year ended October 31, 2016 was £10.4 million, as compared to £8.3 million for the year ended October 31, 2015, an increase of £2.1 million or 25.4%. The increase in cash outflow was primarily due to a number of acquisitions completed over the period.

Net cash generated from financing activities

The net cash inflow from financing activities for the year ended October 31, 2016 was £6.9 million, as compared to £7.5 million for the year ended October 31, 2015, a decrease of £0.6 million or 7.6%. The decrease in cash outflow was primarily due to increased loan repayments relating to our acquisitions offset by additional borrowings made during the period.

Capital Expenditure

Towergate's, Price Forbes's, Autonet's, Direct Group's and Chase Templeton's capital expenditures, excluding acquisitions, for the year ended December 31, 2016 were £26.7 million, £3.0 million, £1.4 million, £2.5 million and £0.2 million, respectively. Historically, Towergate's capital expenditures have primarily related to information technology hardware and software, as a result of our various initiatives to provide common information technology systems across our businesses, and office equipment. In the year ended December 31, 2016, Towergate made significant investments to upgrade our IT systems and processes, including through the cost saving initiatives described herein, see "*—Towergate—Additional Significant Factors Affecting Results of Operations of Towergate—Towergate Transformation Program*" above. Historically, Price Forbes's, Autonet's, Direct Group's and Chase Templeton's capital expenditures have primarily related to (i) leasehold improvements and IT hardware and software updates, (ii) IT hardware and software updates and renewals purchases, (iii) systems development and IT hardware and (iv) IT and capital equipment in relation to expansion of office space and growth of the business, respectively.

Contingent obligations and liabilities

In the ordinary course of business, we receive claims in respect of errors and omissions. See "*Business—Legal proceedings*". We maintain professional indemnity insurance for errors and omissions claims, the terms of which vary by policy year, but which supports us in the event of a potential claim. The terms of this insurance vary by policy year, and self-insured risks have increased significantly over recent years. We have made a provision for claims in respect of outstanding errors and omission claims and to self-insure against smaller claims.

Towergate: As of March 31, 2017, a contingent liability has been disclosed in respect of a potential liability arising from the past business review for enhanced transfer values (ETV) products. There are a number of material uncertainties and it is not yet possible to make a reliable estimate of the Towergate group's ultimate liability and related payment profile. The directors believe any potential payments are unlikely to commence before 2018. We have previously disclosed that for the purposes of developing business plans and cash flow projections for the Towergate group, it has adopted a range of £45.0 million to £65.0 million in potential redress costs, excluding costs and expenses. See, "*Business—Legal Proceedings*."

Deferred consideration

Deferred consideration is payable in respect of certain of our acquisitions based on the performance of the acquired business typically in the 24-month period following the acquisition. As of December 31, 2016, deferred consideration was £1.3 million, £1.9 million and £0.3 million for Towergate, Direct Group and Chase Templeton, respectively, and £nil for Price Forbes and Autonet.

Qualitative and Quantitative Disclosures About Our Market Risk

Historically, with the exception of Price Forbes, we had no significant exposures to foreign exchange rate transactional risk. Price Forbes has significant exposure to foreign exchange rate transactional and translational risk. Price Forbes earns most of its income in foreign currencies which are booked at the prevailing rate and may be settled at a different rate due to timing of receipts and translational risk. In addition the presentation of Price Forbes's results of operations may be affected by the translation of foreign currencies into pounds sterling for the purpose of our consolidated financial statements. See also "*—Price Forbes—Additional Factors Affecting Results of Operations of Price Forbes*."

Historically, we also were exposed to changes in interest rates because we finance certain operations through fixed and variable rate debt instruments. Going forward, our exposure to changes in interest rates will relate primarily to the indebtedness under Revolving Credit Facility and the Floating Rate Notes. In addition, certain of our contracts for provision of premium financing services is impacted by movements in the 3-month LIBOR, where rate movements can impact the rate we pay in certain circumstances. Changes in these rates may have an impact on future cash flow and earnings. We are not required to hedge our interest rate exposure under the Revolving Credit Facility, but may choose to do so in the future. We plan to manage these risks through normal operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments.

By using derivative instruments, we are subject to credit and market risk. The fair market value of the derivative instruments is determined by using valuation models whose inputs are derived using market- observable inputs, including interest rate yield curves, and reflects the asset or liability position as of the end of each reporting period. When the fair value of a derivative contract is positive, the counterparty has an obligation to pay us, thus creating a receivable risk. We are also exposed to counterparty credit risk in the event of non-performance by counterparties to our derivative agreements. We seek to minimize counterparty credit (or repayment) risk by entering into transactions with major financial institutions of investment grade credit rating. Our exposure to market risk is not hedged in a manner that completely eliminates the effects of changing market conditions on earnings or cash flow.

We are also exposed to market risk in respect of commodity prices. A key part of Price Forbes's business is derived from energy, natural resources and marine clients. Changes in the price of commodities, such as oil and natural gas, may have a significant impact in the investing and operating activities of these clients and their insurance requirements.

Internal Controls

Each of Towergate, Price Forbes, Autonet, Direct Group and Chase Templeton have a key risks and controls framework, systems of internal controls, internal audit and compliance functions as well as back-up procedures, contingency planning and insurance. The board of each of Towergate, Price Forbes, Autonet, Direct Group and Chase Templeton will have ultimate responsibility for the system of internal control maintained by the relevant group to manage operational, regulatory and financial risks. The board of each of Towergate, Price Forbes, Autonet, Direct Group and Chase Templeton, through the Audit Committee, reviews the effectiveness of internal controls across their respective group.

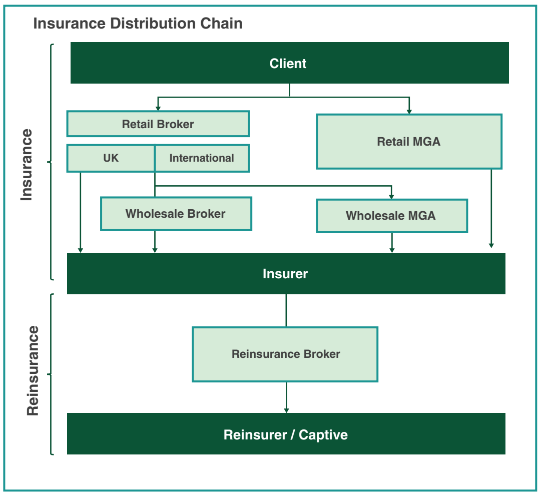
Significant Accounting Policies

For a discussion of our critical account estimates and judgments, please see the notes to the Finco 2016 Audited Consolidated Financial Statements, the Autonet 2016 Audited Consolidated Financial Statements, the Price Forbes 2016 Audited Consolidated Financial Statements, the Direct Group 2016 Audited Consolidated Financial Statements and the Chase Templeton 2016 Audited Consolidated Financial Statements included elsewhere in this offering memorandum.

Industry Overview

Overview

Providing insurance coverage to customers entails a series of activities, including (i) providing risk capital, a service exclusively provided by insurance and reinsurance companies; (ii) underwriting insurance policies, a service that requires in-depth technical knowledge; and (iii) distribution, a service that requires knowledge of the customer base and of the risks to the customer. The amount of financial risk an insurance or a reinsurance company is willing to assume in relation to its insurance policies is a function of underwriting appetite and capital / capacity. The participants in the intermediation of insurance products are principally brokers, underwriting agencies and aggregators as well as insurers selling directly to customers. The chart below shows the participants across the insurance distribution chain.



Insurance products

Insurance products, both specialist and non-specialist, can be broadly classified into three types: (A) General non-life personal lines insurance; (B) General non-life commercial lines insurance, which includes SME commercial lines insurance; and (C) Life, pensions and other financial services insurance.

A) General non-life personal lines insurance

General non-life personal lines insurance is sold to individual customers and includes accident and sickness coverage, household insurance, motor insurance, along with travel and personal accident insurance. Specialist non-life personal lines insurance is sold to individual customers in niche market or those with non-standard risk profiles, such as classic car insurance.

B) General non-life commercial lines insurance

General non-life commercial lines insurance is sold to commercial customers and includes construction insurance, commercial property insurance, commercial combined insurance, office and contents insurance, professional indemnity insurance, fleet insurance, employer liability insurance, agriculture insurance, marine insurance and transport insurance. SME commercial lines insurance is sold to SMEs. Specialist non-life commercial lines insurance is also sold to commercial customers in niche markets.

C) Life, pensions and other financial services insurance

Life, pensions and other financial services insurance is sold to individual customers and includes life insurance, pensions, annuities and investment products.

Insurance supply chain

There are broadly three main activities in the insurance supply chain:

Providing risk capital

Risk taking activity in the insurance supply chain is undertaken by insurance companies who underwrite insurance and expose their balance sheets to loss. Insurance companies earn income (i) from premiums; and (ii) by investing their available reserves, that is, the amount of money at any given time collected in premium but not yet paid out in claims.

Traditionally, insurance companies sold indirectly through intermediaries such as brokers and underwriting agencies but in certain markets and product areas they now also sell insurance directly, via telephone or online. Traditionally, insurance companies also performed all the services necessary for providing insurance, including underwriting, administering insurance policies and handling insurance claims and renewals. Today, many insurance companies outsource these services to intermediaries.

Distribution

The distribution of insurance products is carried out by brokers, underwriting agencies and PCWs. In certain markets and product areas, insurers also distribute products directly to customers.

Brokers

Broking is the process by which a broker negotiates insurance policy terms for a customer and places that customer's risk with an appropriate insurance company either directly or through an underwriting agency. Customers include businesses, individuals and public institutions, and in the case of wholesale brokers, other brokers. Brokers connect insurance companies and underwriting agencies with customers in the insurance supply chain and so act as a distribution channel for insurance products. Insurance companies and underwriting agencies, as the case may be, compensate brokers by means of commissions based on premium levels and fees for individual services. In certain cases, brokers will forego the commission payable by the insurance company and instead negotiate a fee payable by the customer for the placement service.

Underwriting agencies

An underwriting agent serves as an intermediary between an insurance company and a broker. In addition to providing underwriting services, some underwriting agencies act as MGA by issuing and administering insurance policies and handling insurance claims and renewals on behalf of insurance companies. Such underwriting agencies operate as "virtual insurers", performing most functions of a traditional insurance company including underwriting and pricing, but excluding the provision of capital and the incurrence of liability in respect of insurance claims. The performance of an underwriting agency can be judged by its underwriting results, the amount of total premiums earned minus the cost of claims and operating expenses.

Price Comparison Websites (PCWs)

PCWs are internet portals that allow insurance companies and insurance intermediaries to make their insurance products available directly to customers via the internet. Customers can obtain several quotes from insurance companies and insurance intermediaries on aggregator websites by making only one data entry. The insurance company or insurance intermediary with the "winning" quote issues the insurance policy to the customer and compensates the PCW by means of a referral fee.

PCWs are predominantly used to sell personal motor insurance policies and, to a lesser extent, household insurance policies as well as other personal lines products. PCWs have had a limited impact on the sale of commercial lines (except commercial auto) of insurance due to the complexity of the products and the "off-line" advice sought by commercial customers for most commercial insurance products.

In many cases the PCW is reliant on another insurance intermediary, for example a broker or an underwriting agency, to fulfill a number of critical activities such as managing the panel of insurers whose products are available on the website. Similarly an insurer may contract with a broker to manage the insurers presence on a number of PCWs.

Service providers

Network service providers

Network service providers offer independent brokers access to insurance products that are not typically available to independent brokers as well as enhanced agency terms, in effect operating as a buying club. Network service providers also offer independent brokers access to certain business support services such as handling of client money, risk & compliance and marketing.

Service companies

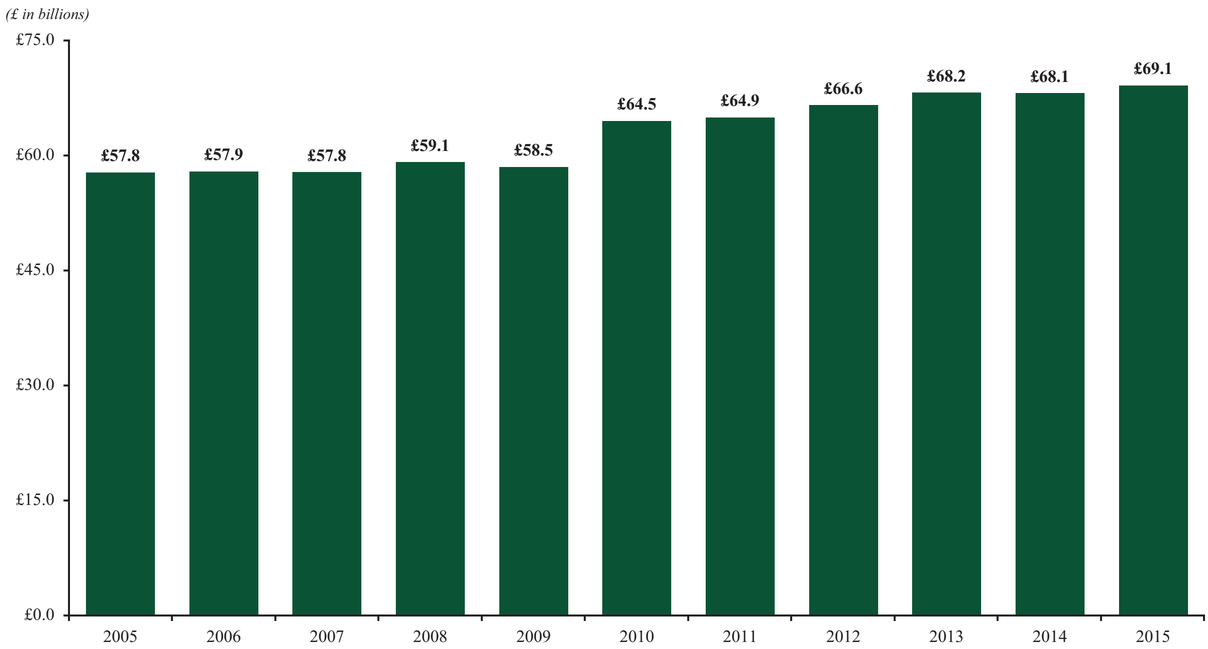
As insurers, MGAs, brokers and other participants in the insurance market look to improve cost efficiencies in fulfillment, specialists offering business process outsourcing have become more significant in the market. The initial focus of these service providers have been on claims fulfillment, including completion of the first notification of loss, claims validation, litigation services, and other associated claims services. These service providers have also branched out into other areas such as customer services, sales campaign management, premium finance and white-labelled products.

Insurance market structure and size

UK non-life insurance market

The UK non-life insurance market grew at a 1.7% compound annual growth rate from 2005 to 2015 from premium volume of £57.8 billion to £69.1 billion.

UK Non-Life Insurance Premium Volume



Source: Swiss Re Sigma

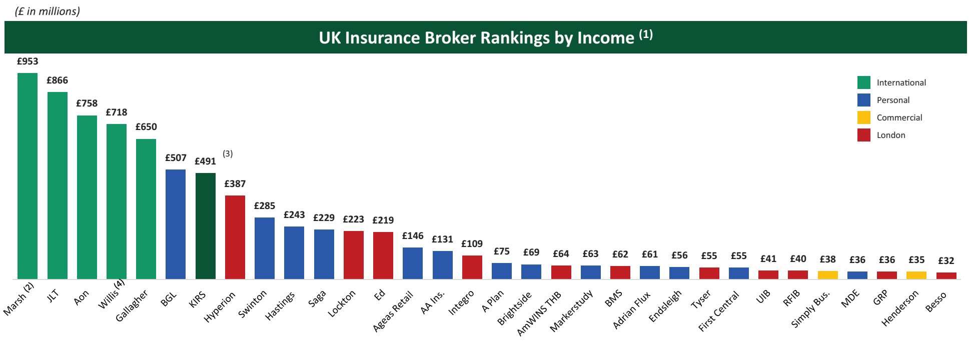
International London market

The international London market (the "**London Market**") is the largest global center for commercial and specialty risk with an emphasis on high-exposure, complex risk. Key types of risk insured in the London Market include marine, aviation, catastrophe, professional indemnity and product liability. The London Market controlled more than $91 billion of gross written premium in 2015 consisting of $67 billion written directly by London and $24 billion marketed and controlled through London.

Industry dynamics and trends

Competitive landscape

UK Insurance Broker Rankings by Income



(1) Source: IMAS Corporate Finance and Insurance Times Top 50 Brokers 2016.
(2) Income is pro forma for Bluefin and Jelf acquisitions.
(3) Pro forma income, as defined in this offering memorandum.
(4) Income is pro forma for Miller acquisition.

The competition for business has been one of the primary factors driving the opportunity for the broker consolidation observed in the market from 2005 onwards. In 2014, acquisitions valued at £1.1 billion were completed and in 2015, acquisitions valued at £7.5 billion were completed. A variety of factors have driven these acquisitions, including the increase in compliance and administrative costs resulting from new FCA regulations, the aging broker demographic, recognition of the potential for economies of scale and greater profits made available through consolidation. This period of consolidation has resulted in a reduction of available transformational acquisitions and the focus of the larger acquirers is now on organic growth and acquisition of complimentary niche specialists. Against the backdrop of this market consolidation, KIRS Group will be the leading independent diversified broker in the United Kingdom, and although large transformational transactions have reduced, there remain significant opportunities to acquire smaller brokers who can add additional capabilities or customer volumes.

UK Insurance distribution trends

Brokers are the primary distribution channel in the UK non-life market.

Client purchasing behavior differs between customer types. Accordingly, brokers account for differing percentages of GWP depending on the type of insurance being transacted with a large majority of commercial premium transacted by brokers compared with a smaller amount of personal lines premium. Brokers will likely remain the dominant SME market distribution channel due to the complexity of covers required and development of digital capabilities.

With the expansion of the internet, the amount of personal insurance products sold by means of PCWs have grown significantly. Expansion is expected to continue at a modest rate as customers continue to visit PCWs. PCWs will likely continue to dominate the standard auto markets, but will increasingly look to other markets both geographically and from a product perspective. PCWs have previously tried to sell other insurance products directly; however, they experience greater success when partnering with existing product specialists, such as van specialists. PCWs allow existing product specialists to make their insurance products available directly to customers via the internet, and as such, PCWs are not direct competitors of existing product specialists, but rather serve as intermediaries between them and end customers.

Macro driven price changes

Certain insurance products are generally expected to increase in price due to increases in insurance premium taxes and the application of recent changes in the Ogden Tables, which are used by courts to calculate damages in connection with personal injury and fatal accident cases. However, since insurance is largely a necessity purchase, sales will not necessarily decrease, but the usage of certain distribution channels will likely change as customers search for better products and prices and possibly increase their use of brokerage and aggregator channels.

New emerging risks

The broker's role in connection with non-standard risks is becoming increasingly important. The market is experiencing an increased appetite for newer risk categories, including cyber, supply chain and legislative, and as more customers look to insure against these new risks, the role of advice and significance of choice will become more important and the reliance on brokers will subsequently increase. This is in particular relevant to any complex, large or otherwise sophisticated risks, which demand a broker-advised sale as opposed to a low involvement sale through PCWs.

Increase in divestment / redistribution of unprofitable products or processes

As all participants in the insurance market seek to improve profit margin, there is an increasing trend for organizations to divest and outsource unprofitable products or processes to specialists who charge an administrative fee or take a cut of commission. More of the larger insurers and other insurance intermediaries, such as banks and retailers, are actively using white-labelled products from other insurance providers. MGAs, brokers and other participants in the insurance market have also benefitted from the use and distribution of white-labelled products.

Increasing reliance on technology

Technology is playing an increasingly important role in all aspects of the insurance market. Significant investments are required by insurers and their distributors in order to ensure that customer service levels remain high, fraud is controlled, product design is fit-for-purpose and underwriting risk is managed. The use and analysis of data is critical to a successful insurance distribution chain.

Business

Overview

Upon completion of the Transactions, KIRS Group will bring together under common ownership (i) Towergate, a leading insurance intermediary company in the United Kingdom with a focus on specialty SME and personal lines, (ii) Price Forbes, one of the top independent wholesale brokers in the London Market, (iii) Autonet, a leading independent van insurance broker in the United Kingdom by market share, (iv) Direct Group, a leading provider of third party policy administration and claims services for insurers, corporations, affinities and brokers as well as an MGA, and (v) Chase Templeton, a leading United Kingdom based private medical insurance ("**PMI**") broker. Upon completion of the Transactions, KIRS Group will be the leading diversified independent insurance intermediary by broking income in the United Kingdom and will offer a highly diversified range of insurance products and services. On a *pro forma* basis, assuming the Transactions had occurred on January 1, 2016, KIRS Group would have placed £2.9 billion in gross written premiums ("**GWP**") and generated £134.3 million in Pro Forma Adjusted EBITDA.

As an insurance intermediary, we work with large corporations, brokers, third party MGAs, small and medium enterprises ("**SMEs**") and individual customers to identify products that meet their insurance needs and work with insurers to design, price and administer insurance products that meet market demands. We provide products that match a spectrum of diverse customers' risk profiles ranging from the provision of higher value and lower volume bespoke products to the provision of lower value and higher volume general insurance products. We also provide market leading pre- and post-sales insurance administration and claims management services. KIRS Group performs all roles across the insurance chain, with the exception of assuming underwriting or principal risk in relation to any of the services or products that it provides and therefore we neither provide capital nor assume any responsibility for insurance claim costs. KIRS Group's business model and capital requirements reflect the agency as opposed to the principal nature of our activities, resulting in a highly profitable and cash generative business model.

KIRS Group will have three segments—(i) distribution, (ii) wholesale, and (iii) MGA & services—that together will offer products and services spanning the full insurance intermediary value chain, from partnering with insurer capital providers to providing broking services to the insurance product purchaser. The three segments focus on distinct but complementary aspects of the insurance intermediary market, with (i) KIRS Group's distribution segment including a digital division, comprising Towergate's retail broking unit, Autonet, and Towergate's Paymentshield business, and an advisory division, comprising Towergate's advisory broking unit and Chase Templeton; (ii) KIRS Group's wholesale segment including Price Forbes and Bishopsgate, which is Towergate's London market wholesale broker; Price Forbes and Bishopsgate will continue to operate independently of each other based on their respective management structures and (iii) KIRS Group's MGA & Services segment including Towergate's underwriting division, and Direct Group's MGA and services business.

The KIRS Group portfolio represents the successful culmination of a carefully crafted and executed acquisition strategy which commenced in 2015. The KIRS Group businesses—Towergate, Price Forbes, Autonet, Direct Group and Chase Templeton—were specifically targeted due to their (i) strong management teams with specialized market knowledge and experience; (ii) established market positions in key products and services; (iii) significant organic growth and acquisition opportunities; and (iv) ability to create additional value across the portfolio without disruption to or integration of the underlying businesses.

The KIRS Group platform allows us to generate significant cross-selling opportunities in the U.K. by providing access across our businesses to front-office operating and digital platforms, existing client bases and industry knowledge, to a take advantage of cost saving and revenue synergies through leveraging KIRS Group's combined scale and back-office operating platforms and to capture more commission by maximizing our ability to provide additional products and services at each stage of the process of writing an insurance policy. See "*—Our strategies—Drive long term sustainable growth by capitalizing on the depth of the KIRS Group combined portfolio—Broaden our customer reach through our scalable platforms*".

KIRS Business Model

	Distribution	Wholesale	MGA & Services
PF Income (1) % Contribution (£491m)	£313m 64%	£81m 16%	£97m 20%
Market Position	Leading SME and consumer focused general insurance broker in the UK	Leading UK independent wholesale broker	Leading full service MGA in the UK Leading provider of claims management and post-sales servicing in the UK
Product Focus	• Small and Medium Enterprises (SME) insurance • Auto & Van • Specialist Home • Specialist niches including Private Medical	• Large and complex specialty risk • Marine • Energy • Professional Liability	MGA • Commercial Lines • Life and Protection • Specialty Personal • Specialty Commercial • Agriculture • Motor Services • Post-sales servicing • End-to-end claims management
Distribution Model	• Face-to-face, local office • Online (direct and price comparison websites) • Via specialist contact centres • Mortgage brokers	• Design and placement of risks from all major international (re)insurance markets in London, Bermuda and Europe	• Premium sourced from external and internal brokers • Global capability • Insurers, corporates and affinities • Carriers, underwriters and brokers
PF Adj. EBITDA (£134m) (1) (2)	£94m (30% Margin)	£18m (23% Margin)	£25m (26% Margin)
Selected Comparables	NFP, Bluefin (3), Jelf (3), HUB International, USI	AmWINS, Miller, Hyperion Insurance Group	AmRisc, Pen Underwriting, Sedgwick, Burns & Wilcox, DUAL, CFC Underwriting (3)

(1) Pro forma income, as defined in the offering memorandum.

(2) Includes £3m of KIRS Group costs.

(3) Bluefin and Jelf were purchased by Marsh in 2016 and 2015 respectively. CFC was purchased by Vitruvian in 2017.

Our strengths

An end-to-end product and service offering with multiple avenues to capture incremental commission

We offer insurance intermediary products and services across the insurance value chain from the capital provider to the ultimate customer, including retail insurance broking products, wholesale insurance broking products, underwriting products and insurance outsourcing services. We offer both general and bespoke insurance products and services to large corporations, insurers, brokers, third party MGAs, SMEs and individuals at a wide range of price points and we are able to reach customers through diversified distribution channels, including through our digital platform, contact centers and traditional, face-to-face customer contact via our 80 local offices. Our presence across the value chain and the diversity of our U.K. distribution channels provides us with various avenues through which we can take advantage of cross-selling opportunities and capture more commission by providing complementary products and services that meet diverse insurance needs, including wholesale broking services provided by Bishopsgate, SME tailored products or general insurance products purchased online, or providing claims processing and other policy administration services on behalf of both insurance companies and other insurance intermediaries.

The leading diversified independent insurance intermediary in the United Kingdom

We are the leading diversified independent insurance intermediary serving corporations, insurers, SMEs and individual consumers in the United Kingdom based on broking income. We believe that our distribution, wholesale, MGA & Services segments allow us to occupy a unique position in the United Kingdom insurance intermediary market and afford us significant competitive advantages. Our distribution segment includes a leading independent broker of specialty SME and personal lines insurance products based on broking revenue in the United Kingdom as well as the United Kingdom's leading van broker based on GWP, and a leading PMI intermediary based on GWP. Our distribution segment offers both our own branded products as well as third-party products and is also a leading provider of property related insurance products distributed via mortgage brokers in the United Kingdom. Our wholesale segment includes one of the top independent London wholesale brokers, operates in close proximity to the Lloyd's and London Markets and diversifies KIRS Group's risk exposure through its historic presence in global markets, including in North America. Our MGA & Services segment is a leading full service MGA in the United Kingdom and offers insurance service capabilities and a leading insurance services outsourcing platform.

We believe that our position as one of the leading independent insurance intermediaries in the United Kingdom provides us with significant competitive advantages, including (i) using our understanding of customer needs, broad brand recognition and the scale of premium we place in the market to enhance and improve our product offering; and (ii) using our capacity to work with insurers to design products intended to increase the insurers' customer penetration and profitability to drive deeper relationships with our key insurer partners. We believe we can leverage our combined scale in order to achieve more cost efficient non-insurer supplier agreements.

Extensive local footprint coupled with a global reach

We have an extensive product distribution network in the United Kingdom with a local office presence in every major region. Within the United Kingdom, our distribution segment includes seven national contact centers that focus on online and telephonic product delivery as well as 80 local offices providing products and face-to-face broking services to our local customers. Our wholesale operations are headquartered in London but source business from over 100 countries, expanding our industry relationships, contacts and expertise around the globe. Our wholesale segment operates in close proximity to the Lloyd's and London Markets and diversifies KIRS Group's risk exposure through its historic presence in global markets. Our MGA & Services segment operates from local offices across the United Kingdom, providing underwriting products to local brokers and leveraging the local knowledge and relationships with insurer partners that we have developed over decades as well as post-sales and end-to-end claims management services to insurers, corporations, affinities and brokers from our primary insurance services operations centers based in Doncaster and Preston. We believe that our strong and committed local presence, which builds longstanding customer relationships and drives improved retention rates, coupled with our global access to products and solutions, positions us advantageously against both local and global competitors.

Highly diversified sources of earnings

KIRS Group is a highly diversified business in terms of products, customers, insurers and producers, which enables us to minimize and mitigate risks related to over reliance of earnings on any particular aspect of the business. Our income is well balanced across our segments, with our digital distribution segment contributing 34% of our income, our advisory distribution segment contributing 30% of our income, our wholesale segment contributing 16% of our income and our MGA & services segment contributing 20% of our income in the year ended December 31, 2016. We partner with a broad range of third-party carriers, with no single carrier representing more than 11% of GWP. Our GWP by product is also highly diversified, with commercial products accounting for 28%, wholesale products for 33%, household products for 18%, motor products for 8%, agriculture products for 4%, health products for 2%, and other products for the remaining 6% of GWP generated by KIRS Group in the year ended December 31, 2016. Additionally, Price Forbes, whose revenue in the year ended December 31, 2016 represented approximately 11% of KIRS Group revenue, derives over 80% of revenue in USD while our other businesses derive income in pound sterling—further diversifying our earnings and protecting us from reliance upon any one economy or currency. We believe that our diversified sources of earnings and our low reliance on any particular producer, insurer or distribution channel mitigate risks to our earnings and provide us with a strong base for growth going forward.

Expertise in numerous niche specialisms

We have a depth of expertise around insurance product niche specialisms that we have built up over many years and that we believe is very difficult to replicate. Niche specialism products are highly bespoke and entering the niche specialism insurance intermediary market requires high levels of product expertise and strong insurance carrier relationships to develop and market these products. We market a variety of highly specialized products, including our specialist haulage product line for which we have placed £38.0 million of GWP and our classic car product line for which we have placed £25.0 million of GWP in 2016. We have also placed £45.0 million of GWP and £19.0 million of GWP respectively of our care homes and caravan niche specialism. We believe that the expertise we have developed over the years provides us with a strong competitive advantage both in terms of protecting our market share in existing specialisms and identifying, developing and capitalizing upon new specialisms to bring to market. Additionally, we believe the bespoke nature of the products supports the development of deep customer relationships and enhanced customer loyalty and retention rates. Specialist products also present the opportunity for higher profit margins due to the highly bespoke nature of the products and the difficulties insurance intermediaries face in entering the niche specialism market resulting from the high levels of experience and longstanding insurer relationships required.

Scalable operating platform

We have made significant investments into our business, including over £56.0 million of investments into Towergate's transformation program, as well as seeking out strategic acquisitions, and recruiting high quality personnel. These investments were designed to support highly profitable growth across our businesses with minimal additional investment. We believe we now have a highly desirable, scalable and market leading operating platform, capable of on-boarding new business at low cost and complementary to the strategic positioning of our services business. We believe that our digital platform, which is the channel through which we already distribute our market leading van broking products, can support new personal and SME insurance products with minimal additional investment. Our wholesale, MGA & Services operations are also staffed and equipped to support significantly greater premium volume due to completed and ongoing upgrades to systems and the hiring of new high-quality personnel. We believe that our scalable operating platform provides us with a base from which to drive growth on a cost efficient basis.

Profitable and cash generative business model

Our business model is designed to generate significant cash flow due to high profitability margins and low working capital and capital expenditure requirements. Our Adjusted Pro forma EBITDA margin was 27.8% and our ratio of capital expenditures to income was 6.0% for the year ended December 31, 2016 compared to a normalized ratio of 2% and we are targeting an operating cash conversion of 80-90% in the medium term. Our recent investments into our modern & scalable IT operating platform are part of a transition process to a set of cloud-based data centers and cloud-based core finance platform. These investments will result in lower levels of capital expenditures going forward, in addition to yielding ongoing operating efficiencies for our businesses. See "*—KIRS Group Business Change Initiatives—Towergate Information Technology Transformation Program"* and *"—KIRS Group Business Change Initiatives—Towergate Finance Transformation Project."* We are committed to making strategic investments in our business to grow profitability margins through greater efficiency. We believe that our cash generative business model positions us to achieve substantial growth and rapid organic de-leveraging going forward.

Industry leading, proven management team with transformation experience and supported by a deep bench of talent

Our executive team is highly experienced in leading and growing successful insurance broking and underwriting organizations. Our Chief Executive Officer, David Ross, has over 26 years of industry experience building and leading broking businesses including leading transformative mergers and acquisitions in the insurance intermediary field. He is supported by a highly experienced senior management team, assembled over the past two years to unite within one group a depth and breadth of over 20 years on average of combined experience across the entire insurance value chain. Our senior management team is supported by a deep bench of revenue producing talent specifically targeted for their entrepreneurial spirit and ability to drive sustainable as well as our committed operational support staff. We believe that our current ownership structure, will allow us to continue to attract and retain the industry's top talent, further helping to drive sustainable and profitable growth.

Our strategies

Drive long term sustainable growth by capitalizing on the depth of the KIRS Group combined portfolio

We intend to drive growth and capitalize on our position as the leading diversified independent insurance intermediary in the United Kingdom by (i) taking advantage of cross-selling opportunities across our widened U.K. customer base; (ii) leveraging our combined scale to secure better deals for and offer better products to our customers and more advantageous supplier agreements within KIRS Group; (iii) broadening our customer reach through our scalable distribution platforms to on-board new business in a cost efficient and effective manner, (iv) strengthening our SME customer relationships through our strong local office presence across the United Kingdom; (v) continuing to build our global network of insurers and trading partners in order to offer an even more diverse range of general and bespoke insurance products; and (vi) attracting, investing in and retaining market leading talent and income producers with diverse regional and insurance intermediary sector experience to drive long term sustainable growth.

(i) Taking advantage of U.K. cross-selling opportunities

We believe significant cross-selling opportunities exist across the KIRS Group portfolio. Each of our U.K. businesses has built up a strong customer base through decades of experience and we believe we will be able to capitalize on the diversity of these customer bases and customer needs to drive growth through cross-selling within the KIRS Group portfolio. Each of the businesses has built up years of customer profile expertise as well as specialized knowledge of industry best practices, including optimal product distribution methods, customer service norms, renewal tendencies and product preferences, which we intend to deploy across the KIRS Group portfolio to tailor existing products and develop new products to match identified customer needs. There are a number of cross-selling opportunities we can leverage across the different parts of the business including MGA, Paymentshield, Autonet, Advisory and Chase Templeton. For example, cross-selling both SME and PMI insurance to the wider combined customer base within Towergate Advisory and Chase Templeton and cross-selling both SME and motor insurance to the combined customer base of Autonet and the Towergate retail unit.

(ii) Leveraging combined scale to deliver improved customer outcomes, deepen relationships with our insurer partners and improve profitability.

We intend to leverage our combined scale to negotiate better deals with insurer counterparties to allow us to offer better products to our customers which will also lead to incremental profitability. Recent examples of our ability to leverage our scale and desirability as an insurance intermediary partner include negotiating in the first quarter of 2017 a new contract with a premium financing counterparty to reduce our buy-in credit lending rates, thereby increasing the baseline income we are able to generate and allowing us to better tailor pricing to our customers. We have also recently negotiated fee for service agreements with five of our strategic insurance partners, which include the provision of insights into customer profiles which in turn enable our partners to better price their products and improve their customer penetration.

(iii) Broaden our customer reach through our scalable platforms

We plan to take advantage of the significant investments made across all of the KIRS Group businesses since early 2016, including capital expenditures and exceptionals of £82.0 million, to optimize our operating infrastructure and prepare the group for the next phase of growth. Throughout our distribution segment we have made significant investment in consolidating and upgrading our front-end broking system while in our wholesale segment we have focused on upgrading and upscaling existing infrastructure which we plan to use to improve customer service experiences. Our MGA & Services segment has a well-invested claims and third-party administration platform with significant spare capacity which we plan to use to onboard new business in a cost efficient manner, and we have made various investments to improve our pricing capabilities and the speed of our product launches. Autonet's digital platform will also to enable the KIRS Group portfolio as a whole to reach a wider range of customers. We plan to leverage Autonet's market leading digital platform, which has customer analytics processing capabilities that allow Autonet to rapidly and nimbly respond to changing market behavior, to enable KIRS Group's distribution segment as a whole to provide customers with wider and easier access to our online products and to increase our overall competitiveness on PCWs. Within Towergate in particular, we have invested in significant updates to our operating platforms to make our middle- and back-office capabilities more efficient, including through initiatives to create fit for purpose IT infrastructure, investments to maximize efficiency within our front end finance systems, the implementation of automated solutions in low complexity/high volume processes and the consolidation of our property portfolio, all of which we plan to utilize to increase our back-office efficiency allowing us to focus on top-line growth.

(iv) Strengthen our SME customer relationships through our strong local office presence across the United Kingdom

We intend to continue developing our strong SME customer relationships by retaining our local office presence across the United Kingdom. SME insurance intermediary products require industry and customer expertise to develop and market and we believe that SME customers value face-to-face advisory broking services when purchasing such specialized products.

(v) Attract, retain and invest in market leading talent to drive top line growth

A key part of our strategy is our ability to attract, retain and appropriately invest in income producing talent with deeply-entrenched customer relationships, established access to significant insurer capacity and a measurable track record of success in order to drive future growth. We also target highly experienced back- and middle-office personnel to increase administrative efficiency and support our overall operational capabilities. We are able to offer highly competitive incentive schemes that leverage the flexibility provided by our private equity sponsors, are attractive to top income producers within our industry and foster increased commitment, entrepreneurship and the long term alignment of goals between KIRS Group and KIRS Group personnel. In a people-driven business, we believe that the industry respect commanded by our senior management team is a strong force for attracting top talent. Coupled with this, our scalable operating platform and broad portfolio are also key factors in attracting talent. We plan to continuing strategically hiring, retaining and investing in income producing talent to expand our customer base, further diversify our business and help build a corporate culture of excellence.

Continue Investing in Our People and Corporate Culture to realize the KIRS Group vision

Our people have been central to the success of each of the businesses and remain a critical component of our vision and ambitions for KIRS Group. As an insurance intermediary focusing on broking activities, the people at every level of our business are naturally the key drivers of our success and we recognize that our success depends to a substantial extent on the ability and experience of members of our senior management and on the individual underwriters, account executives, sales personnel and teams. We seek out people with enthusiasm, passion and commitment and when we find them, we make long term investments in them in order to build a unique corporate culture in which our people are imbued with a sense of engagement and belonging. They create the culture that defines our business, protects our reputation, drives our performance and are central to the customer experience. We have therefore invested in identifying and securing some of the best talent within the industry and we have worked hard on improving the legacy culture and improving remuneration policies and payments. We believe that our focus on our people is the foundation of our corporate culture and will remain key to our success.

Leverage our IT platforms to reduce capital expenditures

We believe the strategic investments we have made to date in our IT platforms will increase our back- and middle-office efficiency and will result in lower IT-related capital expenditures going forward. Within Towergate we have delivered a transformational change program moving to a fully cloud-based data center model, provided by the Microsoft Azure platform which offers up to date technology, security and scalability for future expansion. Our change program also encompasses renewing our wide and local area networks to improve performance and resilience whilst overhauling our cyber and internet security as well as replacing all our end user equipment and workstation software and using Microsoft toolkits to increase standardization, collaboration and efficiency across Towergate. The program to deliver these changes is largely complete and we now have market leading, scalable technology platforms that allow us to process data more securely, with lower error rates and at lower cost.

These investments have allowed us to define an infrastructure model and approach that will allow us to integrate future acquisitions more easily, and provide the ability to scale to levels not possible with the old environment and infrastructure. We have also replaced our core finance process and broking systems that will not require large capital expenditures to maintain once implemented, are the source of considerable future competitive advantages both in terms of increasing efficiency within or own back-office functions but also making us a uniquely attractive partner to third-parties operating in our industry.

These initiatives have improved Towergate efficiency by bringing Towergate's IT infrastructure up to and above market leading standards through the Towergate IT Transformation Program, by standardizing various finance department processes to reduce the risk of errors and achieve cost efficiencies through the Towergate Finance Transformation Program and by improving customer experiences through the simplification of customer-facing broking processes through the Towergate Broker System Consolidation Program. See "—*KIRS Group Business Change Initiatives*." We intend to leverage these investments across the KIRS Group portfolio where applicable to see the same levels of improvement as now being enjoyed across Towergate.

Realize cost synergy opportunities across the KIRS Group platform

We intend to continue implementing various initiatives focusing on increasing efficiency and simplifying processes related to Towergate's back-office functions, including the rationalization of various procurement contracts and renegotiating contractual terms with various back-office service providers. See "—*KIRS Group Business Change Initiatives*." Following the completion of the Transactions, we plan to leverage the KIRS Group's market leading and scalable back-office platforms, including, for example, Direct Group back-office claims processing capabilities, Chase Templeton's consolidated PMI operating platform and Autonet's data analytics and digital platform, as well as the other competitive advantages possessed by KIRS Group's businesses to achieve operational synergies across the business. In addition, we will consider insourcing services that are currently outsourced where this is more cost effective.

Pursue strategic acquisition opportunities that align with the KIRS Group overall goals and objectives when and where accretive opportunities exist

We intend to pursue further strategic financially accretive acquisitions of businesses, assets or insurance books and carve-out transactions when and where opportunities exist and these fit with our corporate culture and overall strategy. We will continue to apply our proven and disciplined approach to pricing in connection with these potential acquisitions and also to place significant emphasis on carefully planning and executing our acquisition strategies in order to capture further elements of the insurance value and distribution chain. As part of this strategy, we will aim to leverage the investments we have already made in our IT, finance and business processes to reduce costs associated with on-boarding acquired businesses and will aim to utilize the agreements we have entered into, such as our premium financing agreements, to benefit the entire KIRS portfolio.

Our History

The diversified KIRS Group portfolio is the result of a carefully targeted strategy to acquire complementary insurance intermediary businesses in the United Kingdom. On April 2, 2015, HPS, at that time known as Highbridge Principal Strategies, LLC, became the majority shareholder of KIRS Group Limited (formerly TIG TopCo Limited), the indirect parent company of Finco, as part of a financial restructuring in relation to the senior secured creditors and senior unsecured creditors of Towergate Finance plc, a former intermediate parent company of Towergate Insurance Limited ("**TIL**"). As part of these arrangements Finco acquired TIL for consideration of £735.0 million made up of the issue of £425.0 million of senior secured notes and £75.0 million super senior secured notes by KIRS Finco plc (formerly TIG Finco plc) and the issue of new shares in KIRS Group Limited valued at £360.0 million. Sentry Holdings Limited ("**Sentry**") is the majority shareholder of KIRS Group Limited and the principal shareholder of Sentry is HPS. On November 4, 2016, Tango Investment, LLC, an acquisition vehicle established by funds managed or advised by MDP completed an offer to purchase shares of KIRS Group Limited which resulted in MDP obtaining 17.9% of the voting rights of KIRS Group Limited. On February 27, 2017 KIRS Group Limited completed a rights issue in respect of 40.0 million new shares in KIRS Group Limited. Following the rights issue, MDP became the holder of 25.63% of the voting rights in KIRS Group Limited. MDP's investment in KIRS Group Limited totaled £180.0 million.

KIRS Group Limited, formerly TIG Topco Limited and an indirect parent company of the Issuer, has entered into a share purchase agreement (the "**Acquisition Agreement**"), dated May 8, 2017, with Mezzanine Partners II, L.P., Mezzanine Partners-Offshore Investment, Master Fund II, L.P., Institutional Mezzanine Partners II, L.P., AP Mezzanine Partners II, L.P. and Tango Investments, LLC (the "**HPS and MDP Sellers**"), pursuant to which KIRS Group Limited has agreed to acquire the entire issued share capital of Nevada Investments Topco Limited ("**Nevada**"), the holding company of the Autonet and Price Forbes group of companies (the "**Acquisition**"). The completion of the Acquisition is conditional upon (i) the approval of the FCA and the Solicitors Regulatory Authority to the acquisition of control by KIRS Group Limited; (ii) consent from the Jersey Financial Services Commission for KIRS Group Limited to issue convertible equity certificates and issue an offer notice to offer such convertible equity certificates to other KIRS Group Limited shareholders; (iii) completion of an intragroup reorganization of Nevada; (iv) KIRS Group Limited having sufficient resources to pay the purchase price under the Direct Group Acquisition Agreement and the Chase Templeton Acquisition Agreement and no conditions in such share purchase agreements being incapable of being satisfied. In connection with the Acquisition Agreement, Nevada has given certain limited representations and warranties related to Nevada, Autonet and Price Forbes. The Acquisition Agreement also includes other provisions customary for transactions of this nature, including termination events, covenants, avoidance of leakage and preservation of value provisions, and pre-completion obligations. The consideration for the acquisition of the equity of Nevada is approximately £254.9 million (subject to customary completion balance sheet adjustments), which will be satisfied at completion by the issue by KIRS Group Limited of convertible equity certificates that will convert to ordinary shares in KIRS Group Limited no later than 90 days after the date of the convertible equity instrument and earlier in the event of insolvency, certain exit events or new share issuances. Each £1 of convertible equity certificates will be convertible into one ordinary share in KIRS Group Limited.

Certain subsidiaries of Nevada have also entered into conditional share purchase agreements to acquire Ryan Direct Group Limited and its consolidated subsidiaries ("**Direct Group**") and Chase Templeton Holdings Limited and its consolidated subsidiaries ("**Chase Templeton**") pursuant to the Direct Group Acquisition Agreement and the Chase Templeton Acquisition Agreement, respectively (collectively, the "**Nevada Acquisitions**"), for an aggregate purchase price of £159.6 million (subject to customary balance sheet adjustments in the case of Direct Group and customary locked box accounts adjustments in the case of Chase Templeton). The acquisitions of Direct Group and Chase Templeton are subject to customary conditions to completion, including no material adverse event including relating to regulatory and sanctions matters occurring in the Direct Group and Chase Templeton businesses and FCA approval, and includes other provisions, including various representations, warranties and covenants, avoidance of leakage and preservation of value provisions, and pre-completion obligations, as are customary for transactions of this nature. The long stop date under each of the Direct Group Acquisition Agreement and the Chase Templeton Acquisition Agreement is July 31, 2017.

Upon completion of the Nevada Acquisitions, Nevada will be the holding company of the Price Forbes, Autonet, Direct Group and Chase Templeton groups of companies (collectively, the "**Nevada Companies**"). Autonet is an insurance broker specializing in the distribution of van, goods vehicle, private car and household insurance. Price Forbes is a leading independent Lloyd's insurance and reinsurance broker and a member of the Worldwide Broker Network. Direct Group provides insurance administration services to insurers, corporations, affinities and brokers, allowing these organizations to focus on their core businesses. Chase Templeton is a leading United

Kingdom private medical insurance broking services provider. See "*—Our Operations—2) Wholesale segment—Price Forbes,*" "*—Our Operations—1) Distribution segment—Digital division—i) Retail unit—Autonet,*" "*—Our Operations—3) MGA & Services segment—MGA division —Services division,*" and "*—Our Operations—1) Distribution segment—Advisory division—Chase Templeton.*"

In connection with the completion of the Acquisition, the Issuer will become the parent company of Finco and its subsidiaries. KIRS Group Limited, through a series of push-down transactions, will transfer Nevada to Finco as a result of when the Issuer will also become the indirect parent company of Nevada (the "**Nevada Push Down**").

Our operations

KIRS Group's three segments going forward include: (i) distribution, (ii) wholesale, and (iii) MGA & Services. These segments together offer products and services spanning the full insurance intermediary value chain, from working with insurer capital providers on pricing cover to providing broking services to the insurance customer. KIRS Group does not, however, assume underwriting or principal risk in relation to any of the services or products that it provides and therefore KIRS Group neither provides capital nor assumes any responsibility for insurance claim costs.

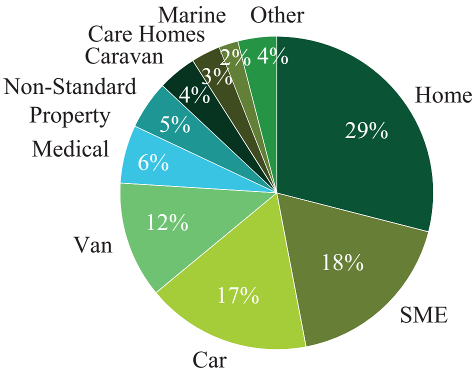
1) Distribution segment

KIRS Group's distribution segment focuses on the insurance intermediary broking market and is comprised of our digital division and our advisory division. The distribution segment earns commission and fees by performing broking activities on behalf of customers. The digital division is a leading United Kingdom online and telephonic distributor of insurance products and includes the Towergate retail broking unit, Autonet and Paymentshield. The Towergate retail broking unit is one of the largest SME broker focused on price comparison website ("**PCWs**") sales in the United Kingdom, Autonet a leading van insurance brokers in the United Kingdom, and Paymentshield is a leading provider of property related insurance products distributed through mortgage brokers. Our advisory division is a leading independent general insurance and PMI broker in the United Kingdom and includes the Towergate advisory broking unit and Chase Templeton. KIRS Group's distribution segment generated £1.2 billion of GWP, £313 million of pro forma income and £94 million of Pro Forma Adjusted EBITDA for the year ended December 31, 2016.

Digital division

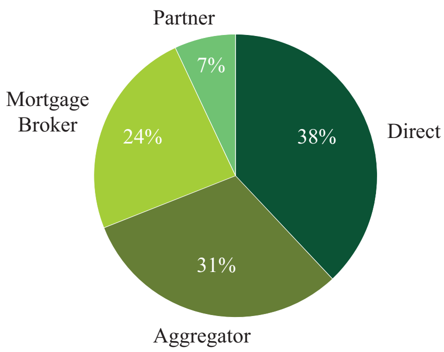
Our digital division includes (i) the Towergate retail broking unit, (ii) Autonet and (iii) Paymentshield. The Towergate retail broking unit is the one of the largest SME brokers focused on PCW sales in the United Kingdom, Autonet a leading van insurance broker in the United Kingdom, and Paymentshield is a leading provider of property related insurance products distributed through mortgage brokers. KIRS Group's digital division generated £481.1 million of GWP and £165.5 million of income for the year ended December 31, 2016. Our digital division operates from seven offices in the United Kingdom located in Stoke, Southport, Oxted, Stevenage, Dudley, Cheltenham and Colchester and employs approximately 1,800 full time employees.

KIRS Group's digital division focuses on a blend of high volume general insurance products such as home, van and car insurance as well as specialized niche products such as marine, care homes, caravan and non-standard property insurance products. As shown in the chart below, 58% of our digital business comes from high volume general home, car and van insurance products and 42% relates to specialized niche products. The chart below depicts the percentage breakdown of products sold by the distribution segment in 2016.



2016 Products Sold by Distribution Segment

KIRS Group's digital division's product distribution model focuses primarily on online sales through both our brand websites and through PCWs, but our digital division sales also include direct phone sales as well as property insurance sold on our behalf by mortgage brokers. As shown in the chart below, the digital division also utilizes diverse distribution channels, with 38% of GWP in 2016 earned through direct customer contact, 31% through PCWs, 24% through mortgage brokers, and 7% through external partners.



2016 Digital Distribution Channels

i) Retail unit

Towergate's retail broking unit focuses on distributing insurance products to small businesses and customers with specialist insurance needs online and through contact centers. The retail unit earns commissions and fees from insurers by acting as broking agents for insurance policy holders. The retail unit generated £215.1 million of GWP the year ended December 31, 2016. The retail unit generated £78.2 million of commission and fees in the year ended December 31, 2016, which accounted for 47.4% of Towergate's retail broking unit commission and fees. Key drivers of the retail unit's performance include Towergate's presence on PCWs and the retail unit's focus on specialty product lines that achieve higher margins due to the complexity involved in designing and placing the product.

The retail unit markets directly to consumers using Towergate brands and indirectly by working with insurance partners that focus on specific industry, professional or other associations and with PCWs, such as Comparethemarket.com, Confused.com, GoCompare.com and Moneysupermarket.com, that aggregate insurance products for customers to compare. The retail unit has relationships in place with industry leading insurance partners as well as with smaller, more localized trade associations and networks. We believe that the strong consumer brands of some of our partners provide us with a competitive advantage that enables us to more easily connect with customers and drive customer volume.

Brokers in the retail unit place customer insurance policies through underwriting agencies or directly with insurance carriers, depending on customer needs. Towergate's specialist personal lines comprise insurance products that are tailored to niche risks that are often difficult to place in the insurance market. The specialist customer segments served by the retail unit range from military personnel and high net worth individuals to caravan owners. The retail unit now operates from five primary locations across the United Kingdom.

Retail unit products

The retail unit on specialist products, which typically have higher commission rates compared to non-specialist products and as such allow the unit to generate higher margins than some of Towergate's competitors that focus on commoditized and generalist insurance products. We believe the importance of specialist knowledge in designing niche products also gives us a competitive advantage against our competitors. Towergate provides specialist coverage for the following sectors:

- Non-standard home and specialist household
- Let property (residential and commercial)
- Small business insurance
- Van
- Caravans and boats
- Military insurance
- Car hire insurance
- Commercial care and medical products
- Fleet and truck
- Classic car / bike

ii. Autonet

Autonet is a leading independent van insurance broker in the United Kingdom. Autonet distributes insurance products primarily online through PCWs, as well as directly though the Autonet website and Autonet call centers. Autonet generated £130.6 million of GWP the year ended December 31, 2016 compared to £121.5 million of GWP generated in the year ended December 31, 2015, a 7.0% increase. Autonet generated £42.3 million in income in the year ended December 31, 2016 compared to £41.5 million of income generated in the year ended December 31, 2015, a 1.9% increase.

Autonet has strong relationships with its insurance partners that value Autonet's use of data and fraud prevention as well as big-data driven pricing models and as a result can attract business at very competitive rates. Autonet generates income from customers primarily via commission, ancillary income and fees, and through a finance commission in relation to monthly financing to customers who pay their annual insurance premiums in instalments. Autonet is not the provider of such financing to customers, but is an intermediary between a credit partner, who assumes the credit risk, on a full recourse basis, and the customer.

Autonet has historically achieved growth by focusing on PCWs to build volume and by investing in IT infrastructure and call center efficiencies. In the year ended December 31, 2016, Autonet generated 76% of its new business gross written premiums through online channels compared to 24% of new business gross written premiums generated through call centers. Most Autonet call center business originates with an online quote, with the business later completed through a call center.

Autonet has a strong reputation in the goods vehicle market, where it has partnered with MoneySuperMarket to run the Van Insurance Market PCW. Autonet increased its presence in the car market in 2013, which has generated significant income growth and Autonet also recently successfully built up its household insurance volumes through PCW's and partnership with U-Switch. Additionally, in November 2016, Autonet acquired rights to the KwikFit Insurance Service renewal book. Autonet's business plan focuses on growing its customer base through accessing new distribution channels and expanding its product range. In particular, Autonet will focus on building wholesale relationships with Towergate and Broker Network as well as its relationships with commercial brokers in order to offer wholesale arrangements for Autonet's goods vehicle products.

Autonet maintains a 75% stake in Autonet Law, a personal injury claims firm of solicitors that assists clients who have purchased motor-related legal insurance from Autonet, and a 100% stake in KDB Medicals Ltd , a medical reporting agency which sources medical reports for claimants who have been involved in a non-fault accident.

Autonet products

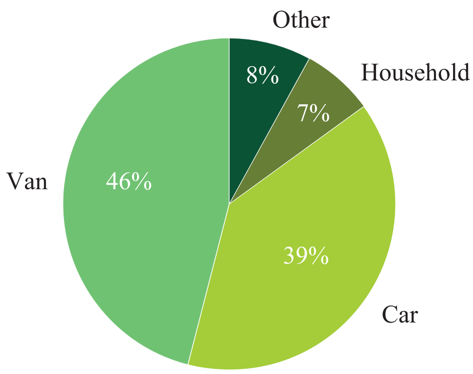
Autonet provides a range of insurance products. Private car and goods vehicle products accounted for 90% of the total gross written premiums and 85% of case volume (i.e. the number of policy cases whether they are new business or policy renewals) in the year ended December 31, 2016. Autonet's products' volumes continue to grow. Autonet products include:

- Private car—including comprehensive cover, third party cover, and third party fire and theft cover
- Goods vehicle—including comprehensive cover, third party cover and third party fire and theft cover
- Household—including building insurance and contents insurance
- Tools—including theft and accidental in van damage
- Business services—including motor trade, fleet, public liability and goods in transit product lines
- Other—principally motorcycle cover and breakdown cover

Within its product lines, Autonet offers different insurance "packages" that combine products and provide value-added features. For example:

- Autonet Plus—includes motor legal expenses cover
- Autonet Protect—includes motor legal expenses cover as well as a replacement vehicle
- Autonet Protect Plus—includes motor legal expenses cover, a replacement vehicle and AXA homestart and onward travel breakdown cover.

The percentage breakdown of Autonet's 2016 GWP by product type is depicted in the chart below.



2016 Gross Written Premium of £131 million

iii. Paymentshield

Paymentshield a leading provider of property related insurance products distributed through mortgage brokers in the United Kingdom. Paymentshield generated £135.4 million of GWP in the year ended December 31, 2016. Paymentshield generated £48.4 million of commission and fees in the year ended December 31, 2016, which accounted for 9.9% of Towergate's total commission and fees.

Paymentshield designs, distributes and administers mortgage-related general insurance products to the mortgage intermediary market and earns commission from its underwriters, distributing a portion of this commission to brokers, together with fees and instalment income from customers. Paymentshield is focused on the supply of household-related insurance products, such as buildings and contents insurance, mortgage payment protection insurance, income protection and landlord insurance products. Paymentshield administers and distributes its products primarily through the mortgage intermediary market. In certain situations, Paymentshield has exclusive agreements in place with networks of mortgage intermediaries. Paymentshield also has profit commission arrangements in place across the household and mortgage insurance books.

Paymentshield's three key insurance books (i.e. the three comprehensive lists of the insurance policies that Paymentshield has written, segmented according to the type of policy) are B&C Classic, which includes standard building and contents insurance and has been a closed book to new business since the second financial quarter of 2014, B&C Panel, which also provides standard building and contents insurance and was launched in 2013 to replace B&C Classic, and Creditor, which includes products covering mortgage payments protection insurance for policy holders unable to work due to accident, sickness or unemployment.

Paymentshield products

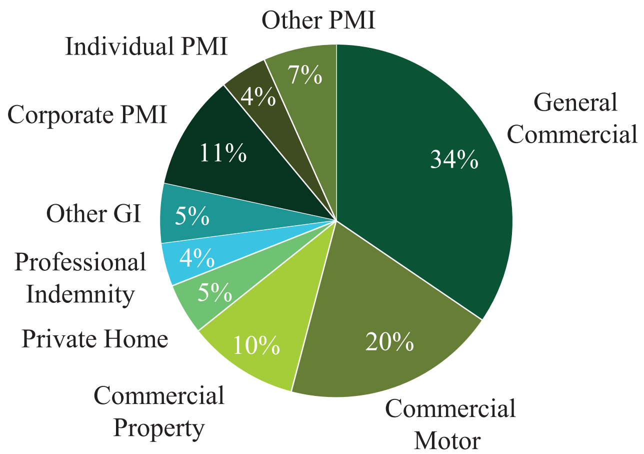
Paymentshield designs its own household-related insurance products in partnership with insurance companies and distributes them to mortgage intermediaries. Products include:

- Buildings, contents and buildings and contents insurance
- Home emergency insurance
- Tenants liability insurance
- Legal expenses insurance
- Accident, sickness and unemployment insurance
- Short term income protection insurance
- Rent guarantee insurance

Advisory division

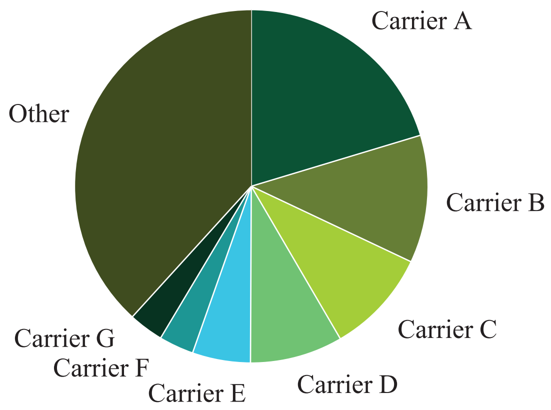
KIRS Group's advisory division is a leading independent general insurance and PMI broker in the United Kingdom and includes (i) Towergate's advisory broking unit and (ii) Chase Templeton. KIRS Group's advisory division products include general insurance products such as commercial motor and property products, PMI products, professional indemnity products, marine products, general personal products and private home and car products. KIRS Group's advisory division generated £746.0 million of GWP and £145 million of income for the year ended December 31, 2016. The advisory division operates from nine national call centers and 67 local offices, demonstrating the advisory division commitment to maintaining a local footprint across the United Kingdom and in-person customer outreach capabilities. We employ approximately 1,600 full time employees in the advisory division of our distribution segment.

KIRS Group's advisory division focuses on providing bespoke products that serve more nuanced customer needs and as such our advisory division distribution model focuses primarily on face-to-face broking complemented by direct telephone and call center sales. The percentage breakdown of KIRS Group's 2016 advisory division by type of insurance product is depicted in the chart below.



2016 Gross Written Premium of £746 million

Our advisory division partners with diverse insurance carriers. As shown in the chart below, in 2016 our advisory division was not dependent on any one carrier for more than 20% of GWP.



2016 Advisor Division by Carrier

(i) Advisory unit

Towergate's advisory broking unit provides insurance broking advice and products to large corporations, SMEs and individual customers, with a focus on face-to-face interactions, maintaining a local footprint and deepening historic relationships through a local branch presence across the United Kingdom. The advisory unit earns commissions and fees from insurers by acting as broking agents for insurance policy holders. The advisory unit generated £584.9 million of GWP in the year ended December 31, 2016. The advisory unit generated £127.4 million of commission and fees in the year ended December 31, 2016, which accounted for 62.0% of Towergate's broking division commission and fees.

Towergate's advisory unit provides advice to customers on their insurance and risk management requirements and negotiates competitive policy terms with insurance companies on their behalf from 65 offices located across the United Kingdom. We believe that Towergate having local offices provides a significant advantage in the SME market as customers appreciate local contact and service as SME products are typically bespoke products which merit tailored broking advice. In addition, the Towergate advisory unit offers access to certain third-party products and services such as financing arrangements for the payment of premiums by instalments, legal expenses insurance and claims assistance. Towergate's commercial customers range from large corporations to SMEs with local, regional, national and international footprints.

Towergate advisory broking unit products

Towergate's advisory unit distributes various types of personal lines products, offering both standard, non-specialist insurance products as well as specialist products tailored to specific sectors and/or risks that may be more difficult to place elsewhere in the insurance market. Additional sectors for which we provide specialist cover include:

- Arts and culture
- Charity
- Contractors
- Construction
- Education
- Energy and offshore marine
- Engineering
- Entertainment, leisure and hospitality
- Farm
- Information and technology
- Logistics
- Manufacturing
- Motorsport
- Motor trade
- Professions and financing
- Property and real estate
- Recruitment, employment and welfare
- Transport
- Waste and recycling
- Wholesale and retail

(ii) Chase Templeton

Chase Templeton is a leading United Kingdom PMI broking services provider with a customer base comprised of approximately 8,000 SME customers and 17,000 individual customers. Chase Templeton generated £161.1 million of GWP, £16.7 million of income for the year ended October 31, 2016 compared to £12.7 million of income generated for the year ended October 31, 2015, a 24.0% increase. Chase Templeton generated £8.2 million in *Pro Forma* Adjusted EBITDA for the year ended October 31, 2016.

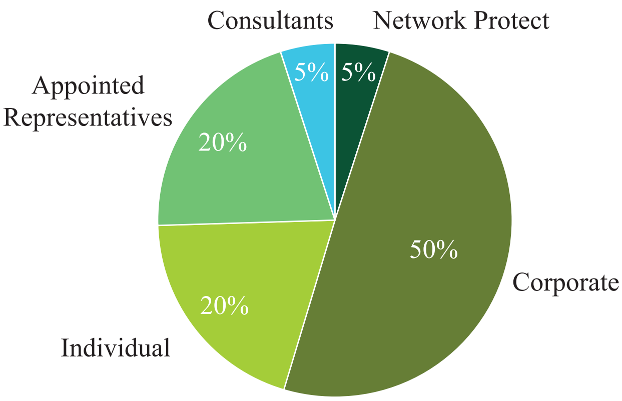
Chase Templeton was founded in 2002 as a specialist health insurance intermediary company and has had year-on-year organic growth in recent years. Chase Templeton has completed over 70 acquisitions in the last four years, all of which have been migrated to a single operating platform allowing Chase Templeton to consolidate expertise and take advantage of cost savings synergies. Chase Templeton's proprietary IT system enables it to swiftly integrate acquired business, minimalizing manual tasks and delivering operational efficiency. Chase Templeton operates from offices in Bridgewater and Darwen.

Chase Templeton has established working relationships with all of the United Kingdom's leading personal medical insurance providers, including BUPA, Aviva, AXA PPP, the Exeter, April UK, Vitality, Unum, Ellipse, WPA and Legal & General. Chase Templeton provides customers with independent advice on business medical insurance packages, employee benefit schemes and private health insurance products for individuals. Chase Templeton profiles customers' needs and assesses the PMI market to advise customers on cost-effective packages. Chase Templeton provides free individual and corporate PMI quotes through the Chase Templeton website and earns commissions and fees from insurers by acting as broking agents for insurance policy holders.

Chase Templeton products include:

- Private medical insurance
- Company health insurance
- Travel health insurance and expatriate health insurance
- Dental insurance
- Medical insurance cash plans
- Group life insurance and Group critical illness insurance,
- Family health insurance

The chart below depicts the percentage of Chase Templeton's GWP generated by distribution channel.



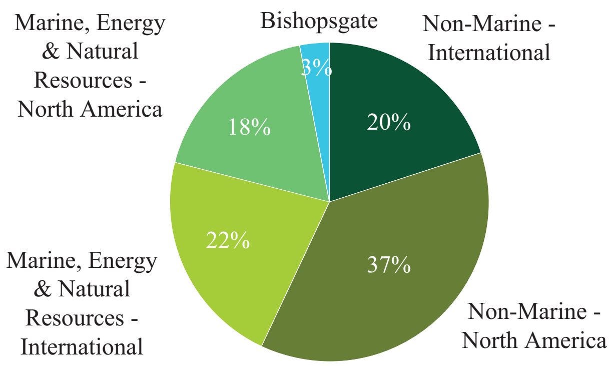
2016 Gross Written Premium: £161 million

2) Wholesale segment

KIRS Group's wholesale segment is our international insurance and reinsurance broker business and includes Price Forbes, a leading independent wholesale insurance broker with a strong and well-recognized industry brand, and Bishopsgate, Towergate's wholesale business which focuses primarily on wholesale opportunities arising from KIRS Group's UK distribution channels, for example from KIRS Group's advisory broking and underwriting businesses, as well as from the external United Kingdom retail market via third party brokers.

Insurance wholesale brokers act as intermediaries between retail brokers, insurance agencies and insurers. Key wholesale segment risk categories that Price Forbes covers include property, casualty, marine, energy, natural resources, construction, cargo, political and credit risk, aviation, financial products, accident and health and specie, including fine art. Bishopsgate focuses on wholesale risk emanating from within the KIRS Group's distribution and MGA & Services segments. Both Price Forbes and Bishopsgate are Lloyd's of London insurance and reinsurance brokers. The wholesale segment generated approximately £1 billion of GWP, £81 million of pro forma income and £18 million of Pro Forma Adjusted EBITDA for the year ended December 31, 2016. We employ approximately 400 employees in our wholesale segment.

The percentage breakdown of KIRS Group's wholesale segment 2016 income by product type is depicted in the chart below.



2016 Wholesale Segment Income by Product Type

Price Forbes

Price Forbes is an independently managed and operated wholesale insurance broker that trades in major international insurance and reinsurance markets in London, Bermuda and internationally and is one of the top independent wholesale brokers in the London Market. Price Forbes provides specialist solutions for its international client base and is a member of the Worldwide Broker Network. Price Forbes specializes in placing non-standard risks for large multi-national companies whose risks would not be insurable in local markets or which, if insured in local markets, may have coverage, security or pricing disadvantages. Price Forbes earns commissions and fees from clients by placing risks on behalf of retail brokers. Price Forbes generated over £950 million of GWP and £67.3 million in income in the year ended December 31, 2016 compared to £61.6 million in income generated in the year ended December 31, 2015, a 9.3% increase. Price Forbes generated £10.5 million in Pro Forma Adjusted EBITDA in the year ended December 31, 2016 compared to £10.1 million Pro Forma Adjusted EBITDA generated in the year ended December 31, 2015, a 4.0% increase.

Price Forbes offers its international client base, via offices in the United Kingdom and overseas, access to the London and international markets across all major risk classes and industry segments including Price Forbes's core segments of property and casualty risk and has been trading in the London Market for over a century. Price Forbes wholesale brokers focus on large and complex specialty risks, and they design and place risks through insurance and reinsurance markets in the United Kingdom, Bermuda, South Africa, and other international markets, which further diversifies KIRS Group's geographic reach in terms of customer base and exposure. Price Forbes's clients are predominantly made up of large international corporate businesses with complex insurance requirements. These clients require bespoke insurance policies to meet their needs which they may not be able to source in their domestic markets. In addition pricing of insurance domestically may be disadvantageous to the international markets. Price Forbes also provides small and middle market underwriting services through Equinox, an MGA, that currently specializes in American and Canadian property risk. Price Forbes's main operations are based in London, with smaller overseas offices located in Bermuda, South Africa and other international markets. Price Forbes's operation in South Africa is a retail broker and the operations in the USA provide MGA services offering clients effective access to capacity. Price Forbes has a wide distribution network based on strong relationships with key wholesale and retail brokers.

Price Forbes products

Price Forbes focuses on placing non-standard risks covering the following areas:

- Marine
- Energy
- Power, utilities and nuclear energy
- Mining / natural resources
- Cargo
- Finance products
- Accident & Health
- Aviation
- Treaty reinsurance
- Fine art, jewelry and specie
- Cyber
- Construction
- Real Estate
- Political and credit risks
- Terrorism
- Property and casualty
- Programs

Bishopsgate

Bishopsgate is Towergate's wholesale broking business which was relaunched in November 2016 under a new leadership team who have experience in building and leading businesses in the London wholesale market. Bishopsgate earns commission and fees by placing insurance and reinsurance risks on behalf of retail brokers. Bishopsgate is a Lloyd's broker and provides access to specialist capacity, covering a wide range of markets in order to secure attractive terms and competitive prices. We have recently made a series of strategic hires to drive Bishopsgate growth, including our new Bishopsgate Executive Chairman, Gordon Newman. We have also hired Emma Lucas and Paul Brown in our Professional Indemnity line, Matt Edwards in our International Property/Canadian/Australian line, Simon Allport in our International Binders line, and confidential appointments in our Personal accident line and UK Binders line. Each of our strategic Bishopsgate hires were targeted for their ability to drive income and their fit within our corporate culture. Bishopsgate is still in the early stages of its growth generating GWP of £40.2 million and commission and fees of £2.1 million for the year ended December 31, 2016.

Bishopsgate products

Bishopsgate provides access to specialist sector insurance products including:

- A range of policies specifically designed for retail, manufacturing and wholesale jewelers spanning a spectrum of allied trades that includes fine art and antique dealers, galleries, giftware retailers and wholesalers, pawnbrokers, auctioneers and personal jeweler;
- Exclusive access to a facility writing life sciences companies policies;
- Motor fleet insurance services including for large distressed and hard to place risks;
- Commercial property insurance covering the risk of loss to company or individual business premises or physical possessions relating to business operations; and
- Access to specialist underwriters focused on the renewable energy sector, professional indemnity and construction and engineering policies.

3) MGA & Services segment

KIRS Group's MGA & Services segment includes an MGA division and a Services division. Our MGA division is a leading full service MGA in the United Kingdom. An MGA is a specialized type of insurance intermediary that has delegated underwriting authority from an insurer. MGAs therefore perform certain function ordinarily handled by insurers such as issuing and administering insurance policies and handling insurance claims and renewals on behalf of insurance companies. MGAs normally distribute their products to insurance brokers rather than directly to the end customer. Our MGAs do not incur underwriting or principal risk in relation to any of the services or products that they provide and therefore neither provide capital nor assume any responsibility for insurance claim costs. The KIRS Group's MGA & Services segment is comprised of (A) the Towergate underwriting division and (B) the Direct Group MGA. Our services division is composed of Direct Group's services business and is a leading provider of third party policy administration and claims services for insurers, corporations, underwriters and brokers in the United Kingdom. The MGA & Services segment generated £97 million of pro forma income and £25 million of Pro Forma Adjusted EBITDA for the year ended December 31, 2016. We employ approximately 1,240 employees in our MGA & Services segment.

MGA division

Towergate's underwriting division is a full service MGA. The MGA division is composed of the Towergate underwriting division and the Direct Group MGA. The MGA division has a diversified product offering, providing commercial, landlord, agriculture, non-standard household, motor insurance, and life insurance products under the Arista Insurance, Midas Underwriting, Fusion Insurance, BIB Underwriters Limited, AIUA, Fortress Home Insurance and Simple Landlord's Insurance.

KIRS Group's MGA division also benefits from strong relationships and long-term commitments with a number of leading insurance carriers, including Allianz, AXA, RSA and Ageas. In line with KIRS Group's diversification strategy, no single insurance carrier, however, provides more than 20% of GWP. Our MGA division operates from offices throughout the United Kingdom and in Europe.

(A) Towergate underwriting division

Towergate's underwriting division is a full service MGA. Towergate's underwriting division offers insurance products to retail and commercial customers including SMEs on behalf of insurance companies, both through third-party insurance brokers and through Towergate's own broking division. As is common in the industry and required by the regulator, when Towergate's underwriting division places products through related party brokers (including for example Towergate's broking division) it is done at an arm's length basis and based on the related party's competitive market position for the product. Towergate's underwriting division MGA earns commissions and fees by securing underwriting capacity from insurers and designing and issuing insurance policies based upon that capacity. Towergate's underwriting business generated £484.4 million of GWP in the year ended December 31, 2016. The Towergate underwriting division generated £64.5 million of commission and fees in the year ended December 31, 2016, which accounted for 20.3% of Towergate's total commission and fees for the period.

Towergate obtains underwriting capacity from a panel of leading "A" rated insurance companies and performs many of the functions of an insurer, including pricing insurance coverage, issuing insurance policies and in many cases handling insurance claims on behalf of the insurance carrier. Towergate's underwriting division distributes policies through both a network of over 2,000 external brokers on an arm's-length basis and through our internal broking division see "*Business—Our operations—1) Distribution segment—i) Retail unit.*" The insurers provide the capital in respect of all insurance claims, carry the associated principal risk and are ultimately responsible for the insurance claim costs. Towergate's underwriting division neither provides capital nor incurs liability in respect of insurance claims.

Towergate's underwriting division takes the lead role in rating and pricing risks for insurance companies with regards to a range of specialized and standard commercial and personal lines. Towergate's expertise in rating and pricing risks allows its underwriting division to offer stable performance to insurance company partners and attractive prices to customers. Towergate's broker partners also benefit from the combination of our underwriting expertise and the security that comes with Towergate's insurers, including AXA, Allianz and RSA. Towergate underwriting divisions' profitability is affected by both upside profit commission and downside loss corridors built in to some of the divisions agreements with insurers. Towergate's underwriting division is made up of five units: commercial lines, personal lines, agriculture specialist London market and the international business unit.

Towergate's commercial lines unit is the largest of Towergate's three underwriting product lines and generated £35.9 million of commission and fees in the year ended December 31, 2016, which accounted for 52.7% of the total commission and fees generated by Towergate's underwriting division for the period. Towergate's commercial lines unit is divided into sub-divisions which deliver a range of insurance solutions to SMEs to help them manage the risks they face, comprising:

- Fusion Insurance, which provides tailored commercial insurance and risk management solutions for SME businesses operating in a wide range of trades;
- Arista Insurance, which provides commercial combined, motor and package insurance for SME customers via eight branch offices around the UK; and
- Towergate commercial underwriting lines, which focuses on e-traded SME package commercial products.

Towergate's personal lines unit generated £20.9 million of commission and fees in the year ended December 31, 2016, which accounted for 30.7% of the total commission and fees generated by Towergate's underwriting division for the period. Towergate's personal lines products include home, private customer, travel and personal regional lines. Almost all of the commission and fees generated by Towergate's personal lines unit in the year ended December 31, 2016 were generated by personal home lines of insurance. Personal lines include:

- Towergate underwriting household lines: providing standard and non-standard household and rental property products distributed by brokers.
- Private customers lines: offering insurance solutions to high and mid-net worth individuals
- Travel lines: providing insurance solutions from individual trip travel and tour operator needs, to major travel crises and failure of travel.

Towergate's agricultural lines unit generated £11.3 million of commission and fees in the year ended December 31, 2016, which accounted for 16.6% of the total commission and fees generated by Towergate's underwriting division for the period. Towergate operates two brands in the farm market, AIUA and BIBUnderwriters Limited, whose combined market share makes us the second largest underwriter in the UK agricultural insurance market. Towergate's agricultural lines unit benefits in particular from historic relationships and accumulated market knowledge, which provides a competitive advantage that competitors would find difficult to replicate.

Towergate intends to commence underwriting through a new specialist London Market MGA in 2017, initially offering liability, international property and terrorism classes of risk to London Market wholesale brokers. Towergate's specialist London Market MGA is in the process of obtaining the required regulatory approvals.

Towergate also intends to establish an international MGA based in Scandinavia that is expected to start underwriting in 2017, further diversifying Towergate's global reach. Towergate's international MGA will offer a range of commercial insurance products to Nordic domiciled companies. Towergate's international MGA is in the process of obtaining the required regulatory approvals.

Towergate underwriting division products

Towergate's underwriting division currently offers over 200 different insurance products. These products are developed in conjunction with insurance company partners and range from farm motor vehicles to events cancellation insurance. Towergate's commercial lines business focuses primarily on SMEs and Towergate's personal lines business focuses primarily on specialized products such as non-standard household insurance and private customer products (including, for example, high-end car insurance products and products servicing high net worth individuals).

While not an exhaustive list, Towergate's underwriting division offers the following e-traded (i.e. purchased online through our own branded underwriting website), bespoke/specialist and other products for brokers:

E-traded products	Bespoke/specialist products	Other products
• Signature household	• Agriculture (including equine and garden centers)	• Caravans/park homes
• Signature vehicle	• Sports leisure and entertainment	• Caravan park operators
• Commercial combined,	• Liability	• Care homes
• package and property owners (e-business)	• Personal accident and insurance business travel	• Commercial (SME)
• Let property	• Marine cargo and freight liability	• Directors and Officers liability
• Household		• Embassy cover
• Holiday homes		• Engineering insurance and inspection
• Travel—single and annual multi-trip		• Sports and social clubs

E-traded products	Bespoke/specialist products	Other products
• Travel—tailor-made travel insurance schemes		• HM Forces insurance • Medical and caring professions • Photographers and videographers • US Armed and NATO Forces signature

(B) Direct Group MGA

Direct Group's MGA focuses on niche markets and products providing a range of both branded and fully white-labelled products. Direct Group generated £14.3 million of revenue in the year ended December 31, 2016 compared to £11.4 million of revenue in the year ended December 31, 2015, a 26.0% increase. Direct Group, inclusive of both the Direct Group MGA and the Direct Group services division below, generated £142.0 million of GWP and £7.6 million of Pro Forma Adjusted EBITDA for the year ended December 31, 2016.

Direct Group provides both general insurance products and specialized ancillary products. Direct Group standard products include:

- Building, contents and building and contents
- Life
- Property owners
- Motor
- Landlord
- Commercial

Direct Group also offers specialized ancillary products providing additional insurance in the areas of home, motor and commercial insurance. Direct Group ancillary home, motor and commercial underwriting products include:

Home	Motor	Commercial
• Family legal	• Motor legal	• Landlord's legal
• Home emergency	• Rescue and recover	• Landlord's property emergency
• Boiler breakdown	• Replacement vehicle	• Landlords boiler breakdown
• Excess protection	• Excess protection	• Rent guarantee
• Garden insurance	• Windscreen protection	• Key protection
• Key protection	• Key protection	• Replacement vehicle
• Personal accident	• Personal accident	• Tools in transit
• Gadget	• GAP	
• Handbag and wallet	• Helmet and leathers	
• ID theft		

Services division

KIRS Group's services division is composed of Direct Group's distribution and claims divisions, a leading provider of end-to-end claims management services and outsource insurance services in the United Kingdom. Direct Group provides front- and back-office outsourcing services to insurers, affinities, corporates and brokers, including claims management, front-end sales services and post-sales administration services, allowing these organization to focus on their core revenue generating businesses. Direct Group provides services to 14 of the 20 largest general insurers in the United Kingdom and has more than 2,000 active broker relationships with over 225,000 claims handled in 2016. Direct Group's services are provided through the Direct Group distribution division and through the Direct Group claims division

Direct Group's distribution services division works closely with insurance and retail brands to understand their business, customers and routes to market in order to identify and develop administration services designed to more efficiently bring customers' products to market. Direct Group's sales and administration services are tailored to each customer based on the products, routes to market, target customer base, customer system and customer requirements. The Direct Group distribution services division's range of third-party administration services includes:

- Sales and service web platform
- Contact center activity for sales and service

- Account and campaign management
- Policy administration and fulfilment
- Premium collection and funding solutions
- Underwriting referrals—specialist and non-standard risk
- Customer centric systems
- Underwriting and commissions calculations and payment
- Market leading management information

Direct Group's claims division provides claims-related services for a range of general insurance products. Direct Group has three claims centers across the United Kingdom, each supported by a field-based claims assessment and loss adjusting team. The claims division uses a robust contents validation proposition and a fully integrated building repair network to offer customers the full range of managed claims services from a single provider. The contents validation proposition allows Direct Group to remotely verify the product a customer is making a claim for and remotely identify an appropriate replacement product. The building repair network provides Direct Group with access to providers who can manage building related claims. The claims division's processes and technologies focus on improving the customer experience and reducing the claims lifecycle. The Direct Group claims division services include:

- First notification of loss
- Desk and field based claims validation
- Loss adjusting services
- Contents claims validation and replacement
- Fraud detection and prevention
- Building Repair Network
- Online claims reporting and management information
- Surveying services

KIRS Group Business Change Initiatives

In bringing the KIRS Group U.K. businesses together, we expect to take advantage of cross-selling opportunities, particularly across our distribution segment, to achieve revenue and operational synergies and also to leverage the collective purchasing power of the combined KIRS Group portfolio to take to advantage of cost savings and other economies of scale and to rationalize duplicative third-party contracts in areas such as office and IT equipment and outsourcing contracts. This significant investment gives us much more visibility of our cost base, and we expect to normalize our capital expenditures going forward. We have also implemented and continue to implement efficiency initiatives to bring our middle- and back-office capabilities up to industry standards and beyond and to enable investment in front-office revenue generating personnel.

KIRS Group U.K. cross-selling opportunities

We believe that our distribution capability combined with our diverse customers bases and knowledge of customer needs will allow us to capitalize on cross-selling opportunities by deploying our existing products to our now widened customer base as well as developing new products and services to meet customer needs across our entire portfolio. Our U.K. businesses have each built up strong customer bases and we believe we will be able to capitalize on the diversity of these customer bases to drive growth. Each business has built up years of customer profile expertise as well as specialized knowledge of industry best practices, including preferred product distribution methods, customer service norms, renewal tendencies and product preferences. There are a number of cross-selling opportunities we can leverage across the different segments of the business including underwriting, Paymentshield, Autonet, Advisory and Chase Templeton. For example, cross-selling both SME and PMI insurance to the wider combined customer base within Towergate Advisory and Chase Templeton and cross-selling both SME and motor insurance to the combined customer base of Autonet and the Towergate retail unit.

Access across the KIRS Group distribution segment to Autonet's digital platform

As part of Autonet's strategy to maintain its strong position in the PCW market, Autonet utilizes a market leading digital platform which allows it to rapidly adjust its pricing matrices depending on market trends and allows it to adjust prices on a daily basis. Autonet's pricing matrices also include a number of enrichment elements, including credit score, vehicle value and other customer identifiers, which allow it to quickly provide a highly bespoke and competitive policy. These capabilities drive Autonet's underwriting performance and strong relationships with its insurer panel, allowing Autonet to then benefit from access to more favorable insurer rates. Following the completion of the Transactions, the KIRS Group distribution segment will have access to Autonet's market leading platform, enabling the entire KIRS Group distribution segment to provide more appropriate products on a faster, more competitive and more bespoke basis.

Revenue and operating synergies

We believe that our distribution capacity combined with our diverse customers bases and knowledge of customer profiles will allow us to capitalize on cross-selling opportunities by better tailoring our existing products to the needs and purchasing method preferences of our customers and also by exploring new products and services to meet customer demands across our entire portfolio.

We believe we can achieve operational synergies with Direct Group by in-sourcing certain claims management activities currently outsourced by the KIRS Group's MGA & Services segment to third parties. In particular, this may include the in-sourcing of claims management services, in particular loss adjuster, building repair network and contracts validation services to Direct Group in those instances where the services can be provided at a lower cost.

We believe there are clear revenue and operational synergy opportunities between Health+, a PMI business located within the Towergate advisory broking unit, and Chase Templeton, including capitalizing on our scale to establish deeper relationships with our long term insurer partners and to increase and harmonize our commission rates and leveraging our IT platforms to achieve back-office synergies through the integration of various IT development, licensing, infrastructure and support services. We also believe we can achieve further operational synergies by utilizing Direct Group's industry leading services back-office systems to explore back-office efficiencies and digital capabilities.

Towergate re-negotiation or re-execution of service and support contracts

Towergate has begun a process of rationalizing service and support provider costs by increasing service delivery permanent staff and decreasing the use of service delivery contractors. Towergate will continue to make improvements in its management of non-IT suppliers and associated spending through (i) standardizing payment terms to match the industry standard of 30 days; (ii) beginning to reduce the number of non-IT suppliers, with a target of moving from over 3,500 suppliers to less than 500 and the introduction of a preferred supplier list; and (iii) implementing an industry leading Procure to Pay (P2P) system to embed robust policies, standards and controls into all procurement activities.

Towergate Information Technology Transformation Program

The Towergate legacy IT infrastructure that we inherited following Towergate's 2015 financial restructuring required a deep fix. The lack of integration across Towergate's divisions prior to the 2015 financial restructuring resulted in the use of multiple outsourced service providers with unclear responsibilities, slow and inadequate responses to issues and internal reliance on unstandardized and multi-tool platforms in order to accomplish basic business administration processes. Key components of an industry standard IT infrastructure, such as resilience and disaster recovery, were also missing.

Towergate's Information Technology Transformation Program ("**ITTP**") initiative focuses on improving IT infrastructure by consolidating and standardizing processes and by replacing and enhancing existing applications, hardware and software with simplified and scalable technologies to improve efficiency, cost-effectiveness and connectivity. Specific components of the ITTP include improvements to Towergate's network and telephony systems, data center and hosting capabilities, IT support services and our end-user environment. Towergate's ITTP governance is managed through a steering committee and provides regular updates to the Towergate Board

To improve Towergate's network and telephony systems Towergate has entered into a contract with BT to provide integrated, scalable and reliable network and telephony services to all Towergate locations. Towergate is rolling out Skype for Business across all sites and CCPro as its cloud based contact center solution in 10 locations. To improve Towergate's data center and hosting capabilities, in May 2016 Towergate entered into a three year contract with Microsoft for the use of the Microsoft Azure Cloud data center. Towergate's legacy IT server infrastructure was highly fragmented with over 1,400 servers and multiple outsourced data center relationships. Access to the Azure Cloud data center allows Towergate to move from its formerly fragmented server IT infrastructure to a central host, improving its support network, performance and security. Migration activities to this platform are broadly completed with a few remaining routing services and support for applications that are undergoing remediation in order to be able to run in a cloud based environment. Disaster recovery around individual services as well as the data center as a whole are managed and tested in conjunction with Microsoft on a regular basis.

Towergate's contract with Microsoft includes the use of Office 365 products, providing on demand scalability with inbuilt refreshes and access to a wide range of tools including email, office productivity tools, Yammer, Sharepoint, OneNote, OneDrive and other collaboration software. Towergate has refreshed its end user hardware across the business to support use of Microsoft products and has implemented Windows 10 on the majority of its desktops and laptops.

Towergate has partnered with Accenture to improve Towergate's support services. Towergate entered into a contract with Accenture in February 2016 whereby Accenture acts as a single service integrator managing third parties on Towergate's behalf. Towergate's legacy support services had unclear delineations of roles and responsibilities between in-house and outsourced support services, resulting in both gaps and overlaps in the provision of IT support services. Towergate's agreement with Accenture allows the business to leverage Accenture's advanced IT support service processes, tools and resources in a cost efficient manner to provide customers more efficient IT support services.

Towergate has also increased its focus on system access controls, management authentication procedures and controlled access for data and applications. These services have been outsourced to SecData under Towergate's revised BT contract, putting into place firewalls, mail filtering, virus scanning and spam controls to protect our network. Towergate's IT department now employs a certified security manager to review data protection and network security and a specialist security organization performs penetration testing and highlights any potential system weaknesses. As part of Towergate's Control Framework program, Towergate has developed an Information Governance framework to protect information assets and, in line with industry standards, Towergate has appointed a Data Protection Officer to oversee data security and standards.

Towergate Finance Transformation Project

Towergate's Finance Transformation Project ("**FTP**") initiative is designed to improve Towergate's control over its financial processes, increase efficiency within the finance department, bring the finance department IT capabilities up to industry standards and simplify the finance department's IT platforms and tools. The FTP focuses on reducing costs and standardizing processes within agreed control frameworks. Towergate has entered into an agreement with Accenture to design, build and implement a cloud-based core finance platform using Microsoft Dynamics AX which we believe will increase efficiency in Towergate's cash and bank management, expenses, accounts receivable, fixed assets, organization administration, procurement and payables, project accounting and general ledger processes. In 2016, in addition to Towergate's ITTP support agreement, Towergate entered into separate agreement with Accenture to provide outsourced business processing around a number of finance functions. Towergate believes the FTP-focused Accenture agreement will allow Towergate to reduce costs through a combination of the automation of transaction-heavy activity and the selective outsourcing of suitable processing to Accenture. Towergate is also in the process of automating the insurer reconciliations process using Gresham software in order to reduce the risk of errors relating to manual keying, calculation and reconciliation and is implementing further robotic process automations to further reduce costs and reliance on the manual input of information.

Towergate's Broker System Consolidation

Towergate's Broker System Consolidation ("**BSC**") focuses on streamlining and automating the back-office processes within Towergate's advisory division through a key partnership with Acturis, a leading software service provider in the general insurance industry. Towergate's advisory division historically operated 126 unintegrated policy administration systems across Towergate's broking branches as a result of the over 300 acquisitions Towergate undertook prior to the 2015 financial restructuring. A policy administration system is a software tool employees use to execute a number of the processes involved in issuing an insurance policy, including rating, quoting, issuing and renewal. Towergate's historic use of numerous distinct and unconnected systems requiring varying levels of manual input of information added significant time and complexity to back-office processes. Towergate's BSC initiative will transition the advisory unit to a strategic single policy administration system. This will result in consistent and more efficient internal process and a uniform customer experience regardless of the branch in which the customer transacts broking business. Towergate's employees will process customer data by using automated workflow programs that are consistent, simplified, less reliant upon the manual input of information. These systems are designed for detailed risk capture, leading to improved customer experiences, lower running costs and increased response times. Towergate also expects to realize cost savings through the reduction in licensing fees associated with multiple policy administration systems. We believe that the consolidation and standardization of Towergate's policy administration systems will generate cost savings and efficiencies by reducing duplicative tasks and manual tasks susceptible to human error.

Towergate's BSC initiative also extends to the standardization of cash management processes, which have historically been manual in nature, leading to reconciliation issues as well as limitations in cash forecasting. Recent enhancements include the installation of an automated cash management system provided by Acturis to improve cash management and forecast processes. The BSC initiative will also standardize and consolidate legal entities, commission structures and broking agency management processes.

Intellectual property

KIRS Group Limited and KIRS Group's underlying businesses rely on copyright and trademark laws, confidentiality procedures and contractual provisions to protect our intellectual proprietary rights. We actively take steps to protect our intellectual property rights when and where we deem appropriate.

Towergate

Towergate markets the majority of its products and services under approximately 150 trademarks, all of which are registered in the United Kingdom or the European Union. We believe that our Towergate trademark, as well as Towergate's major service and product brands, enhance Towergate's competitive advantage and are essential to our business.

Towergate has registered over 650 internet domain names. These domain names are either used by Towergate to deliver services and information to our customers or held to protect trading names and brands developed by our businesses.

Although Towergate has contributed to the development of certain of the software platforms that it licenses, the proprietary rights in the intellectual property of these software platforms rests with their licensors. Towergate, however, exclusively owns the business process intellectual property resulting from the integration of these software platforms with Towergate's existing systems and the customization of these platforms. Towergate presently has no patents or patent applications pending.

Price Forbes

Price Forbes markets the majority of its products and services under the Price Forbes, Purely Insurance, International Insurance Services (IIS) and Equinox trademarks, all of which are registered in the UK. We believe that our Price Forbes trademark, as well as Price Forbes's major service and product brands, enhance our competitive advantage and are essential to our business.

Price Forbes has registered a number of internet domain names to protect its intellectual property and actively trades using priceforbes.com, equinoxunderwrting.co.uk and pfiis.com. These domain names are either used by Price Forbes to deliver services and information to Price Forbes's customers or held to protect trading names and brands developed by Price Forbes's businesses.

With the exception of Price Forbes's South African operation, all businesses operate on the UK hosted broking system TWINS provided by Trace Isys Limited. Infrastructure support is outsourced to SCC Limited. TWINS is currently undergoing replacement to GLOBAL XB as provided by Total Objects, a division of DXC Technology Inc. All of Price Forbes's systems are licensed.

Autonet

To support its operating platform, Autonet licenses CDL's Strada technologies. We believe that the Autonet trademark, as well as Autonet's major service and product brands, enhance Autonet's competitive advantage and are essential to our business.

Autonet has registered 164 internet domain names. These domain names are either used by Autonet to deliver services and information to Autonet's customers or held to protect trading names and brands developed by our businesses.

Direct Group

Direct Group's Lutine brand trademark is registered in the United Kingdom. We believe that our Direct Group trademark, as well as Direct Group's major service and product brands, enhance Direct Group's competitive advantage and are essential to our business.

Direct Group has registered 122 internet domain names. These domain names are either used by Direct Group to deliver services and information to Direct Group's customers or held to protect trading names and brands developed by Direct Group's businesses. Direct Group licenses various back-office technologies, including DGOS, Valid8, CDL, TGSL and Umbello to support its operating platforms and core systems across its business.

Chase Templeton

We believe that our Chase Templeton trademark, as well as our major service and product brands, enhance Chase Templeton's competitive advantage and are essential to Chase Templeton's business.

Chase Templeton has registered approximately 110 internet domain names. These domain names are either used by Chase Templeton to deliver services and information to Chase Templeton's customers or held to protect trading names and brands acquired by Chase Templeton's businesses.

Environmental matters

We believe that we do not have any material environmental compliance costs or environmental liabilities.

Real property

The KIRS Group Limited registered office is located at 47 Esplanade St. Helier, Jersey, JE1 0BD.

Towergate leases its registered office at Towergate House, Eclipse Park, Sittingbourne, Maidstone, Kent, ME14 3EN, United Kingdom. Price Forbes leases its registered office at 2 Minster Court, Mincing Lane, London, EC3R 7PD, United Kingdom. Autonet leases its registered office at Nile Street, Burslem, Stoke-on-Trent, ST6 2BA, United Kingdom. Direct Group leases its registered office is located at Quay Point, Lakeside Boulevard, Doncaster, South Yorkshire DN4 5PL, United Kingdom. Chase Templeton leases its registered office is located at 1st Floor Millennium House, Victoria Road, Douglas, IM2 4RW.

Towergate, Price Forbes, Autonet, Direct Group and Chase Templeton also lease properties in various locations throughout the world including the United Kingdom, Bermuda, Malaysia, South Africa, Dubai, the United States and Europe.

Each of historic businesses manages its respective property portfolios internally, supported by external specialists where appropriate. These internal property teams are responsible for ensuring that each site is in compliance with the relevant statutory requirements, including health and safety requirements as well as disposing of surplus property.

Insurance

KIRS Group's underlying businesses are subject to various actual and potential claims, lawsuits and other proceedings relating principally to alleged errors and omissions in connection with the placement of insurance in the ordinary course of business. We believe that each of our underlying businesses has adequate insurance coverage against all material risks that are typically insured by similar companies with comparable risk exposure. Insurance cover is regularly reviewed and adjusted when necessary. However, one or more of our underlying businesses may incur losses that are not covered by existing policies or that exceed the coverage levels stipulated in the applicable insurance policies. Furthermore, it is possible that we may not be able to maintain adequate insurance coverage at appropriate premiums in the future. See, "*Risk Factors—Risks Relating to Our Business and Industry.*"

Regulation

United Kingdom domiciled trading entities within Towergate, Price Forbes, Autonet, Direct Group and Chase Templeton are authorized and regulated by the FCA to carry on insurance broking activities in the UK pursuant to the Financial Services and Markets Act 2000 and its related statutory instruments, in particular with law and regulation flowing from the UK's implementation of the European Union's Insurance Mediation Directive. Each European Union Member State is required to ensure that the insurance and reinsurance brokers and other intermediaries resident in their country are registered with a competent authority in that country and that each intermediary meets professional requirements in relation to their competence, good repute, professional indemnity cover and financial capacity. In the United Kingdom, this statutory body is the FCA.

Our insurance broking activities must comply with FCA rules and guidelines that impose, amongst other things, a high-level standard on the establishment and maintenance of proper systems and controls and minimum threshold conditions that must be satisfied for an insurance broking firm to remain authorized as well as rules on the conduct of business and treating customers fairly ("**FCA Rules**"). The FCA Rules additionally impose certain minimum capital and liquidity requirements on firms. Firms have an ongoing obligation to regularly provide the FCA with certain information. Monitoring is carried out by the FCA to assess our compliance with regulatory requirements and the FCA has extensive investigative and disciplinary powers. In addition, individuals performing various controlled functions for regulated firms are required to be approved persons. A number of senior individuals in Towergate, Price Forbes, Autonet, Direct Group and Chase Templeton are approved persons, under the section 59 of the Financial Services and Markets Act 2000, and are required to satisfy certain fitness and propriety criteria.

The FCA plays a critical role in the insurance intermediary industry and is an important stakeholder to the KIRS Group. The FCA has been apprised of the development of the KIRS Group from the outset of its conception by our shareholders and management team. We have engaged with the FCA with full transparency and acted swiftly and appropriately when required and will continue to do so in connection with the development of the KIRS Group, including the Transactions.

As part of the FCA's ongoing regulatory oversight of Towergate, the FCA has previously highlighted Towergate's governance arrangements, business model, financial stability and elements of Towergate's operational controls as areas where Towergate's control and oversight needed to be strengthened. As a result, these areas became subject to heightened regulatory scrutiny and our board is working actively with our executive team to ensure the appropriate plans and evidence are in place to demonstrate ongoing progress in these areas. In May 2017, the FCA confirmed they are satisfied with Towergate's governance arrangements. We continue to work closely with the FCA to ensure the satisfactory completion of the remainder of these matters.

During the third quarter of 2013, Towergate identified that £15.0 million of customer and insurer monies had been misallocated to an unrestricted account between November 2007 and January 2011. As soon as the misallocation was confirmed, management transferred £15.0 million to the relevant customer and insurer accounts. The FCA concluded its investigation into this matter in July 2016 and the resulting fine of £2.6 million has been reflected in the audited consolidated financial statements of Towergate and its subsidiaries as of December 31, 2016.

Historically, Towergate used appointed representatives to distribute its products. In part prompted by FCA feedback in September 2016, Towergate will cease using appointed representatives to distribute its products, which is expected to be finalized by October 2017. Because Towergate will cease using appointed representatives to distribute its products, the FCA has agreed that the remediation project in connection therewith initiated by the FCA feedback need not proceed.

Towergate's Paymentshield business has sold and continues to sell mortgage payment protection insurance ("**MPPI**") which has been the subject of industry wide scrutiny by the FCA. Paymentshield's products, which are payable monthly and are never capitalized and added to the principal amount of the customer's loan are not analogous to products payable in a lump sum that have attracted FCA scrutiny. Paymentshield's MPPI has no cancellation fees and proportionate refunds are offered. Since approximately 2009, Paymentshield has distributed MPPI through independent third party brokers who are responsible for the sales process. The FCA initially requested information from Paymentshield for their consultation in advance of their Policy Statement "PS17/3 Payment protection insurance complaints: feedback on CP16/20 and final rules and guidance" but have since ceased including Paymentshield in the industry inquiry. We do not anticipate a major impact from PS17/3 or the Plevin case. In addition, we would expect customer complaints to be referred in the first instance to the selling third party broker, rather than Paymentshield.

For information on the ongoing review by the FCA of certain redress matters, see "—*Legal proceedings*" below.

Some of the Nevada Companies have in the past failed to meet internal risk and compliance guidelines including governance and control frameworks and cyber security controls which attracted regulatory scrutiny as well as external FCA regulations and guidelines including change of control approvals. Historically, Price Forbes has not had an independent whistleblowing and reporting mechanism.

KIRS Group entities and subsidiaries maintain offices outside of the United Kingdom in Bermuda, Dubai, Malaysia, South Africa and the United States and Europe and those entities and subsidiaries are also subject to the legal and regulatory regimes of the respective jurisdictions. Autonet has a 75% stake in Autonet Law, a personal injury claims firm of solicitors that assists clients who have purchased motor-related legal insurance from Autonet. Autonet Law is regulated by the Solicitors Regulation Authority, the regulator of law firms in England and Wales. CCV Risk Solutions Limited is licensed by the Jersey Financial Services Commission to carry on general insurance mediation business and is subject to the rules and regulations of the Jersey Financial Services Commission.

Legal proceedings

At any given point in time we are subject to various actual and potential claims, lawsuits and proceedings relating principally to alleged errors, omissions or unfair provisions in connection with the placement of insurance or the provision of financial services advice in the ordinary course of business. As we often assist customers with matters involving substantial amounts of money, including the placement of insurance coverage and the handling of related claims and the provision of financial services advice, errors and omissions claims against us may arise that allege our potential liability for all or part of the amounts in question. Claimants can seek large damage awards and these claims can involve potentially significant defense costs. Towergate, Price Forbes, Autonet, Direct Group and Chase Templeton separately maintain professional indemnity insurance for errors and omissions claims, the terms of which may vary by policy year.

Towergate maintains professional indemnity insurance for errors and omissions claims, the terms of which vary by policy year. In recent years, Towergate's self-insured risks have increased. Towergate has established a provision of £3.8 million for claims in respect of outstanding errors and omissions claims that Towergate believes to be adequate in light of current information and legal advice, and Towergate adjusts such provision from time to time according to relevant developments. In addition, in the normal course of business Towergate has a provision of £2.8 million to cover potential claims based on an estimate of the likely outcome of outstanding and potential claims.

There is an ongoing FCA review of redress costs associated with advice provided by TF in relation to enhanced transfer value ("**ETV**") and unregulated collective investment schemes ("**UCIS**") sales. TF was a provider of independent financial and mortgage advice and operated outside of Towergate's core United Kingdom specialist personal lines and SME markets. On March 16, 2015, prior to the 2015 financial restructuring, TIL disposed of TF assets to Palatine Private Equity ("**PPE**") for a gross consideration of £8.6 million. Provisions and contingent liabilities in respect of ETV and UCIS remained within Towergate. Towergate is taking part in ongoing discussions with the FCA on these matters and Towergate no longer provides advice in relation to ETV and UCIS sales.

In 2015, £19.8 million was recognized as Towergate management's best estimate of future obligations to pay UCIS redress costs. In 2015, £0.3 million of payments were charged against this provision and in 2016 £8.8 million of payments were charged against this provision. The remaining £10.7 million is expected to be paid in 2017, of which £5.26 million has been paid as of the Issue Date.

It is not yet possible to make a reliable estimate of our ultimate ETV liability given the number of material uncertainties that continue to exist. In March 2017, the FCA issued a consultation on whether to update the methodology used to calculate levels of redress due in cases of unsuitable advice in respect of pension transfers. This consultation is expected to remain open until Autumn 2017 following which the FCA may issue updated guidance. Given the number of material uncertainties that continue to exist, it is not yet possible to make a reliable estimate of our ultimate ETV related liability. No material payments are expected to be made in 2017. For the purpose of developing business plans and cash flow projections, Towergate has, however, adopted a range of £45.0 million to £65.0 million in potential ETV redress costs, excluding costs and expenses. This range is consistent with previous disclosure and is derived from a set of assumptions based on currently available information, but given the material uncertainties that continue to exist, in particular the methodology used to calculate the levels of redress, this range may be materially understated. See "*Business—Legal proceedings*."

On May 5, 2017, Towergate Financial was served with proceedings commenced by a former director of Towergate Financial in connection with advice received from Towergate Financial regarding an investment product. The claim is in respect of £1.28 million, interest, consequential loss and other costs. Towergate Financial disputes these claims, believes they are without merit and intends to vigorously defend the claim.

Employees

The table below shows our number of full time equivalent employees by KIRS Group's underlying businesses.

KIRS GROUP EMPLOYEES	2015	2016
Towergate	4,616	4,291
Price Forbes	320	343
Autonet	649	637
Direct Group	437	529
Chase Templeton	81	120

None of our employees are represented by a labor union. We consider our relations with our employees to be good.

Management

Directors of the Issuer

The Directors of the Issuer as of May 24, 2017 were:

David Ross	*Director*
Mark Mugge	*Director*

The following is biographical information for each of the members of the board of the Issuer:

David Ross (Director):

David had a 25 year career at Arthur J Gallagher having started there as a trainee. He was appointed Managing Director of the North American Division in 1997 then CEO of Global Wholesale & Retail in 2003. In 2005, David was appointed CEO of the International Division where the company underwent a defining period of growth and expansion. An Insead Alumnus, David has spent his entire career on the front line of Broking and Intermediary work in the Insurance industry. David has been CEO of Towergate since November 2015 and has led the business through a period of turnaround and transformation. David advised HPS and MDP on acquisitions of UK insurance assets from 2015 onwards.

Mark Mugge (Director):

Mark held various senior finance and audit positions at AmerUs Group Co, Grinnell Mutual Reinsurance Company and GuideOne insurance before joining Arthur J Gallagher in 2006 where he was Group Controller until 2010. He then served as the CFO of the international division at Arthur J Gallagher's from 2011 to 2015. Mark earned his CPA at KPMG LLP and served in the United States Marine Corps. Mark has been the CFO of Towergate since Q3 2015 and has been responsible for stabilization and overhaul of the finance structure including the Finance Transformation Program. Mark advised HPS and MDP on acquisitions of UK insurance assets from 2015 onwards.

Board of Directors of KIRS Group Limited (formerly TIG Topco Limited)

The Directors of KIRS Group Limited as of May 24, 2017 were:

John Tiner	*Non-executive Chairman*
Clive Bouch	*Non-executive director*
Pat Butler	*Non-executive director*
Christine Dandridge	*Non-executive director*
Vahe Dombalagian	*Non-executive director*
Oliver Feix	*Non-executive director*
Scot French	*Non-executive director*
Feilim Mackle	*Non-executive director*
Daniel Pietrzak	*Non-executive director*
David Ross	*Chief Executive Officer*
Mark Mugge	*Chief Financial Officer*
Michael Donegan	*Executive director**

* Michael's appointment as executive director to the KIRS Group Limited board of directors remains subject to certain regulatory and shareholder approvals and completion of the Transactions.

The following is biographical information for each of the members of the board of directors of KIRS Group Limited as of May 24, 2017 who do not serve on the board of directors of the Issuer.

John Tiner CBE (Non-executive Chairman) appointed June 29, 2015:

John is an independent non-executive director of the Board of Credit Suisse Group, where he is also Chairman of the Audit Committee and a member of both the Risk Committee and the Chairman's Governance Committee. He is an independent non-executive director of the Board of Tilney Group Limited, where he is also Chairman of both the Audit Committee and Risk Committee. For 25 years, up to June 2001, he worked for accountants Arthur Andersen, in 1997 becoming head of their global financial services practice. There, he led the team which produced the official report investigating the 1995 collapse of Barings Bank for the Bank of England's Board of Banking Supervision. In June 2001, John joined the United Kingdom Financial Services Authority (FSA) as

Managing Director of the Consumer, Investment and Insurance Directorate. In September 2003, he was appointed Chief Executive of the FSA. In this role, he led the Tiner Review which reformed the regulation of both the life and general insurance industries and which initiated and led a program to improve consumers' understanding of personal finance. Between 2008 and 2013, he was CEO of the Resolution Group, a private investment company which sponsored the formation through M&A of The Friends Life Group Plc, a FTSE 100 company prior to its acquisition by Aviva in 2015.

Clive Bouch (Non-executive director) appointed January 3, 2017:

Clive was appointed to the Board in January 2017 and chairs the Audit Committee. He currently serves as an independent non-executive director of Invesco UK Limited where he chairs the Audit and Risk Committees, the Steamship Mutual Insurance London and Bermuda Protection & Indemnity Clubs where he is a member of the Claims, Finance & Nomination and Audit & Risk Committees, and Walker Crips Group plc where he chairs the Audit Committee and is a member of the nominations and remuneration committees. Previously he was a partner in Arthur Andersen and then Deloitte where he provided audit and advisory services to companies in the financial services industry, latterly specialising in the insurance, asset management and pension sectors. He is a Fellow of the Institute of Chartered Accountants in England and Wales, Fellow of the Chartered Institute for Securities & Investment and a Chartered Insurance Practitioner.

Pat Butler (Non-executive director) appointed January 3, 2017:

Pat spent 26 years of his career at McKinsey where he led the firm's Retail Financial Services Practice for Europe, the Middle East and Africa (EMEA). Pat is a Non-Executive Director of Bank of Ireland and Hikma Pharmaceuticals plc. He is also a Partner of The Resolution Group which spans financial services restructuring, the Resolution think tank and Prospect magazine. Pat chairs Towergate's Group Risk Committee.

Christine Dandridge (Non-executive director) appointed May 13, 2016:

Christine began her career as a graduate trainee broker at Stewart Wrightson. She then joined Posgate and Denby as an Underwriting Assistant. Christine became Deputy Underwriter and was a founder of Atrium Underwriters where she worked for over 20 years before retiring from the position of Active Underwriter and Executive Director. During this period, she was elected a working member of the Council of Lloyd's. Christine has held Non-Executive directorships at Lloyd's Register and Robert Fleming Insurance Brokers and is also currently on the Board of Managing Agency Partners. In 2014, Christine was named in *Insurance Days* Power 50 List.

Vahe Dombalagian (Non-executive director) appointed December 16, 2016:

Vahe is a Managing Director of Madison Dearborn Partners, LLP ("MDP"), a leading private equity investment firm based in Chicago and significant investor in Towergate. He is head of the firm's Financial and Transaction Services team. He currently serves on the Boards of Directors of Ankura Consulting Group, EVO Payments International, Fitness International, LLC, and NFP Corp. Prior to joining MDP, Vahe held positions with TPG and Bear, Stearns & Co. Inc. Vahe holds an M.B.A. from Harvard Graduate School of Business Administration and a B.S. from Georgetown University.

Oliver Feix (Non-executive director) appointed April 2, 2015:

Oliver is a Managing Director at HPS Investment Partners ("HPS"). Prior to joining HPS in 2008, Oliver was a Vice President at Morgan Stanley and a member of the Leveraged and Acquisition Finance team where he focused on originating, executing and distributing leveraged loan and special situation financings across industries. Oliver also worked at Deutsche Bank in London, sourcing and executing multi-asset portfolio trades as a member of the Transition Management team within the Global Markets division. Oliver holds an MSc in Economics from the University of Konstanz.

Scot French (Non-executive director) appointed April 2, 2015:

Scot is a Partner of HPS Investment Partners and is the Head of the Mezzanine Fund. Prior to joining HPS in 2007, Scot spent three years at Citigroup as a Managing Director and Head of Private Investments for Citigroup Global Special Situations. Prior to joining Citigroup, Scot worked for Goldman Sachs from 1999 to 2004 and focused on mergers and acquisitions as well as high-yield capital markets. From 1994 to 1999, Scot was in the

Mergers & Acquisitions and high yield capital markets groups at Salomon Brothers Inc. Scot began his career at Price Waterhouse from 1992 to 1994. Scot graduated from the University of Illinois.

Feilim Mackle (Non-executive director) appointed August 5, 2016:

Feilim joined Dixons Carphone PLC as CEO Services in January 2017. Previously he was the Director of Sales and Service for Telefonica UK (O2). Prior to this period, he served as interim Chief Operating Officer at Resolution Ltd and Executive Director of Life and Pensions Operations at AEGON UK plc. In 2003, he joined the Royal Bank of Scotland as Managing Director, Retail Banking with responsibility for the UK-wide Natwest and RBS branch networks, direct sales and private banking including Drummonds. From 2000, he served as Managing Director, UK Sales at Standard Life having started his career there 12 years earlier. Feilim is a Trustee of Macmillan Cancer Support.

Daniel Pietrzak (Non-executive director) appointed March 8, 2016:

Daniel joined KKR in 2016 and is a KKR Managing Director. He is a portfolio manager for the firm's private credit funds and portfolios and a member of the Global Private Credit Investment Committee, Europe Direct Lending Investment Committee and KKR Credit Portfolio Management Committee. Prior to joining KKR, Daniel was a Managing Director and the Co-Head of Deutsche Bank's Structured Finance business across the Americas and Europe. Previously, Daniel was based in New York and held various roles in the structured finance and credit businesses of Société Générale and CIBC World Markets. Daniel started his career at PricewaterhouseCoopers in New York and is a CPA. Daniel holds an M.B.A. in Finance from The Wharton School of the University of Pennsylvania and a B.S. in Accounting from Lehigh University.

Michael Donegan (Executive director) appointment pending:

Michael Donegan is Chief Executive Officer of Price Forbes & Partners Ltd, and has over 37 years' insurance market experience. In 2006, Michael formed PFIH Ltd and led the management buyout of Price Forbes Ltd from Marsh UK Group Ltd; all business was transferred into the wholly-owned subsidiary, Price Forbes & Partners Ltd, with Michael as CEO. In 1993, Michael founded the insurance company, Roberts Donegan Ltd, and in 1996 the company purchased Morgan Donegan & Coleman, renaming the two companies Prentis Donegan & Partners Ltd. 2004 saw Marsh Group buy 100% of the equity in Prentis Donegan Holdings Ltd, and the business was merged with Price Forbes Ltd; Michael was made CEO of Price Forbes Ltd. Michael started his career in the marine division at Sedgwick Ltd in 1980, before progressing to become Marine Divisional Director and Head of North American Hull at Leslie & Godwin. From there he moved to Bain Clarkson in 1990, where he became Executive Director and Head of Marine for the Americas. Michael's appointment as executive director to the KIRS Group Limited board of directors remains subject to certain regulatory and shareholder approvals and completion of the Transactions.

Senior management

KIRS Group's senior management as at May 24, 2017 were:

David Ross	*Chief Executive Officer KIRS Group*
Mark Mugge	*Chief Financial Officer KIRS Group*
Adrian Brown	*Chief Operating Officer KIRS Group*
Janice Deakin	*Chief Executive Officer Distribution KIRS Group*
Michael Donegan	*Chief Executive Officer Price Forbes / Executive Director KIRS Group*
Paul Dilley	*Chief Executive Officer Underwriting Towergate*
Neil Pearce	*Managing Director Bishopsgate*
Geoff Gouriet	*General Counsel Towergate*
Brian Hardwick	*Chief Risk Officer Towergate*
Sarah Dalgarno	*Strategic Risk Director Towergate*
Gordon Walters	*Chief Information Officer Towergate*
Kay Martin	*Commercial Director Towergate*
Antony Erotocritou	*Deputy Chief Financial Officer Towergate*
Alasdair Forman	*Finance Director Price Forbes*
Ian Donaldson	*Managing Director Autonet*
Craig Ball	*Finance Director Autonet*
Derek Coles	*Chief Executive Officer Direct Group*
Scott Hough	*Chief Finance Officer Direct Group*
Warren Dickson	*Chief Executive Officer Chase Templeton*
Jamie McGivern	*Finance Director Chase Templeton*

The following is biographical information for each of the members of the senior management team as of May 24, 2017 who do not serve on the board of directors of KIRS Group Limited or the Issuer.

Adrian Brown (Chief Operating Officer KIRS Group):

Adrian is a qualified management accountant with extensive industry expertise, having spent 25 years at RSA. He was the CEO of the UK and Western Europe for six years and a main board director for three of those. Previously, he was UK COO and established and led the successful direct business MORE TH>N. More recently, he was executive chairman of underwriting and distribution at Arthur J Gallagher. Adrian has been the COO of Towergate since the third quarter of 2015 and is responsible for stabilization and transformation of IT in partnership with Accenture, implementation of a property strategy and for the overall change and transformation program. He also advised HPS and MDP on acquisitions of UK insurance assets from 2015 onwards.

Janice Deakin (Chief Executive Officer—Distribution KIRS Group):

Janice had a 13 year career at AVIVA, leading the broker business as intermediary and partnerships director from December 2009 until 2013. Prior to that, she was AVIVA's corporate sales director. Janice has also served as the CEO of UK Retail for Arthur J Gallagher before joining Towergate in August 2015 to lead the Insurance Broking business. Janice has been the CEO of Towergate Insurance Broking since the third quarter of 2015 and has led the stabilization and turnaround of the insurance Broking and Advisory Businesses. She also advised HPS and MDP on acquisitions of UK insurance assets from 2015 onwards.

Paul Dilley

Paul has over 28 years insurance experience having initially started with SBJ Insurance Broking and then moving into underwriting in 1997 with Ace Insurance Group underwriting International Property and Worldwide Contingency books for ACE's Lloyd's Syndicate. Paul joined Brit Insurance in 2003 to help establish their UK London and Regional businesses latterly sitting on the UK Executive Committee as Underwriting Director for London. Paul joined Canopius in 2012 as CUO UK Speciality leading the underwriting for their UK SBU before joining Arch Insurance Group as CUO Arch Insurance International in 2016. Paul has recently joined Towergate as CEO Underwriting taking responsibility for Underwriting within the Towergate Group.

Neil Pearce (Managing Director Bishopsgate):

Neil joined Towergate in August 2016. Prior to this, Neil was Executive Director at RKH Specialty responsible for the UK and International Liability team. Prior to that he was Managing Director of Windsor Insurance Brokers for 20 years and Executive Director of SBJ Marine and Energy.

Geoff Gouriet (General Counsel Towergate):

Geoff joined Towergate in 2016 from City law firm Stephenson Harwood LLP where he was a Partner in the corporate team. Geoff was the former Head of Corporate at City law firm Lawrence Graham LLP, a role he continued to hold in the combined Wragge Lawrence Graham & Co LLP following a merger in May 2014. In addition to his management roles, Geoff has extensive experience in the insurance sector and has led on a wide variety of high profile corporate transactions.

Brian Hardwick (Chief Risk Officer Towergate):

Brian joined Towergate in 2016 from Chubb where he had been Chief Risk Officer since 2007. During his time in this role, Brian led all risk management and compliance across 11 countries in Europe. He was also a board member of Chubb's Lloyd's MGA and was responsible for the Solvency II implementation programme throughout the business. Prior to Chubb, Brian spent 12 years consulting in various risk management and regulatory compliance roles within the UK financial services sector. He worked for Deloitte, and was later Risk Practice Leader of Grant Thornton. He has worked extensively within the general insurance sector, as well as working with banking and investment management clients.

Sarah Dalgarno (Strategic Risk Director Towergate):

Sarah has more than 25 years' industry experience and joined Towergate in 2015 from Arthur J Gallagher International, where she spent nine years, latterly as CRO, responsible for all regulatory, compliance risk management and governance matters of the UK regulated entities and international operations. Prior to Arthur J Gallagher, Sarah worked at the FSA for six years.

Gordon Walters (Chief Information Officer Towergate):

Gordon has been the Chief Information Officer at Towergate since August 2015. Prior to this, Gordon was a partner at Deloitte UK for over three years. Earlier in his career, Gordon was COO, Corporate banking at Lloyd's banking group for over six years and a partner at Accenture for fifteen years. Gordon was awarded a PhD in Chemistry at the University of Edinburgh.

Kay Martin (Commercial Director Towergate):

Kay joined Towergate in December 2016 from Zurich UK, where she was a member of the UKGI Executive in the role of Chief Marketing Officer since June 2010. Prior to joining Zurich in June 2010, she spent nine years of her career at AVIVA, latterly as Director of Marketing and Communications, having started her career at Lloyd's TSB.

Antony Erotocritou (Deputy Chief Financial Officer Towergate):

Antony has held various senior finance executive positions across a number of key industries, including France Telecom, BT Group and Oakley Capital Private Equity before joining RSA Insurance Group where he was Business Performance and Claims Finance Director until 2012. He then served as the Finance Director of the Personal Lines division at RSA Insurance Group from 2012-2015. Antony earned his CFA at the London School of Business and Finance.

Alasdair Forman (Finance Director Price Forbes)

Alasdair Forman is the Group Finance Director. He joined the group in February 2009 and has over 20 years' experience in insurance. Before joining Price Forbes, Alasdair was Director of Business Planning, Finance Director, and Head of Corporate Finance at Willis International. Prior to his time at Willis International, Alasdair he worked at Deloitte and Touche in General Audit and Corporate Recovery. Alasdair's qualifications include AMCT (Association of Corporate Treasurers), 1995, ACA (ICAEW), 1990, and B.Eng (Hons), 1987.

Ian Donaldson (Managing Director Autonet):

Ian co-founded Autonet in 1998. Ian leads insurer relations within Autonet and the regard that Ian is held in by the industry is evidenced by his significant involvement in key insurer retail and commercial forums. This was recognised by the industry in 2016 when following nominations by his peers in the market he won the Broker CEO's CEO award at the 2016 Insurance Times Awards. Ian remains close to all aspects of the business, including day to day business performance and is a key driver of positive change.

Craig Ball (Finance Director Autonet):

Craig has been with Autonet since 2005. Craig leads a highly effective finance function and drives business strategy, forecasting, pricing and aggregator strategies, all of which have contributed to the success of the business. A dynamic pricing function is led by Craig who also has daily oversight of all aspects of the business performance.

Derek Coles (Chief Executive Officer Direct Group)

After a career in Financial Services ("FS"), Derek has extensive experience in general insurance, life and the retail FS market. He joined Direct Group in 2006 from international loss adjusters GAB Robins, where he was Managing Director. In 2007, he led the MBO of Direct Group from Barclays Private Equity. Prior to 2006, Derek was Managing Director for the insurance intermediaries of both the Barclays and Woolwich brands. As Head of Group Procurement for life, general insurance and mortgage products, he was responsible for two of Barclays Bank's most notable alliances with Woolwich Plc and Legal and General. In his current role, Derek has overall responsibility for delivering the business strategy and growth targets whilst also delivering the services and expected results.

Scott Hough (Chief Finance Officer Direct Group)

Scott is an ACA qualified accountant and spent 9 years prior to joining Direct Group working in practice at KPMG. At KPMG, Scott trained in audit before entering corporate finance working internationally out of KPMG's Manchester, Leeds and London offices. During his time in corporate finance, Scott specialized in financial services gaining a wealth of experience in this sector. In 2002 Scott joined the group as Finance Director and having undertaking a number of executive roles within Direct Group, including Chief Operating Officer and Managing Director, Scott returned to the role of Chief Finance Officer in 2016.

Warren Dickson (Chief Executive Officer Chase Templeton)

Warren joined Chase Templeton in 2013 from Fish Insurance where he was Managing Director, prior to that he was the Sales & Marketing Director at Fish. Warren has extensive experience in the insurance sector including 13 years at Carole Nash Insurance where he held numerous roles including Sales & Marketing Director. Warren was instrumental in Carole Nash growing into the UK's leading motorcycle insurance broker which eventually went on to be sold to Groupama in 2007. During his career, he has worked with Private Equity owners and is accustomed to delivering investor returns.

Jamie McGivern (Finance Director Chase Templeton)

Jamie joined Chase Templeton in 2013 following the investment by Palatine Private Equity PPE. He is an ACA qualified accountant, having trained at KPMG. He then went on to work in a number of sectors and different sized businesses, the common theme being companies going through change. He has insurance experience, having been Head of the Finance Division at Carole Nash Insurance for five years. During his career, he has worked with Private Equity owners and is accustomed to delivering investor returns.

Principal Committees of KIRS Group Limited

The principal committees in operation for the KIRS Group as part of KIRS Group Limited board of directors are set out below.

Audit Committee

The principle purpose of the Audit Committee is to exercise oversight on behalf of the Board of:

- the integrity of the financial statements and any formal announcements relating to financial performance;

- the framework of internal controls and risk management systems in relation to the financial reporting process and protection of client assets; and
- the effectiveness of the internal audit functions and external auditors.

Group Risk Committee

The principle purpose of the Group Risk Committee is to exercise risk oversight on behalf of the Board and, in particular:

- to consider and recommend to the Board, for its approval, KIRS Group risk appetite;
- to monitor and assess the key risks identified by KIRS Group;
- to review on behalf of the Board, the Towergate group's risk profile and ensure it is within risk appetite;
- to review the appropriateness and effectiveness of Towergate's enterprise risk management framework of governance, systems and controls, which includes regulatory, legal, compliance and risk appetite; and
- to specifically monitor compliance, relevant regulatory issues, the conduct of the business and the maintenance of a prudent culture.

Remuneration Committee

The Remuneration Committee is accountable to and assist the Board in fulfilling its responsibilities for ensuring that the Board retains and it has responsibility for setting and overview of (i) the Group's remuneration policy, (ii) the design of remuneration schemes and (iii) Senior Management remuneration.

Nomination Committee

The Nomination Committee is accountable to and assist the Board in fulfilling its responsibilities for ensuring that the Board retains an appropriate balance of skills to support the strategic objectives of the Group, has a formal, rigorous and transparent approach to the appointment of Directors and senior management and maintains an effective framework for succession planning.

KIRS Group Limited's Management Share Incentive Plan

KIRS Group Limited currently has in place a management share incentive plan for the benefit of certain senior employees, pursuant to which 82,332 non-voting shares ("MIP shares") in KIRS Group Limited have been issued. The MIP shares have no rights to dividends or distributions until more than 90% of the shares in KIRS Group Limited or all or substantially all the assets of the KIRS Group Limited are sold to a third party, following an initial public offering or winding of the KIRS Group Limited or if there is a tag-along sale, drag-along sale or mandatory offer in respect of the KIRS Group Limited shares. After such an event, the MIP Shares will convert into ordinary shares in KIRS Group Limited at a conversion rate calculated based on the proceeds received in respect of the relevant event.

Towergate—Long Term Incentive Plans

In 2016, Towergate granted long term cash incentive plans to a total of 28 senior leaders, many of whom are deemed key management personnel. The total payout for "On Target" performance amounts to £1.1 million, but the eventual payout could vary based on performance against certain EBITDA measures for the relevant performance period. Payout is anticipated to be made in April 2018 for the performance period from January 1, 2016 to December 31, 2017.

Following the Transactions, the current KIRS Group Management Share Incentive Plan may be replaced with a new management incentive plan to reflect the new structure of the KIRS Group.

Nevada—Management Equity Holdings

Certain shareholders who are directors or employees in the relevant group of Nevada Companies ("**Management Shareholders**") hold both ordinary shares in the relevant Nevada Company and also other classes of incentive shares which only vest or have value depending on certain thresholds being met. We anticipate that we will enter into similar ownership and incentive arrangements with directors and employees in the future.

The paragraph below sets out the percentage of economic and voting rights expected to be held by directors and employees following the Transactions. Percentages may vary depending on the vesting schedule and time of issue of incentive shares. Economic rights relate to rights to distribution or dividend on ordinary shares. Such rights are disapplied in circumstances where a liquidity event applies.

Nevada Investments Holdings Limited holds up to 78.2% of the economic rights and 70.4% of the voting rights of Price Forbes Holdings Limited and certain Price Forbes Holdings Limited directors and employees hold at least the other 21.8% of the equity interest and 29.6% of the voting rights.

Nevada holds 80.9% of the economic and voting rights of Autonet Holdco and certain Autonet Holdco directors and employees hold the other 19.1%.

Following the Transactions, Nevada InvestorCo Limited will hold 96.5% of the economic rights and 87.2% of the voting rights in Nevada Investments 1 Limited and 3.5% of the economic rights and 12.8% of voting rights will be owned by certain Direct Group directors and employees.

Following the Transactions, Nevada Investments 4 Limited will hold 98.6% of the economic rights and 100% of the voting rights in Nevada Investments 5 Limited and 1.4% of the economic rights will be owned by certain Chase Templeton directors and employees.

See "Summary Corporate and Financing Structure."

Governance

The KIRS Group shareholder in the Nevada Companies may appoint the majority of the directors on the boards of the Nevada Companies. Certain key decisions (including the issue of new shares, changes to the share capital structure, winding up of the company and material changes to the nature of the business or to the constitutional documents) need approval from representatives of holders of certain classes of shareholders, which may include Management Shareholders.

Pre-emption rights

There are pro-rata pre-emption rights on an issue of shares in the Nevada Companies that apply for shareholders, other than in certain limited circumstances.

Compulsory transfer

If a Management Shareholder ceases to be a director or employee, he may be required by the relevant Nevada Company to offer to transfer all (or in some cases certain classes only) of his shares, which, depending on the circumstances and the classes of shares held by such Management Shareholder, may be purchased by another Management Shareholder or by the relevant Nevada Company or another person nominated by the relevant Nevada Company. The price payable is either a fair market value or the cost at which such shares were first acquired, subject to customary good and bad leaver provisions.

Rights in connection with transfer of shares

The Management Shareholders have a right to require their shares in the relevant Nevada Company to be purchased or they may be required to sell their shares in the relevant Nevada Company on a proposed transfer of shares in that Nevada Company or in certain KIRS Group companies to a third party. The amount due to the Management Shareholders pursuant to such rights will be required to funded by the purchaser of the shares being sold. These rights are disapplied with respect to the transfer of shares of certain KIRS Group companies in connection with the enforcement of certain Collateral and the disposal of assets in circumstances where such Collateral becomes enforceable or after an event which gives the Holders of the Notes the right to accelerate the debt.

Rights on certain liquidity events

On certain "liquidity events" with respect to the Nevada Companies, the proceeds arising from such events will be distributed to Management Shareholders in order of priority depending on the classes of shares held and calculated based on factors including the type of event and the proceeds arising from such event. "Liquidity events" include a winding up or liquidation, a sale or issuance of capital stock resulting in a public offering or a change of control, a sale of all or substantially all of the assets, in each case, with respect to the relevant Nevada Company and in certain circumstances with respect to other KIRS Group companies. As a result, the Management Shareholders may receive amounts greater than or less than their pro rata distribution of proceeds in certain circumstances.

Shareholders

The share capital of KIRS Group Limited is comprised of 399,999,907 issued ordinary shares of £0.01 and 82,332 issued non-voting MIP shares of £0.01. See "*Management—KIRS Group Limited Management Incentive Plans*."

The Issuer is a direct subsidiary of Midco 2 and is a direct subsidiary of KIRS Midco 1 Limited, which in turn is a direct subsidiary of KIRS Group Limited. KIRS Group Limited is directly and/or indirectly majority-owned through certain funds or accounts managed, advised and/or controlled by HPS, MDP, KKR, and Bain Capital Credit.

HPS is a global credit and private investment platform with over $39 billion in assets under management, as of April 1, 2017. HPS was established in 2007 to focus on managing debt and equity investments, including loan, mezzanine, credit opportunities, private equity and other investments. HPS is headquartered in New York with 10 additional offices globally and, as of April 1 2017, has 108 investment professionals and over 255 employees globally.

MDP is a leading private equity investment firm based in Chicago. MDP has received approximately $23 billion of capital commitments through its seven private equity funds. Since its inception in 1992, MDP has invested in more than 130 companies across a broad spectrum of industries, including: healthcare; basic industries; business and government services; consumer; financial and transaction services; and telecommunications, media and technology services.

KKR is a leading global investment firm that manages investments across multiple asset classes including private equity, energy, infrastructure, real estate, credit and hedge funds. KKR aims to generate attractive investment returns by following a patient and disciplined investment approach, employing world-class people, and driving growth and value creation at the asset level. KKR invests its own capital alongside its partners' capital and brings opportunities to others through its capital markets business. References to KKR's investments may include the activities of its sponsored funds.

Bain Capital Credit, an independently managed affiliate of Bain Capital, is a leading global credit specialist with approximately $33.5 billion in assets under management as of January 1, 2017. Bain Capital Credit invests across the full spectrum of credit strategies, including leveraged loans, high-yield bonds, distressed debt, private lending, structured products, non-performing loans and equities.

Related Party Transactions

The transactions described below are the most significant transactions between affiliates of our shareholders, HPS and MDP, and the entities that will comprise KIRS Group and between each other. The Acquisition and the Nevada Push-Down as part of the Transactions also constitute related party transactions. We may enter into transactions with related parties or affiliates from time to time in the ordinary course of business. All sales to and purchases of services from related parties are conducted on an arm's length basis. We believe these agreements are on terms no more favorable to the related parties or our affiliates than they would expect to negotiate with disinterested third parties.

Additional funding

On March 22, 2016, a £28.0 million loan facility was made available to Finco (the "**First Shareholder Facility**"). The First Shareholder Facility was never utilized by Finco and the availability period ended and the commitments thereunder were automatically cancelled on the completion of the sale of The Broker Network Limited and Countrywide Insurance Management Limited.

On January 29, 2017, Finco secured two sources of additional funding, totaling £57.0 million, comprised of the rights issue and Third Shareholder Facility (each as further described below) and on April 19, 2017, we cancelled the Third Shareholder Facility and secured another £25.0 million of additional funding, comprised of a £17.0 million facility (replacing the Third Shareholder Facility) and a new facility of up to £8.0 million, in each case from Nevada. The additional funding is described below:

- a £40.0 million rights issue offered by KIRS Group to existing shareholders. In advance of the completion of the rights issue, MDP entered into an arrangement to provide an interim loan facility to Finco, for £25.0 million (the "**Second Shareholder Facility**"). The Second Shareholder Facility was repaid with the proceeds of the rights issue. Following the completion of the rights issue, MDP became the holder of 25.63% of the voting rights in KIRS Group.
- a £17.0 million loan facility made available to Finco by Nevada following the completion of the rights issue. The facility agreement (the "**Third Shareholder Facility**") provided that any amounts drawn under it could be repaid in cash or, at the option of Finco, by procuring the issue of shares in, or other securities issued by, KIRS Group to the lenders. The Third Shareholder Facility was unwound and cancelled on April 19, 2017 and was undrawn at such time.
- a £25.0 million facility agreement was entered into between, among others, Finco and Nevada. Two loan facilities have been made available under a facility agreement (the "**Fourth Shareholder Facility**"), a £17.0 million facility (replacing the facility provided under the Third Shareholder Facility) and a facility of up to £8.0 million. The £17.0 million facility was utilized in full on April 19, 2017 (and the facility provided under the Third Shareholder Facility was cancelled in full on the same date). £6.0 million of the £8.0 million facility was utilized on May 19, 2017.

Proceeds from the Second Shareholder Facility were applied towards achievement of our key strategic transformation initiatives. In connection with the Transactions, the amounts utilized under the Fourth Shareholder Facility will become an intercompany loan and will be repaid.

Lunar facility

On November 4, 2016, Paymentshield Services Limited and Lunar 101 Limited entered into a five year loan facility (the "**Lunar Facility**") that is secured against the Paymentshield buildings and contents books of business that are closed to new business, with funds advised by HPS. The face value of the Lunar Facility was £30.0 million. We received net proceeds of £26.0 million from the transaction, representing a discount of £4.0 million on the face value, and furthermore incurred costs of issuance of £0.9 million, resulting in £4.9 million being amortized over the five year life of the Lunar Facility.

The Lunar Facility will be repaid and cancelled in connection with the Transactions.

Atlanta facility

In November 2016, the Autonet holding companies, Atlanta Investment Holdings Limited and Atlanta Investment Holdings 2 Limited (together, "**Atlanta**"), entered into a £60.0 million floating rate secured facility and a £40.0 million floating rate secured facility with HPS (together, the "**Atlanta Facility**"). The debt is guaranteed by Atlanta Investment Holdings 2 Limited and Autonet Insurance Services Limited. Atlanta granted fixed and floating security over all their assets by way of entering into a composite debenture on November 11, 2016. Autonet Insurance Services Limited acceded to the composite debenture on December 20, 2016, thereby granting fixed and floating security over all their assets following such accession.

The debt held by HPS under the Atlanta Facility is currently held in the form of variable rate secured loan notes, which on March 30, 2017 were listed onto the Cayman Islands Stock Exchange by Atlanta Investment Holdings Limited. The Atlanta Facility will be repaid and cancelled in connection with the Transactions.

Bravo facility

In July 2016, the Broker Network holding companies (which Towergate Insurance Limited currently holds approximately 19.9% of the shares of the parent company Bravo Investment Holdings Limited), Bravo Investment Holdings 2 Limited and Bravo Investment Holdings 3 Limited, entered into a £13.5 million floating rate secured facility and a £20.0 million floating rate secured facility with HPS (together, the "**Bravo Facility**"). The debt is guaranteed by Bravo Investment Holdings 2 Limited, The Broker Network Limited and Countrywide Insurance Management Limited. Bravo Investment Holdings 2 Limited and Bravo Investment Holdings 3 Limited granted fixed and floating security over all their assets by way of entering into a composite debenture on July 1, 2016. Broker Network Limited and Countrywide Insurance Management Limited acceded to the composite debenture on July 22, 2016, thereby granting fixed and floating security over all their assets following such accession.

The debt held by HPS under the Bravo Facility is held in the form of variable rate secured loan notes, which on March 30, 2017 was listed on the Cayman Islands Stock Exchange by Bravo Investment Holdings 3 Limited. The interest rate on the debt is LIBOR, with a 1.5% LIBOR floor, plus a 8.5% margin. The debt matures on July 1, 2022.

Price Forbes loan notes

On December 21, 2015, as part of the purchase price for the Price Forbes group of businesses, Price Forbes Holdings Limited issued £8,671,228 of floating rate, subordinated, unsecured loan notes to certain Price Forbes managers ("**December 2015 Loan Notes**"). On June 15, 2016, £455,510 of new notes were issued pursuant to a supplemental deed ("**June 2016 Loan Notes**", and together with the December 2015 Loan Notes, the "**Loan Notes**"). On October 31, 2016, the Loan Notes terms were amended to allow MDP to complete its investment into Nevada without triggering the "Change of Control" provision in each of the Loan Notes.

The December 2015 Loan Notes accrue interest at LIBOR plus a margin of 3% and become repayable in the following circumstances:

- 50% on December 21, 2018, 25% on December 21, 2019 and the remaining 25% on December 21, 2020;
- if under certain circumstances a noteholder ceases to be an employee or director of Price Forbes prior to December 21, 2020, then as of the date employment ceases, the repayment date of all remaining outstanding amounts will be extended to December 21, 2027; or
- immediately upon a "Change of Control."

The June 2016 Loan Notes accrue interest at LIBOR plus a margin of 3% and become repayable in the following circumstances:

- 50% on June 15, 2019, 25% on June 15, 2020 and the remaining 25% on June 15, 2021;
- if under certain circumstances a noteholder ceases to be an employee or director of Price Forbes prior to June 15, 2021, then as of the date employment ceases, the repayment date of all remaining outstanding amounts will be extended to June 15, 2028; or
- immediately upon a "Change of Control."

The Transactions will trigger the "Change of Control" provisions in the Loan Notes and as such Price Forbes intends to enter into a further supplemental deed to amend the definition of "Change of Control" in each of the Loan Notes prior to completion of the Transactions to avoid triggering the relevant "Change of Control" provisions. As at March 31, 2017, the aggregate outstanding principal amount (excluding interest) of the Loan Notes is £9,126,738.

Loans to other related parties

As of December 31, 2016, three of Towergate subsidiaries were owed a total of £12.2 million by KIRS Group Limited and Sentry Holdings Limited, Towergate immediate and ultimate parent company at that time. As of December 31, 2015, three of our subsidiaries were owed a total of £5.5 million by KIRS Group Limited and Sentry Holdings Limited. As of December 31, 2016, there was no bad debt provision against this balance.

As of March 31, 2017, £2.9 million of loans made in connection with certain compensation arrangements to certain senior management were outstanding. £1.2 million relates to a secured loan and £1.7 million relates to a forgivable loan.

Commercial arrangements in the ordinary course of business

From time to time, we enter into commercial arrangements with our affiliates in the ordinary course of business.

Placement of insurance by Towergate with Price Forbes

In 2016, Towergate purchased services totaling approximately £2,262,000 from Price Forbes, a company related to HPS. The services purchased represent the gross written premium on insurance placed by Towergate with Price Forbes.

Purchase of services from and sale of services to Bravo Investment Holdings Limited

Bravo provides third party brokers with access to insurance products and a variety of business support services. Bravo has been an associate of the Towergate since July 1, 2016. Purchases of services by Towergate from Bravo over the course of 2016 totaled approximately £622,000, representing commissions due to The Broker Network Limited, a subsidiary of Bravo. The sale of services from Towergate to Bravo in 2016 totaling approximately £111,000 represent monthly charges made to Bravo for shared services. As of December 31, 2016, a non-interest bearing balance remained due to Bravo of approximately £368,000.

Legal costs owed to HPS

In 2016, HPS incurred £1.2 million in legal costs on behalf of Towergate. As of December 31, 2016, £1.2 million remained payable by us to HPS.

Disposal of the share capital of the Broker Network Limited and Countrywide Insurance Management Limited

On July 1, 2016, Towergate disposed of the entire issued share capital of the Broker Network Limited and Countrywide Insurance Management Limited, both wholly owned subsidiaries of Towergate, to HPS. The consideration for the acquisition was satisfied in part by the allotment to Towergate of 19.9% of the shares in the acquisition vehicle, Bravo Investment Holdings Limited ("**Bravo**"). Bravo provides third party brokers with access to insurance products and a variety of business support services. HPS and MDP hold the remaining shares in Bravo.

The Acquisition, Nevada Push Down and Nevada Acquisitions

KIRS Group Limited formerly TIG Topco Limited, has entered into a share purchase agreement (the "**Acquisition Agreement**"), dated May 8, 2017, with Mezzanine Partners II, L.P., Mezzanine Partners-Offshore Investment, Master Fund II, L.P., Institutional Mezzanine Partners II, L.P., AP Mezzanine Partners II, L.P. and Tango Investments, LLC (the "**HPS and MDP Sellers**"), pursuant to which KIRS Group Limited has agreed to acquire the entire issued share capital of Nevada Investments Topco Limited ("**Nevada**"), the holding company of the Autonet and Price Forbes group of companies (the "**Acquisition**"). The completion of the Acquisition is conditional upon (i) the approval of the FCA and the Solicitors Regulatory Authority to the acquisition of control by KIRS Group Limited; (ii) consent from the Jersey Financial Services Commission for KIRS Group Limited to issue convertible equity certificates and issue an offer notice to offer such convertible equity certificates to other KIRS Group Limited shareholders; (iii) completion of an intragroup reorganization of Nevada; (iv) KIRS Group Limited having sufficient resources to pay the purchase price under the Direct Group Acquisition Agreement and the Chase Templeton Acquisition Agreement and no conditions in such share purchase agreements being incapable of being satisfied. In connection with the Acquisition Agreement, Nevada has given certain limited representations and warranties related to Nevada, Autonet and Price Forbes and the business of Autonet and Price Forbes and includes other provisions, including termination events, covenants, avoidance of leakage and preservation of value provisions, and pre-completion obligations, as are customary for transactions of this nature. The consideration for the acquisition of the equity of Nevada is approximately £254.9 million (subject to customary completion balance sheet adjustments), which will be satisfied at completion by the issue by KIRS Group Limited of convertible equity certificates that will convert to ordinary shares in KIRS Group Limited no later than 90 days after the date of the convertible equity instrument and earlier in the event of insolvency, certain exit events or new share issuances. Each £1 of convertible equity certificates will be convertible into one ordinary share in KIRS Group Limited.

Certain subsidiaries of Nevada have also entered into conditional share purchase agreements to acquire Ryan Direct Group Limited and its consolidated subsidiaries ("**Direct Group**") and Chase Templeton Holdings Limited and its consolidated subsidiaries ("**Chase Templeton**") pursuant to the Direct Group Acquisition Agreement and the Chase Templeton Acquisition Agreement, respectively (collectively, the "**Nevada Acquisitions**"), for an aggregate purchase price of £159.6 million (subject to customary balance sheet adjustments in the case of Direct Group and customary locked box accounts adjustments in the case of Chase Templeton). The acquisitions of Direct Group and Chase Templeton are subject to customary conditions to completion, including no material adverse event including relating to regulatory and sanctions matters occurring in the Direct Group and Chase Templeton businesses and FCA approval, and includes other provisions, including various representations, warranties and covenants, avoidance of leakage and preservation of value provisions, and pre-completion obligations, as are customary for transactions of this nature. The long stop date under each of the Direct Group Acquisition Agreement and the Chase Templeton Acquisition Agreement is July 31, 2017.

In connection with the completion of the Acquisition, KIRS Group Limited, through a series of push-down transactions, will transfer Nevada to Finco, and the Issuer will become the indirect parent company of Nevada (the "**Nevada Push Down**").

Upon completion of the Nevada Acquisitions, Nevada will be the holding company of the Price Forbes, Autonet, Direct Group and Chase Templeton groups of companies (collectively, the "**Nevada Companies**"). Autonet is an insurance broker specializing in the distribution of van, goods vehicle, private car and household insurance. Price Forbes is a leading independent Lloyd's insurance and reinsurance broker and a member of the Worldwide Broker Network. Direct Group provides insurance administration services to insurers, corporations, affinities and brokers, allowing these organizations to focus on their core businesses. Chase Templeton is a leading United Kingdom private medical insurance broking services provider. See "*Summary—The Transactions.*"

Management Retention Loans in connection with the Transactions

Nevada Investments 1 Limited proposes to enter into shareholder loan arrangements in an amount of approximately £756,250 with managers to allow them to invest in ordinary shares and hurdle shares in Nevada Investments 1 Limited.

Other Related Party Transactions

KKR Capital Markets Limited, an affiliate of KKR Credit Advisors (US) LLC (funds managed or advised by them being one of our shareholders), is acting as one of the initial purchasers of the offering. As an initial purchaser, KKR Capital Markets Limited will purchase some of the Notes at the issue price that appears on the cover of this offering memorandum and be paid a fee for their services under the Purchase Agreement. Under the Purchase Agreement for the Notes, each of the Issuer and the Guarantors have agreed to, jointly and severally, indemnify and hold harmless the initial purchasers from and against any and all losses, claims, damages and liabilities joint or several, arising in certain circumstances pursuant to the terms of the purchase agreement for the Notes. See "*Plan of Distribution*."

KKR Capital Markets Limited, an affiliate of KKR Credit Advisors (US) LLC (funds managed or advised by them being one of our shareholders), is also acting as mandated lead arranger in connection with the Revolving Credit Facility, and may receive customary fees for its services in such capacity. See "*Description of Certain Financing Arrangements—Revolving Credit Facility.*"

Description of Certain Financing Arrangements

The following is a summary of the material terms of our principal financing arrangements in addition to the Indenture after giving effect to the Transactions. The following summaries do not purport to describe all of the applicable terms and conditions of such arrangements and are qualified in their entirety by reference to the actual agreements. We recommend you refer to the actual agreements for further details, copies of which are available upon request.

Revolving Credit Facility

Overview and structure

Prior to the Issue Date, the Issuer, as parent, Midco 2, the financial institutions named therein, as mandated lead arrangers (together the "**Mandated Lead Arrangers**"), the financial institutions named therein as original lenders, Bank of America Merrill Lynch International Limited as agent and Citibank, N.A., London Branch as common security agent (the "**Common Security Agent**"), entered into a revolving facility agreement (the "**Revolving Credit Facility Agreement**").

The Revolving Credit Facility Agreement provides for borrowings up to an aggregate principal amount of £90 million on a committed basis. The Revolving Credit Facility may be utilized by any current or future borrower (subject to certain exceptions) under the Revolving Credit Facility in sterling or certain other currencies by the drawing of cash advances or, subject to the appointment of an Issuing Bank (as defined in the Revolving Credit Facility Agreement), the issue of bank guarantees and documentary credits (including letters of credit and performance bonds) and by way of Ancillary Facilities (as defined in the Revolving Credit Facility Agreement). Subject to certain exceptions, loans may be borrowed, repaid and re-borrowed at any time. Borrowings will be available to be used for general corporate and working capital purposes of the Issuer and its subsidiaries and, without prejudice to the generality of the foregoing, to fund acquisitions (excluding the Acquisition), capital expenditure of the Group but excluding the repayment of principal via a redemption or defeasance of the Notes and any other Pari Passu Notes (as defined in the Intercreditor Agreement) or the payment of dividends or other distributions in respect of share capital.

Additional Facilities

The Revolving Credit Facility Agreement contemplates the incurrence of additional uncommitted revolving facilities in a maximum amount not to exceed £30 million, as a new facility. Such additional facilities will be secured and will rank *pari passu* with the Revolving Credit Facility.

The availability, maturity, pricing and other terms of any additional facility will be those agreed between the Issuer and the relevant lenders of that additional facility. The maturity date of any additional facility may not fall before the termination date of the Revolving Credit Facility.

Availability

The Revolving Credit Facility may, subject to satisfaction of customary conditions precedent, be utilized on and from the Completion Date until and including the business day falling one month prior to the maturity date of the Revolving Credit Facility.

Borrowers and Guarantors

The Issuer is the original borrower and an original guarantor under the Revolving Credit Facility. A mechanism is included in the Revolving Credit Facility Agreement to enable certain subsidiaries of the Issuer to accede as a borrower and/or a guarantor under the Revolving Credit Facility subject to certain conditions. The Revolving Credit Facility also requires that in the future each Material Company (as defined in the Revolving Credit Facility Agreement) becomes a guarantor (subject to agreed security principles).

Maturity and Repayment Requirements

The Revolving Credit Facility matures on the date falling five years from the date of the Revolving Credit Facility Agreement. Each advance will be repaid on the last day of the interest period relating thereto, subject to a netting mechanism against amounts to be drawn on such date. All outstanding amounts under the Revolving Credit Facility must be repaid in full on or prior to the maturity date for the Revolving Credit Facility.

Amounts repaid by the borrowers on loans made under the Revolving Credit Facility may be re-borrowed during the availability period for that facility, subject to certain conditions.

Interest Rate and Fees

The interest rate on cash advances under the Revolving Credit Facility will be the rate per annum equal to the aggregate of the applicable margin and LIBOR, or in relation to cash advances in euro, EURIBOR (as each term is defined in the Revolving Credit Facility Agreement). The initial margin under the Revolving Credit Facility will be 3.50% per annum. Beginning from the date which falls twelve months from the Completion Date, the margin on the loans will be reduced if certain total net leverage ratio levels (which are to be calculated in the same way as under the Notes) are met.

A commitment fee will be payable on the aggregate undrawn and uncancelled amount of the Revolving Credit Facility from the Completion Date to (and including) the last day of the availability period for the Revolving Credit Facility at a rate of 35% of the then applicable margin for the Revolving Credit Facility. The commitment fee will be payable quarterly in arrears, on the last day of the availability period of the Revolving Credit Facility and on the date the Revolving Credit Facility is cancelled in full or on the date on which a lender cancels its commitment. No commitment fee shall be payable unless the Completion Date occurs.

Default interest will be calculated as an additional 1% on the overdue amount.

The Issuer is also required to pay customary agency fees to the agent and the common security agent in connection with the Revolving Credit Facility.

Guarantees

Each guarantor under the Revolving Credit Facility Agreement will provide a guarantee of all amounts payable to the Finance Parties (as defined in the Revolving Credit Facility).

The Revolving Credit Facility Agreement requires that (subject to agreed security principles) each member of the Group that is, or becomes, a Material Company (which definition includes, among other things, any member of the Group that has earnings before interest, tax, depreciation and amortization or gross assets representing more than 5% of Consolidated EBITDA or gross assets or any member of the restricted group that is the direct holding company of a Guarantor that is a Material Company) following the Completion Date will be required to become a guarantor under the Revolving Credit Facility Agreement.

Furthermore, if on the date of delivery on the annual financial statements of the Issuer, the guarantors represent less than 80% of the Consolidated EBITDA and gross assets of the Issuer and the Restricted Subsidiaries (subject to certain exceptions) (the "**Guarantor Coverage Test**"), within 60 days of the Completion Date or delivery of the annual financial statements for the relevant financial year (as applicable), such other members of the Group (subject to agreed security principles and certain other exceptions) are required to become guarantors until the Guarantor Coverage Test is satisfied (to be calculated as if such additional guarantors had been guarantors on the last day of the relevant financial year).

Security

It is expected that on and from the Completion Date, the Revolving Credit Facility (subject to certain agreed security principles set out in the Revolving Credit Facility Agreement) will be secured by security over certain assets of the Issuer, Midco 2, Finco, Nevada Investment Holdings 5 Limited, Nevada Investment Holdings 6 Limited, Nevada Investment Holdings 7 Limited and Nevada Investments Topco Limited (excluding, for the avoidance of doubt, the shares in Atlanta Investment Holdings 3 Limited) with further security to be granted within 60 days of the Completion Date by the remaining guarantors as further described in the section entitled "*Description of the Notes—Security*".

Under the terms of the Intercreditor Agreement, proceeds from the enforcement of the collateral (whether or not shared with the holders of the Notes) will be required to be applied to repay indebtedness outstanding under the Revolving Credit Facility in priority to the Notes.

Representations and Warranties

The Revolving Credit Facility Agreement contains certain customary representations and warranties, subject to certain customary materiality, actual knowledge and other qualifications, exceptions and baskets, and with certain representations and warranties being repeated, including: (i) status; (ii) binding obligations; (iii) non-conflict with other obligations; (iv) power and authority; (v) validity and admissibility in evidence; (vi) governing law and enforcement; (vii) financial statements delivered; and (viii) good title to assets.

Covenants

The Revolving Credit Facility Agreement contains certain of the same incurrence covenants and related definitions (with certain adjustments) that apply to the Notes. In addition, the Revolving Credit Facility also contains certain affirmative and negative covenants. Set forth below is a brief description of such covenants, all of which are subject to customary materiality, actual knowledge or other qualifications, exceptions and baskets.

Affirmative Covenants

The affirmative covenants include, among others: (i) providing certain financial information, including annual audited and quarterly financial statements and compliance certificates; (ii) authorizations, (iii) compliance with laws; (iv) taxation; (v) intellectual property; (vi) insurance; (vii) maintenance of the Guarantor Coverage Test and (viii) further assurance provisions.

Negative Covenants

The negative covenants include restrictions, among others, with respect to: (i) changing the centre of main interest of a borrower or guarantor and (ii) the Issuer not carrying on any business, owning any assets or incur liabilities (other than those activities, asset and liabilities customary for a holding company). Otherwise, the negative covenants in the Revolving Credit Facility are substantially the same as the negative covenants in the Indenture.

Mandatory Prepayment Requirements upon a Change of Control

The Issuer is required to notify the agent under the Revolving Credit Facility Agreement of a Change of Control (as defined in the Revolving Credit Facility Agreement), following which each lender under the Revolving Credit Facility Agreement is entitled to notify the Issuer requiring repayment of all outstanding amounts owed to that lender and the cancellation of that lender's commitments.

Financial Covenant

The Revolving Credit Facility is subject to a springing total net leverage ratio test, that is only tested when the Revolving Credit Facility is 35% drawn. Such springing financial covenant should only stop the utilisation of the Revolving Credit Facility while such covenant is required to be tested and not met, that is, it shall not trigger an event of default.

Events of Default

The Revolving Credit Facility Agreement provides for some of the same events of default, with certain adjustments, as under the Notes. In addition, the Revolving Credit Facility provides for certain customary events of default, all of which are subject to customary materiality and other qualifications, exceptions, baskets and/or grace periods, as appropriate, including: (i) representations or warranties found to be untrue or misleading when made or deemed repeated subject to a 20 business day grace period; (ii) unlawfulness and invalidity and (iii) failure to comply in any material respect with the Intercreditor Agreement subject to a 20 business day grace period.

Intercreditor Agreement

In connection with entry into the Revolving Credit Facility and the Indenture, the Issuer and certain other subsidiaries of the Issuer (together the "Debtors") will enter into the Intercreditor Agreement to govern the relationships and relative priorities among: (i) the lenders under the Revolving Credit Facility (the "RCF Lenders"); (ii) any persons that accede to the Intercreditor Agreement as counterparties to certain other hedging agreements (collectively, the "Hedging Agreements" and any persons that accede to the Intercreditor Agreement as counterparties to the Hedging Agreements are referred to in such capacity as the "Hedge Counterparties"); (iii) the Senior Secured Notes Trustee, on its behalf and on behalf of the holders of the Senior Secured Notes (the holders of such Senior Secured Notes, being the "Senior Secured Noteholders" and the liabilities of the Debtors in respect of the Senior Secured Notes are the "Senior Secured Notes Liabilities"); (iv) by accession, any future senior notes trustee ("Senior Notes Trustee") on its behalf and on behalf of the holders of any senior notes ("Senior Notes") issued in the future (the holders of such Senior Notes being the "Senior Noteholders"); (v) intra-group creditors and debtors; and (vi) upon accession any direct or indirect shareholder (a "Shareholder Creditor") of KIRS Midco 2 PLC (the "Parent") in respect of certain shareholder debt that the Parent has or may incur in the future (the "Shareholder Liabilities").

The Parent, the Issuer and each of the Issuer's Restricted Subsidiaries that incurs any liability or provides any guarantee under the Revolving Credit Facility or the Indenture are each referred to in this description as a "Debtor" and are referred to collectively as the "Debtors." In this description "Group" refers to the Issuer and each of its respective Restricted Subsidiaries.

The Intercreditor Agreement sets out:

(a) the relative ranking of certain indebtedness of the Debtors;

(b) the relative ranking of certain security granted by the Debtors;

(c) when payments can be made in respect of certain indebtedness of the Debtors;

(d) when enforcement actions can be taken in respect of that indebtedness;

(e) the terms pursuant to which that indebtedness will be subordinated upon the occurrence of certain insolvency events;

(f) turnover provisions; and

(g) when security and guarantees will be released to permit a sale, disposal or other transfer of any assets subject to transaction security.

The Intercreditor Agreement contains provisions relating to future indebtedness that may be incurred by the Debtors that is permitted by the Revolving Credit Facility and the Senior Secured Notes Indenture to rank *pari passu* with the Senior Secured Notes and be secured by the Collateral, subject to the terms of the Intercreditor Agreement, such debt, together with the Senior Secured Notes Liabilities, being "Pari Passu Liabilities" and the creditors of such debt being "Pari Passu Creditors". The Intercreditor Agreement provides for, after the date on which all liabilities arising under the Revolving Credit Facility Agreement have been repaid and discharged in full and the finance parties thereunder have no further obligation to provide financial accommodation to any of the Debtors, for any credit facility constituting a "Credit Facility" under the Senior Secured Notes Indenture and as permitted under the Intercreditor Agreement, the creditors of which are entitled under the terms of the Secured Notes Indenture to rank senior to the Senior Secured Noteholders in respect of their claim for the proceeds of the enforcement of Collateral (each such facility and together with the Revolving Credit Facility, being the "Credit Facilities" for the purposes of this description and each finance document relating thereto, a "Credit Facility Document"). Each lender of a Credit Facility is a "Credit Facility Lender" and the liabilities of the Debtors to the Credit Facility Lenders are the ''Credit Facility Liabilities."

The Intercreditor Agreement also contains provisions relating to Senior Notes which may be issued by the Parent to the Senior Noteholders in the future (and, together with any guarantees thereof by the Debtors, the "Senior Notes Liabilities") and secured on the Common Security Documents.

The Intercreditor Agreement will allow for the refinancing or replacement of certain liabilities andobligations, including the Pari Passu Liabilities and the Credit Facility Liabilities.

Unless expressly stated otherwise in the Intercreditor Agreement, in the event of a conflict between the terms of the Revolving Credit Facility or the Indenture and the Intercreditor Agreement, the provisions of the Intercreditor Agreement will prevail.

The following description is a summary of certain provisions, among others, contained in the Intercreditor Agreement. It does not restate the Intercreditor Agreement in its entirety, and we urge you to read that document because it, and not the description that follows, defines your rights as holders of the Notes.

Ranking and Priority

The Intercreditor Agreement provides, subject to the provisions regarding permitted payments below, that all present and future obligations of the Debtors (other than the Parent) shall rank in right and priority of payment in the following order:

(a) *first*, the Credit Facility Liabilities, liabilities owed to the any Hedging Counterparty under the Hedging Agreements (the "Hedging Liabilities") and the Pari Passu Liabilities *pari passu* and without preference between them; and

(b) *second*, the Senior Notes Liabilities of the of the Debtors (other than the Parent) *pari passu* and without preference between them.

The liabilities of the Issuer and the Debtors to the Creditor Representative(s) (defined below) in connection Credit Facilities , each arranger in relation to a Credit Facility and each Credit Facility Lender (together the "Credit Facility Creditors" and such liabilities being the "Credit Facilities Liabilities") and each Hedge Counterparty that is owed Hedging Liabilities that rank pari passu with the Credit Facility Liabilities (the "Super Senior Hedging Liabilities" and such Hedge Counterparty being a "Super Senior Hedging Counterparty") are together "Super Senior Liabilities. The Credit Facility Creditors and the Super Senior Hedge Counterparties are together the "Super Senior Creditors". The Super Senior Creditors, the Pari Passu Creditors (including the Hedge Counterparties which are not Super Senior Hedge Counterparties) and any Senior Notes Creditors (as defined below) are together the "Primary Creditors"). The Intercreditor Agreement also provides that the Credit Facility Liabilities, the Hedging Liabilities, the Pari Passu Liabilities and the Senior Notes Liabilities, in each case, due by the Parent rank *pari passu* and without any preference between them. Until all amounts outstanding under the Revolving Credit Facility have been repaid and discharged in full and the finance parties thereunder are not under any further obligation to provide financial accommodation, the notional amount of Super Hedging Liabilities permitted to be Super Senior Liabilities is limited to the amount of the Senior Secured Notes denominated in dollars.

The parties to the Intercreditor Agreement have agreed that the transaction security provided by the Debtors and certain other parties (the "Priority Creditor Only Security Documents") which is expressed to secure the Credit Facility Liabilities, the Super Senior Hedging Liabilities and the Pari Passu Liabilities (together the "Priority Creditor Secured Liabilities") will secure the Priority Creditor Secured Liabilities pari passu.

The parties to the Intercreditor Agreement have agreed that the common transaction security which is expressed to secure the Primary Creditors (the "Common Security Documents") shall rank and secure the following liabilities (but only to the extent such Common Security Documents are expressed to secure those liabilities) in the following order:

(a) *first*, the Credit Facility Liabilities, the Hedging Liabilities and the Pari Passu Liabilities *pari passu* and without any preference between them; and

(b) *second,* the Senior Notes Liabilities *pari passu* and without any preference between them.

Under the Intercreditor Agreement, all proceeds from enforcement of the Collateral will be applied as provided below under "Application of Proceeds."

Permitted Payments

The Intercreditor Agreement permits, *inter alia*, payments to be made by the Debtors under the Credit Facility Documents and under the documents that create or evidence the Pari Passu Liabilities (the "Pari Passu Debt Documents"). The Intercreditor Agreement also permits payments from time to time when due to lenders owed any Intra-Group Liabilities ("Intra-Group Liabilities Payments") if at the time of payment no acceleration event has occurred in respect of a Credit Facility, the Pari Passu Liabilities or the Senior Notes Liabilities (an "Acceleration Event").

The Intercreditor Agreement does not permit the Parent or any member of the Group to make payments of Credit Facility Liability or Pari Passu Liabilities following an Acceleration Event except from the proceeds of enforcement of the transaction security applied as provided under "Application of Proceeds" and liquidation distributions and certain other payments. The Intercreditor Agreement shall not permit Intra-Group Liabilities Payments if an Acceleration Event occurs unless (i) prior to the date on which all Secured Liabilities are discharged, with the consent of each Creditor Representative (defined below) acting on behalf of the any Credit Facility Lenders, the aggregate of whose unpaid amounts and undrawn commitments under the Credit Facilities and Super Senior Hedge Counterparties, the aggregate of whose Hedging Liabilities together exceed 66.67% of the aggregate of all unpaid and undrawn commitments under the Credit Facilities and the Super Senior Hedging Liabilities (the "Required Super Senior Creditors") and the consent of the Creditor Representative acting on behalf of any Pari Passu Creditors and at any time those Hedge Counterparties that are not Super Senior Hedge Counterparties (the "Pari Passu Hedge Counterparties" and such liabilities owed to the Pari Passu Hedge Counterparties being the "Pari Passu Hedging Liabilities") whose hedge credit participations exceed more than 50% of the aggregate of all pari passu hedge credit participations (the Pari Passu Creditors and the Pari Passu Hedge Counterparties together being the "Required Pari Passu Creditors") and (ii) prior to the date on which all Senior Notes Liabilities are discharged (the "Senior Notes Discharge Date"), with the consent of the Creditor Representative acting on behalf of any Senior Noteholders (the "Required Senior Notes Creditors") or (ii) that payment is made to facilitate permitted payments of Credit Facility Liabilities, Super Senior Hedging Liabilities, Pari Passu Hedging Liabilities, Pari Passu Liabilities, or Senior Notes Liabilities or (iii) a director or officer of any Debtor is required by mandatory law to make a payment of Intra-Group Liabilities to avoid personal and/or criminal liability.

Payments may be made by the Parent, a Debtor or any other member of the Group to any Shareholder Creditor which has made a loan or financial accommodation to the Parent subject to the terms of the Intercreditor Agreement (each a "Shareholder Creditor" and such liabilities owed to a Shareholder Creditor being the "Shareholder Liabilities") from time to time when due if: (i) the payment is not prohibited by the Revolving Credit Facility, the Pari Passu Debt Documents and the Senior Notes Indenture; or (ii) prior to (A) the Priority Discharge Date, the consent of the Required Super Senior Creditors and the Required Pari Passu Creditors is obtained; and (B) the Senior Notes Discharge Date, the consent of the Required Senior Notes Creditors is obtained.

Payments may only be made by the Issuer or any other Debtor or member of the Group to the Parent if, (i) prior to the Priority Discharge Date, the Payment is not prohibited by the Credit Facility Documents and the Pari Passu Debt Documents and no Senior Notes Payment Stop Notice is outstanding, or (ii) if a payment stop event has occurred and, prior to the Priority Discharge Date, the required percentage of Super Senior Creditors and the required percentage of Pari Passu Creditors consent to that payment, or (iii) such payment is equal to the amount of Shareholder Liabilities which is then due and is permitted to be paid or (iv) is equal to the amount of Senior Notes Liabilities which is then due from the Parent and is permitted to be paid.

Creditor Representative

Under the Intercreditor Agreement, the parties appoint various creditor representatives. "Creditor Representative" means:

(a) in relation to the RCF Lenders, the agent appointed under and pursuant to the Revolving Credit Facility (the "RCF Agent");

(b) in relation to the Credit Facility Lenders (other than the RCF Lenders), the facility agent in respect of that credit facility (such credit facility agent, together with the RCF Agent, a "Credit Facility Agent");

(c) in relation to the Senior Secured Noteholders, the Senior Secured Notes Trustee;

(d) in relation to the Senior Noteholders, the Senior Notes Trustee;

(e) in relation to the Pari Passu Creditors, the creditor representative for the Pari Passu Creditors who has acceded to the Intercreditor Agreement in such a capacity (the "Pari Passu Debt Representative"); and

(f) in relation to any Hedge Counterparty, such Hedge Counterparty which shall be its own Creditor Representative.

Permitted Senior Notes Payments

The Parent may make payments in respect of any Senior Notes Liabilities at any time in accordance with the terms of the Senior Notes Documents in its capacity as issuer thereunder.

The Debtors or any member of the Group may:

(a) prior to the Priority Discharge Date, only make payments in respect of the Senior Notes Liabilities in accordance with the terms of the Senior Notes Documents (defined below):

  (i) *if:*

    (A) the payment is of:

      (1) any amount of principal or capitalised interest in respect of the Senior Notes Liabilities which is not prohibited from being paid by a Credit Facility Document and a Pari Passu Debt Documents;

      (2) any other amount which is not an amount of principal or capitalised interest (such other amounts including all scheduled interest payments (including, if applicable, special interest (or liquidated damages)) additional amounts payable as a result of the tax gross-up provisions relating to the Senior Notes Liabilities and amounts in respect of currency indemnities in any Senior Notes Indenture,

    and default interest on Senior Notes Liabilities accrued and payable in cash in accordance with the terms of the Senior Notes Indenture, any Senior Notes and each other document or instrument which evidences any Senior Notes Liabilities and that does not breach the terms of the Credit Facility Documents, the Pari Passu Debt Documents or Senior Notes Documents (the "Senior Notes Documents"),

(B) no Senior Notes Payment Stop Notice (as defined below) is outstanding; and

(C) no event of default under a Credit Facility Document or a Pari Passu Debt Document, in each case relating to the non-payment of an amount constituting principal or interest; or any other aggregate amount of or in excess of £50,000 (or its equivalent in other currencies) (a "Priority Automatic Block Event"); or

(ii) if the Required Super Senior Creditors and the Required Pari Passu Creditors give prior consent to that payment being made; or

(iii) the payments are of costs, commissions, taxes, consent fees, underwriter or lead manager fees (including any original issue discount) and expenses incurred in respect of (or reasonably incidental to) the Senior Notes Documents (including in relation to any reporting or listing requirements under the relevant Senior Notes Documents); or

(iv) the payments are of costs, commissions, taxes, consent fees and any other expenses incurred in respect of (or reasonably incidental to) any refinancing of the Senior Notes in compliance with the Intercreditor Agreement the , the Credit Facility Documents, the Pari Passu Debt Documents, the Priority Creditor Only Security Documents and the Common Security Documents (together the "Priority Debt Documents"); or

(v) the payments are of fees, costs and expenses of a Creditor Representative payable to a Creditor Representative (the "Creditor Representative Amounts"); or

(vi) the payment is a payment of principal, interest or any other amounts made on or after the final maturity date of the relevant Senior Notes Liabilities (provided that such maturity date is no earlier than that contained in the original form of the Senior Notes Documents as of the first date of issuance of any Senior Notes); or

(vii) the payment is by the Parent of any of its obligations under the Senior Notes Indenture and such payment is not directly or indirectly financed by any member of the Group; or

(b) on or after the Priority Discharge Date, make payments to the Senior Noteholders and the Senior Notes Trustee (the "Senior Notes Creditors") in respect of the Senior Notes Liabilities in accordance with the Senior Notes Documents.

Issue of Senior Notes Payment Stop Notice

Until the Priority Discharge Date, except with the prior consent of the Required Super Senior Creditors and the Required Pari Passu Creditors, the Debtors shall not (and shall procure that no other member of the Group will):

(a) make any Payments in respect of any principal, interest or other amount on or in respect of, or make any distribution or liabilities acquisition in respect of, any Senior Notes Liabilities in cash or in kind or apply any such money or property in or towards discharge of any Senior Notes Liabilities; or

(b) exercise any set-off against any Senior Notes Liabilities,

in each case except as expressly permitted by the Intercreditor Agreement.

At any time prior to the Priority Discharge Date, if an event of default has occurred and is continuing under a Credit Facility Document or a Pari Passu Debt Document (other than an event constituting a Priority Automatic Block Event) (a "Senior Notes Payment Stop Event"), except with the prior consent of the Required Super Senior Creditors and the Required Pari Passu Creditors, the Parent shall procure that no Debtor (other than the Parent) or member of the Group shall make, and no Senior Notes Creditor may receive from any Debtor (other than the Parent) or member of the Group, any payment in respect of the Senior Notes Liabilities (other than a payment that is expressly permitted under the Intercreditor Agreement) from the date on which the relevant Creditor Representative (the "Relevant Representative") delivers a notice (a "Senior Notes Payment Stop Notice") to the Issuer , the Security Agent and each Senior Notes Trustee specifying the events or circumstances relating to that Senior Notes Payment Stop Event until the earliest of:

(i) the date falling 179 days after delivery of that Senior Notes Payment Stop Notice;

(ii) in relation to payments of Senior Notes Liabilities, if a Senior Notes Standstill Period (as defined below) is in effect at any time after delivery of that Senior Notes Payment Stop Notice, the date on which that Senior Notes Standstill Period expires;

(iii) the date on which the relevant Senior Notes Payment Stop Event is no longer continuing and, if the relevant liabilities owed to the Super Senior Creditors and the Pari Passu Creditors (being the "Priority Creditors" and the liabilities owed to them being the "Priority Creditor Liabilities") have been accelerated, such acceleration has been rescinded, revoked or waived ; and

(iv) the date on which the relevant representative which issued the Senior Notes Payment Stop Notice delivers a notice to the Issuer , the Common Security Agent and the relevant Senior Notes Trustee cancelling the Senior Notes Payment Stop Notice; and

(v) the date on which the Senior Notes Creditors or the Senior Notes Trustee takes any enforcement action that it is permitted to take under the Intercreditor Agreement.

Unless the Senior Notes Trustee waives this requirement:

(a) a new Senior Notes Payment Stop Notice may not be delivered unless and until 360 days have elapsed since the delivery of the immediately prior Senior Notes Payment Stop Notice; and

(b) no Senior Notes Payment Stop Notice may be delivered in reliance on a Senior Notes Payment Stop Event more than 60 days after the date the relevant Creditor Representative received notice of that Senior Notes Payment Stop Event.

Cure of Payment Stop: Senior Notes Creditors

If:

(a) at any time following the issue of a Senior Notes Payment Stop Notice or the occurrence of a Priority Automatic Block Event, that Senior Notes Payment Stop Notice ceases to be outstanding and/or (as the case may be) the Priority Automatic Block Event ceases to be continuing; and

(b) the relevant Debtor then promptly pays to the Senior Notes Creditors an amount equal to any payments which had accrued under the Senior Notes Documents and which would have been permitted Senior Notes payments but for that Senior Notes Payment Stop Notice or Priority Automatic Block Event,

then any event of default which may have occurred as a result of that suspension of payments shall be waived and any Senior Notes Enforcement Notice (as defined below) which may have been issued as a result of that event of default shall be waived, in each case without any further action being required on the part of the Senior Notes Creditors.

Restrictions on Enforcement by Senior Noteholders

Until the Priority Discharge Date, except as permitted under the Intercreditor Agreement (see – Permitted Enforcement: Senior Notes Creditors below), no Senior Notes Creditor shall take or require the taking of any enforcement action against any of the Debtors (other than the Parent other than in respect of the Common Transaction Security) in relation to the Senior Notes Liabilities, including the Senior Notes Guarantees, or in respect of the Common Transaction Security.

Permitted Enforcement: Senior Notes Creditors

The restrictions on an enforcement of the Senior Notes Liabilities (and related security) will not apply if:

(a) an event of default has occurred and is continuing under a Senior Notes Indenture (the "Relevant Senior Notes Default");

(b) each other Creditor Representative has received a notice of the Relevant Senior Notes Event of Default specifying the event or circumstance in relation to the Relevant Senior Notes Event of Default from the relevant Senior Notes Trustee (a "Senior Notes Enforcement Notice");

(c) the relevant Senior Notes Standstill Period (as defined below) has elapsed or otherwise terminated;

(d) the Relevant Senior Notes Default is continuing at the end of the relevant Senior Notes Standstill Period.

Senior Notes Standstill Period

In relation to a Relevant Senior Notes Default, a Senior Notes Standstill Period shall mean the period beginning on the date (the "Senior Notes Standstill Start Date") the Senior Notes Trustee serves a Senior Notes Enforcement Notice on the Security Agent in respect of such Relevant Senior Notes Default and ending on the earliest to occur of:

(a) the date falling 179 days alter the Senior Notes Standstill Start Date;

(b) the date the Security Agent takes any enforcement action against any guarantor of Senior Notes (a "Senior Notes Guarantor"), provided that if a Senior Notes Standstill Period ends, the Senior Notes Creditors may only take the same enforcement action in relation to the relevant Senior Notes Liabilities (and only against the same entity) as the enforcement action taken by the Security Agent and may not take any other enforcement action against any other Debtor or the Parent or a member of the Group;

(c) the date of an insolvency event in relation to a particular Senior Notes Guarantor against whom enforcement action is to be taken provided that if a Senior Notes Standstill Period ends pursuant to this paragraph (c), the Senior Notes Creditors may only take enforcement action against the Debtor; and

(d) the expiry of any other Senior Notes Standstill Period outstanding at the date such first mentioned Senior Notes Standstill Period commenced (unless that expiry occurs as a result of a cure, waiver or other permitted remedy);

(e) an event of default under a Senior Notes Indenture resulting from a failure to pay the principal amount of the Senior Notes Liabilities at the final maturity of the relevant Senior Notes (provided that such maturity date is no earlier than that contained in the Senior Notes Documents of the first date of issuance of any Senior Notes); and

(f) the date on which the Required Super Senior Creditors and the Required Pari Passu Creditors give their consent to an early termination of the Senior Notes Standstill Period,

the "Senior Notes Standstill Period".

The Senior Notes Creditors may take enforcement action as described above in relation to a Relevant Senior Notes Default even if, at the end of any relevant Senior Notes Standstill Period or at any later time, a further Senior Notes Standstill Period has begun as a result of any other Senior Notes Default.

If the Security Agent has notified the Senior Notes Trustee that it is enforcing Priority Creditor Only Security Documents or the common security documents owned by its or its subsidiaries, no Senior Notes Creditor or may take any action while the Security Agent is taking steps to enforce any Priority Creditor Only Security Documents or common security document where such action might be reasonably likely to, adversely affect such enforcement or the amount of proceeds to be derived therefrom.

Entitlement to Enforce Collateral

The Security Agent may refrain from enforcing the Collateral unless otherwise instructed by the relevant Instructing Group (defined below). The Security Agent may disregard any instructions from any other person to enforce the Collateral and may disregard any instructions to enforce any Collateral if those instructions are inconsistent with the Intercreditor Agreement. The Security Agent is not obliged to enforce the Collateral if it is not appropriately indemnified by the relevant creditors.

Limitation on Enforcement by Super Senior Creditors and Senior Secured Noteholders

Before giving any instructions to the Security Agent to enforce the Collateral or to take any other enforcement action, the Creditor Representatives of the creditors represented in the Instructing Group (defined below), shall consult with each other Creditor Representative and the Security Agent in good faith about the instructions to be given by the Instructing Group for a period of up to 15 days (or such shorter period as each Creditor Representative and the Security Agent agree) (the "Consultation Period") with a view to co-ordinating the instructions to be given by an Instructing Group and agreeing on an enforcement strategy. Following the expiry of the Consultation Period, the Instructing Group shall be entitled to give any instruction to the Security Agent to enforce the Collateral or take any other enforcement action permitted or not prohibited under the Intercreditor Agreement.

No Consultation Period is required and the Instructing Group shall be entitled to give instructions to the Security Agent to enforce the Collateral or take any other enforcement action prior to the end of the Consultation Period if (a) the Collateral has become enforceable as a result of an insolvency event; or (b) the Instructing Group or any Creditor Representative of the creditors represented in the Instructing Group determines in good faith and notifies each Creditor Representative and the Security Agent that to enter into such consultations and thereby delay the commencement of enforcement of the Collateral could reasonably be expected to have a material adverse effect on the Security Agent's ability to enforce any of the Collateral or the realisation proceeds of any enforcement of the Collateral.

If either the Majority Super Senior Creditors or the Majority Pari Passu Creditors wish to issue enforcement instructions, the Creditor Representatives (and, if applicable, Hedge Counterparties) representing the Primary Creditors comprising the Majority Super Senior Creditors or Majority Pari Passu Creditors (as the case may be) shall deliver a copy of the proposed enforcement instructions (an "Initial Enforcement Notice") to the Security Agent, and the Security Agent shall promptly forward such Initial Enforcement Notice to each Creditor Representative and each Hedge Counterparty which did not deliver such Initial Enforcement Notice.

The Security Agent will act in accordance with enforcement instructions received from the Majority Pari Passu Creditors unless:

(a) the Security Agent has not commenced any enforcement (or any transaction in lieu) or other enforcement action within 3 months of the date of the Initial Enforcement Notice; or

(b) the Super Senior Liabilities have not been discharged in full has not occurred within 6 months of the date of the Initial Enforcement Notice (the "Super Senior Discharge Date"),

then the Security Agent will act in accordance with enforcement instructions received from the Majority Super Senior Creditors until the Super Senior Discharge Date has occurred.

If an Insolvency Event is continuing with respect to a Debtor and the Security Agent has not commenced any enforcement (or any transaction in lieu) or other enforcement action at that time with respect to such Debtor, then the Security Agent will, to the extent the Majority Super Senior Creditors elect to provide such enforcement instructions, act in accordance with enforcement instructions received from the Majority Super Senior Creditors until the Super Senior Discharge Date has occurred.

Following the Priority Discharge Date, any enforcement instructions with respect to the Common Security Documents may be given by the then applicable Instructing Group.

The Security Agent may refrain from enforcing the security constituted by the Priority Creditor Only Security Documents or the Common Security Documents or taking any other action as to enforcement unless instructed otherwise by the Instructing Group or the Creditor Representative(s) for the Senior Notes Creditors (acting on the instructions of the Majority Senior Notes Creditors).

Prior to the Priority Discharge Date:

(a) if the Instructing Group has instructed the Security Agent to cease or not to proceed with enforcement; or

(b) in the absence of instructions as to enforcement from the Instructing Group,

the Security Agent shall be entitled to give effect to any instructions to enforce the security constituted by the Common Security Documents which the Creditor Representative(s) for the Senior Notes Creditors (acting on the instructions of the Majority Senior Notes Creditors) are then entitled to give to the Security Agent where expressly permitted under the Intercreditor Agreement. If at any time the Creditor Representative(s) for the Senior Notes Creditors are then entitled to give the Security Agent instructions as to enforcement of the security constituted by the Common Security Documents and the Creditor Representative(s) give such instruction, then the Majority Super Senior Creditors or the Majority Pari Passu Creditors may give instructions to the Security Agent as to enforcement in lieu of any instructions to enforce given by the Creditor Representative for the Senior Notes Creditors and the Security Agent shall act on the first such instructions received.

"Instructing Group" means; (a) prior to the Priority Discharge Date (i) subject to paragraph (ii), the Majority Super Senior Creditors and the Majority Pari Passu Creditors; and (ii) in relation to instructions as to enforcement with respect to the Collateral, the group of Priority Creditors entitled to give instructions as to enforcement under paragraphs 12.3, 12.4 and 12.5 above; and (b) on or after the Priority Discharge Date but before the Senior Notes Discharge Date, the Senior Notes Required Holders.

"Majority Pari Passu Creditors" means, at any time, those Pari Passu Creditors (excluding for the avoidance of doubt any Creditor Representative) whose pari passu credit participations at that time aggregate more than 50 per cent. of the total pari passu credit participations at that time.

"Majority Senior Notes Creditors" means, at any time, Senior Noteholders who at that time hold in aggregate more than 50 per cent. of the total outstanding principal amount of the Senior Notes at that time.

"Majority Super Senior Creditors" means, at any time, those Super Senior Creditors whose super senior credit participations at that time aggregate more than 66.67 per cent. of the total super senior credit participations at that time.

"Priority Discharge Date" means the later of the date on which all Super Senior Liabilities have been fully and finally discharged and the date on which all Pari Passu Liabilities have been fully and finally discharged, in each case where the relevant creditors are under no further obligation to provide financial accommodation to any Debtor.

Manner of Enforcement

If the security constituted by the Priority Creditor Only Security Documents or the Common Security Documents is being enforced or other action as to enforcement is being taken pursuant to the Intercreditor Agreement, the Security Agent shall enforce the Priority Creditor Only Security Documents and/or the Common Security Documents (as applicable) or take other action as to enforcement in such manner as:

(a) the Instructing Group shall instruct; or

(b) if, prior to the Priority Discharge Date (i) the Security Agent has received instructions given by the Majority Senior Notes Creditors to enforce the Common Security Documents; and (ii) the Instructing Group (or any other group of Priority Creditors) has not given instructions as to enforcement,

provided that (in the case of paragraph (a) above and prior to the Priority Discharge Date only) such instructions are consistent with the agreed enforcement principles or, in the absence of any such instructions, as the Security Agent considers in its discretion to be appropriate and consistent with such enforcement principles.

Turnover

The Intercreditor Agreement also provides that if any Priority Creditor receives or recovers the proceeds of any enforcement of any Collateral, the relevant Priority Creditor shall:

(a) in relation to receipts or recoveries not received or recovered by way of set-off, (i) hold that amount on trust for the Security Agent and promptly pay that amount or an amount equal to that amount to the Security Agent or application in accordance with the terms of the Intercreditor Agreement and (ii) promptly pay or distribute an amount equal to the amount (if any) by which receipt or recovery exceeds the relevant liabilities to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

(b) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Application of Proceeds

The Intercreditor Agreement provides that amounts received from the realisation or enforcement of all or any part of the Collateral will be applied in the following order of priority:

(a) *First*, *pari passu* and on a pro rata basis, in payment of any sums owing to the Security Agent, any receiver or any delegate, any Senior Secured Notes Trustee (or any other trustee acting on behalf of noteholders of notes that rank pari passu with the Senior Secured Notes and which has acceded to the Intercreditor Agreement) and in payment to each Creditor Representative (to the extent not included in any of the foregoing and excluding, for the avoidance of doubt, any Hedge Counterparty as its own Creditor Representative) of the Creditor Representative Amounts;

(b) *Second*, *pari passu* and on a pro rata basis, in or towards payment of all costs and expenses incurred by the Primary Creditors in connection with any realisation or enforcement of the Collateral taken in accordance with the terms of the Intercreditor Agreement or any Distressed Disposal (defined below) or any action taken at the request of the Security Agent;

(c) *third*, *pari passu* and on a pro rata basis, in or towards payment to each Creditor Representative in respect of a Credit Facility on its own behalf and on behalf of the Credit Facility Creditors for which it is the Creditor Representative; and each Super Senior Hedge Counterparty, for application towards the discharge of:

   (i) the Credit Facility Liabilities (in accordance with the terms of the Credit Facility Documents) on a pro rata basis between the Credit Facility Liabilities incurred under separate Credit Facility Agreements; and

   (ii) the Super Senior Hedging Liabilities up to a specified maximum amount (on a pari passu and pro rata basis between the Super Senior Hedging Liabilities of each Super Senior Hedge Counterparty);

(d) *fourth*, *pari passu* and on a pro rata basis, in or towards payment or distribution to the Creditor Representatives in respect of any Pari Passu Liabilities on its own behalf and on behalf of the creditors of any Pari Passu Liabilities for which it is the Creditor Representative and the Pari Passu Hedge Counterparties, for application towards the discharge of:

   (i) the Pari Passu Liabilities (in accordance with the terms of the relevant Pari Passu Debt Documents) on a pro rata basis between Pari Passu Liabilities under separate facility agreements setting out the terms of any facility which creates or evidences any Pari Passu Liabilities;

(ii) the Pari Passu Liabilities (in accordance with the terms of the relevant Pari Passu Debt Documents) on a pro rata basis under the Senior Secured Notes Indenture and any other notes indenture setting out the terms of any debt security which creates or evidences any Pari Passu Liabilities; and

(iii) the Pari Passu Hedging Liabilities on a pro rata basis between the Pari Passu Hedging Liabilities of each Pari Passu Hedge Counterparty;

(e) *fifth*, in the case of the Common Security only, in or towards payment to the Senior Notes Trustee on behalf of the Senior Notes Creditors for application towards the discharge of the Senior Notes Liabilities (in accordance with the Senior Notes Documents);

(f) *sixth*, if none of the Debtors is under any further actual or contingent liability under any Credit Facility Document, Hedging Agreement or Pari Passu Debt Document in or towards payment or distribution to any person to whom the Security Agent is obliged to pay or distribute in priority to any Debtor; and

(g) *seventh*, the balance (if any) to the relevant Debtor or other person entitled to it.

Additional Indebtedness

In the event that any Debtor incurs any additional indebtedness that is permitted to be designated as Super Senior Liabilities under the terms of the Notes and the Revolving Credit Facility and is entitled to be secured by the Collateral, the liabilities in respect of such additional Super Senior Liabilities will share in the proceeds of any enforcement of Collateral on a pro rata basis with the existing Super Senior Liabilities.

In the event that any Debtor incurs any additional indebtedness that is *pari passu* in right of payment with the Senior Secured Notes and that is entitled to be secured by the Collateral the liabilities in respect of such *pari passu* indebtedness will share in the proceeds of any enforcement of the Collateral on a pro rata basis with the Pari Passu Liabilities.

Release of the Guarantees and the Security Non-Distressed Disposal

In the case of (i) a disposal of an asset of a member of the Group, (ii) a disposal of an asset which is subject to the Priority Creditor Only Transaction Security or (iii) the Common Transaction Security, or any other transaction whereby a release of an asset is required to effect such merger, reorganisation, initial public offering or other transaction and such a transaction and/or disposal is (A) in respect of the Priority Creditor Only Security Documents, not prohibited by the Pari Passu Debt Documents and/or the Credit Facility Documents and any release of such security is in accordance with Pari Passu Debt Documents or the Required Pari Passu Creditors authorise the release; (B) in respect of the Common Security Documents, is not prohibited under the Pari Passu Debt Documents and/or the Credit Facility Documents and any release of such security is in accordance with Pari Passu Debt Documents or the Required Pari Passu Creditors authorise the release and it is not prohibited under the documents that create or evidence the Senior Notes (if any) and any release of such security is in accordance with documents that create or evidence the Senior Notes(if any) or the Required Senior Notes Creditors authorise the release; and (C) that disposal is not a Distressed Disposal, the Intercreditor Agreement provides that the Security Agent is authorised:

(a) to release the Collateral;

(b) if the relevant asset consists of shares in the capital of the Parent or a member of the Group, to release the Collateral or any other claim in respect of the Secured Liabilities over the assets of that subsidiary and the shares in and assets of any of its subsidiaries; and

(c) to execute and deliver or enter into any release of the Priority Creditor Only Security Documents and/or Common Security Documents.

Distressed Disposal

Where a disposal of any charged property is being effected: (i) at the request of the Instructing Group in circumstances where the Collateral has become enforceable; (ii) being effected by enforcement of the Collateral; or (iii) after the occurrence of an Acceleration Event or the enforcement of Collateral (a "Distress Event"), by a Debtor to a person or persons which is, or are, the Parent and each member of the Group (a "Distressed Disposal"), the Intercreditor Agreement provides that the Security Agent is authorised:

(a) to release the Collateral from the Priority Creditor Only Security Documents and/or Common Security Documents, or any other claim over that asset;

(b) if the asset which is disposed of consists of shares in the capital of a Debtor, to release (a) that Debtor and any subsidiary of that Debtor from all or any part of its liabilities as borrower under the Debt Documents (the "Borrowing Liabilities"), its guarantee liabilities under the Debt Documents (the "Guarantee Liabilities") or other liabilities it may have to an Intra-Group Lender, Shareholder Creditor or Debtor not being Borrowing Liabilities or Guarantee Liabilities ("Other Liabilities"); (b) any Collateral granted by that Debtor or any subsidiary of that Debtor over any of its assets; and (c) any other claim of a Shareholder Creditor or a lender of Intra-Group Liabilities (an "Intra-Group Lender''), or another Debtor over that Debtor's assets or over the assets of any subsidiary of that Debtor;

(c) if the asset which is disposed of consists of shares in the capital of any holding company of a Debtor, to release (a) that holding company and any subsidiary of that holding company from all or any part of its Borrowing Liabilities, Guarantee Liabilities and Other Liabilities; (b) any Collateral granted by any subsidiary of that holding company over any of its assets; and (c) any other claim of a Shareholder Creditor or an Intra-Group Lender or another Debtor over the assets of any subsidiary of that holding company; and

(d) if the asset which is disposed of consists of shares in the capital of a Debtor or a holding company of a Debtor, the Intercreditor Agreement provides for the disposal of liabilities and/or the transfer of liabilities to another Debtor.

Where a Distressed Disposal of an asset is being effected before the Senior Notes Discharge Date such that the Senior Notes Liabilities or Common Security Documents or assets of a Senior Notes Guarantor or the Senior Notes Issue will be released, it is a condition to the release that either:

(a) the Senior Notes Trustee has approved the release on the instructions of the Required Senior Notes Creditors; or

(b) the following conditions are satisfied:

  (i) the proceeds of such sale or disposal are in cash (or substantially in cash);

  (ii) the proceeds of such sale or disposal are applied in accordance with – Application of Proceeds;

  (iii) such sale or disposal is by way of a public or private auction or other competitive sales process in which more than one bidder participates or is invited to participate (including any person invited that is a Primary Creditor at the time of such invitation) which may or may not be conducted through a court or other legal proceeding and which is conducted with the advice of a reputable internationally recognised investment bank, firm of accountants or independent third-party professional firm which is regularly engaged in such sales processes, or where a financial adviser selected by the Security Agent has delivered an opinion that the proceeds received or recovered in connection with that sale or disposal are fair; and

  (iv) if all claims of the Super Senior Creditors and the Pari Passu Creditors against the relevant Debtor, whose shares are pledged and are sold or disposed of pursuant to such enforcement action, and those against such member's subsidiaries, are unconditionally released and discharged or sold or disposed of concurrently with such sale or disposal, and all Collateral in respect of the assets that are sold or disposed of is simultaneously released concurrently with such sale or disposal, provided that, in the event of a sale or disposal of any such claim (instead of a release or discharge):

    (A) the Super Senior Creditors and the Pari Passu Creditors will recover more than if such claims were released or discharged; and

    (B) the Creditor Representative(s) of the Super Senior Creditors and the Pari Passu Creditors serve a notice on the Security Agent notifying it of the same.

Amendment

The Intercreditor Agreement provides that it may be amended with only the consent of the Majority Super Senior Creditors, the Majority Senior Notes Creditors, the Senior Notes Required Holders, the Parent and the Security Agent unless it is an amendment, waiver or consent that has the effect of changing or which relates to any amendment to the order of priority or subordination set out in the Intercreditor Agreement, any amendment to the application of proceeds, redistribution, turnover provisions, enforcement of transaction security and consultation periods, Distressed Disposals, enforcement or consent, amendment and override provisions set out in the Intercreditor Agreement, in which case such amendment shall not be made without the consent of:

  (a) the required percentage of Credit Facility Lenders;

(b) the Senior Secured Notes Trustee (acting on the instructions of the required percentage of Senior Secured Note Holders)

(c) the Senior Notes Trustee, (acting on the instructions of the required percentage of Senior Noteholders);

(d) the Pari Passu Debt Representative acting on the instructions of the required percentage of Senior Noteholders or the required percentage of Pari Passu Creditors;

(e) each Hedge Counterparty (to the extent that the amendment or waiver would have a material adverse effect on that the Hedge Counterparty);

(f) the Parent; and

(g) the Security Agent.

Subject to the paragraph above and certain other exceptions, no amendment or waiver of the Intercreditor Agreement may impose new or additional obligations on or withdraw or reduce the rights of any party to the Intercreditor Agreement without the prior written consent of the party.

Option to Purchase: Credit Facility Liabilities and Hedging Liabilities

After a Distress Event, some or all of the Pari Passu Creditors may require the transfer to them of all (but not part) of the Credit Facility Liabilities.

Any such purchase will be on terms which will include, without limitation, payment in full of an amount equal to the Credit Facility Liabilities then outstanding, including in respect of any broken funding costs as well as certain costs and expenses of the Credit Facility Lenders; after the transfer, no Credit Facility Lender will be under any actual or contingent liability to any Debtor; the purchasing holders of Credit Facility Liabilities shall indemnify each Credit Facility Lender for any actual or alleged obligation to repay or claw back any amount received by such Credit Facility Lender; and the relevant transfer shall be without recourse to, or warranty from, any Credit Facility Lender.

Option to Purchase: Senior Notes Creditors

After a Distress Event, some or all of the Senior Noteholders may, require the transfer to them (or to a nominee or nominees), of all, but not part, of the Priority Creditor Liabilities (other than the Hedging Liabilities).

Any such purchase will be on terms which will include, without limitation, payment in full in cash of an amount equal to the Priority Creditor Liabilities then outstanding, including in respect of any broken funding costs, as well as certain costs and expenses of the Priority Creditors; after the transfer, no Priority Creditor will be under any actual or contingent liability to any Debtor; the purchasing holders of Senior Notes will indemnify each Priority Creditor for any actual or alleged obligation to repay or claw back any amount received by such Priority Creditor; and the relevant transfer shall be without recourse to, or warranty from, any Priority Creditor.

Autonet Overrider Agreement

An advanced overrider agreement entered into on 29 November 2016 between Autonet Insurance Services limited and Close Brothers Limited (the "**Autonet Overrider Agreement**") in an amount of £2,000,000. The amount advanced under the Overrider Agreement is repayable in six instalments of £333,333.33 between April 30, 2019 and September 30, 2019.

DESCRIPTION OF THE NOTES

You will find definitions of certain capitalized terms used in this "*Description of the Notes*" under the heading "*Certain Definitions*." For purposes of this "*Description of the Notes*," references to the "*Issuer*" are to KIRS Midco 3 plc, and its successors, only and not to any of its Subsidiaries. References to "we" or "us" or the "Group" are to the Issuer and its Subsidiaries (including Nevada and its Subsidiaries), taken as a whole.

The Issuer will issue £ million aggregate principal amount of % Senior Secured Notes due 2022 (the "**Fixed Rate Sterling Notes**"), £ million aggregate principal amount of Floating Rate Senior Secured Notes due 2022 (the "**Sterling Floating Rate Notes**" and together with the Fixed Rate Sterling Notes, the "**Sterling Notes**") and $ million aggregate principal amount of % Senior Secured Notes due 2022 (the "**Dollar Notes**" and together with the Sterling Notes, the "**Initial Notes**"). The Notes will be issued under an indenture to be dated as of , 2017 (the "**Indenture**"), between, the Issuer, Citibank, N.A., London Branch, as trustee (the "**Trustee**"), Citibank, N.A., London Branch, as paying agent, Citibank, N.A., London Branch, as transfer agent (the "**Transfer Agent**"), Citibank, N.A., London Branch, as registrar (the "**Registrar**"), Citibank, N.A., London Branch, as calculation agent (the "**Calculation Agent**") and Citibank, N.A., London Branch, as security agent (the "**Security Agent**"), in a private transaction that is not subject to the registration requirements of the U.S. Securities Act. The Indenture will not be qualified under the U.S. Trust Indenture Act of 1939, as amended.

The following description is a summary of the material provisions of the Indenture and the Notes and refers to the Security Documents and the Intercreditor Agreement. It does not restate those agreements in their entirety. We urge you to read the Indenture, the Notes, the Security Documents and the Intercreditor Agreement because they, and not this description, define your rights as Holders of the Notes. Copies of the Indenture, the form of Notes, the Security Documents and the Intercreditor Agreement are available as set forth in this Offering Memorandum under the caption "*Listing and General Information*."

Upon satisfaction of the conditions to the release of the amounts deposited in the Escrow Account (as defined below), the gross proceeds from the Offering will be used, to (i) repay amounts outstanding under the Existing Notes; (ii) pay certain call premiums and accrued interest on the Existing Notes; (iii) repay certain existing other indebtedness; (iv) finance the acquisitions of Chase Templeton Holdings Limited and its subsidiaries and Ryan Direct Group Limited and its subsidiaries; (v) pay certain costs, fees and expenses and (vi) add cash to the balance sheet. Pending the Issuer acquiring, directly or indirectly, Nevada Investments Topco Limited ("**Nevada**") and the satisfaction of certain other conditions as described below, the Initial Purchasers will, concurrently with the closing of the offering of the Notes on the Issue Date, deposit the gross proceeds of the offering of the Notes into one or more escrow accounts (the "**Escrow Account**") pursuant to the terms of an escrow deed (the "**Escrow Agreement**") dated on or about the Issue Date among the Issuer, the Trustee and Citibank, N.A., London Branch, as escrow agent (the "**Escrow Agent**").

If the Issuer does not acquire, directly or indirectly, Nevada or the other conditions to the release of the Escrowed Property (as defined below), as more fully described below under the caption "*—Escrow of Proceeds; Special Mandatory Redemption*," have not been satisfied on or prior to December 31, 2017 (the "*Escrow Longstop Date*"), or upon the occurrence of certain other events, the Notes will be redeemed at a price equal to 100% of the initial issue price of the Notes plus accrued and unpaid interest from the Issue Date to the Special Mandatory Redemption Date (as defined below) and Additional Amounts, if any. See "*—Escrow of Proceeds; Special Mandatory Redemption*."

The Indenture will be subject to the terms of the Intercreditor Agreement and any Additional Intercreditor Agreement (as defined below). The terms of the Intercreditor Agreement are important to understanding relative ranking of indebtedness and security, the ability to make payments in respect of the indebtedness, procedures for undertaking enforcement action, subordination of certain indebtedness, turnover obligations, release of security and guarantees, and the payment waterfall for amounts received by the Security Agent.

The registered Holder of a Note will be treated as the owner of it for all purposes. Only registered Holders will have rights under the Indenture, including, without limitation, with respect to enforcement and the pursuit of other remedies. The Notes have not been, and will not be, registered under the U.S. Securities Act and are subject to certain transfer restrictions.

As of the Issue Date, all of our Subsidiaries will be "Restricted Subsidiaries" for purposes of the Indenture. However, under the circumstances described below under "—Certain *Definitions—Unrestricted Subsidiary*," we will be permitted to designate certain of our Subsidiaries as "Unrestricted Subsidiaries." Our Unrestricted

Subsidiaries will not be subject to any of the restrictive covenants in the Indenture and will not guarantee the Notes.

The Notes

The Notes will:

- be general senior obligations of the Issuer, secured as set forth under "*—Security*";
- rank *pari passu* in right of payment with any existing and future Indebtedness of the Issuer that is not expressly subordinated in right of payment to the Notes, including the obligations of the Issuer under the Revolving Credit Facility and certain Hedging Obligations;
- rank senior in right of payment to any existing and future Indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes;
- be effectively subordinated to any existing or future Indebtedness or obligation of the Issuer and its Subsidiaries that is secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such Indebtedness;
- be guaranteed by the Guarantors as described under "*—The Note Guarantees*";
- be structurally subordinated to any existing or future Indebtedness of the Subsidiaries of the Issuer that are not Guarantors, including obligations to trade creditors;
- mature on , 2022; and
- be represented by one or more registered notes in global registered form, but in certain circumstances may be represented by Definitive Registered Notes (see "*Book-Entry, Delivery and Form*").

All of the operations of the Issuer will be conducted through its subsidiaries (the "**Group**") and, therefore, the Issuer will depend on the cash flow of the Group to meet its obligations, including its obligations under the Notes. Under applicable local regulations, cash and cash equivalents held by the Group can only be upstreamed to their direct or indirect parent entities, including to the Issuer for purposes of servicing the Notes, to the extent that sufficient profits available for distribution exist within these legal entities and that they continue to meet relevant minimum regulatory capital requirements, as applicable. As of March 31, 2017, after giving *pro forma* effect to the Transactions as if they had occurred on that date, the Issuer and its consolidated Subsidiaries would have had £800 million of secured Indebtedness. In addition, there would have been £90 million available for drawing under the Revolving Credit Facility.

The Note Guarantees

General

As of the Issue Date, the Notes will not be guaranteed. The Notes will be guaranteed on the Completion Date by KIRS Finco plc, Nevada Investment Holdings 5 Limited, Nevada Investment Holdings 6 Limited, Nevada Investment Holdings 7 Limited and Nevada Investments Topco Limited. We will within 60 days of the Completion Date procure that additional Restricted Subsidiaries accede to the Indenture as Guarantors. At such time the Guarantors will represent at least 80% of the Consolidated Pro Forma Adjusted EBITDA as set out in this offering memorandum (the "**Initial Guarantors**"). In addition, if required by the covenant described under "*—Certain Covenants—Limitation on Additional Guarantees*," subject to the Intercreditor Agreement and the Agreed Security Principles, certain other Restricted Subsidiaries may provide a Note Guarantee in the future (the "**Additional Guarantors**" and, together with the Initial Guarantors, the "**Guarantors**"). The Note Guarantees will be joint and several obligations of the Guarantors.

The Note Guarantee of each Guarantor will:

- be a general senior obligation of that Guarantor, secured as set forth under "*—Security*";
- rank *pari passu* in right of payment with any existing and future Indebtedness of that Guarantor that is not expressly subordinated in right of payment to such Note Guarantee (including Indebtedness Incurred under the Revolving Credit Facility and certain Hedging Obligations);
- rank senior in right of payment to any existing and future Indebtedness of such Guarantor that is expressly subordinated in right of payment to such Note Guarantee;

- be effectively subordinated to any existing or future Indebtedness or obligation of such Guarantor that is secured by property and assets that do not secure such Note Guarantee, to the extent of the value of the property and assets securing such Indebtedness; and
- be structurally subordinated to any existing or future Indebtedness of the Subsidiaries of such Guarantor that are not Guarantors, including obligations to trade creditors.

The obligations of a Guarantor under its Note Guarantee will be limited as necessary to prevent the relevant Note Guarantee from constituting a fraudulent conveyance, preference, transfer at under value or unlawful financial assistance under applicable law, or otherwise to reflect corporate benefit rules, "thin capitalization" rules, retention of title claims, laws on the preservation of share capital, limitations of corporate law, regulations or defenses affecting the rights of creditors generally or other limitations under applicable law which, among other things, might limit the amount that can be guaranteed by reference to the net assets and legal capital of the relevant Guarantor. Additionally, the Note Guarantees will be subject to certain corporate law procedures being complied with. The Note Guarantees will be further limited as required under the Agreed Security Principles which apply to and restrict the granting of guarantees and security in favor of obligations under the Revolving Credit Facility and the Notes where, among other things, any such grant would be restricted by general statutory or other legal limitations or requirements and may be precluded if the cost of such grant is disproportionate to the benefit to the creditors, including the Holders, of obtaining the applicable guarantee. By virtue of these limitations, a Guarantor's obligation under its Note Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Note Guarantee.

Claims of creditors of non-Guarantor Restricted Subsidiaries, including trade creditors and creditors holding debt and guarantees issued by those Restricted Subsidiaries, and claims of preferred stockholders (if any) of those Restricted Subsidiaries and minority stockholders of non-Guarantor Restricted Subsidiaries (if any) generally will have priority with respect to the assets and earnings of those Restricted Subsidiaries over the claims of creditors of the Issuer and the Guarantors, including Holders of the Notes. The Notes and each Note Guarantee therefore will be structurally subordinated to creditors (including trade creditors) and preferred stockholders (if any) of Restricted Subsidiaries of the Issuer (other than the Guarantors) and minority stockholders of non-Guarantor Restricted Subsidiaries (if any). Although the Indenture will limit the Incurrence of Indebtedness, Disqualified Stock and Preferred Stock of Restricted Subsidiaries, the limitation is subject to a number of significant exceptions. Moreover, the Indenture will not impose any limitation on the Incurrence by Restricted Subsidiaries of liabilities that are not considered Indebtedness, Disqualified Stock or Preferred Stock under the Indenture. See "*—Certain Covenants—Limitation on Indebtedness*."

Note Guarantees Release

The Note Guarantee of a Guarantor will terminate and release:

- upon a sale or other disposition (including by way of consolidation or merger) of the Capital Stock of the relevant Guarantor (whether by direct sale or sale of a holding company), if the sale or other disposition does not violate the Indenture and the Guarantor ceases to be a Restricted Subsidiary as a result of the sale or other disposition;
- upon the sale or disposition (including by way of consolidation or merger) of all or substantially all the assets of the Guarantor (other than to the Issuer or any of its Restricted Subsidiaries), if the sale or other disposition does not violate the Indenture;
- upon the designation in accordance with the Indenture of the Guarantor as an Unrestricted Subsidiary;
- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Notes, as provided in "*—Defeasance*" and "—Satisfaction *and Discharge*";
- upon the release of the Guarantor's Note Guarantee under any Indebtedness that triggered such Guarantor's obligation to guarantee the Notes under the covenant described in "*—Certain Covenants—Limitation on Additional Guarantees*";
- in accordance with an enforcement action pursuant to the provisions of the Intercreditor Agreement or any Additional Intercreditor Agreement;
- as described under "*—Amendments and Waivers*";
- in connection with the implementation of a Permitted Reorganization;
- with respect to an entity that is not the successor Guarantor, as a result of a transaction permitted by "*—Certain Covenants—Merger and Consolidation—The Guarantors*"; or

- in connection with any regulatory redress liability management exercise pursuant to clause (22) of the definition of Asset Disposition or clause (21) of the definition of Permitted Investments.

The Trustee and the Security Agent shall take all necessary actions reasonably requested in writing by the Issuer, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release of a Note Guarantee in accordance with these provisions, subject to customary protections and indemnifications. Each of the releases set forth above shall be effected by the Trustee and the Security Agent without the consent of or liability to the Holders or any other action or consent on the part of the Trustee or the Security Agent.

Principal, Maturity and Interest

On the Issue Date, the Issuer will issue £ million in aggregate principal amount of Fixed Rate Sterling Notes, £ million in aggregate principal amount of Floating Rate Sterling Notes and $ million in aggregate principal amount of Dollar Notes. The Notes will mature on , 2022. The Sterling Notes will be issued in minimum denominations of £100,000 and integral multiples of £1,000 in excess thereof and the Dollar Notes will be issued in minimum denominations of $200,000 and integral multiples of $1,000 in excess thereof.

Interest on the Fixed Rate Sterling Notes will accrue at the rate of % *per annum* and interest on the Dollar Notes will accrue at the rate of % *per annum*. Interest on the Fixed Rate Sterling Notes and the Dollar Notes will:

- accrue from the Issue Date or, if interest has already been paid, from the date it was most recently paid;
- be payable in cash semi-annually in arrears on and , commencing on , 2018;
- be payable to the holder of record of the Fixed Rate Sterling Notes and the Dollar Notes on and immediately preceding the related interest payment date; and
- be computed on the basis of a 360-day year comprised of twelve 30-day months.

Interest on the Sterling Floating Rate Notes will accrue at a rate per annum (the "*Applicable Rate*"), reset quarterly, equal to the sum of (i) GBP LIBOR plus (ii) %, as determined by the Calculation Agent. Interest on the Sterling Floating Rate Notes will:

- accrue from the Issue Date or, if interest has already been paid, from the date it was most recently paid;
- be payable in cash quarterly in arrears on each , , and , commencing on , 2017;
- be payable to the holder of record of such Notes on , , and , immediately preceding the related interest payment date; and
- be computed on the basis of a 360 day year and the actual number of days elapsed in the Interest Period.

Set forth below is a summary of certain of the provisions from the Indenture relating to the calculation of interest on the Sterling Floating Rate Notes.

"**Determination Date**", with respect to an Interest Period, will be the day that is the first day of such Interest Period or, if such day is not a Business Day, the last Business Day immediately preceding such day.

"**GBP LIBOR**", with respect to an Interest Period, will be the rate (expressed as a percentage per annum) for deposits in pounds sterling for a three-month period beginning on (and including) the Determination Date that appears on Reuters Page LIBOR01 or any successor page as of 11:00 a.m. London time, on the Determination Date. If Reuters Page LIBOR01 or any successor page does not include such a rate or is unavailable on a Determination Date, the Calculation Agent will request the principal London office of each of four major banks in the London interbank market, as selected by the Issuer to provide such bank's offered quotation (expressed as a percentage per annum) as of approximately 11:00 a.m., London time, on such Determination Date, to prime banks in the London interbank market for deposits in a Representative Amount in pounds sterling for a three-month period beginning on (and including) the Determination Date. If at least two such offered quotations are so provided, the rate for the Interest Period will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, the rate for the Interest Period will be the arithmetic mean of such rates quoted by major banks in London, selected by the Issuer, at approximately 11:00 a.m., London time, on the Determination Date for loans in pounds sterling to leading European banks for a three-month period beginning on (and including) the Determination Date and in a Representative Amount. If the relevant GBP LIBOR rate is still not determined on the relevant Determination Date in accordance with the foregoing procedures, then the GBP LIBOR for the Interest Period will be the rate in effect with respect to the immediately preceding Interest Period. Under no circumstances will GBP LIBOR be lower than zero.

"**Interest Period**" means the period commencing on and including an interest payment date and ending on and including the day immediately preceding the next succeeding interest payment date, with the exception that the first Interest Period shall commence on and include the Issue Date and end on and include 31 July 2017.

"**Representative Amount** " means the greater of (1) £1.0 million and (2) an amount that is representative for a single transaction in the relevant market at the relevant time.

"**Reuters Page LIBOR01**" means the display page so designated on Reuters (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor).

The Calculation Agent shall, as soon as practicable after 11:00 a.m. (London time) on each Determination Date, determine the Applicable Rate and calculate the aggregate amount of interest payable in respect of the following Interest Period (the "**Interest Amount**"). The Interest Amount shall be calculated by applying the Applicable Rate to the principal amount of each Sterling Floating Rate Note outstanding at the commencement of the Interest Period, multiplying each such amount by the actual amounts of days in the Interest Period concerned divided by 365. All percentages resulting from any of the above calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point, with five one-millionths of a percentage point being rounded upwards (e.g., 4.876545% (or .04876545) being rounded to 4.87655% (or .0487655)). All pound sterling amounts used in or resulting from such calculation will be rounded to the nearest pence (with one-half pence being rounded upwards). The determination of the Applicable Rate and the Interest Amount by the Calculation Agent shall, in the absence of wilful default, bad faith or manifest error, be final and binding on all parties. In no event will the rate of interest on the Sterling Floating Rate Notes be higher than the maximum rate permitted by applicable law, *provided, however*, that the Calculation Agent shall not be responsible for verifying that the rate of interest on the Sterling Floating Rate Notes is permitted under any applicable law.

Interest on overdue principal, interest, premium or Additional Amounts will accrue at a rate that is 1% higher than the rate of interest otherwise applicable to the Notes.

If the due date for any payment in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

Additional Notes

From time to time, subject to the Issuer's compliance with the covenants described under "*—Certain Covenants—Limitation on Indebtedness*" and "*—Certain Covenants—Limitation on Liens*," the Issuer is permitted to issue additional Notes of the same or different series, which shall have terms substantially identical to the Notes except in respect of any of the following terms which shall be set forth in an Officer's Certificate supplied to the Trustee ("***Additional Notes***"):

(1) the title of such Additional Notes;

(2) the aggregate principal amount of such Additional Notes;

(3) the date or dates on which such Additional Notes will be issued;

(4) the rate or rates (which may be fixed or floating) at which such Additional Notes shall bear interest and, if applicable, the interest rate basis, formula or other method of determining such interest rate or rates, the date or dates from which such interest shall accrue, the interest payment dates on which such interest shall be payable or the method by which such dates will be determined, the record dates for the determination of holders thereof to whom such interest is payable and the basis upon which such interest will be calculated;

(5) the currency or currencies in which such Additional Notes shall be denominated and the currency in which cash or government obligations in connection with such series of Additional Notes may be payable;

(6) the date or dates and price or prices at which, the period or periods within which, and the terms and conditions upon which, such Additional Notes may be redeemed, in whole or in part;

(7) if other than in denominations of £100,000 or $200,000, as the case may be, and in integral multiples of £1,000 or $1,000, as the case may be, in excess thereof, the denominations in which such Additional Notes shall be issued and redeemed;

(8) the ISIN, Common Code, CUSIP or other securities identification numbers with respect to such Additional Notes; and

(9) any relevant limitation language with respect to Note Guarantees and Security Documents.

All series of Additional Notes will be treated, along with all other Notes, as a single class for the purposes of the Indenture with respect to waivers, amendments and all other matters which are not specifically distinguished for any applicable series; *provided*, that if the Additional Notes are not fungible with Notes originally issued for U.S. federal income tax purposes, such Additional Notes will be issued with a separate ISIN, Common Code, CUSIP or other securities identification number, as applicable, from the Notes originally issued. Unless the context otherwise requires, for all purposes of the Indenture and this "*Description of the Senior Secured Notes*," references to "*Notes*" shall be deemed to include references to the Notes initially issued on the Issue Date as well as any Additional Notes. Additional Notes may be designated to be of the same series as the Notes initially issued on the Issue Date, but only if they have terms substantially identical in all material respects to the Notes initially issued on the Issue Date, and shall be deemed to form one series therewith, and references to the Notes shall be deemed to include the Notes initially issued on the Issue Date as well as any such Additional Notes.

Methods of Receiving Payments on the Notes

Principal, interest and premium and Additional Amounts, if any, on the Global Notes (as defined below) will be made by one or more Paying Agents by wire transfer of immediately available funds to the account specified by the registered Holder thereof (being the common depositary or its nominee for DTC, Euroclear and Clearstream).

Principal, interest and premium, and Additional Amounts, if any, on any certificated securities ("*Definitive Registered Notes*") will be payable at the specified office or agency of one or more Paying Agents maintained for such purposes in the City of London. In addition, interest on the Definitive Registered Notes may be paid, at the option of the Issuer, by check mailed to the address of the Holder entitled thereto as shown on the register of Holders of Notes for the Definitive Registered Notes. See "*—Paying Agent and Registrar for the Notes*" below.

Paying Agent and Registrar for the Notes

The Issuer will maintain one or more Paying Agents for the Notes in the City of London (including the initial Paying Agent). The initial Paying Agent will be Citibank, N.A., London Branch (the "***Paying Agent***").

The Issuer will also maintain a registrar (the "***Registrar***") and a transfer agent (the "***Transfer Agent***"). The initial Registrar will be Citibank, N.A., London Branch and the initial Transfer Agent will be Citibank, N.A., London Branch. The Registrar will maintain a register reflecting ownership of the Notes outstanding from time to time, if any, and together with the Transfer Agent, will facilitate transfers of the Notes on behalf of the Issuer. A register of the Notes shall be maintained at the registered office of the Issuer. In case of inconsistency between the register of the Notes kept by the Registrar and the one kept by the Issuer at its registered office, the register kept by the Issuer shall prevail.

The Issuer may change any Paying Agent, Calculation Agent, Registrar or Transfer Agent for the Notes without prior notice to the Holders of the Notes. However, for so long as the Notes are listed on the Official List of the Channel Islands Securities Exchange Authority and the rules of the Channel Islands Securities Exchange Authority so require, the Issuer will notify the Channel Islands Securities Exchange Authority of any change of Paying Agent, Registrar or Transfer Agent. The Issuer or any of its Subsidiaries may act as Paying Agent or Registrar in respect of the Notes.

Transfer and Exchange

The Notes will be issued in the form of several registered notes in global form without interest coupons, as follows:

- each series of Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "***144A Global Notes***"). The 144A Global Notes representing the Sterling

Notes will, on the Issue Date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream and the 144A Global Notes representing the Dollar Notes will, on the Issue Date, be deposited with a custodian for DTC and registered in the name of Cede & Co., as nominee of DTC; and

- each series of Notes sold outside the United States pursuant to Regulation S under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "***Regulation S Global Notes***" and, together with the 144A Global Notes, the "***Global Notes***"). The Regulation S Global Notes representing the Sterling Notes will, on the Issue Date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream and the Regulation S Global Notes representing the Dollar Notes will, on the Issue Date, be credited within DTC for the accounts of Euroclear and Clearstream.

Ownership of interests in the Global Notes ("***Book-Entry Interests***") will be limited to persons that have accounts with DTC, Euroclear and Clearstream or persons that may hold interests through such participants.

Ownership of Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "*Transfer Restrictions*." In addition, transfers of Book-Entry Interests between participants in DTC, participants in Euroclear or participants in Clearstream will be effected by DTC, Euroclear and Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by DTC, Euroclear or Clearstream and their respective participants.

Book-Entry Interests in the 144A Global Notes (the "***144A Book-Entry Interests***") may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes (the "***Regulation S Book-Entry Interests***") denominated in the same currency only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

Subject to the foregoing, Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Transfer Restrictions*" and in accordance with any applicable securities law of any other jurisdiction.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of £100,000 or $200,000 principal amount, as the case may be, and integral multiples of £1,000 or $1,000, as the case may be, in excess thereof, upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by DTC, Euroclear or Clearstream, as applicable, from the participant which owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "*Transfer Restrictions*."

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of £100,000 or $200,000, as the case may be, in principal amount and integral multiples of £1,000 or $1,000, as the case may be, in excess thereof. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging Holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at DTC, Euroclear or Clearstream, where appropriate, to furnish certain certificates and opinions, and to pay any Taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any Taxes payable in connection with such transfer.

Notwithstanding the foregoing, the Registrar and the Transfer Agent are not required to register the transfer or exchange of any Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of the applicable Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of the applicable Notes to be redeemed in part;

(3) for a period of 15 days prior to the record date with respect to any interest payment date; or

(4) which the Holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Disposition Offer.

The Issuer, the Trustee, the Paying Agents, the Transfer Agent and the Registrar will be entitled to treat the registered Holder of a Note as the owner thereof for all purposes.

Escrow of Proceeds; Special Mandatory Redemption

Concurrently with, or prior to, the closing of this offering of Notes on the Issue Date, the Issuer will enter into the Escrow Agreement with the Trustee and the Escrow Agent, pursuant to which the Initial Purchasers will deposit with the Escrow Agent an amount equal to the gross proceeds of this offering of the Notes sold on the Issue Date into the applicable Escrow Account. The Escrow Account, together with the Escrowed Property (as defined below), will be pledged on a first-ranking basis in favor of the Trustee for the benefit of the holders of the Notes, pursuant to an escrow charge dated the Issue Date between the Issuer, the Escrow Agent and the Trustee (the "***Escrow Charge***"). The initial funds deposited in the applicable Escrow Account, and all other funds, securities, interest, dividends, distributions and other property and payments credited to the Escrow Account (less any property and/or funds released in accordance with the Escrow Agreement) are referred to, collectively, as the "***Escrowed Property***."

In order to cause the Escrow Agent to release the Escrowed Property to the Issuer (the "*Release*"), the Escrow Agent and the Trustee shall have received from the Issuer, at a time that is on or before the Escrow Longstop Date, an Officer's Certificate, upon which both the Escrow Agent and the Trustee shall rely, without further investigation, to the effect that:

- promptly following the release of the Escrowed Property, the Issuer will own, directly or indirectly, the entire issued share capital of each of KIRS Finco plc and Nevada on substantially the same terms as described in this Offering Memorandum, except in a manner that would not adversely affect the interests of the holders of the Notes in material respects, following the FCA having given notice approving the acquisition of such share capital;
- promptly following the release of the Escrowed Property, Nevada will own, directly or indirectly, the issued share capital of Chase Templeton Holdings Limited, subject to interests owned by management as described in this Offering Memorandum, in accordance with the share purchase agreement dated May 2, 2017 as amended or supplemented (including through waivers) in a manner that would not adversely affect the interests of the holders of the Notes in material respects;
- promptly following the release of the Escrowed Property, Nevada will own, directly or indirectly, the issued share capital of Ryan Direct Group Limited, subject to interests owned by management as described in this Offering Memorandum in accordance with the share purchase agreement dated April 13, 2017 as amended or supplemented (including through waivers) in a manner that would not adversely affect the interests of the holders of the Notes in material respects;
- promptly following the release of the Escrowed Property, the Existing Notes will be satisfied and discharged; and
- as of the Completion Date, there is no Event of Default under clause (5) of the first paragraph under the heading titled "*Events of Default*" below with respect to the Issuer.

Upon the Release, the balance of the Escrow Account shall be reduced to zero, and the Escrowed Property shall be released in accordance with the Escrow Agreement.

In the event that (a) the Completion Date does not take place on or prior to the Escrow Longstop Date, (b) the Issuer notifies the Escrow Agent that in the reasonable judgment of the Issuer, the Issuer will not acquire, directly or indirectly, KIRS Finco plc or Nevada by the Escrow Longstop Date or Nevada will not acquire, directly or indirectly, Chase Templeton Holdings Limited or Ryan Direct Group Limited, or (c) an Event of Default arises under clause (5) of the first paragraph under the heading titled "*Events of Default*" below with respect to the Issuer on or prior to the Escrow Longstop Date (the date of any such event being the "***Special Termination Date***"), the Issuer will redeem all of the Notes (the "***Special Mandatory Redemption***") at a price (the "***Special Mandatory Redemption Price***") equal to 100% of the aggregate issue price of the Notes, plus accrued but unpaid interest from the Issue Date to the Special Mandatory Redemption Date (as defined below) and Additional Amounts, if any.

Notice of the Special Mandatory Redemption will be delivered by the Issuer, no later than two Business Days following the Special Termination Date, to the Trustee and the Escrow Agent, and will provide that the Notes shall be redeemed on a date that is no later than the fifth Business Day after such notice is given by the Issuer in accordance with the terms of the Escrow Agreement (the "***Special Mandatory Redemption Date***"). On the Special Mandatory Redemption Date, the Escrow Agent shall pay to the Paying Agent for payment to each Holder the Special Mandatory Redemption Price for such Holder's Notes and, concurrently with the payment to such Holders, deliver any excess Escrowed Property (if any) to the Issuer.

In the event that the Special Mandatory Redemption Price payable upon such Special Mandatory Redemption exceeds the amount of the Escrowed Property, Nevada Investments Holdings 2 Limited will be required to fund certain shortfalls in the Escrow Account, including accrued and unpaid interest on the Notes and Additional Amounts, if any, owing to the holders of the Notes, pursuant to a guarantee it will provide. See "*Risk Factors—Risks Related to the Transactions—The Acquisitions may not be completed and you may not obtain the return that you expect on the Notes*."

To secure the payment of the Special Mandatory Redemption Price, the Issuer will grant to the Trustee for the benefit of the Holders of the Notes a security interest over the Escrow Account and the Escrowed Property. Receipt by the Trustee of either an Officer's Certificate for the release or a notice of Special Mandatory Redemption (provided funds sufficient to pay the Special Mandatory Redemption Price are in the Escrow Account) shall constitute deemed consent by the Trustee for the release of the Escrowed Property from the Escrow Charge.

If at the time of such Special Mandatory Redemption, the Notes are listed on the Official List of the Channel Islands Securities Exchange Authority and the rules of the Channel Islands Securities Exchange Authority so require, the Issuer will notify the Channel Islands Securities Exchange Authority that the Special Mandatory Redemption has occurred and any relevant details relating to such special mandatory redemption.

Security

General

On the Issue Date, the Notes will be secured by a first ranking security interest in the Escrowed Property (the "***Issue Date Collateral***").

On the Completion Date, subject to the terms of the Security Documents and the Agreed Security Principles, the Notes will be secured by first-priority security interests ranking *pari passu* with the security interests securing the Revolving Credit Facility and certain hedging obligations (collectively, the "***Super Senior Obligations***") (subject to the provisions of the Intercreditor Agreement) over the shares of the Issuer held by of KIRS Midco 2 plc ("***Holdco***") and substantially all of the assets (other than excluded assets) of the Issuer, KIRS Finco plc, Nevada Investment Holdings 5 Limited, Nevada Investment Holdings 6 Limited, Nevada Investment Holdings 7 Limited and Nevada Investments Topco Limited (excluding, for the avoidance of doubt, the shares in Atlanta Investment Holdings 3 Limited).

Within 60 days of the Completion Date, the Notes will be secured, subject to the terms of the Security Documents and the Agreed Security Principles, the Notes will be secured by first-priority security interests ranking *pari passu* with the Super Senior Obligations (subject to the provisions of the Intercreditor Agreement) over substantially all the assets (other than excluded assets) of the Towergate Guarantors, the Nevada Guarantors, the Direct Group Guarantors and the Chase Templeton Guarantors.

As described above, the Collateral will also secure the liabilities under the Revolving Credit Facility, certain Hedging Obligations and any Additional Notes and may also secure certain future Indebtedness. The proceeds from the enforcement of the Collateral may not be sufficient to satisfy the obligations owed to the Holders of the

Notes. No appraisals of the Collateral have been made in connection with this issuance of Notes. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, the Collateral may not be able to be sold in a short period of time, or at all.

Notwithstanding the provisions of the covenant described below under "*—Certain Covenants—Limitation on Liens*," certain property, rights and assets may not be pledged, and any pledge over property, rights and assets may be limited (or the Liens not perfected), in accordance with the Agreed Security Principles, including (but not limited to) if:

- providing such security or guarantee would be prohibited by general legal and statutory limitations, regulatory requirements or restrictions, financial assistance, corporate benefit, fraudulent preference, "earnings stripping," "controlled foreign corporation," "transfer pricing" or "thin capitalization rules", tax restrictions, retention of title claims and similar principles; *provided* that the Issuer, shall use reasonable endeavors to assist in demonstrating that adequate corporate benefit accrues to the Issuer or the relevant Guarantor;
- providing such security or guarantee would require the consent of any third party, supervisory board or works council(or equivalent), unless such consent has been received; *provided* that reasonable endeavors (exercised for a specified period of time) have been used by the Issuer or the relevant Guarantor, as applicable, to obtain the relevant consent in certain circumstances;
- (subject to certain exceptions) the time and cost of providing such security or guarantee (including adverse effects on taxes, interest deductibility, stamp duty, notarial costs and registration taxes) is disproportionate to the benefit accruing to the holders;
- the assets are subject to third-party arrangements which may prevent those assets from being secured (or are assets which, if secured, would give a third party the right to terminate or otherwise amend any rights, benefits and/or obligations of either the Issuer or any of the Restricted Subsidiaries in respect of those assets or require such entity to take any action materially adverse to the interests of the Issuer and the Restricted Subsidiaries or any member thereof); *provided* that reasonable endeavors (exercised for a specified period of time) to obtain consent to charging any such assets shall be used by the Issuer or the relevant Guarantor, as applicable, in certain circumstances if the relevant asset is material and such endeavours will not involve placing relationships with third parties in jeopardy;
- providing such security or guarantee would not be within the legal capacity of the Issuer or the relevant Restricted Subsidiary, or if the same would conflict with the fiduciary or statutory duties of those directors or contravene any legal, regulatory or contractual prohibition or have the potential to result in a material risk of personal or criminal liability on the part of any director or officer; *provided* that the Issuer or the relevant Restricted Subsidiary, as applicable, shall use reasonable endeavors to overcome any such obstacle; and
- the assets are those of any joint venture, similar arrangement or any minority interest or any Restricted Subsidiary that is not wholly owned by another Restricted Subsidiary.

For further information regarding limitations arising under or imposed by local law and defenses generally available to providers of Collateral (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose or benefit, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law, see "*Certain Limitations on Validity and Enforceability of the Note Guarantees and the Collateral and Certain Insolvency Law Considerations*."

Priority

The relative priority with regard to the security interests in the Collateral that are created by the Security Documents (the "***Security Interests***" and each, a "***Security Interest***") as between (a) the lenders under the Revolving Credit Facility, (b) the counterparties under certain Hedging Obligations, (c) the Trustee, the Security Agent and the Holders of the Notes under the Indenture and (d) the creditors of certain other Indebtedness permitted to be secured by the Collateral, respectively, is established by the terms of the Intercreditor Agreement and the Security Documents, which provide, among other things, that the obligations under the Revolving Credit Facility, certain Hedging Obligations and the Notes are secured equally and ratably by first priority Security Interests; however, under the terms of the Intercreditor Agreement, the Holders of the Notes will only receive proceeds from the enforcement of the Collateral after certain super senior priority obligations including (i) obligations under the Revolving Credit Facility and (ii) certain priority Hedging Obligations have been paid in full. In addition, pursuant to the Intercreditor Agreement or Additional Intercreditor Agreements entered into after the Issue Date, the Collateral may be pledged to secure other Indebtedness. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*," "*—Release of Liens*," "*—Certain Covenants—Impairment of Security Interest*" and "*—Certain Definitions—Permitted Collateral Liens*."

Security Documents

Under the Security Documents, Holdco, the Issuer and certain of the Guarantors have granted, or will grant, security over the Collateral to secure the payment when due of the Issuer's and the Guarantors' payment obligations under the Notes, the Note Guarantees and the Indenture. The Security Documents have been, or will be, entered into by the relevant security provider and the Security Agent as agent for the secured parties. When entering into the Security Documents, the Security Agent has acted in its own name, but for the benefit of the secured parties (including itself, the Trustee and the holders of Notes from time to time). Under the Intercreditor Agreement, the Security Agent will also act as an agent of the lenders under the Revolving Credit Facility and the counterparties under certain Hedging Obligations.

The Indenture and the Intercreditor Agreement provide that, to the extent permitted by the applicable laws, only the Security Agent will have the right to enforce the Security Documents on behalf of the Trustee and the holders of the Notes. As a consequence of such contractual provisions, holders of the Notes will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee under the Indenture, who will (subject to the provisions of the Indenture) provide instructions to the Security Agent in respect of the enforcement of the Collateral. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

The Indenture will provide that, subject to the terms thereof and of the Security Documents and the Intercreditor Agreement, the Notes and the Note Guarantees, as applicable, will be secured by Security Interests in the Collateral until all obligations under the Notes, the Note Guarantees and the Indenture have been discharged. However, the Security Interests with respect to the Notes and the Indenture may be released under certain circumstances as provided under "*—Release of Liens*."

In the event that the Issuer or its Subsidiaries enter into insolvency, bankruptcy or similar proceedings, the Security Interests created under the Security Documents or the rights and obligations enumerated in the Intercreditor Agreement could be subject to potential challenges. If any challenge to the validity of the Security Interests or the terms of the Intercreditor Agreement were successful, the Holders may not be able to recover any amounts under the Security Documents.

Subject to the terms of the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement, Holdco, the Issuer and the Guarantors will have the right to remain in possession and retain exclusive control of the Collateral securing the Notes, to freely operate the property and assets constituting Collateral and to collect, invest and dispose of any income therefrom (including any and all dividends, distributions or similar cash and non-cash payments in respect of Capital Stock of the Guarantors that is part of the Collateral).

Enforcement of Security Interest

The Indenture and the Intercreditor Agreement restrict the ability of the Holders or the Trustee to enforce the Security Interests and provide for the release of the Security Interests created by the Security Documents in certain circumstances upon enforcement by the lenders under the Revolving Credit Facility or certain hedge counterparties. The ability to enforce may also be restricted by similar arrangements in relation to future Indebtedness that is secured on the Collateral in compliance with the Indenture and the Intercreditor Agreement. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

The creditors under the Revolving Credit Facility and the counterparties to Hedging Obligations secured by the Collateral will appoint the Security Agent to act as their respective agent under the Intercreditor Agreement and the security documents securing such Indebtedness, including the Security Documents. The creditors under the Revolving Credit Facility and the counterparties to Hedging Obligations secured by the Collateral and the Trustee have authorized the Security Agent to (i) perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement and the security documents securing such Indebtedness, together with any other incidental rights, power and discretions; and (ii) execute each Security Document, waiver, modification, amendment, renewal or replacement expressed to be executed by the relevant Security Agent on its behalf.

Intercreditor Agreement; Additional Intercreditor Agreements; Agreement to be Bound

The Indenture will provide that it will be subject to the provisions of the Intercreditor Agreement and that the Issuer and the Trustee will be authorized (without any further consent of the Holders of the Notes) to enter into the Intercreditor Agreement and to give effect to its provisions.

The Indenture will also provide that each Holder of the Notes, by accepting such Note, will be deemed to have:

(1) appointed and authorized the Security Agent and the Trustee to give effect to the provisions in the Intercreditor Agreement, any Additional Intercreditor Agreements and the Security Documents;

(2) agreed to be bound by the provisions of the Intercreditor Agreement, any Additional Intercreditor Agreements and the Security Documents; and

(3) irrevocably appointed the Security Agent and the Trustee to act on its behalf to enter into and comply with the provisions of the Intercreditor Agreement, any Additional Intercreditor Agreements and the Security Documents.

Similar provisions to those described above may be included in any Additional Intercreditor Agreement (as defined below) entered into in compliance with the provisions described under "*—Certain Covenants—Additional Intercreditor Agreements*."

Release of Liens

Holdco, the Issuer and its Subsidiaries will be entitled to release the Security Interests in respect of the Collateral under any one or more of the following circumstances:

(1) in connection with any sale or other disposition of Collateral to a Person that is not the Issuer or a Restricted Subsidiary (but excluding any transaction subject to "*—Certain Covenants—Merger and Consolidation*"), if such sale or other disposition does not violate the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" or is otherwise permitted in accordance with the Indenture;

(2) in the case of a Guarantor that is released from its Note Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and Capital Stock, of such Guarantor;

(3) as described under "—Amendments and Waivers";

(4) upon payment in full of principal, interest and all other obligations on the Notes or legal defeasance, covenant defeasance or satisfaction and discharge of the Notes, as provided in "*—Defeasance*" and "*—Satisfaction and Discharge*";

(5) if the Issuer designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property and assets, and Capital Stock, of such Unrestricted Subsidiary;

(6) in connection with the implementation of a Permitted Reorganization;

(7) in connection with the granting of Liens on such property or assets, which may include Collateral, or the sale or transfer of such property or assets, which may include Collateral, in each case pursuant to a Qualified Receivables Financing;

(8) in connection with any disposal of Collateral to the Issuer or a Restricted Subsidiary; *provided* that such release is followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets in a manner consistent with, and pursuant to applicable formalities under, the covenant described under "*—Certain Covenants—Impairment of Security Interest*";

(9) with respect to the Security Interests in respect of the Capital Stock of a Person to be offered, within a reasonable time to facilitate an Initial Public Offering in which such Person is the IPO Entity; *provided* that such Security Interests so released shall be promptly granted or re-granted, as applicable, in favor of the Notes in the event that such Capital Stock is not sold or the Initial Public Offering does not complete for any reason;

(10) in connection with any regulatory redress liability management exercise pursuant to clause (23) of the definition Asset Disposition or clause (21) of the definition Permitted Investment; or

(11) as otherwise permitted in accordance with the Indenture.

In addition, the Security Interests created by the Security Documents will be released (a) in accordance with an enforcement action pursuant to the Intercreditor Agreement or any Additional Intercreditor Agreement and (b) as may be permitted by the covenant described under "*—Certain Covenants—Impairment of Security Interest*."

The Security Agent and the Trustee will take all necessary action reasonably requested in writing by the Issuer to effectuate any release of Collateral securing the Notes and the Note Guarantees, in accordance with the provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement and the relevant Security Document subject to customary protections and indemnifications. Each of the releases set forth above shall be effected by the Security Agent without the consent of the Holders or any action on the part of the Trustee (unless action is required by it to effect such release).

Optional Redemption

Fixed Rate Sterling Notes

Except as described below and except as described under "*—Redemption for Taxation Reasons*" and above under "*—Escrow of Proceeds; Special Mandatory Redemption,"* the Fixed Rate Sterling Notes are not redeemable until , 2022.

On and after , 2019, the Issuer may otherwise redeem all or, from time to time, part of the Fixed Rate Sterling Notes upon not less than 10 nor more than 60 days' written notice (except as permitted under "*—Selection and Notice—*" below), at the following redemption prices (expressed as a percentage of principal amount) plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period beginning on of the years indicated below:

Year	Redemption Price
2019	%
2020	%
2021 and thereafter	%

Prior to , 2019, the Issuer may on any one or more occasions redeem in the aggregate up to 40% of the original principal amount of the Fixed Rate Sterling Notes (including the original principal amount of any Additional Notes of the same series), upon not less than 10 or more than 60 days' notice, with funds in an aggregate amount (the "***Redemption Amount***") not exceeding the Net Cash Proceeds of one or more Equity Offerings at a redemption price (expressed as a percentage of principal amount) of % as of the date of the applicable redemption notice, plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided* that:

(1) at least 60% of the original principal amount of the Fixed Rate Sterling Notes (including the original principal amount of any Additional Notes of the same series) issued under the Indenture remain outstanding after each such redemption; and

(2) the redemption occurs within 180 days after the closing of such Equity Offering.

In addition, prior to , 2019, the Issuer may redeem all or, from time to time, a part of the Fixed Rate Sterling Notes upon not less than 10 nor more than 60 days' notice (except as permitted under "*—Selection and Notice—*" below), at a redemption price equal to 100% of the principal amount of the Fixed Rate Sterling Notes, plus the Sterling Fixed Rate Notes Applicable Premium and accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Dollar Notes

Except as described below and except as described under "*—Redemption for Taxation Reasons*" and above under "*—Escrow of Proceeds; Special Mandatory Redemption,"* the Dollar Notes are not redeemable until , 2022.

On and after , 2019, the Issuer may otherwise redeem all or, from time to time, part of the Dollar Notes upon not less than 10 nor more than 60 days' written notice (except as permitted under "*—Selection and*

Notice—" below), at the following redemption prices (expressed as a percentage of principal amount) plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period beginning on of the years indicated below:

Year	Redemption Price
2019	%
2020	%
2021 and thereafter	%

Prior to , 2019, the Issuer may on any one or more occasions redeem in the aggregate up to 40% of the original principal amount of the Dollar Notes (including the original principal amount of any Additional Notes of the same series), upon not less than 10 or more than 60 days' notice, with funds in an aggregate amount (the "***Redemption Amount***") not exceeding the Net Cash Proceeds of one or more Equity Offerings at a redemption price (expressed as a percentage of principal amount) of % as of the date of the applicable redemption notice, plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided* that:

(1) at least 60% of the original principal amount of the Dollar Notes (including the original principal amount of any Additional Notes of the same series) issued under the Indenture remain outstanding after each such redemption; and

(2) the redemption occurs within 180 days after the closing of such Equity Offering.

In addition, prior to , 2019, the Issuer may redeem all or, from time to time, a part of the Dollar Notes upon not less than 10 nor more than 60 days' notice (except as permitted under "*—Selection and Notice—*" below), at a redemption price equal to 100% of the principal amount of the Dollar Notes, plus the Dollar Notes Applicable Premium and accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Sterling Floating Rate Notes

Except as described below and except as described under "*—Redemption for Taxation Reasons*," the Sterling Floating Rate Notes are not redeemable until , 2018.

On and after , 2018, the Issuer may otherwise redeem all or, from time to time, part of the Sterling Floating Rate Notes upon not less than 10 nor more than 60 days' written notice (except as permitted under "*—Selection and Notice*" below), at the following redemption prices (expressed as a percentage of principal amount) plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period beginning on of the years indicated below:

Year	Redemption Price
2018	102.000%
2019	101.000%
2020 and thereafter	100.000%

In addition, prior to , 2018, the Issuer may redeem all or, from time to time, a part of the Sterling Floating Rate Notes upon not less than 10 nor more than 60 days' notice (except as permitted under "*—Selection and Notice*" below), at a redemption price equal to 100% of the principal amount of the Sterling Floating Rate Notes, plus the Sterling Floating Rate Notes Applicable Premium and accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Optional Redemption upon Certain Tender Offers

In connection with any tender offer for, or other offer to purchase, all of the Notes, if holders of not less than 90% of the aggregate principal amount of the then outstanding Notes validly tender and do not validly withdraw such Notes in such tender offer and the Issuer, or any third party making such tender offer in lieu of the Issuer, purchases all of the Notes validly tendered and not validly withdrawn by such holders, the Issuer or such third party will have the right upon not less than 10 nor more than 60 days' notice following such purchase date, to redeem all Notes that remain outstanding following such purchase at a price equal to the price paid to each other holder in such tender offer, plus, to the extent not included in the tender offer payment, accrued and unpaid interest, if any, thereon, to, but excluding, the date of such redemption.

General

We may repurchase the Notes at any time and from time to time in the open market or otherwise. Notice of redemption will be provided as set forth under "*—Selection and Notice*."

If the Issuer effects an optional redemption of Notes, it will, for so long as Notes are listed on any securities exchange and the rules of such an exchange so require, inform the exchange of such optional redemption and confirm the aggregate principal amount of Notes that will remain outstanding immediately after such redemption.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.

In connection with any redemption of Notes (including with the proceeds from an Equity Offering), any such redemption may, at the Issuer's discretion, be subject to one or more conditions precedent.

If the Issuer elects to redeem the Notes or portions thereof and, in connection with a satisfaction and discharge or defeasance of the Indenture in accordance with the provisions set forth under "*—Defeasance*" or "*—Satisfaction and Discharge*," requests that the Trustee distribute to the Holders amounts deposited in trust with the Trustee (which, for the avoidance of doubt, will include accrued and unpaid interest to the date fixed for redemption) prior to the date fixed for redemption, the applicable redemption notice will state that Holders will receive such amounts deposited in trust with the Trustee (i) on or promptly after the date fixed for redemption or (ii) such earlier payment date as selected by the Issuer.

Mandatory Payment

Except pursuant to "*—Escrow of Proceeds; Special Mandatory Redemption*," the Issuer is not required to make mandatory redemption payments or sinking fund payments with respect to the Notes.

Selection and Notice

If less than all of any series of Notes are to be redeemed at any time, the Paying Agent or the Registrar will select Notes for redemption on a *pro rata* basis or in accordance with the procedures of DTC, Clearstream or Euroclear (as applicable), unless otherwise required by law or applicable stock exchange or depository requirements. Neither the Paying Agent nor the Registrar will be liable for any selections made by it in accordance with this paragraph.

For so long as the Notes are listed on the Official List of the Channel Islands Securities Exchange Authority and the rules of the Channel Islands Securities Exchange Authority so require, the Issuer shall publish notice of redemption in accordance with the prevailing rules of the Channel Islands Securities Exchange Authority and in addition for such publication, not less than 10 nor more than 60 days prior to the redemption date (except as permitted below), mail such notice to Holders of the Notes by first-class mail, postage prepaid, at their respective addresses as they appear on the registration books of the Registrar with a copy to the Trustee and the Paying Agent. In the case of Global Notes, such notice of redemption may also be sent in accordance with the rules and procedures of DTC, Clearstream or Euroclear (as applicable). On and after the redemption date, interest ceases to accrue on the Notes or the part of the Notes called for redemption.

If any series of Notes is to be redeemed in part only, the notice of redemption that relates to that series of Notes shall state the portion of the principal amount thereof to be redeemed. In the case of a Definitive Registered Note, a new Definitive Registered Note in principal amount equal to the unredeemed portion of any Definitive Registered Note redeemed in part will be issued in the name of the Holder thereof upon cancellation of the original Definitive Registered Note. In the case of a Global Note, an appropriate notation will be made on such

Global Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable redemption notice, Notes called for redemption become due on the date fixed for redemption. If such redemption is subject to the satisfaction of one or more conditions precedent, the related notice may, for the avoidance of doubt, state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied or waived (provided that in no event shall such date of redemption be delayed to a date later than 60 days after the date on which such notice was sent, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied or waived by the redemption date, or by the redemption date so delayed.

Redemption for Taxation Reasons

The Issuer may redeem any series of Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' prior written notice (which notice will be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption (a "***Tax Redemption Date***") (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) and all Additional Amounts (as defined below under "*—Withholding Taxes*"), if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if any, if the Issuer determines in good faith that, as a result of:

(1) any change in, or amendment to, the law or treaties (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below) affecting taxation; or

(2) any change in, or amendment to, the existing official position or the introduction of an official position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including by reason of a holding, judgment or order by a court of competent jurisdiction or a change in published practice)

(each of the foregoing in clauses (1) and (2), a "*Change in Tax Law*"), a Payor (as defined below) is, or on the next interest payment date in respect of the Notes would be, required to pay Additional Amounts with respect to the Notes (but, in the case of a Guarantor, only if the payment giving rise to such requirement cannot be made by the Issuer or another Guarantor who can make such payment without the obligation to pay Additional Amounts), and such obligation cannot be avoided by taking reasonable measures available to the Payor (including, for the avoidance of doubt, the appointment of a new Paying Agent where this would be reasonable). Such Change in Tax Law must be publicly announced and become effective on or after the Issue Date (or if the applicable Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction on a date after the Issue Date, such later date). The foregoing provisions shall apply *mutatis mutandis* to any successor Person, after such successor Person becomes a party to the Indenture, with respect to a change or amendment occurring after the time such successor Person becomes a party to the Indenture.

Notice of redemption for taxation reasons will be published in accordance with the procedures described under "*—Selection and Notice*." Notwithstanding the foregoing, no such notice of redemption will be given earlier than 90 days prior to the earliest date on which the Payor would be obligated to make such payment of Additional Amounts if a payment in respect of the Notes were then due. Prior to the publication or mailing of any notice of redemption of any series of Notes pursuant to the foregoing, the Issuer will deliver to the Trustee (a) an Officer's Certificate stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right so to redeem have been satisfied and that the Payor cannot avoid its obligation to pay Additional Amounts by taking reasonable measures available to it and (b) an opinion of an independent tax counsel of recognized standing and reasonably satisfactory to the Trustee (such approval not to be unreasonably withheld) to the effect that the Payor has been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee will accept and shall be entitled to rely on such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the Holders.

Withholding Taxes/Additional Amounts

All payments made by or on behalf of the Issuer or any Guarantor (including any successor entity) (each, a "***Payor***") in respect of the Notes or with respect to any Note Guarantee, as applicable, will be made free and clear of and without withholding or deduction for, or on account of, any Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

(1) any jurisdiction from or through which payment on any such Note is made by or on behalf of the Payor or any political subdivision or governmental authority thereof or therein having the power to tax; or

(2) any other jurisdiction in which a Payor is incorporated or organized, engaged in business for tax purposes, or otherwise considered to be a resident for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax

(each of clause (1) and (2), a "*Relevant Taxing Jurisdiction*"), will at any time be required by law to be made from any payments made by or on behalf of the Payor with respect to any Note or any Note Guarantee, as applicable, including payments of principal, redemption price, interest or premium, if any, the Payor will pay (together with such payments) such additional amounts as may be necessary in order that the net amounts received in respect of such payments, after such withholding or deduction (including any such deduction or withholding from such additional amounts), will equal the amounts which would have been received in respect of such payments on any such Note or Note Guarantee, as applicable, in the absence of such withholding or deduction (the "***Additional Amounts***"); *provided, however*, that no such Additional Amounts will be payable for or on account of:

(1) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant Holder or beneficial owner (or between a fiduciary, settlor, beneficiary, member, partner or shareholder of, or possessor of power over the relevant Holder or beneficial owner, if the relevant Holder or beneficial owner is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including, without limitation, being resident for tax purposes, or being a citizen or resident or national of, or carrying on a business or maintaining a permanent establishment in, or being physically present in, the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition, ownership or holding of such Note or the receipt of any payment or the exercise or enforcement of rights under such Note or Note Guarantee;

(2) any Tax that is imposed or withheld by reason of the failure by the Holder or the beneficial owner of the Note to comply with a reasonable written request by the Payor addressed to the Holder, after reasonable notice (at least 30 days before any such withholding or deduction would be made), to provide certification, information, documents or other evidence concerning the nationality, residence or identity of the Holder or such beneficial owner or to make any declaration or similar claim or satisfy any other reporting requirement relating to such matters, which is required by a statute, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from, or reduction in the rate of deduction of, all or part of such Tax but only to the extent the Holder or beneficial owner is legally entitled to provide such certification or documentation;

(3) any Taxes, to the extent that such Taxes were imposed or withheld as a result of the presentation of the Note for payment (where Notes are in the form of Definitive Registered Notes and presentation is required) more than 30 days after the relevant payment is first made available for payment to the Holder (except to the extent that the Holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30-day period);

(4) any Taxes that are payable otherwise than by deduction or withholding from a payment under or with respect to the Notes or any Note Guarantee;

(5) any estate, inheritance, gift, sales, excise, transfer, personal property or similar tax, assessment or other governmental charge;

(6) any Taxes imposed or withheld pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), as of the Issue Date (or any amended or successor version of such sections that are substantively comparable), any regulations promulgated thereunder, any official interpretations thereof, any intergovernmental agreement between a non-U.S. jurisdiction and the United States with respect to the foregoing and any law, regulation, or official interpretation thereof implementing such intergovernmental agreement, or any agreements entered into pursuant to Section 1471(b)(1) of the Code; or

(7) any combination of the items (1) through (6) above.

In addition, no Additional Amounts shall be paid with respect to a Holder who is a fiduciary or a partnership or any person other than the beneficial owner of the Notes, to the extent that the beneficiary or settler with respect to such fiduciary, the member of such partnership or the beneficial owner would not have been entitled to Additional Amounts had such beneficiary, settler, member or beneficial owner directly held such Notes.

The Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will provide certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld to each Relevant Taxing Jurisdiction imposing such Taxes, or if such tax receipts are not available, certified copies of other reasonable evidence of such payments as soon as reasonably practicable to the Trustee. Such copies shall be made available to the Holders upon reasonable request and will be made available at the offices of the relevant Paying Agent.

If any Payor is obligated to pay Additional Amounts under or with respect to any payment made on any Note or any Note Guarantee, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts to Holders on the relevant payment date (unless such obligation to pay Additional Amounts arises less than 45 days prior to the relevant payment date, in which case the Payor may deliver such Officer's Certificate as promptly as practicable thereafter). The Trustee shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

Wherever in the Indenture, the Notes or this "*Description of the Notes*" there is mentioned, in any context:

(1) the payment of principal;

(2) purchase prices in connection with a purchase of Notes;

(3) interest; or

(4) any other amount payable on or with respect to any of the Notes or any Note Guarantee,

such reference shall be deemed to include payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay and indemnify the Holder for any present or future stamp, issue, registration, court or documentary taxes, or similar charges or levies (including any related interest or penalties with respect thereto) or any other excise, property or similar taxes or similar charges or levies (including any related interest or penalties with respect thereto) that arise in a Relevant Taxing Jurisdiction from the execution, delivery, registration, or enforcement of the Notes, any Note Guarantee, the Indenture, the Security Documents or any other document or instrument in relation thereto (other than in each case, in connection with a transfer of the Notes after this issuance of Notes).

The foregoing obligations will survive any termination, defeasance or discharge of the Indenture and any transfer by a Holder or beneficial owner, and will apply *mutatis mutandis* to any jurisdiction in which any successor to a Payor is organized, engaged in business for tax purposes or otherwise resident for tax purposes, or any jurisdiction from or through which any payment with respect to the Notes (or any Note Guarantee) is made by or on behalf of such Payor, or any political subdivision or governmental authority thereof or therein having the power to tax.

Change of Control

If a Change of Control occurs, subject to the terms of the covenant described under this heading "*Change of Control*," each Holder will have the right to require the Issuer to repurchase all or any part (equal to £100,000 or integral multiples of £1,000, in the case of Sterling Notes, and $200,000 or integral multiples of $1,000, in the case of Dollar Notes, in excess thereof, if applicable; *provided* that Notes of £100,000 or $200,000 or less, as the case may be, may only be redeemed in whole and not in part) of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of the Notes repurchased, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided, however*, that the Issuer shall not be obligated to repurchase any series of Notes as described under this heading, "*Change of Control*," in the event and to the extent that it has unconditionally exercised its right to redeem all of the Notes of such series and given notice of redemption as described under "*—Optional Redemption*" and that all conditions to such redemption have been satisfied or waived.

Unless the Issuer has unconditionally exercised its right to redeem all the Notes and given notice of redemption as described under "*—Optional Redemption*" and all conditions to such redemption have been satisfied or waived, no later than the date that is 60 days after any Change of Control, the Issuer will mail a notice (the "*Change of Control Offer*") to each Holder of the Notes, with a copy to the Trustee:

(1) stating that a Change of Control has occurred or may occur and that such Holder has the right to require the Issuer to purchase all or any part of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of such Notes plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the date of purchase (subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date) (the "***Change of Control Payment***");

(2) stating the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "***Change of Control Payment Date***");

(3) stating that any Note accepted for payment pursuant to the Change of Control Offer will cease to accrue interest on the Change of Control Payment Date unless the Change of Control Payment is not paid, and that any Notes or part thereof not tendered will continue to accrue interest;

(4) describing the circumstances and relevant facts regarding the transaction or transactions that constitute the Change of Control;

(5) describing the procedures determined by the Issuer, consistent with the Indenture, that a Holder must follow in order to have its Notes repurchased; and

(6) if such notice is mailed prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control.

On the Change of Control Payment Date, if the Change of Control shall have occurred, the Issuer will, to the extent lawful:

(1) accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes so tendered;

(3) deliver or cause to be delivered to the Trustee an Officer's Certificate stating the aggregate principal amount of Notes or portions of the Notes being purchased by the Issuer in the Change of Control Offer.

A Holder willing to tender Notes into the Change of Control Offer shall notify its account manager of its election, who shall in turn notify the Paying Agent and the Trustee of such Holder's election. Once such tender has been accepted by the Issuer and notified to the Paying Agent, the Paying Agent shall promptly credit the bank account of such Holder the Change of Control Payment for such Notes so tendered and deduct the corresponding amount of such Notes from such Holder's DTC, Euroclear or Clearstream (as applicable) account.

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. Holders' right to require the Issuer to repurchase Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Issuer or its Subsidiaries in a transaction that would constitute a Change of Control.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place providing for the Change of Control at the time the Change of Control Offer is made.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of such compliance.

The Issuer's ability to repurchase Notes issued by it pursuant to a Change of Control Offer may be limited by a number of factors. The occurrence of certain of the events that constitute a Change of Control would require a mandatory prepayment of Indebtedness at the option of each lender under the Revolving Credit Facility.

Future Indebtedness of the Issuer or its Subsidiaries may also contain prohibitions of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Issuer to repurchase the Notes could cause a default under, or require a repurchase of, such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Issuer. Finally, the Issuer's ability to pay cash to the Holders upon a repurchase may be limited by the Issuer's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases.

The definition of "Change of Control" includes a disposition, in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole to specified other Persons. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Issuer and its Restricted Subsidiaries taken as a whole. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Issuer to make an offer to repurchase the Notes as described above.

The provisions of the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of Holders of a majority in outstanding principal amount of the Notes.

Certain Covenants

Limitation on Indebtedness

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided, however*, that the Issuer and any Guarantor may Incur Indebtedness (including Acquired Indebtedness) if, on the date of such Incurrence, after giving *pro forma* effect to the Incurrence of such Indebtedness (including *pro forma* application of the proceeds thereof), (1) the Fixed Charge Coverage Ratio for the Issuer and its Restricted Subsidiaries would have been at least 2.0 to 1.0 and (2) to the extent that the Indebtedness is Senior Secured Indebtedness, the Consolidated Senior Secured Net Leverage Ratio for the Issuer and its Restricted Subsidiaries would have been no greater than 5.25 to 1.0.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness ("*Permitted Debt*"):

(1) Indebtedness Incurred by the Issuer or any Restricted Subsidiary pursuant to any Credit Facility (including in respect of letters of credit or bankers' acceptances issued or created thereunder), and any Refinancing Indebtedness in respect thereof and Guarantees in respect of such Indebtedness in a maximum aggregate principal amount at any time outstanding not exceeding (i) the greater of £125 million and 93% of Consolidated EBITDA *plus* (ii) in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing;

(2) (a) Guarantees by the Issuer or any Restricted Subsidiary of Indebtedness of the Issuer or any Restricted Subsidiary, so long as the Incurrence of such Indebtedness is permitted to be Incurred by another provision of this covenant; *provided* that, if the Indebtedness being guaranteed is subordinated to the Notes or a Note Guarantee, then the guarantee must be subordinated to the Notes or such Note Guarantee to the same extent as the Indebtedness being guaranteed; or (b) without limiting the covenant described under "*—Limitation on Liens*," Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Issuer or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture;

(3) Indebtedness of the Issuer owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Issuer or any Restricted Subsidiary; *provided*, however, that:

(a) if the Issuer or a Guarantor is the obligor on any such Indebtedness and the obligee is a Restricted Subsidiary that is not a Guarantor, such Indebtedness is unsecured and (i) except in respect of intercompany current liabilities incurred in the ordinary course of business in connection with the cash management operations of the Issuer and its Restricted Subsidiaries and (ii) to the extent legally permitted (the Issuer and the Restricted Subsidiaries having completed all procedures required in the reasonable judgment of directors or officers of the obligee or obligor to protect such Persons from any penalty or civil or criminal liability in connection with the subordination of such Indebtedness)) expressly subordinated to the prior payment in full in cash of all obligations with respect to the Notes, in the case of the Issuer, or the applicable Note Guarantee, in the case of a Guarantor; and

(b) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Issuer or a Restricted Subsidiary and any sale or other transfer of any such Indebtedness to a Person other than the Issuer or a Restricted Subsidiary, shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (3) by the Issuer or such Restricted Subsidiary, as the case may be;

(4) (a) Indebtedness represented by the Notes (other than any Additional Notes) and the related Note Guarantees;

(b) any Indebtedness of the Issuer and its Restricted Subsidiaries (other than Indebtedness Incurred under the Revolving Credit Facility or Indebtedness described in clauses (1), (2), (3) or (4)(a) of this paragraph) outstanding on the Issue Date or with respect to Nevada and its Subsidiaries outstanding on the Issue Date, in each case after giving pro forma effect to the Transactions;

(c) Refinancing Indebtedness Incurred in respect of any Indebtedness described in clauses (4)(a), (4)(b) and (5) of this paragraph or Incurred pursuant to the first paragraph of this covenant; and

(d) Management Advances;

(5) Indebtedness of any Person (i) outstanding on the date on which such Person becomes a Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Issuer or any Restricted Subsidiary or (ii) Incurred to provide all or a portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which any Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary; *provided* that, with respect to this clause (5), at the time of such acquisition or other transaction and after giving pro forma effect to such acquisition or other transaction and to the related Incurrence of Indebtedness, either (x) the Issuer would have been able to Incur £1.00 of additional Indebtedness pursuant to clause (1) of the first paragraph of this covenant or (y) the Fixed Charge Coverage Ratio for the Issuer and its Restricted Subsidiaries would not be less than it was immediately prior to giving effect to such acquisition or other transaction and to the related Incurrence of Indebtedness;

(6) Indebtedness under Currency Agreements and Interest Rate Agreements not for speculative purposes (as determined in good faith by the Board of Directors or an Officer of the Issuer);

(7) Indebtedness consisting of (A) Capitalized Lease Obligations, mortgage financings, Purchase Money Obligations or other financings, Incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in a Similar Business or (B) Indebtedness otherwise Incurred to finance the purchase, lease, rental or cost of design, construction, installation or improvement of property (real or personal) or equipment that is used or useful in a Similar Business, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets, and any Indebtedness which refinances, replaces or refunds such Indebtedness, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (7) and then outstanding, will not exceed at any time the greater of £25 million and 19% of Consolidated EBITDA;

(8) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, value added tax ("***VAT***") or other tax guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Issuer or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business or in respect of any governmental requirement, (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business or in respect of any governmental requirement; *provided, however*, that upon the drawing of such letters of credit or other similar instruments, the obligations are reimbursed within 30 days following such drawing, (c) the financing of insurance premiums in the ordinary course of business and (d) any customary treasury and/or cash management services, including treasury, depository, overdraft, credit card processing, credit or debit card, purchase card, electronic funds transfer, the collection of cheques and direct debits, cash pooling and other cash management arrangements, in each case, in the ordinary course of business;

(9) Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earnouts or other adjustments of purchase price or, in each case, similar obligations, in each case,

Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); *provided* that, in connection with a disposition, the maximum liability of the Issuer and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Issuer and its Restricted Subsidiaries in connection with such disposition;

(10) (a) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided*, however, that such Indebtedness is extinguished within 30 Business Days of Incurrence;

(b) customer deposits and advance payments received in the ordinary course of business from customers for goods or services purchased in the ordinary course of business;

(c) Indebtedness owed on a short-term basis of no longer than 30 days to banks and other financial institutions Incurred in the ordinary course of business of the Issuer and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Issuer and its Restricted Subsidiaries; and

(d) Indebtedness Incurred by the Issuer or a Restricted Subsidiary in connection with bankers acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management of bad debt purposes, in each case Incurred or undertaken in the ordinary course of business;

(11) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (11) and then outstanding, will not exceed the greater of £50 million and 37% of Consolidated EBITDA;

(12) Indebtedness Incurred in a Qualified Receivables Financing;

(13) loan notes issued and cancelled substantially concurrently in connection with the roll up of the equity held in a Restricted Subsidiary by Management Investors; and

(14) Indebtedness of the Issuer and the Guarantors in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (14) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Issuer from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or Capital Stock (other than Disqualified Stock, Designated Preference Shares, a Parent Debt Contribution or an Excluded Contribution) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock, Designated Preference Shares, a Parent Debt Contribution or an Excluded Contribution) of the Issuer, in each case, subsequent to the Issue Date; *provided*, however, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the first paragraph and clauses (1), (6) and (10) of the third paragraph of the covenant described under "*—Limitation on Restricted Payments*" to the extent the Issuer and its Restricted Subsidiaries Incur Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (14) to the extent the Issuer or any of its Restricted Subsidiaries makes a Restricted Payment under the first paragraph and clauses (1), (6) and (10) of the third paragraph of the covenant described under "*—Limitation on Restricted Payments*" in reliance thereon.

provided, however, that no more than the greater of £30 million and 22% of Consolidated EBITDA of Indebtedness at any time outstanding may be Incurred by a Restricted Subsidiary which is not a Guarantor pursuant to the first paragraph of this covenant and clause (11) under the second paragraph of this covenant.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Issuer, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness in one of the clauses of the second paragraph or the first paragraph of this covenant;

(2) all Indebtedness outstanding under the Revolving Credit Facility on the Issue Date shall be deemed initially Incurred under clause (1) of the second paragraph of this covenant and not the first paragraph or clause (4)(b) of the second paragraph of this covenant;

(3) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(4) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to clause (1), (7), (11) or (14) of the second paragraph above or the first paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(5) the principal amount of any Disqualified Stock of the Issuer or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(6) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness;

(7) for the purposes of determining "Consolidated EBITDA" in relation to clause (1) of the second paragraph of this covenant, Consolidated EBITDA shall be measured at the option of the Issuer on the most recent date on which new commitments are obtained or the date on which new Indebtedness is Incurred (in the case of revolving facilities) or the date on which new Indebtedness is Incurred (in the case of term facilities) and for the period of the most recent four consecutive fiscal quarters ending prior to such date for which such internal consolidated financial statements of the Issuer are available; and

(8) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of IFRS.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in IFRS will not be deemed to be an Incurrence of Indebtedness for purposes of the covenant described under this "*—Limitation on Indebtedness*." The amount of any Indebtedness outstanding as of any date shall be (a) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (b) the principal amount, or liquidation preference thereof, in the case of any other Indebtedness.

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under the covenant described under this "*—Limitation on Indebtedness*," the Issuer shall be in Default of this covenant).

For purposes of determining compliance with any pound sterling-denominated restriction on the Incurrence of Indebtedness, the Sterling Equivalent of the principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or first committed or first Incurred (whichever yields the lower Sterling Equivalent), in the case of Indebtedness Incurred under a revolving credit facility; *provided* that (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than pound sterling, and such refinancing would cause the applicable sterling-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such pound sterling-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the amount set forth in clause (2) of the definition of Refinancing Indebtedness; (b) the Sterling Equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (c) if any such Indebtedness that is denominated in a different currency is subject to a Currency Agreement (with respect to the pound sterling) covering principal amounts payable on such Indebtedness, the amount of such Indebtedness expressed in pound sterling will be adjusted to take into account the effect of such agreement.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer or a Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Limitation on Restricted Payments

The Issuer will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any other payment or distribution on or in respect of the Issuer's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Issuer or any of its Restricted Subsidiaries) except:

(a) dividends or distributions payable in Capital Stock of the Issuer (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Issuer or in Subordinated Shareholder Funding; and

(b) dividends or distributions payable to the Issuer or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Issuer or another Restricted Subsidiary on no more than a pro rata basis, measured by value);

(2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Issuer or any direct or indirect Parent of the Issuer held by Persons other than the Issuer or a Restricted Subsidiary (other than in exchange for Capital Stock of the Issuer (other than Disqualified Stock));

(3) make any principal payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (a) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement and (b) any Indebtedness Incurred pursuant to clause (3) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*");

(4) make any payment (whether of principal, interest or other amounts) on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value any Subordinated Shareholder Funding (other than any payment of interest thereon in the form of additional Subordinated Shareholder Funding); or

(5) make any Restricted Investment in any Person,

(each such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (5) is referred to herein as a "***Restricted Payment***"), if at the time the Issuer or such Restricted Subsidiary makes such Restricted Payment:

(a) a Default shall have occurred and be continuing (or would result immediately thereafter therefrom);

(b) the Issuer is not able to Incur an additional £1.00 of Indebtedness pursuant to clause (1) of the first paragraph of the covenant described under "*—Limitation on Indebtedness*" after giving effect, on a pro forma basis, to such Restricted Payment; or

(c) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Issue Date (and not returned or rescinded) (including Permitted Payments permitted below by clauses (5), (10), (11), (15) or (17) of the second succeeding paragraph, but excluding all other Restricted Payments permitted by the second succeeding paragraph) would exceed the sum of (without duplication):

(i) 50% of Consolidated Net Income for the period (treated as one accounting period) from the first day of the fiscal quarter commencing immediately after the Issue Date to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which internal consolidated financial statements of the Issuer are available (or, in the case such Consolidated Net Income is a deficit, minus 100% of such deficit);

(ii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer from the issue or sale of its Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding subsequent to the Issue Date or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer subsequent to the Issue Date (other than (v) Subordinated Shareholder Funding or Capital Stock in each case sold to a Subsidiary of the Issuer, (w) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary, (x) Net Cash Proceeds or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on clauses (1) or (6) of the second succeeding paragraph, and (y) Excluded Contributions or Parent Debt Contributions);

(iii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary from the issuance or sale (other than to the Issuer or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) by the Issuer or any Restricted Subsidiary subsequent to the Issue Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding (plus the amount of any cash, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities received by the Issuer or any Restricted Subsidiary upon such conversion or exchange); but excluding (w) Disqualified Stock or Indebtedness issued or sold to a Subsidiary of the Issuer, (x) Net Cash Proceeds to the extent that any Restricted Payment has been made from such proceeds in reliance on clauses (1) or (6) of the second succeeding paragraph, and (y) Excluded Contributions or Parent Debt Contributions;

(iv) (a) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary from the disposition of any Unrestricted Subsidiary or the disposition or repayment of any Investment constituting a Restricted Payment made after the Issue Date (other than to the Issuer or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) or (b) upon the full and unconditional release of a Restricted Investment that is a Guarantee made by the Issuer or one of its Restricted Subsidiaries to any Person after the Issue Date, an amount equal to the amount of such Guarantee;

(v) in the event that an Unrestricted Subsidiary is designated as a Restricted Subsidiary or all of the assets of such Unrestricted Subsidiary are transferred to the Issuer or a Restricted Subsidiary, or the Unrestricted Subsidiary is merged or consolidated into the Issuer or a Restricted Subsidiary, 100% of the amount received in cash and the fair market value of any property or marketable securities received by the Issuer or any Restricted Subsidiary in respect of such redesignation, merger, consolidation or transfer of assets, excluding the amount of any Investment in such Unrestricted Subsidiary that constituted a Permitted Investment made pursuant to clause (11) of the definition of "Permitted Investment"; and

(vi) 100% of any dividends or distributions received by the Issuer or a Restricted Subsidiary after the Issue Date from an Unrestricted Subsidiary;

provided, however, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Issuer's option) included in any of the foregoing clauses (iv), (v) or (vi).

The fair market value of property or assets other than cash covered by the preceding sentence shall be the fair market value thereof as determined by an Officer of the Issuer, or, if such fair market value exceeds the greater of £5 million and 4% of Consolidated EBITDA, by the Board of Directors of the Issuer.

The foregoing provisions will not prohibit any of the following (collectively, "***Permitted Payments***"):

(1) any Restricted Payment made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale or issuance (other than to a Subsidiary of the Issuer) of, Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution or a Parent Debt Contribution) of the Issuer; *provided, however*, that to the extent so applied, the Net Cash Proceeds, or fair market value (as determined in accordance with the preceding sentence) of property or assets or of marketable securities, from such sale of Capital Stock or Subordinated Shareholder Funding or such contribution will be excluded from clause (c)(ii) of the preceding paragraph;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" above;

(3) any purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement of Preferred Stock of the Issuer or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Issuer or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" above, and that in each case, constitutes Refinancing Indebtedness;

(4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness: (a) from Net Available Cash to the extent permitted under "*—Limitation on Sales of Assets and Subsidiary Stock*," but only (i) if the Issuer shall have first complied with the terms described under "—Limitation *on Sales of Assets and Subsidiary Stock*" and purchased all Notes tendered pursuant to any offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; (b) following the occurrence of a Change of Control (or other similar event described therein as a "change of control"), but only (i) if the Issuer shall have first complied with the terms described under "*—Change of Control*" and purchased all Notes tendered pursuant to the offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or (c) (i) consisting of Acquired Indebtedness (other than Indebtedness Incurred (A) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary or (B) otherwise in connection with or contemplation of such transaction or series of transactions) and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest and any premium required by the terms of such Acquired Indebtedness;

(5) any dividends paid within, or redemption or repurchase consummated within, 60 days after the date of declaration or the giving of the redemption or repayment notice if at such date of declaration or notice such dividend or redemption or repayment, as the case may be, would have complied with this covenant;

(6) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of the Issuer, any Subsidiary or any Parent (including any options, warrants or other rights in respect thereof) and loans, advances, dividends or distributions by the Issuer or any Restricted Subsidiary to any Parent or Special Purpose Vehicle to permit any Parent or Special Purpose Vehicle to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Issuer, any Subsidiary or any Parent (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Issuer, any Subsidiary or any Parent (including any options, warrants or other rights in respect thereof), in each case from Management Investors; *provided* that such payments, loans, advances, dividends or distributions does not exceed an amount (net of repayments of any such loans or advances) £15 million in any calendar year (with unused amounts being carried over to the next calendar year), *plus* (y) the Net Cash Proceeds received by the Issuer or its Subsidiaries since the Issue Date (including through receipt of proceeds from the issuance or sale of its Capital Stock or Subordinated Shareholder Funding to a Parent) from, or as a contribution to the equity (in each case under this clause (6), other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer from, the issuance or sale to Management Investors of Capital Stock (including any options, warrants or other rights in respect thereof) *plus* (z) the net cash proceeds from key man life insurance policies, to the extent such net cash proceeds in (y) and (z) are not included in any calculation under clause (c)(ii) of the first paragraph describing this covenant and are not Excluded Contributions or Parent Debt Contributions;

(7) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under "*—Limitation on Indebtedness*";

(8) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;

(9) dividends, loans, advances or distributions to any Parent or other payments by the Issuer or any Restricted Subsidiary in amounts equal to (without duplication):

(a) the amounts required for any Parent, without duplication, to pay any Parent Expenses or any Related Taxes; or

(b) amounts constituting or to be used for purposes of making payments of fees and expenses Incurred (i) in connection with the Transactions or (ii) to the extent specified in clauses (2), (3), (5) and (11) of the second paragraph under "—*Limitation on Affiliate Transactions*";

(10) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), the declaration and payment by the Issuer of, or loans, advances, dividends or distributions to any Parent to pay, dividends on the common stock or common equity interests of the Issuer or any Parent following a Public Offering of such common stock or common equity interests, in an amount not to exceed in any fiscal year the greater of (a) 6%% of the Net Cash Proceeds received by the Issuer from such Public Offering or contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through Excluded Contributions or a Parent Debt Contribution) of the Issuer or contributed as Subordinated Shareholder Funding to the Issuer and (b) following the Initial Public Offering, an amount equal to the greater of (i) the greater of (A) 7% of the Market Capitalization and (B) 7% of the IPO Market Capitalization; *provided* that in the case of this clause (i) after giving pro forma effect to such loans, advances, dividends or distributions, the Consolidated Net Leverage Ratio shall be equal to or less than 3.25 to 1.0 and (ii) the greater of (A) 5% of the Market Capitalization and (B) 5% of the IPO Market Capitalization; *provided* that in the case of this clause (ii) after giving pro forma effect to such loans, advances, dividends and distributions, the Consolidated Net Leverage Ratio shall be equal to or less than 3.50 to 1.0;

(11) so long as no Default or Event of Default has occurred and is continuing (or would result from), Restricted Payments in an aggregate amount outstanding at any time not to exceed the greater of £30 million and 22% of Consolidated EBITDA;

(12) payments by the Issuer, or loans, advances, dividends or distributions to any Parent to make payments, to holders of Capital Stock of the Issuer or any Parent in lieu of the issuance of fractional shares of such Capital Stock; *provided*, however, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined by the Board of Directors or an Officer of the Issuer);

(13) Restricted Payments in an aggregate amount outstanding at any time not to exceed the aggregate cash amount of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments in exchange for or using as consideration Investments previously made under this clause (13);

(14) payment of any Receivables Fees and purchases of Receivables Assets pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Financing;

(15) (i) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Issuer issued after the Issue Date; and (ii) the declaration and payment of dividends to any Parent or any Affiliate thereof, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preference Shares of such Parent or Affiliate issued after the Issue Date; *provided* that, in the case of clauses (i) and (ii), the amount of all dividends declared or paid pursuant to this clause (15) shall not exceed the Net Cash Proceeds received by the Issuer or the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock or an Excluded Contribution or a Parent Debt Contribution or, in the case of Designated Preference Shares by such Parent or Affiliate, the issuance of Designated Preference Shares) of the Issuer or contributed as Subordinated Shareholder Funding to the Issuer, as applicable, from the issuance or sale of such Designated Preference Shares;

(16) dividends or other distributions of Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries;

(17) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), any Restricted Payment; *provided* that, on the date of any such Restricted Payment, the Consolidated Net Leverage Ratio for the Issuer and its Restricted Subsidiaries does not exceed 3.00 to 1.0 on a pro forma basis after giving effect thereto;

(18) advances or loans to (a) any future, present or former officer, director, employee or consultant of the Issuer or a Restricted Subsidiary or any Parent to pay for the purchase or other acquisition for value of Capital

Stock of the Issuer or any Parent (other than Disqualified Stock or Designated Preference Shares), or any obligation under a forward sale agreement, deferred purchase agreement or deferred payment arrangement pursuant to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or other agreement or arrangement or (b) any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust or the trustees of any such plan or trust to pay for the purchase or other acquisition for value of Capital Stock of the Issuer or any Parent (other than Disqualified Stock or Designated Preference Shares); *provided*, however, that the total aggregate amount of Restricted Payments made under this clause (18) does not exceed £15 million in any calendar year (with unused amounts being carried over to the next calendar year);

(19) dividends, loans, distributions, advances or other payments by the Issuer or any of its Restricted Subsidiaries to or on behalf of the direct parent of the Issuer to service the substantially concurrent payment of regularly scheduled interest amounts due under any Senior Notes; *provided* that the net cash proceeds of such Indebtedness or of any Indebtedness for which such Indebtedness constitutes Refinancing Indebtedness have been contributed to the Issuer and such Indebtedness has been guaranteed by, or is otherwise considered Indebtedness of, the Issuer or any of its Restricted Subsidiaries Incurred in accordance with the covenant described under "*—Limitation on Indebtedness*";

(20) any dividends, distributions or other payments to any Parent or Unrestricted Subsidiary to the extent that such dividends, distributions or payments are made in order to carry out group contributions under the tax laws or regulations of an applicable jurisdiction up to an amount not to exceed with respect to such Taxes the amount of any such Taxes that the Issuer and its Restricted Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis if the Issuer and its Restricted Subsidiaries had paid tax on a consolidated, combined, group, affiliates or unitary basis on behalf of an affiliate group consisting only of the Issuer and its Restricted Subsidiaries; and

(21) all distributions and other payments as a result of a Liquidity Event or Repurchase Event required to be made to Management Investors in a Restricted Subsidiary as a result of such Liquidity Event or Repurchase Event.

For purposes of determining compliance with this covenant, in the event that a Restricted Payment (or portion thereof) meets the criteria of more than one of the categories of Permitted Payments described in clauses (1) through (21) above, or is permitted pursuant to the first paragraph of this covenant and/or one or more of the clauses contained in the definition of "Permitted Investment", the Issuer will be entitled to classify such Restricted Payment or Investment (or portion thereof) on the date of its payment or later reclassify (based on circumstances existing on the date of such reclassification) such Restricted Payment or Investment (or portion thereof) in any manner that complies with this covenant, including as an Investment pursuant to one of more clauses contained in the definition of "Permitted Investment."

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by the Board of Directors of the Issuer.

Limitation on Liens

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock of a Restricted Subsidiary), whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the "*Initial Lien*"), except (a) in the case of any property or asset that does not constitute Collateral, (1) Permitted Liens or (2) Liens on property or assets that are not Permitted Liens if the Notes and the Indenture (or a Note Guarantee in the case of Liens of Guarantors) are directly secured, subject to the Agreed Security Principles (but without regard to any Agreed Security Principles limiting the types or locations of assets that may be pledged to secure the Notes and the Note Guarantees under the Indenture), equally and ratably with, or prior to, in the case of Liens with respect to Subordinated Indebtedness, the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured, and (b) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any such Lien created in favor of the Notes pursuant to clause (a)(2) of the preceding paragraph will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates, and (ii) otherwise as set forth under "—Security—Release *of Liens*."

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Issuer will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(a) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Indebtedness or other obligations owed to the Issuer or any Restricted Subsidiary;

(b) make any loans or advances to the Issuer or any Restricted Subsidiary; or

(c) sell, lease or transfer any of its property or assets to the Issuer or any Restricted Subsidiary,

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Issuer or any Restricted Subsidiary to other Indebtedness Incurred by the Issuer or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

(1) any encumbrance or restriction pursuant to (a) any Credit Facility (including the Revolving Credit Facility) and any other agreement or instrument, in each case, in effect at or entered into on the Issue Date, (b) the Indenture, the Notes, the Intercreditor Agreement, the Security Documents or any related security documents or (c) any other agreement or instrument with respect to the Issuer and its Restricted Subsidiaries (including Nevada and its Restricted Subsidiaries), in each case, in effect on the Issue Date;

(2) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary, or was designated as a Restricted Subsidiary or on which such agreement or instrument is assumed by the Issuer or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Issuer or was merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary entered into or in connection with such transaction) and outstanding on such date; *provided* that, for the purposes of this clause (2), if another Person is the Successor Company (as defined under "*—Merger and Consolidation*"), any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Issuer or any Restricted Subsidiary when such Person becomes the Successor Company;

(3) any encumbrance or restriction pursuant to an agreement or instrument that extends, renews, refinances or replaces any of the encumbrances or restrictions referred to in clauses (1) or (2) of this paragraph or this clause (3) (an "Initial Agreement") or contained in any amendment, supplement or other modification to an agreement referred to in clauses (1) or (2) of this paragraph or this clause (3); *provided, however*, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Board of Directors or an Officer of the Issuer);

(4) any encumbrance or restriction:

(a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;

(b) contained in mortgages, charges, pledges or other security agreements permitted under the Indenture or securing Indebtedness of the Issuer or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, charges, pledges or other security agreements; or

(c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Issuer or any Restricted Subsidiary;

(5) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so

acquired in the nature of clause (c) of the preceding paragraph, or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the distribution or transfer of the assets or Capital Stock of the joint venture;

(6) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(7) customary provisions in leases, licenses, joint venture agreements and other similar agreements and instruments entered into in the ordinary course of business;

(8) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, or required by any regulatory authority or any governmental licenses, concessions, franchises or permits, including restrictions or encumbrances on cash or deposits (including assets in escrow accounts) paid on property;

(9) any encumbrance or restriction on cash or other deposits or net worth imposed by customers or suppliers, or as required by insurance, surety or bonding companies or indemnities, in each case, under agreements or policies entered into in the ordinary course of business;

(10) any encumbrance or restriction pursuant to Currency Agreements or Interest Rate Agreements;

(11) any encumbrance or restriction arising pursuant to an agreement or instrument (a) relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "*—Limitation on Indebtedness*" if (A) the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders of the Notes than (i) the encumbrances and restrictions contained in the Revolving Credit Facility, together with the security documents associated therewith, and the Intercreditor Agreement, in each case, as in effect on the Issue Date or (ii) as is customary in comparable financings (as determined in good faith by the Board of Directors or an Officer of the Issuer) or (B) the Issuer determines at the time of the Incurrence of such Indebtedness that such encumbrances or restrictions will not adversely affect, in any material respect, the Issuer's ability to make principal or interest payments on the Notes or (b) that constitutes an Additional Intercreditor Agreement;

(12) restrictions effected in connection with a Qualified Receivables Financing that, in the good faith determination of the Board of Directors or an Officer of the Issuer, are necessary or advisable to effect such Qualified Receivables Financing; or

(13) any encumbrance or restriction existing by reason of any lien permitted under "*—Limitation on Liens*."

Limitation on Sales of Assets and Subsidiary Stock

The Issuer will not, and will not permit any Restricted Subsidiary to, consummate any Asset Disposition unless:

(1) the consideration the Issuer or such Restricted Subsidiary receives for such Asset Disposition is not less than the fair market value of the assets sold (as determined by the Board of Directors of the Issuer); and

(2) at least 75% of the consideration the Issuer or such Restricted Subsidiary receives in respect of such Asset Disposition consists of:

(a) cash (including any net cash proceeds received from the conversion, within 180 days of such Asset Disposition, of securities, notes or other obligations received in consideration of such Asset Disposition);

(b) Cash Equivalents;

(c) the assumption by the purchaser of (x) any liabilities of the Issuer or its Restricted Subsidiaries recorded on the Issuer's consolidated balance sheet or the notes thereto (or, if Incurred since the date of the latest balance sheet, that would be recorded on the next balance sheet) (other than Subordinated Indebtedness), as a result of which neither the Issuer nor any of the Restricted Subsidiaries remains obligated in respect of such liabilities or (y) Indebtedness of a Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, if the Issuer and each other Restricted Subsidiary are released from any guarantee of such Indebtedness as a result of such Asset Disposition;

(d) Replacement Assets;

(e) any Capital Stock or assets of the kind referred to in clause (4) or (6) in the second paragraph of this covenant;

(f) consideration consisting of Indebtedness of the Issuer or any Guarantor received from Persons who are not the Issuer or any Restricted Subsidiary, but only to the extent that such Indebtedness (i) has been extinguished by the Issuer or the applicable Guarantor and (ii) is not Subordinated Indebtedness of the Issuer or such Guarantor;

(g) any Designated Non-Cash Consideration received by the Issuer or any Restricted Subsidiary having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at any one time outstanding, not to exceed the greater of £40 million and 30% of Consolidated EBITDA (with the fair market value of each issue of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value); or

(h) a combination of the consideration specified in clauses (a) through (g) of this clause (2).

If the Issuer or any Restricted Subsidiary consummates an Asset Disposition, the Net Available Cash of the Asset Disposition, within 365 days of the later of (i) the date of the consummation of such Asset Disposition and (ii) the receipt of such Net Available Cash, may be used by the Issuer or such Restricted Subsidiary to:

(1) (i) prepay, repay, purchase or redeem any Indebtedness Incurred under clause (1) of the second paragraph of the covenant described under "—*Limitation on Indebtedness*" or any Refinancing Indebtedness in respect thereof; *provided*, however, that, in connection with any prepayment, repayment, purchase or redemption of term Indebtedness Incurred pursuant to such clause (1), the Issuer or such Restricted Subsidiary will retire such term Indebtedness and will cause the related commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid, purchased or redeemed; (ii) unless included in the preceding clause (1)(i), prepay, repay, purchase or redeem any series of Notes, any other series of Notes and/or any other Indebtedness (other than Subordinated Indebtedness or Indebtedness owed to the Issuer or any Restricted Subsidiary) that is secured by a Lien on the Collateral on a pari passu basis with the Notes, with respect to such other Indebtedness, at a price of no more than the principal amount of such applicable Indebtedness, plus accrued and unpaid interest, Additional Amounts and applicable prepayment or redemption premium, if any, to the date of such prepayment, repayment, purchase or redemption and with respect to any series of Notes, at a price of no less than 100% of the principal amount of the applicable series of Notes, plus accrued and unpaid interest and Additional Amounts, if any, to the date of such prepayment, repayment, purchase or redemption; or (iii) prepay, repay, purchase or redeem any Indebtedness of a Restricted Subsidiary that is not a Guarantor or any Indebtedness that is secured by Liens on assets which do not constitute Collateral (in each case other than Subordinated Indebtedness of the Issuer or a Guarantor or Indebtedness owed to the Issuer or any Restricted Subsidiary); *provided* that the Issuer shall prepay, repay, purchase or redeem Indebtedness (other than the Notes) pursuant to clause (ii) only if the Issuer makes (at such time or in compliance with this covenant) an offer to Holders to purchase their Notes in accordance with the provisions set forth below for an Asset Disposition Offer for an aggregate principal amount of Notes equal to the proportion that (x) the total aggregate principal amount of Notes outstanding bears to (y) the total aggregate principal amount of Notes outstanding plus the total aggregate principal amount outstanding of such Indebtedness (other than the Notes);

(2) purchase any series of Notes pursuant to an offer to all Holders of such series of Notes at a purchase price in cash equal to at least 100% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) or by making an Asset Disposition Offer to all Holders of the Notes (in accordance with the procedures set out below);

(3) invest in any Replacement Assets;

(4) acquire all or substantially all of the assets of, or any Capital Stock of, another Similar Business, if, after giving effect to any such acquisition of Capital Stock, the Similar Business is or becomes a Restricted Subsidiary;

(5) make a capital expenditure;

(6) acquire other assets (other than Capital Stock and cash or Cash Equivalents) that are used or useful in a Similar Business;

(7) consummate any combination of the foregoing; or

(8) enter into a binding commitment to apply the Net Available Cash pursuant to clause (1), (3), (4), (5) or (6) of this paragraph or a combination thereof; *provided* that a binding commitment shall be treated as a permitted application of the Net Available Cash from the date of such commitment until the earlier of

(x) the date on which such investment is consummated and (y) the 180th day following the expiration of the aforementioned 365-day period, if the investment has not been consummated by that date,

provided, however, if the assets disposed of constitute Collateral or constitute all or substantially all of the assets of a Restricted Subsidiary whose Capital Stock has been pledged as Collateral, the Issuer shall pledge or shall cause the applicable Restricted Subsidiary to pledge any Capital Stock or assets (to the extent such assets were of a category of assets included in the Collateral as of the Issue Date) acquired with the Net Available Cash from such disposition referred to in this covenant in favor of the Notes on a first-priority basis, subject to the Agreed Security Principles.

The amount of such Net Available Cash not so used as set forth in this paragraph constitutes "*Excess Proceeds*." Pending the final application of any such Net Available Cash, the Issuer may temporarily reduce revolving credit borrowings or otherwise invest such Net Available Cash in any manner that is not prohibited by the terms of the Indenture. On the 366th day after an Asset Disposition or such earlier time if the Issuer elects, if the aggregate amount of Excess Proceeds exceeds £25 million, the Issuer will be required to make within 30 Business Days thereof an offer (an "***Asset Disposition Offer***") to all Holders and, to the extent the Issuer elects, to all holders of other outstanding Pari Passu Indebtedness that is secured by a Lien on the Collateral on a *pari passu* basis with the Notes, to purchase the maximum principal amount of Notes and any such Pari Passu Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in respect of the Notes in an amount equal to (and, in the case of any such Pari Passu Indebtedness, an offer price of no more than) 100% of the principal amount of the Notes and 100% of the principal amount of such Pari Passu Indebtedness, in each case, plus accrued and unpaid interest, Additional Amounts and applicable prepayment or redemption premium, if any, to, but not including, the date of purchase, in accordance with the procedures set forth in the Indenture or the agreements governing such Pari Passu Indebtedness, as applicable, in minimum denominations of £100,000 or $200,000, as the case may be, and in integral multiples of £1,000 or $1,000, as the case may be, in excess thereof (if applicable).

To the extent that the aggregate amount of Notes and such Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Issuer may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in the Indenture. If the aggregate principal amount of the Notes surrendered in any Asset Disposition Offer by Holders and such other Pari Passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Notes and such Pari Passu Indebtedness to be repaid or purchased on a *pro rata* basis on the basis of the aggregate principal amount of tendered Notes and such Pari Passu Indebtedness. For the purposes of calculating the principal amount of any such Indebtedness not denominated in pound sterling, such Indebtedness shall be calculated by converting any such principal amounts into their Sterling Equivalent determined as of a date selected by the Issuer that is within the Asset Disposition Offer Period (as defined below). Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

Any Net Available Cash payable in respect of the Notes, pursuant to an Asset Disposition Offer will be apportioned between the Fixed Rate Sterling Notes, Floating Rate Sterling Notes and the Dollar Notes in proportion to the respective aggregate principal amounts of Fixed Rate Sterling Notes, Floating Rate Sterling Notes and the Dollar Notes validly tendered and not withdrawn, based upon the Sterling Equivalent of such principal amount of Dollar Notes determined as of a date selected by the Issuer that is within the Asset Disposition Offer Period. To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than the currency in which the Notes are denominated, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in the currency in which such Notes are denominated that is actually received by the Issuer upon converting such portion of the Net Available Cash into such currency.

The Asset Disposition Offer, insofar as it relates to the Notes, will remain open for a period of not less than 20 Business Days following its commencement (the "***Asset Disposition Offer Period***"). No later than five Business Days after the termination of the Asset Disposition Offer Period (the "***Asset Disposition Purchase Date***"), the Issuer will purchase the principal amount of Notes and, to the extent it elects, Pari Passu Indebtedness required to be purchased by it pursuant to this covenant (the "***Asset Disposition Offer Amount***") or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and Pari Passu Indebtedness validly tendered in response to the Asset Disposition Offer. On or before the Asset Disposition Purchase Date, the Issuer will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, the Asset Disposition Offer Amount of Notes and Pari Passu Indebtedness or portions of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn and in minimum denominations of £100,000 or $200,000, as the case may be, and in integral multiples of £1,000 or $1,000, as the case may be, in excess thereof (if applicable). The Issuer will deliver to the Trustee an Officer's Certificate stating that such Notes or portions thereof were accepted for payment by the Issuer in accordance with the terms of this covenant. The Paying Agent shall deliver to the Holders of Notes the purchase price of Notes validly tendered and not withdrawn and arrange for the deduction of the appropriate amounts of Notes from such Holders' accounts with DTC, Euroclear or Clearstream (as applicable). Any Note not so accepted will be promptly mailed or delivered (or transferred by book entry) by the Issuer to the Holder thereof.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance.

Limitation on Affiliate Transactions

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Issuer (any such transaction or series of related transactions being an "***Affiliate Transaction***") involving aggregate value in excess of £5 million unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Issuer or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction on an arm's-length basis at the time of such transaction or the execution of the agreement providing for such transaction in arm's-length dealings with a Person who is not such an Affiliate;

(2) in the event such Affiliate Transaction involves an aggregate value in excess of £10 million, the terms of such transaction or series of related transactions have been approved by a resolution of the majority of the disinterested members of the Board of Directors of the Issuer resolving that such transaction complies with clause (1) above; and

(3) in the event such Affiliate Transaction involves an aggregate value in excess of £50 million, a written opinion of an accounting, appraisal or investment banking firm of international standing, or other recognized independent expert of international standing with experience appraising the terms and conditions of the type of transaction or series of related transactions for which an opinion is required, stating that the transaction or series of related transactions is (i) fair from a financial point of view taking into account all relevant circumstances or (ii) on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm's length basis from a Person who is not an Affiliate.

The provisions of the preceding paragraph will not apply to:

(1) any Restricted Payment permitted to be made pursuant to the covenant described under "—Limitation *on Restricted Payments*," any Permitted Payments (other than pursuant to clause (9)(b)(ii) of the fourth paragraph of the covenant described under "*—Limitation on Restricted Payments*") or any Permitted Investment (other than Permitted Investments as defined in paragraphs (1)(b), (2) and (11) of the definition thereof);

(2) any issuance, transfer or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Issuer, any Restricted Subsidiary or any Parent, restricted stock plans, long-term incentive plans, profit sharing plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Issuer, in each case in the ordinary course of business;

(3) any Management Advances, Management Equity Repurchase and any waiver or transaction with respect thereto;

(4) any transaction between or among the Issuer and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), between or among Restricted Subsidiaries or between or among the Issuer or any Restricted Subsidiary and any Receivables Subsidiary in connection with a Qualified Receivables Financing;

(5) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Issuer, any Restricted Subsidiary or any Parent (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(6) (i) the Transactions, (ii) the entry into and performance of obligations of the Issuer or any of its Restricted Subsidiaries (including Nevada and its Restricted Subsidiaries) under the terms of any transaction pursuant to or contemplated by, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date, as these agreements and instruments may be amended, modified, supplemented, extended, renewed, replaced or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect, and (iii) the entry into and performance of any registration rights or other listing agreement;

(7) the execution, delivery and performance of any Tax Sharing Agreement or any arrangement pursuant to which the Issuer or any of its Restricted Subsidiaries is required or permitted to file a consolidated tax return, or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business;

(8) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business, which are fair to the Issuer or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or an Officer of the Issuer or the relevant Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(9) any transaction in the ordinary course of business between or among the Issuer or any Restricted Subsidiary and any Affiliate of the Issuer or an Associate or similar entity that would constitute an Affiliate Transaction solely because the Issuer or a Restricted Subsidiary or any Affiliate of the Issuer or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;

(10) (a) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Issuer or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding and entering into any proceeds loan in respect of the proceeds of any issuance of Senior Notes; *provided* that the interest rate and other financial terms of such Subordinated Shareholder Funding or proceeds loans are approved by a majority of the members of the Board of Directors of the Issuer in their reasonable determination and (b) any amendment, waiver or other transaction, including satisfying payment obligations, with respect to any Subordinated Shareholder Funding or proceeds loan in compliance with the other provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement, as applicable;

(11) (a) payments by the Issuer or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) of annual management, consulting, monitoring or advisory fees and related expenses in an aggregate amount not to exceed £2 million per year and (b) customary payments by the Issuer or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with loans, capital market transactions, acquisitions or divestitures, which payments (or agreements providing for such payments) in respect of this clause (11) are approved by the Board of Directors of the Issuer in good faith;

(12) any transactions for which the Issuer or a Restricted Subsidiary delivers a written letter or opinion to the Trustee from an Independent Financial Advisor stating that such transaction is (i) fair to the Issuer or such Restricted Subsidiary from a financial point of view or (ii) on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm's length basis from a Person who is not an Affiliate;

(13) pledges of Capital Stock of Unrestricted Subsidiaries;

(14) any transaction effected as part of a Qualified Receivables Financing;

(15) any participation in a public tender or exchange offer for securities or debt instruments issued by the Issuer or any of its Subsidiaries that are conducted on arm's-length terms and provide for the same price or exchange ratio, as the case may be, to all holders accepting such tender or exchange offer; and

(16) transactions with Broker Networks in the ordinary course of business, which are fair to the Issuer or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or an Officer of the Issuer or the relevant Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party.

Reports

So long as any Notes are outstanding, the Issuer will furnish to the Trustee the following reports:

(1) within 120 days after the end of the Issuer's fiscal year beginning with the fiscal year ending December 31, 2017, annual reports containing: (i) an operating and financial discussion of the audited financial statements, including a discussion of the financial condition and results of operations, and a discussion of liquidity and capital resources, material commitments and contingencies and critical accounting policies of the Issuer; (ii) unaudited *pro forma* income statement and balance sheet information of the Issuer, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates (unless such *pro forma* information has been provided in a previous report pursuant to clause (2) or (3) below); *provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case the Issuer will provide, in the case of a material acquisition, acquired company financial information; (iii) the audited consolidated balance sheet of the Issuer as at the end of the most recent two fiscal years and audited consolidated income statements and statements of cash flow of the Issuer for the most recent two fiscal years, including appropriate footnotes to such financial statements, for and as at the end of such fiscal years, and the report of the independent auditors on the financial statements; (iv) a description of the management and shareholders of the Issuer, all material affiliate transactions and a description of all material debt instruments; (v) a description of material operational risk factors and material subsequent events; and (vi) adjusted EBITDA for the year; and (vii) to the extent the reports of KIRS Topco Limited or its successors ("***Topco***") or KIRS Midco 2 plc ("***Holdco***") are provided hereunder pursuant to the immediately succeeding paragraph, a description of the material differences in the financial condition and results of operations between the Issuer and Topco or between the Issuer and Holdco; *provided* that the information described in clauses (iv), (v) and (vi) may be provided in the footnotes to the audited financial statements;

(2) within 90 days after the end of the Issuer's fiscal quarter ended June 30, 2017 and within 60 days following the end of the first, second and third fiscal quarters in each fiscal year of the Issuer, unaudited quarterly financial statements containing the following information: (i) the Issuer's unaudited condensed consolidated balance sheet as at the end of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter year-to-date period ending on the unaudited condensed balance sheet date and the comparable prior period, together with condensed footnote disclosure; (ii) unaudited *pro forma* income statement and balance sheet information of the Issuer, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such quarterly report relates (*provided* that such *pro forma* financial information shall not be required with respect to Nevada and will be provided only to the extent available without unreasonable expense, in which case the Issuer will provide, in the case of a material acquisition, acquired company financial information); (iii) an operating and financial discussion of the unaudited financial statements, including a discussion of the consolidated financial condition, results of operations, adjusted EBITDA and material changes in liquidity and capital resources of the Issuer; (iv) a discussion of material changes in material debt instruments since the most recent report; (v) material subsequent events and any material changes to the operational risk factors disclosed in the most recent annual report; and (vi) to the extent the reports of Topco or Holdco are provided hereunder pursuant to the immediately succeeding paragraph, a description of the material differences in the financial condition and results of operations between the Issuer and Topco or between the Issuer and Holdco; *provided* that the information described in clauses (iv) and (v) may be provided in the footnotes to the unaudited financial statements; and

(3) promptly after the occurrence of a material event that the Issuer announces publicly or any acquisition, disposition or restructuring, merger or similar transaction that is material to the Issuer and the Restricted Subsidiaries, taken as a whole, or a senior executive officer or director changes at the Issuer or a change in auditors of the Issuer or, to the extent the immediately succeeding paragraph is applicable, Topco or Holdco, a report containing a description of such event.

The Issuer shall have the option at any time to provide the reports set forth in (1) and (2) above as if each reference to the "Issuer" (except such references in (1)(vii) and (2)(vi)) had been to "Topco" or "Holdco". Following an Initial Public Offering of the Capital Stock of an IPO Entity and/or the listing of such Capital Stock on the Main Market of the London Stock Exchange (or one or more of the equivalent market of the Frankfurt Stock Exchange or the Paris Stock Exchange), the requirements of clause (1), (2) and (3) above shall be considered to have been fulfilled if the IPO Entity complies with the reporting requirements of such stock exchange; *provided* that (x) the IPO Entity shall provide financial statements consistent with the requirements of clause 2(a) above for the first three quarterly periods in each fiscal year after the Issue Date pursuant to clause (2) and (y) to the extent such IPO Entity relies on such stock exchange reporting requirements to fulfill the requirements of clauses (1), (2) and (3) above, a reasonably detailed description of such material differences between the financial statements of such IPO Entity and the financial statements of the Issuer shall be included for any period after the Issue Date; *provided further* that the IPO Entity shall disclose adjusted EBITDA.

So long as Notes are outstanding, after furnishing to the Trustee the annual and quarterly reports required by clauses (1) and (2) of the first paragraph of this covenant, the Issuer will promptly hold a conference call to discuss such reports and the results of operations for the relevant reporting period.

Any person who requests or accesses such financial information or seeks to participate in any conference calls required by this covenant may be required to provide its email address, employer name and other information reasonably requested by the Issuer and represent to the Issuer (to the Issuer's reasonable good faith satisfaction) that:

(1) it is a holder of the Notes, a beneficial owner of the Notes, a bona fide prospective investor in the Notes, a bona fide market maker in the Notes affiliated with any Initial Purchaser or a bona fide securities analyst providing an analysis of investment in the Notes;

(2) it will not use the information in violation of applicable securities laws or regulations;

(3) it will keep such provided information confidential and will not communicate the information to any Person; and

(4) it (a) will not use such information in any manner intended to compete with the business of the Issuer and its Subsidiaries and (b) is not a Person (which includes such Person's Affiliates) that (i) is principally engaged in a Similar Business or (ii) derives a significant portion of its revenues from operating or owning a Similar Business.

In addition, the Issuer shall furnish to the Holders and to prospective investors, upon the request of such parties, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act for so long as the Notes are not freely transferable under the Exchange Act by persons who are not "affiliates" under the Securities Act.

The Issuer shall also make available to Holders and prospective holders of the Notes copies of all reports furnished to the Trustee on the Issuer's website. All financial statement information shall be prepared in accordance with IFRS as in effect on the date of such report or financial statement (or otherwise on the basis of IFRS as then in effect) and on a consistent basis for the periods presented, except as may otherwise be described in such information; *provided, however*, that the reports set forth in clauses (1), (2) and (3) above may, in the event of a change in IFRS, present earlier periods on a basis that applied to such periods. To the extent comparable prior period financial information of the Issuer does not exist, the comparable prior period financial information of KIRS Finco Plc and its Subsidiaries and Nevada and its Subsidiaries, if available, may be provided in lieu thereof. No report need include separate financial statements for any Subsidiaries of the Issuer. In addition, the reports set forth above will not be required to contain any reconciliation to U.S. generally accepted accounting principles.

At any time that any of the Issuer's subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or a group of Unrestricted Subsidiaries, taken as a whole, constitutes a Significant Subsidiary of the Issuer, then the quarterly and annual financial information required by the first paragraph of this "*Reports*" covenant will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Issuer and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Issuer.

All reports provided pursuant to this "*Reports*" covenant shall be made in the English language.

In the event that (i) the Issuer becomes subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, or elects to comply with such provisions, for so long as it continues to file the reports required by Section 13(a) with the SEC, or (ii) the Issuer elects to provide to the Trustee reports which, if filed with the SEC, would satisfy (in the good faith judgment of the Issuer) the reporting requirements of Section 13(a) or 15(d) of the Exchange Act (other than the provision of U.S. GAAP information, certifications, exhibits or information as to internal controls and procedures), for so long as it elects, the Issuer will make available to the Trustee such annual reports, information, documents and other reports that the Issuer is, or would be, required to file with the SEC pursuant to such Section 13(a) or 15(d). Upon complying with the foregoing requirement, the Issuer will be deemed to have complied with the provisions contained in the preceding paragraphs.

Merger and Consolidation

The Issuer

The Issuer will not, directly or indirectly, consolidate with or merge with or into, or assign, convey, transfer, lease or otherwise dispose of all or substantially all of its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions to, any Person, unless:

(1) either the Issuer is the surviving entity, or the resulting, surviving or transferee Person (the "Successor Company") will be a Person organized and existing under the laws of any member state of the European Union, the United Kingdom, Jersey, the Cayman Islands, any State of the United States of America or the District of Columbia, Canada or any province of Canada and the Successor Company (if not the Issuer) will expressly assume (a) by supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Issuer under the Notes and the Indenture and (b) all obligations of the Issuer under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, as applicable;

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Company or any Subsidiary of the Successor Company as a result of such transaction as having been Incurred by the Successor Company or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction, either (a) the Issuer or the Successor Company would be able to Incur at least an additional £1.00 of Indebtedness pursuant to clause (1) of the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or (b) the Fixed Charge Coverage Ratio for the Issuer or the Successor Company for the most recently ended four full fiscal quarters for which financial statements are available immediately preceding the date on which the transaction is consummated would not be less than it was immediately prior to giving effect to such transaction; and

(4) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any is required in connection with such transaction) comply with the Indenture, and an Opinion of Counsel to the effect that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Company (in each case, in form and substance reasonably satisfactory to the Trustee); *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact.

Without prejudice to clause (3) in the immediately preceding paragraph, any Indebtedness that becomes an obligation of the Issuer or any Restricted Subsidiary (or that is deemed to be Incurred by any Restricted Subsidiary that becomes a Restricted Subsidiary) as a result of any such transaction undertaken in compliance with this covenant, and any Refinancing Indebtedness with respect thereto, shall be deemed to have been Incurred in compliance with the covenant described under "*—Limitation on Indebtedness*."

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Issuer, which properties and assets, if held by the Issuer instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Issuer on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer.

The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Indenture, but in the case of a lease of all or substantially all of its assets, the predecessor company will not be released from its obligations under the Indenture or the Notes.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the properties or assets of a Person.

The Guarantors

No Guarantor (other than a Guarantor whose Note Guarantee is to be released in accordance with the terms of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement) may:

(1) consolidate with or merge with or into any Person (whether or not such Guarantor is the surviving corporation);

(2) sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to any Person; or

(3) permit any Person to merge with or into it unless:

A. the other Person is the Issuer or any Restricted Subsidiary that is a Guarantor or becomes a Guarantor substantially concurrently with such consolidation, merger, sale, assignment, conveyance, transfer, lease or other disposal;

B. (1) either (x) a Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes all of the obligations of the Guarantor under its Note Guarantee and the Indenture (pursuant to a supplemental indenture executed and delivered in a form reasonably satisfactory to the Trustee) and all obligations of the Guarantor under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, as applicable; and (2) immediately after giving effect to the transaction, no Default or Event of Default shall have occurred and be continuing; and

C. the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of a Guarantor or the sale or disposition of all or substantially all of the assets of a Guarantor (in each case other than to the Issuer or a Restricted Subsidiary) otherwise permitted by the Indenture;

provided, however, that the prohibition in clauses (1), (2) and (3) above shall not apply to the extent that compliance with clauses (A) and (B)(1) could give rise to or result in: (1) any breach or violation of statutory limitations, corporate benefit, financial assistance, fraudulent preference, thin capitalization rules, capital maintenance rules, guidance and coordination rules or the laws, rules or regulations (or analogous restriction) of any applicable jurisdiction; (2) any risk or liability for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); or (3) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out-of-pocket expenses.

The provisions set forth in this "Merger and Consolidation" covenant shall not restrict (and shall not apply to): (i) any Restricted Subsidiary that is not a Guarantor from consolidating with, merging or liquidating into or transferring all or substantially all of its properties and assets to the Issuer, a Guarantor or any other Restricted Subsidiary that is not a Guarantor; (ii) any Guarantor from merging or liquidating into or transferring all or part of its properties and assets to the Issuer or another Guarantor; (iii) any consolidation or merger of the Issuer into any Guarantor; *provided* that, if the Issuer is not the surviving entity of such merger or consolidation, the relevant Guarantor will assume the obligations of the Issuer under the Notes, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents, and clauses (1) and (4) under the heading "*—The Issuer*" shall apply to such transaction; or (iv) the Issuer or any Guarantor consolidating into or merging or combining with an Affiliate incorporated or organized for the purpose of changing the legal domicile of such entity, reincorporating such entity in another jurisdiction, or changing the legal form of such entity; *provided, however*, that clauses (1), (2) and (4) under the heading "*—The Issuer*" or clauses (A) and (B) under the heading "*—The Guarantors*," as the case may be, shall apply to any such transaction.

Suspension of Covenants on Achievement of Investment Grade Status

If on any date following the Issue Date, the Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a "*Suspension Event*"), then, beginning on that day and continuing until such time, if any, at which the Notes cease to have Investment Grade Status (the "*Reversion Date*"), the provisions of the Indenture summarized under the following captions will not apply to the Notes:

(1) "*—Limitation on Restricted Payments*";

(2) "*—Limitation on Indebtedness*";

(3) "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries*";

(4) "*—Limitation on Affiliate Transactions*";

(5) "*—Limitation on Sales of Assets and Subsidiary Stock*";

(6) "*—Limitation on Additional Guarantees*"; and

(7) the provisions of clause (3) of the first paragraph of the covenant described under "*—Merger and Consolidation—The Issuer*,"

and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Issuer and its Restricted Subsidiaries.

Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Issuer or any of its Restricted Subsidiaries properly taken during the continuance of the Suspension Event, and no action taken prior to the Reversion Date will constitute a Default or Event of Default. The "*Limitation on Restricted Payments*" covenant will be interpreted as if it has been in effect since the date of the Indenture but not during the continuance of the Suspension Event. On the Reversion Date, all Indebtedness Incurred during the continuance of the Suspension Event will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (4)(b) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*." In addition, the Indenture will also permit, without causing a Default or Event of Default, the Issuer or any of the Restricted Subsidiaries to honor any contractual commitments or take actions in the future after any date on which the Notes cease to have an Investment Grade Status as long as the contractual commitments were entered into during the Suspension Event and not in anticipation of the Notes no longer having an Investment Grade Status. The Issuer shall notify the Trustee in writing that the conditions set forth in the first paragraph under this caption have been satisfied; *provided* that no such notification shall be a condition for the suspension of the covenants described under this caption to be effective. There can be no assurance that the Notes will ever achieve or maintain an Investment Grade Status.

Impairment of Security Interest

The Issuer and Holdco shall not, and the Issuer shall not permit any Restricted Subsidiary to, take or knowingly or negligently omit to take any action that would have the result of materially impairing the Security Interest with respect to the Collateral (it being understood, subject to the paragraph below, that the Incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the Security Interests with respect to the Collateral) for the benefit of the Trustee and the Holders, and the Issuer and Holdco shall not, and the Issuer shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the Holders and the other beneficiaries described in the Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement, any interest whatsoever in any of the Collateral.

Notwithstanding the foregoing, (i) the Issuer, Holdco and the Restricted Subsidiaries may Incur Permitted Collateral Liens, (ii) the Collateral may be discharged and released in accordance with the Indenture, the applicable Security Documents or the Intercreditor Agreement or any Additional Intercreditor Agreement; (iii) the applicable Security Documents may be amended from time to time to cure any ambiguity, mistake, omission, defect, manifest error or inconsistency therein; (iv) the Issuer, Holdco and the Restricted Subsidiaries may discharge and release Security Interests with respect to the Collateral in connection with the implementation of a Permitted Reorganization and (v) the Security Interests, and the related Security Documents may be amended, extended, renewed, restated, supplemented or otherwise modified or released (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets); *provided, however*, that in the case of clauses (i) and (v) above, the Security Documents may not be amended, extended, renewed, restated, supplemented, released or otherwise modified or replaced; unless, contemporaneously with any such action, the Issuer delivers to the Trustee either (1) a solvency opinion, in form and substance reasonably satisfactory to the Trustee, from an Independent Financial Advisor confirming the solvency of the Issuer and its Subsidiaries, taken as a whole or of Holdco and its subsidiaries, taken as a whole (as applicable), and of the person granting such Security Interest, in each case, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, (2) a certificate from the Board of Directors of the relevant Person, in form and substance reasonably satisfactory to the Trustee, which confirms the solvency of the person granting such Security Interest, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, or (3) an Opinion of Counsel, in form and substance reasonably satisfactory to the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, the Lien or Liens created under the Security Documents, as so amended, extended, renewed, restated, supplemented, released, modified or replaced, are valid Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, to which such Lien or Liens were not otherwise subject immediately prior to such amendment, extension, renewal, restatement, supplement, release, modification or replacement. In the event that the Issuer complies with the requirements of this covenant, the Trustee and the Security Agent shall (subject to each of the Trustee and the Security Agent being indemnified and secured to its satisfaction) consent to such amendments without the need for instructions from the Holders.

Limitation on Additional Guarantees

No Restricted Subsidiary shall Guarantee the Indebtedness outstanding under the Revolving Credit Facility, any Credit Facility or any other Public Debt, in each case, of the Issuer or a Guarantor unless such Restricted Subsidiary is or becomes a Guarantor on the date on which such Guarantee is Incurred and, if applicable, executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Note Guarantee; *provided, however*, that such Restricted Subsidiary shall not be obligated to become such a Guarantor to the extent and for so long as the Incurrence of such Note Guarantee is contrary to the Agreed Security Principles or could give rise to or result in: (1) any breach or violation of statutory limitations, corporate benefit, financial assistance, fraudulent preference, thin capitalization rules, capital maintenance rules, guidance and coordination rules or the laws, rules or regulations (or analogous restriction) of any applicable jurisdiction; (2) any risk or liability for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); or (3) any cost, expense, liability or obligation other than reasonable out-of-pocket expenses. At the option of the Issuer, any Note Guarantee may contain limitations on Guarantor liability to the extent reasonably necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Future Note Guarantees granted pursuant to this provision shall be released as set forth under "*—Releases of the Note Guarantees*." A Note Guarantee of a future Guarantor may also be released at the option of the Issuer if at the date of such release there is no Indebtedness of such Guarantor outstanding which was Incurred after the Issue Date and which could not have been Incurred in compliance with the Indenture if such Guarantor had not been designated as a Guarantor. The Trustee and the Security Agent shall each take all necessary actions, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release of a Note Guarantee in accordance with these provisions, subject to each of the Trustee and the Security Agent being indemnified and secured to its satisfaction.

Additional Intercreditor Agreements

The Indenture will provide that, at the request of the Issuer or Holdco, in connection with the Incurrence by the Issuer or its Restricted Subsidiaries of any (1) Indebtedness permitted pursuant to the covenant described under "*—Limitation on Indebtedness*" and (2) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clause (1) Holdco, the Issuer, the relevant Restricted Subsidiaries, the Trustee and the Security Agent shall enter into with the holders of such Indebtedness (or their duly authorized Representatives) an intercreditor agreement (an "*Additional Intercreditor Agreement*") or a restatement, amendment or other modification of the existing Intercreditor Agreement on substantially the same terms as the Intercreditor Agreement (or terms not materially less favorable to the Holders), including containing substantially the same terms with respect to release of Note Guarantees and priority and release of the Security Interests; *provided* that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, as applicable, adversely affect the rights, duties, liabilities or immunities of the Trustee or Security Agent under the Indenture or the Intercreditor Agreement.

The Indenture also will provide that, at the direction of the Issuer and without the consent of Holders, the Trustee and the Security Agent shall from time to time enter into one or more amendments to any Intercreditor Agreement to: (1) cure any ambiguity, omission, defect, manifest error or inconsistency of any such agreement, (2) increase the amount or types of Indebtedness covered by any such agreement that may be Incurred by the Issuer or any Restricted Subsidiary that is subject to any such agreement (including, with respect to any

Intercreditor Agreement or Additional Intercreditor Agreement, the addition of provisions relating to new Indebtedness ranking junior in right of payment to the Notes), (3) add Restricted Subsidiaries to the Intercreditor Agreement or an Additional Intercreditor Agreement, (4) further secure the Notes (including Additional Notes), (5) make provision for equal and ratable pledges of the Collateral to secure Additional Notes, (6) implement any Permitted Collateral Liens, (7) amend the Intercreditor Agreement or any Additional Intercreditor Agreement in accordance with the terms thereof or (8) make any other change to any such agreement that does not adversely affect the Holders in any material respect. In formulating its opinion on such matters, the Trustee shall be entitled to request and rely absolutely on such evidence as it deems appropriate, including an Officer's Certificate and an Opinion of Counsel. The Issuer shall not otherwise direct the Trustee or the Security Agent to enter into any amendment to any Intercreditor Agreement without the consent of the Holders of the majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under "*—Amendments and Waivers*," and the Issuer may only direct the Trustee and the Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, adversely affect their respective rights, duties, liabilities or immunities under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Indenture shall also provide that, in relation to any Intercreditor Agreement or Additional Intercreditor Agreement, the Trustee (and the Security Agent, if applicable) shall consent on behalf of the Holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby; *provided, however*, that such transaction would comply with the covenant described under "*—Limitation on Restricted Payments*" and the terms of the Intercreditor Agreement and any Additional Intercreditor Agreement.

The Indenture will also provide that each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement or any Additional Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein), and to have directed the Trustee and the Security Agent to enter into any such Additional Intercreditor Agreement. A copy of the Intercreditor Agreement or any Additional Intercreditor Agreement shall be made available for inspection during normal business hours on any Business Day upon prior written request at the offices of the listing agent for the Notes.

Post-Closing Undertakings

On the Completion Date, subject in the case of (i) and (ii), to the terms of the Security Documents and the Agreed Security Principles, the Issuer shall procure that the Notes will be (i) guaranteed by KIRS Finco plc, Nevada Investment Holdings 5 Limited, Nevada Investment Holdings 6 Limited, Nevada Investment Holdings 7 Limited and Nevada Investments Topco Limited and (ii) secured by the shares of the Issuer held by Holdco and substantially all of the assets (other than excluded assets) of the Issuer, KIRS Finco plc, Nevada Investment Holdings 5 Limited, Nevada Investment Holdings 6 Limited, Nevada Investment Holdings 7 Limited and Nevada Investments Topco Limited (excluding, for the avoidance of doubt, the shares in Atlanta Investment Holdings 3 Limited).

Within 60 days of the Completion Date the Issuer shall procure that additional Restricted Subsidiaries have acceded to the Indenture as Guarantors, subject to the Agreed Security Principles, and that the Guarantors represent no less than 80% of Pro Forma Adjusted EBITDA of the Issuer and its Restricted Subsidiaries as set out in the Offering Memorandum, and (ii) subject to the terms of the Security Documents and the Agreed Security Principles, the Notes will be secured by substantially all the assets (other than excluded assets) of the Towergate Guarantors, the Nevada Guarantors, the Direct Group Guarantors and the Chase Templeton Guarantors.

Listing

The Issuer will use its reasonable efforts to (i) obtain the listing of the Notes on the Official List of the Channel Islands Securities Exchange Authority and for permission to be granted to deal in the Notes on the Official List of the Channel Islands Securities Exchange Authority as promptly as practicable after the Issue Date and (ii) maintain such listing and admission to trading for so long as such Notes are outstanding; *provided* that if the Issuer is unable to obtain such listing, or if maintenance of such listing becomes unduly onerous, it will, prior to the delisting of the Notes from the Official List of the Channel Islands Securities Exchange Authority, use its reasonable best efforts to obtain and maintain a listing of such Notes on another "recognised stock exchange" as defined in section 1005 of the Income Tax Act 2007 of the United Kingdom.

Financial Calculations

When calculating the availability under any basket or ratio under the Indenture, in each case in connection with any acquisition, disposition, merger, joint venture, investment or other similar transaction where there is a time difference between commitment and closing or Incurrence (including in respect of Incurrence of Indebtedness, Restricted Payments and Permitted Investments), the date of determination of such basket or ratio and of any Default or Event of Default shall, at the option of the Issuer, be the date the definitive agreements for such acquisition, disposition, merger, joint venture, investment or similar transaction are entered into and such baskets or ratios shall be calculated on a pro forma basis after giving effect to such acquisition, disposition, merger, joint venture, investment or similar transaction and the other transactions to be entered into in connection therewith (including any Incurrence of Indebtedness and the use of proceeds thereof) as if they occurred at the beginning of the applicable reference period for purposes of determining the ability to consummate any such transaction (and not for purposes of any subsequent availability of any basket or ratio). For the avoidance of doubt, (x) if any of such baskets or ratios are exceeded as a result of fluctuations in such basket or ratio (including due to fluctuations in Consolidated EBITDA of the Issuer or the target company) subsequent to such date of determination and at or prior to the consummation of the relevant transaction, such baskets or ratios will not be deemed to have been exceeded as a result of such fluctuations solely for purposes of determining whether the transactions are permitted hereunder and (y) such baskets or ratios shall not be tested at the time of consummation of such transaction or related transactions; *provided*, further, that if the Issuer elects to have such determinations occur at the time of entry into such definitive agreement, any such transactions (including any Incurrence of Indebtedness and the use of proceeds thereof) shall be deemed to have occurred on the date the definitive agreements are entered and outstanding thereafter for purposes of calculating any baskets or ratios under the Indenture after the date of such agreement and before the consummation of such transactions.

Events of Default

Each of the following is an "Event of Default" under the Indenture:

(1) default in any payment of interest on any Note issued under the Indenture when due and payable, continued for 30 days;

(2) default in the payment of the principal amount of or premium, if any, on any Note issued under the Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure by Holdco (only with respect to the covenants under the headings "*—Certain Covenants—Impairment of Security Interests*" and "*—Certain Covenants Additional Intercreditor Agreements*"), the Issuer or any Restricted Subsidiary to comply for 60 days after notice by the Trustee or the Holders of at lest 30% in principal amount of the outstanding Notes with its other agreements contained in the Indenture;

(4) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by the Issuer or any of its Restricted Subsidiaries), other than Indebtedness owed to the Issuer or a Restricted Subsidiary, whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, which default:

(a) is caused by a failure to pay principal at stated maturity on such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness ("payment default"); or

(b) results in the acceleration of such Indebtedness prior to its maturity (the "cross acceleration provision"),

and in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates £25 million or more;

(5) other than on a solvent basis, certain events of bankruptcy, insolvency or court protection of the Issuer or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuer), would constitute a Significant Subsidiary (the "bankruptcy provisions");

(6) failure by the Issuer or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuer), would constitute a Significant Subsidiary to pay final judgments aggregating in excess of £25 million (exclusive of any amounts for which a solvent insurance company has acknowledged liability), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final (the "judgment default provision");

(7) any security interest under the Security Documents shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Indenture) with respect to Collateral having a fair market value in excess of £5 million for any reason other than the satisfaction in full of all obligations under the Indenture or the release of any such security interest in accordance with the terms of the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents or any such security interest created thereunder shall be declared invalid or unenforceable or the Issuer, Holdco or any Restricted Subsidiary shall assert in writing that any such security interest is invalid or unenforceable, and any such Default continues for 10 days;

(8) any Note Guarantee of a Significant Subsidiary ceases to be in full force and effect (other than in accordance with the terms of such Note Guarantee or the Indenture) or is declared invalid or unenforceable in a judicial proceeding or any Guarantor denies or disaffirms in writing its obligations under its Note Guarantee and any such Default continues for 10 days; and

(9) failure by the Issuer to consummate a special mandatory redemption pursuant to the terms of the Escrow Agreement.

If an Event of Default (other than an Event of Default described in clause (4) above) occurs and is continuing, the Trustee, by notice to the Issuer, or the Holders of at least 30% in principal amount of the outstanding Notes under the Indenture, by written notice to the Issuer and the Trustee, may, and the Trustee at the request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest on all the Notes under the Indenture to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest will be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (4) under the definition of "***—Events of Default***" has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (4) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, premium or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

If an Event of Default described in clause (5) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders. Holders of the Notes may not enforce the Indenture or the Notes except as provided in the Indenture and may not enforce the Security Documents except as provided in such Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Holders of a majority in principal amount of the outstanding Notes under the Indenture by notice to the Trustee may, on behalf of all Holders, waive all past or existing Defaults or Events of Default (except with respect to nonpayment of principal, premium, interest or Additional Amounts, if any) and rescind any such acceleration with respect to such Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee indemnity or security satisfactory to the Trustee against any loss, liability or expense. Except to enforce the right to receive payment of principal or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such Holder has previously given the Trustee notice that an Event of Default is continuing;

(2) Holders of at least 30% in principal amount of the outstanding Notes have requested the Trustee to pursue the remedy;

(3) such Holder has offered the Trustee security or indemnity satisfactory to the Trustee against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of such security or indemnity; and

(5) the Holders of a majority in principal amount of the outstanding Notes have not given the Trustee a direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Indenture will provide that, in the event an Event of Default has occurred and is continuing, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification or other security satisfactory to it in its sole discretion against all losses, liabilities and expenses caused by taking or not taking such action. Prior to the occurrence of an Event of Default, the Trustee will have no obligation to monitor compliance by the Issuer with the Indenture. The Indenture will provide that if a Default occurs and is continuing and the Trustee is informed in writing of such occurrence by the Issuer, the Trustee must give notice of the Default to the Holders within 60 days after being so notified by the Issuer. Except in the case of a Default in the payment of principal of, or premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as the Trustee determines that withholding notice is in the interests of the Holders.

The Issuer is required to deliver to the Trustee, within 120 days after the end of each fiscal year, an Officer's Certificate indicating whether the signers thereof know of any Default or Event of Default that occurred during the previous year. The Issuer is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute certain Defaults, their status and what action the Issuer is taking or proposes to take in respect thereof.

The Indenture will provide that (i) if a Default occurs for a failure to deliver a required certificate in connection with another default (an "*Initial Default*"), then at the time such Initial Default is cured, such Default for a failure to report or deliver a required certificate in connection with the Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant entitled "*Certain Covenants—Reports*" or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured upon the delivery of any such report required by such covenant or notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

The Indenture will provide for the Trustee to take action on behalf of the Holders in certain circumstances, but only if the Trustee is indemnified or secured to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity to it, and it will be for Holders to take action directly.

Amendments and Waivers

Subject to certain exceptions, the Notes Documents may be amended, supplemented or otherwise modified with the consent of Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes); *provided* that, if any amendment, supplement, other modification or waiver will only amend, supplement or waive one series of the Notes, only the consent of a majority in aggregate principal amount of the then outstanding Notes of such series shall be required. However, without the consent of Holders holding not less than 90% of the then outstanding principal amount of the Notes affected, an amendment or waiver may not, with respect to any Notes held by a non-consenting Holder or, if any amendment, waiver or other modification will only amend, supplement, modify or waive one series of the Notes, without the consent of Holders holding not less than 90% of the then outstanding aggregate principal amount of such series of Notes affected, with respect to any such series of Notes held by a non-consenting Holder:

(1) reduce the principal amount of Notes whose Holders must consent to an amendment, waiver or modification;

(2) reduce the stated rate of or extend the stated time for payment of interest on any Note;

(3) reduce the principal of or extend the Stated Maturity of any Note;

(4) reduce the premium payable upon the redemption of any Note or change the time at which any Note may be redeemed, in each case as described under "*—Optional Redemption*";

(5) make any Note payable in money other than that stated in the Note;

(6) impair the right of any Holder of any outstanding Note to bring suit for the enforcement of any such payment on or with respect to such Holder's Notes;

(7) make any change in the provision of the Indenture described under "*—Withholding Taxes*" that adversely affects the right of any Holder of such Notes in any material respect or amends the terms of such Notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the Issuer agrees to pay Additional Amounts, if any, in respect thereof;

(8) release all or substantially all of the security interests granted for the benefit of the Holders in the Collateral other than in accordance with the terms of the Security Documents, the Intercreditor Agreement, any applicable Additional Intercreditor Agreement or the Indenture;

(9) waive a Default or Event of Default with respect to the nonpayment of principal, premium or interest or Additional Amounts, if any, on the Notes (except pursuant to a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of such Notes and a waiver of the payment default that resulted from such acceleration);

(10) release all or substantially all of the Guarantors from their obligations under the Note Guarantees or the Indenture, except in accordance with the terms of the Indenture and the Intercreditor Agreement; or

(11) make any change in the amendment or waiver provisions which require the Holders' consent described in this sentence.

Notwithstanding the foregoing, without the consent of any Holder, the Issuer, the Trustee, the Security Agent and the other parties thereto, as applicable, may amend or supplement any Notes Documents:

(1) to cure any ambiguity, omission, defect, error or inconsistency;

(2) to provide for the assumption by a successor Person of the obligations of the Issuer or any Restricted Subsidiary under any Notes Document;

(3) to add to the covenants or provide for a Note Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Issuer or any Restricted Subsidiary;

(4) to make any change that would provide additional rights or benefits to the Trustee or the Holders or that does not adversely affect the rights or benefits to the Trustee or any of the Holders in any material respect under the Notes Documents;

(5) to make such provisions as necessary (as determined in good faith by the Board of Directors or an Officer of the Issuer) for the issuance of Additional Notes;

(6) to provide for any Restricted Subsidiary to provide a Note Guarantee in accordance with the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" or "*—Limitation on Additional Guarantees*," to add Note Guarantees with respect to the Notes, to add security to or for the benefit of the Notes, or to confirm and evidence the release, termination, discharge or retaking of any Note Guarantee or Lien (including the Collateral and the Security Documents) or any amendment in respect thereof with respect to or securing the Notes when such release, termination, discharge or retaking or amendment is provided for under the Indenture, the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement;

(7) to conform the text of the Indenture, the Security Documents or the Notes to any provision of this "*Description of the Notes*" to the extent that such provision in this "*Description of the Notes*" was intended to be a verbatim recitation of a provision of the Indenture, the Security Documents or the Notes;

(8) to evidence and provide for the acceptance and appointment under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement of a successor trustee or security agent pursuant to the requirements thereof or to provide for the accession by the Trustee or Security Agent to any Notes Document;

(9) in the case of the Security Documents, to mortgage, pledge, hypothecate or grant a security interest in favor of the Security Agent for the benefit of the Holders or parties to the Revolving Credit Facility Agreement, in any property which is required by the Security Documents or the Revolving Credit Facility Agreement (as

in effect on the Issue Date) to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Security Agent, or to the extent necessary to grant a security interest in the Collateral for the benefit of any Person; *provided* that the granting of such security interest is not prohibited by the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement and the covenant described under "—*Certain Covenants—Impairment of Security Interest*" is complied with; or

(10) as provided in "—*Certain Covenants—Additional Intercreditor Agreements*."

In formulating its decision on such matters, the Trustee shall be entitled to require and rely on such evidence as it deems necessary, including Officer's Certificates and Opinions of Counsel. The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment of any Notes Document. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any Holder of Notes given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

For purposes of determining whether Holders of the requisite aggregate principal amount of any series of Notes have taken any action under the Indenture, the aggregate principal amount of such series of Notes will be deemed to be the Sterling Equivalent of the aggregate principal amount of such Notes as of (i) the record date in respect of such action (if a record date has been set with respect to the taking of such action) or (ii) the date the taking of such action by Holders of the requisite aggregate principal amount of such Notes has been certified to the Trustee by the Issuer (if no such record date has been set).

Notwithstanding anything to the contrary in the paragraphs above, in order to effect an amendment authorized by clause (3) above to add a Guarantor under the Indenture, it shall only be necessary for the supplemental indenture providing for the accession of such additional Guarantor to be duly authorized and executed by (i) the Issuer, (ii) such additional Guarantor and (iii) the Trustee. Any other amendments permitted by the Indenture need only be duly authorized and executed by the Issuer and the Trustee.

Acts by Holders

In determining whether the Holders of the required principal amount of the Notes have concurred in any direction, waiver or consent, the Notes owned by the Issuer or by any Person directly or indirectly controlling, or controlled by, or under direct or indirect common control with, the Issuer will be disregarded and deemed not to be outstanding; *provided* that, for the purpose of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Notes which the Trustee knows are so owned shall be so disregarded.

Defeasance

The Issuer at any time may terminate all obligations of the Issuer and each Guarantor under the Notes and the Indenture ("*legal defeasance*") and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust, the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Issuer in connection therewith and obligations concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust. Subject to the foregoing, if the Issuer exercises its legal defeasance option, the Security Documents and the rights of the Trustee and the Holders under the Intercreditor Agreement or any Additional Intercreditor Agreement in effect at such time will terminate (other than with respect to the defeasance trust).

The Issuer at any time may terminate its and the Restricted Subsidiaries' obligations under the covenants described under "*Certain Covenants*" (other than clauses (1) and (2) under "—*Certain Covenants—Merger and Consolidation—The Issuer*") and "*Change of Control*" and the default provisions relating to such covenants described under "—*Events of Default*" above, the operation of the cross-default upon a payment default, the cross acceleration provisions, the bankruptcy provisions with respect to any Significant Subsidiaries, the judgment default provision, the guarantee provision and the security default provision described under "—*Events of Default*" ("*covenant defeasance*").

The Issuer at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to such Notes. If the Issuer exercises its covenant defeasance option with respect to the Notes, payment of the Notes may not be accelerated because of an Event of

Default specified in clause (3) (other than with respect to clauses (1) and (2) of the covenant described under "*—Certain Covenants—Merger and Consolidation—The Issuer*"), (4), (5) (with respect only to the Significant Subsidiaries), (6), (7) or (8) under "*—Events of Default*."

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the "*defeasance trust*") with the Trustee (or another entity designated or appointed (as agent) by the Trustee for this purpose) cash in pound sterling or pound sterling-denominated U.K. Government Securities or a combination thereof sufficient for the payment of principal, premium, if any, and interest on the Notes to redemption or maturity, as the case may be, *provided* that, if requested by the Issuer, the Trustee will distribute any amounts deposited in trust to the Holders prior to the Stated Maturity or redemption date, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of:

(1) an Opinion of Counsel in the United States to the effect that Holders of the relevant Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and in the case of legal defeasance only, such Opinion of Counsel in the United States must be based on a ruling received by the Issuer from, or published by, the U.S. Internal Revenue Service or change in applicable U.S. federal income tax law);

(2) an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer;

(3) an Officer's Certificate and an Opinion of Counsel (which opinion of counsel may be subject to customary assumptions and qualifications), each stating that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with; and

(4) all other documents or other information that the Trustee may reasonably require in connection with either defeasance option.

Satisfaction and Discharge

The Indenture, and the rights of the Trustee and the Holders under the Intercreditor Agreement and any Additional Intercreditor Agreement and the Security Documents will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when (1) either (a) all the Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes, and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Issuer) have been delivered to the Paying Agent for cancellation; or (b) all Notes not previously delivered to the Paying Agent for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements reasonably satisfactory to the Trustee for the giving of notice of redemption by the Paying Agent in the name, and at the expense, of the Issuer; (2) the Issuer has deposited or caused to be deposited with the Trustee (or another entity designated or appointed (as agent) by the Trustee for this purpose), with respect to the Sterling Notes, money or pound sterling-denominated U.K. Government Securities, or a combination thereof, as applicable, and with respect to the Dollar Notes, money or dollar-denominated U.S. Government Securities, or a combination thereof, as applicable in an amount sufficient to pay and discharge the entire Indebtedness on the Notes not previously delivered to the Paying Agent for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be; (3) the Issuer has paid or caused to be paid all other sums payable under the Indenture; (4) the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be, *provided* that, if requested by the Issuer, the Trustee may distribute any amounts deposited in trust to the Holders prior to the maturity or the redemption date, as the case may be, and (5) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel (*provided* that such counsel may not be an employee of the Issuer or its Subsidiaries) each to the effect that all conditions precedent under the "*Satisfaction and Discharge*" section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with; *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)).

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator or shareholder of the Issuer or any of its Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Issuer or any Guarantor under the Notes Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Concerning the Trustee and Certain Agents

Citibank, N.A., London Branch is to be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default, the Trustee will perform only such duties as are set forth specifically in the Indenture. During the existence of an Event of Default, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty.

The Indenture will impose certain limitations on the rights of the Trustee, should it become a creditor of the Issuer, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee or any Agent will be permitted to engage in other transactions with the Issuer and its Affiliates and Subsidiaries.

The Indenture will set out the terms under which the Trustee may retire or be removed and replaced. Such terms will include, among others, (1) that the Trustee may be removed at any time by the Holders of a majority in principal amount of then outstanding Notes, or may resign at any time by giving written notice to the Issuer, and (2) that if the Trustee at any time (a) has or acquires a conflict of interest that is not eliminated, or (b) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Issuer may remove the Trustee, or any Holder who has been a bona fide Holder for not less than six months may petition any court for removal of the Trustee and appointment of a successor Trustee. Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture will contain provisions for the indemnification of the Trustee for any loss, liability, Taxes or expenses Incurred without gross negligence, willful misconduct or fraud on its part, arising out of or in connection with the acceptance or administration of the Indenture.

Notices

Notices, warnings, summonses and other communications to the holders of the Notes from the Trustee shall be sent via DTC, Euroclear or Clearstream (as applicable) with a copy to the Issuer, and the listing agent, for the purpose of sending to the Channel Islands Securities Exchange Authority (to the extent required by the rules of the Channel Islands Securities Exchange Authority). Any such notice or communication shall be deemed to be given or made when sent from DTC, Euroclear or Clearstream (as applicable). The Issuer's written notifications to the holders of Notes shall be sent through DTC, Euroclear or Clearstream (as applicable) with a copy to the Trustee and the Channel Islands Securities Exchange Authority (to the extent required by the rules of the Channel Islands Securities Exchange Authority).

Prescription

Claims against the Issuer and the Guarantors for the payment of principal, or premium, if any, on the Notes will be prescribed 10 years after the applicable due date for payment thereof. Claims against the Issuer and the Guarantors for the payment of interest on the Notes will be prescribed six years after the applicable due date for payment of interest.

Currency Indemnity and Calculation of Pound Sterling-Denominated Restrictions

The sole currency of account and payment for all sums payable by the Issuer with respect to the Sterling Notes is pounds sterling and with respect to the Dollar Notes is U.S. dollars. Any amount received or recovered in a currency other than pounds sterling, in respect of the Sterling Notes, or U.S. dollars, in respect of the Dollar Notes, as the case may be (whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer, any Subsidiary or otherwise) by the holder in respect of any sum expressed to be due to it from the Issuer will constitute a discharge of the Issuer only to the extent of the pound sterling or U.S. dollar amount, as the case may be, which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not possible to make that purchase on that date, on the first date on which it is possible to do so). If that pound sterling amount or U.S. dollar amount, as the case may be, is less than the pound sterling amount or U.S. dollar amount, as the case may be, expressed to be due to the recipient under any Note, the Issuer will indemnify the recipient against any loss sustained by it as a result. In any event the Issuer will indemnify the recipient against the cost of making any such purchase.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any pound sterling-denominated restriction herein, the Sterling Equivalent for purposes hereof that is denominated in a currency other than pound sterling shall be calculated based on the relevant currency exchange rate in effect on the date such non-pound sterling amount is Incurred or made, as the case may be.

Enforceability of Judgments

Since substantially all the assets of the Issuer and the Guarantors are located outside the United States, any judgment obtained in the United States against the Issuer or the Guarantors, including judgments with respect to the payment of principal, premium, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Notes, may not be collectable within the United States. See "*Risk Factors—Risks Related to Our Structure and the Financing—Each Note Guarantee and security interest will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit its validity and enforceability*" and "*Certain Limitations on Validity and Enforceability of the Note Guarantees and the Collateral and Certain Insolvency Law Considerations*."

Consent to Jurisdiction and Service

In relation to any legal action or proceedings arising out of or in connection with the Indenture and the Notes, the Issuer and the Guarantors will in the Indenture irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States.

Governing Law

The Indenture and the Notes, and the rights and duties of the parties thereunder, shall be governed by and construed in accordance with the laws of the State of New York. The Intercreditor Agreement, the Escrow Agreement and the Issue Date Collateral will be governed by the law of England and Wales.

Certain Definitions

"*Acquired Indebtedness*" means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, or (2) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary or such acquisition or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Issuer or any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

"*Advanced Commission Obligations*" means any amounts owed or deemed to be owed in respect of advances of commissions given to the Issuer or any Restricted Subsidiary by insurance providers pursuant to agreements with such providers as a result of or upon the termination of such agreements.

"*Affiliate*" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"*Agreed Security Principles*" means the agreed security principles appended to the Revolving Credit Facility Agreement, as of the Issue Date, as applied *mutatis mutandis* with respect to the Notes in good faith by the Issuer.

"*Applicable Premium*" means, in the case of the Sterling Fixed Rate Notes, the Sterling Fixed Rate Notes Applicable Premium, in the case of the Sterling Floating Rate Notes, the Sterling Floating Rate Notes Applicable Premium, in the case of the Dollar Notes, the Dollar Applicable Premium.

"*Asset Disposition*" means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than operating leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Restricted Subsidiary (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a "disposition") by the Issuer or any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction. Notwithstanding the preceding provisions of this definition, the following items shall be deemed not to be Asset Dispositions:

(1) a disposition by a Restricted Subsidiary to the Issuer or by the Issuer or a Restricted Subsidiary to a Restricted Subsidiary;

(2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(3) a disposition of inventory, trading stock, security equipment or other equipment or assets in the ordinary course of business;

(4) a disposition of obsolete, damaged, retired, surplus or worn out equipment or assets or equipment, facilities or other assets that are no longer useful in the conduct of the business of the Issuer and its Restricted Subsidiaries and any transfer, termination, unwinding or other disposition of hedging instruments or arrangements not for speculative purposes;

(5) transactions permitted under "*—Certain Covenants—Merger and Consolidation*" or a transaction that constitutes a Change of Control;

(6) an issuance, transfer or other disposition of Capital Stock (i) by a Restricted Subsidiary to the Issuer or to another Restricted Subsidiary, as part of or pursuant to an equity based, equity linked, profit sharing or performance based, incentive or compensation plan approved by the Board of Directors of the Issuer, (ii) relating to directors' qualifying shares and shares issued to individuals as required by applicable law, or (iii) in connection with a roll up of a minority shareholder's investment;

(7) an issuance, transfer or other disposition of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined by the Board of Directors or an Officer of the Issuer) of less than the greater of £5 million and 4% of Consolidated EBITDA;

(8) any Restricted Payment that is permitted to be made, and is made, under the covenant described above under "*—Certain Covenants—Limitation on Restricted Payments*" and the making of any Permitted Payment or Permitted Investment or, solely for purposes of paragraph two under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock",* asset sales, the proceeds of which are used to make such Restricted Payments or Permitted Investments;

(9) the granting of Liens not prohibited by the covenant described above under the caption "*—Certain Covenants—Limitation on Liens*";

(10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements or any sale of assets received by the Issuer or a Restricted Subsidiary upon the foreclosure of a Lien granted in favor of the Issuer or any Restricted Subsidiary;

(11) the licensing, sub-licensing, lease or assignment of intellectual property or other general intangibles and licenses, sub-licenses, leases or subleases of other property, in each case, in the ordinary course of business;

(12) foreclosure, condemnation, taking by eminent domain or any similar action with respect to any property or other assets;

(13) the sale or discount (with or without recourse, and on customary or commercially reasonable terms) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;

(14) sales or dispositions of receivables in connection with any Qualified Receivables Financing or any factoring transaction or otherwise in the ordinary course of business;

(15) any issuance, sale or disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(16) any issuance, transfer or other disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Issuer or a Restricted Subsidiary) from whom a Restricted Subsidiary was acquired, or from whom a Restricted Subsidiary acquired its business and assets, made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(17) any surrender or waiver of contract rights or the settlement, release, recovery on or surrender of contract, tort or other claims of any kind;

(18) any disposition of assets to a Person who is providing services related to such assets, the provision of which has been or is to be outsourced by the Issuer or any Restricted Subsidiary to such Person; *provided, however*, that the Board of Directors of the Issuer shall certify that in the opinion of the Board of Directors, the outsourcing transaction will be economically beneficial to the Issuer and its Restricted Subsidiaries (considered as a whole); *provided, further,* that the fair market value of the assets disposed of, when taken together with all other dispositions made pursuant to this clause (18), does not exceed the greater of £5 million and 4% of Consolidated EBITDA;

(19) an issuance or sale by a Restricted Subsidiary of Preferred Stock or Disqualified Capital Stock that is permitted by the covenant described above under "*—Certain Covenants—Limitation on Indebtedness*";

(20) sales, transfers or other dispositions of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding agreements; *provided* that any cash or Cash Equivalents received in such sale, transfer or disposition are applied in accordance with the "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" covenant;

(21) any disposition with respect to property built, owned or otherwise acquired by the Issuer or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings permitted by the Indenture;

(22) sales, transfers or other dispositions of up to 20% of the Capital Stock of a Subsidiary to Management Investors in connection with the hiring of Management Investors in connection with new business offerings; and

(23) disposition of Towergate Financial (Group) Limited and/or any of its Subsidiaries or successor entities in connection with a regulatory redress liability management exercise, provided that (i) such disposition is not made to an Affiliate of the Issuer (other than pursuant to a Permitted Investment contemplated by clause (21) of the definition thereof) and (ii) such transaction and any related transactions taken as a whole is fair from a financial point of view to the Issuer and its Restricted Subsidiaries taken as a whole, as reasonably determined by the Board of Directors.

"*Associate*" means (i) any Person engaged in a Similar Business of which the Issuer or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture entered into by the Issuer or any Restricted Subsidiary.

"*Autonet Guarantors*" means Atlanta Investment Holdings 2 Limited, Atlanta Investment Holdings 3 Limited, Atlanta Investment Holdings Limited and Autonet Insurance Services Limited.

"*Bain Capital*" means funds or accounts managed or advised by Bain Capital Credit, LP or its Affiliates.

"*Broker Networks*" means Bravo Investment Holdings Limited and its Subsidiaries.

"*Board of Directors*" means (1) with respect to the Issuer or any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (3) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision of the Indenture requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by the Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval). The obligations of the "Board of Directors of the Issuer" under the Indenture may be exercised by the Board of Directors of KIRS TopCo Limited or Holdco, including its successors and assigns, pursuant to a delegation of powers of the Board of Directors of the Issuer.

"*Business Day*" means each day that is not a Saturday, Sunday or other day on which banking institutions in London, United Kingdom are authorized or required by law to close.

"*Capital Stock*" of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"*Capitalized Lease Obligation*" means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes on the basis of IFRS (as in effect on the Issue Date for purposes of determining whether a lease is a capitalized lease). The amount of Indebtedness will be, at the time any determination is to be made, the amount of such obligation required to be capitalized on a balance sheet (excluding any notes thereto) prepared in accordance with IFRS, and the stated maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"*Cash Equivalents*" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian government, a member state of the European Union, the United Kingdom or Switzerland or, in each case, any agency or instrumentality thereof (*provided* that the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

(2) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof issued by any lender party to the Revolving Credit Facility or by any bank or trust company

(a) whose commercial paper is rated at least "A-1" or the equivalent thereof by S&P or at least "P-1" or the equivalent thereof by Moody's (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or

(b) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of £250 million;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any bank meeting the qualifications specified in clause (2) above;

(4) commercial paper rated at the time of acquisition thereof at least "A-2" or the equivalent thereof by S&P or "P-2" or the equivalent thereof by Moody's or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if both of the two named Rating Agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;

(5) readily marketable direct obligations issued by any state of the United States of America, the United Kingdom, any province of Canada, any member of the European Union, Japan, Norway or Switzerland or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Moody's or S&P (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;

(6) Indebtedness or preferred stock issued by Persons with a rating of "BBB-" or higher from S&P or "Baa3" or higher from Moody's (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;

(7) bills of exchange issued in the United States, the United Kingdom, Canada, a member state of the European Union, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(8) interests in any investment company, money market or enhanced high yield fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (7) above; and

(9) for purposes of clause (2) of the definition of "*Asset Disposition*," the marketable securities portfolio owned by the Issuer and its Subsidiaries (including Nevada and its Subsidiaries) on the Issue Date.

"*Change of Control*" means the occurrence of any of the following:

(1) the Issuer becoming aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other than one or more Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Issuer; *provided* that for the purposes of this clause, no Change of Control shall be deemed to occur by reason of the Issuer becoming a wholly-owned Subsidiary of a Successor Parent (subject to any directors' qualifying shares or shares required by any applicable law or regulation to be held by a person other than the Issuer or another wholly-owned Subsidiary that are held by a Person other than such Successor Parent); and

(2) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole to a Person, other than a Restricted Subsidiary or one or more Permitted Holders.

"*Clearstream*" means Clearstream Banking, société anonyme, as currently in effect, or any successor securities clearing agency.

"*Chase Templeton Guarantors*" means Chase Templeton Group Limited, Chase Templeton Holdings Limited and Chase Templeton Limited.

"*Collateral*" means any and all assets from time to time in which a security interest has been or will be granted pursuant to any Security Document to secure the obligations under the Indenture, the Notes and/or any Note Guarantee.

"*Completion Date*" means the acquisition by the Issuer, directly or indirectly, of Nevada.

"*Consolidated EBITDA*" for any period means, without duplication, the Consolidated Net Income for such period, plus the following to the extent deducted in calculating such Consolidated Net Income:

(1) Fixed Charges of such Person for such period (including (x) net losses on any Hedging Obligations or other derivative instruments entered into for the purpose of hedging interest rate, currency or commodities risk, (y) bank fees and (z) cost of surety bonds in connection with financing activities plus amounts excluded from the definition of "Consolidated Interest Expense" pursuant to the last paragraph thereof to the extent the same were deducted (and not added back) in calculating such Consolidated Net Income;

(2) Consolidated Income Taxes;

(3) consolidated depreciation expense;

(4) consolidated amortization (excluding amortization of a prepaid cash charge or expense that was paid in a prior period) or impairment expense;

(5) any expenses, charges or other costs related to any issuance of Capital Stock, listing of Capital Stock, Investment, acquisition (including amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business and any expenses, charges or other costs related to deferred or contingent payments), disposition, recapitalization or the Incurrence, issuance, redemption or refinancing of any Indebtedness permitted by the Indenture or any amendment, waiver, consent or modification to any document governing such Indebtedness (whether or not successful) (including any such fees, expenses or charges related to the Transactions (including any expenses in connection with related due diligence activities)), any management equity or stock option plan, any management or employee benefit plan, any stock subscription of any shareholders agreement, in each case, as determined by the Board of Directors or an Officer of the Issuer;

(6) any minority interest expense (whether paid or not) consisting of income attributable to minority equity interests of third parties in such period or any prior period or any net earnings, income or share of profit of any Associates;

(7) the amount of board of directors, management, monitoring, consulting, advisory and exit fees and related expenses paid in such period to the board of directors of the Issuer or any Parent and Permitted Holders to the extent applicable and permitted by the covenant described under "*—Certain Covenants—Limitation on Affiliate Transactions*";

(8) other non-cash charges, write-downs or items reducing Consolidated Net Income (excluding any such non-cash charge, write-down or item to the extent it represents an accrual of or reserve for cash charges expected to be paid in any future period) or other items classified by the Issuer as special, extraordinary, exceptional, unusual or non-recurring items less other non-cash items of income increasing Consolidated Net Income (other than non-cash items increasing Consolidated Net Income pursuant to clauses (1) to (14) of the definition of Consolidated Net Income and excluding any such non-cash item of income to the extent it represents a receipt of cash expected to be paid in any future period);

(9) the proceeds of any business interruption insurance received or that become receivable during such period to the extent the associated losses arising out of the event that resulted in the payment of such business interruption insurance proceeds were included in computing Consolidated Net Income;

(10) payments received or that become receivable with respect to expenses that are covered by the indemnification provisions in any agreement entered into by such Person in connection with an acquisition to the extent such expenses were included in computing Consolidated Net Income;

(11) any Receivables Fees and discounts on the sale of accounts receivable in connection with any Qualified Receivables Financing representing, in the Issuer's reasonable determination, the implied interest component of such discount for such period;

(12) payments made in connection with any regulatory redress liability management exercise; and

(13) all adjustments of the nature used in connection with the calculation of "*Pro Forma* Adjusted EBITDA" as set forth in "*Comprehensive Unaudited Pro Forma Adjusted EBITDA*" contained in this Offering Memorandum applied in good faith reasonably expected to occur within 24 months to the extent such adjustments continue to be applicable during the period in which EBITDA is being calculated; *provided* that the aggregatge amount of anticipated cost savings, expense reductions and cost synergies only represent the greater of 15% of Consolidated EBITDA and £46 million.

For the purposes of determining "Consolidated EBITDA" pro forma effect shall be given to Consolidated EBITDA on the same basis as for calculating the Consolidated Net Leverage Ratio for the Issuer and its Restricted Subsidiaries.

"*Consolidated Income Taxes*" means Taxes or other payments, including deferred taxes, based on income, profits or capital of any of the Issuer and its Restricted Subsidiaries, whether or not paid, estimated, accrued or required to be remitted to any governmental authority.

"*Consolidated Interest Expense*" means, for any period (in each case, determined on the basis of IFRS), the consolidated net interest income/expense of the Issuer and its Restricted Subsidiaries, whether paid or accrued, plus or including (without duplication) any interest, costs and charges consisting of:

(1) interest expense attributable to Capitalized Lease Obligations;

(2) amortization of original issue discount (but not including deferred financing fees, debt issuance costs, commissions, fees and expenses);

(3) non-cash interest expense;

(4) costs associated with Hedging Obligations (excluding amortization of fees or any non-cash interest expense attributable to the movement in mark-to-market valuation of such obligations);

(5) the product of (a) all dividends or other distributions in respect of all Disqualified Stock of the Issuer and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Issuer or a Restricted Subsidiary, multiplied by (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined national, state and local statutory tax rate of such Person, expressed as a decimal, as estimated in good faith by a responsible accounting or financial officer of the Issuer;

(6) the consolidated interest expense that was capitalized during such period;

(7) cash interest actually paid by the Issuer or any Restricted Subsidiary under any Guarantee of Indebtedness or other obligation of any other Person; and

(8) interest accrued on any Indebtedness of a Parent that is Guaranteed by the Issuer or any Restricted Subsidiary to the extent (x) serviced directly or indirectly by the Issuer or any Restricted Subsidiary and (y) not already included in calculating Consolidated Interest Expense;

minus (i) accretion or accrual of discounted liabilities other than Indebtedness, (ii) any expense resulting from the discounting of any Indebtedness in connection with the application of purchase accounting in connection with any acquisition, in each case, to the extent included in interest expense under IFRS, (iii) any Additional Amounts with respect to the Notes included in interest expense under IFRS or other similar tax gross up on any Indebtedness included in interest expense under IFRS. Consolidated Interest Expense shall not include any interest expenses relating to (A) Subordinated Shareholder Funding, (B) penalties and interest related to taxes, (C) amortization or write-off of deferred financing fees, debt issuance costs, debt discount or premium, terminated hedging obligations and other commissions, financing fees and expenses and (D) any expensing of bridge, commitment or other financing fees.

"*Consolidated Net Income*" means, for any period, the net income (loss) of the Issuer and its Restricted Subsidiaries determined on a consolidated basis on the basis of IFRS; *provided, however*, that there will not be included in such Consolidated Net Income:

(1) subject to the limitations contained in clause (2) below, any net income (loss) of any Person if such Person is not a Restricted Subsidiary, except that the Issuer's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed by such Person during such period to the Issuer or a Restricted Subsidiary as a dividend or other distribution or return on investment or could have been distributed, as reasonably determined by an Officer (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below);

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," any net income (loss) of any Restricted Subsidiary (other than a Guarantor) if such Subsidiary is subject to restrictions on the payment of dividends or the making of distributions by such Restricted Subsidiary to the Issuer by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes and the Indenture, (c) contractual restrictions in effect on the Issue Date with respect to such Restricted Subsidiary, including Nevada and its Restricted Subsidiaries, (including pursuant to the Revolving Credit Facility Agreement or the Intercreditor Agreement), and other restrictions with respect to such Restricted Subsidiary that, taken as a whole, are not materially less favorable to the Holders than such restrictions in effect on the Issue Date, and (d) restrictions permitted under the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries,*" except that the Issuer's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Issuer or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary (other than a Guarantor), to the limitation contained in this clause);

(3) any net gain (or loss) realized upon the sale or other disposition of any asset or disposed operations of the Issuer or any Restricted Subsidiaries (including pursuant to any sale and leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business;

(4) any extraordinary, one-off, non-recurring, exceptional or unusual gain, loss, expense or charge, including any charges or reserves in respect of any loss corridors, restructuring, redundancy, relocation, refinancing, integration or severance or other post-employment arrangements (including amounts payable under New Employee Transfer Costs), signing, retention or completion bonuses, transaction costs (including costs related to the Transactions or any investments), acquisition costs, business optimization, start up (including entry into new markets/channels and new product offerings), ramp up, system establishment, software or information technology implementation or development costs, costs related to or resulting from governmental or regulatory investigations and curtailments or modifications to pension or post-retirement benefits schemes, litigation or any asset impairment charges or the financial impacts of natural disasters (including fire, flood and storm and related events);

(5) the cumulative effect of a change or harmonization in accounting principles;

(6) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards and any non-cash deemed finance charges in respect of any pension liabilities or other provisions, any non-cash net after tax gains or losses attributable to the termination or modification of any employee pension benefit plan and any charge or expense relating to any payment made to holders of

equity-based securities or rights in respect of any dividend sharing provisions of such securities or rights to the extent such payment was made pursuant to the covenant described under "—*Certain Covenants—Limitation on Restricted Payments*";

(7) all deferred financing costs written off and premiums paid or other expenses Incurred directly in connection with any early extinguishment of Indebtedness or Hedging Obligations and any net gain (loss) from any write-off or forgiveness of Indebtedness;

(8) any unrealized gains or losses in respect of Hedging Obligations or other financial instruments or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;

(9) any unrealized foreign currency transaction gains or losses in respect of Indebtedness or other obligations of any Person denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses resulting from remeasuring assets and liabilities denominated in foreign currencies;

(10) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Issuer or any Restricted Subsidiary owing to the Issuer or any Restricted Subsidiary;

(11) any one-time non-cash charges or any amortization or depreciation, in each case to the extent related to the Transactions or any acquisition of another Person or business or resulting from any reorganization or restructuring involving the Issuer or its Subsidiaries;

(12) any goodwill or other intangible asset amortization charge, impairment charge or write-off or write-down;

(13) consolidated depreciation and amortization expense to the extent in excess of net capital expenditures for such period, and Consolidated Income Taxes to the extent in excess of cash payments made in respect of such Consolidated Income Taxes; and

(14) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding.

"*Consolidated Net Leverage*" means the sum of the aggregate outstanding Indebtedness of the Issuer and its Restricted Subsidiaries (excluding Hedging Obligations entered into for *bona fide* hedging purposes and not for speculative purposes (as determined in good faith by the Issuer)) less cash and Cash Equivalents of the Issuer and its Restricted Subsidiaries in excess of cash held in Trust Accounts, as of the relevant date of calculation on a consolidated basis on the basis of IFRS. In determining the Consolidated Net Leverage Ratio, no cash or Cash Equivalents shall be included in the calculation of Consolidated Net Leverage to the extent that such cash or Cash Equivalents are the proceeds of Indebtedness Incurred on the date of determination in respect of which the calculation of the Consolidated Net Leverage Ratio is to be made.

"*Consolidated Net Leverage Ratio*" means, as of any date of determination, the ratio of (x) Consolidated Net Leverage at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the four most recent fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Issuer are available. In the event that the Issuer or any of its Restricted Subsidiaries Incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness subsequent to the commencement of the period for which the Consolidated Net Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Net Leverage Ratio is made (the "*Calculation Date*"), then the Consolidated Net Leverage Ratio will be calculated giving *pro forma* effect (as determined by a responsible accounting or financial officer of the Issuer), including in respect of anticipated cost savings, expense reductions and cost synergies reasonably expected to occur within 24 months, to such Incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable reference period; *provided, however*, that the *pro forma* calculation shall not give effect to (i) any Indebtedness Incurred on the Calculation Date pursuant to the provisions described in the second paragraph under "—*Certain Covenants—Limitation on Indebtedness*" or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds Incurred pursuant to the provisions described in the second paragraph under "—*Certain Covenants—Limitation on Indebtedness*";

In addition, for purposes of calculating the Consolidated Net Leverage Ratio:

(1) acquisitions or Investments (each, a "**Purchase**") that have been made by the Issuer or any of its Restricted Subsidiaries, including through mergers or consolidations, or by any Person or any of its Restricted

Subsidiaries acquired by the Issuer or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given pro forma effect (as determined in good faith by a responsible accounting or financial officer of the Issuer), including in respect of anticipated cost savings, expense reductions and cost synergies reasonably expected to occur within 24 months, as if they had occurred on the first day of the four-quarter reference period*; provided* that the aggregate amount of anticipated cost savings, expense reductions and cost synergies only represent the greater of £46 million and 15% of Consolidated EBTIDA; *provided* that, if definitive documentation has been entered into with respect to a Purchase that is part of the transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving pro forma effect to such Purchase (including anticipated cost savings, expense reductions and cost synergies reasonably expected to occur within 24 months) as if such Purchase had occurred on the first day of such period, even if the Purchase has not yet been consummated as of the date of determination;

(2) the Consolidated EBITDA (whether positive or negative) attributable to discontinued operations, as determined in accordance with IFRS, and operations, businesses or group of assets constituting a business or operating unit (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded on a *pro forma* basis as if such disposition occurred on the first day of such period (taking into account anticipated cost savings resulting from any such disposal, as determined by a responsible accounting or financial officer of the Issuer);

(3) the Consolidated Interest Expense attributable to discontinued operations, as determined in accordance with IFRS, and operations, businesses or group of assets constituting a business or operating unit (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded on a pro forma basis as if such disposition occurred on the first day of such period, but only to the extent that the obligations giving rise to such Consolidated Interest Expense will not be obligations of the Issuer or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such reference period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such reference period;

(6) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness), and if any Indebtedness is not denominated in the Issuer's functional currency, that Indebtedness for purposes of the calculation of Consolidated Net Leverage shall be treated in accordance with IFRS; and

(7) the full run-rate effect of cost savings, expense reductions and cost synergies (as determined in good faith by an Officer of the Issuer responsible for accounting or financial reporting) reasonably expected to occur within 24 months shall be included as though such cost savings, expense reductions and cost synergies had been achieved on the first day of the relevant period, net of the amount of actual benefits realized during such period from such actions, *provided* that such cost savings, expense reductions and cost synergies (A) are reasonably identifiable and factually supportable and (B) are not duplicative of any cost savings, expense reductions and cost synergies already included for such period.

"*Consolidated Senior Secured Net Leverage*" means the sum of the aggregate outstanding Senior Secured Indebtedness of the Issuer and its Restricted Subsidiaries (excluding Hedging Obligations entered into for *bona fide* hedging purposes and not for speculative purposes (as determined in good faith by an Officer or the Board of Directors of the Issuer)) *less* cash and Cash Equivalents of the Issuer and its Restricted Subsidiaries in excess of cash held in Trust Accounts, as of the relevant date of calculation on a consolidated basis on the basis of IFRS. In determining the Consolidated Senior Secured Net Leverage Ratio, no cash or Cash Equivalents shall be included in the calculation of Consolidated Senior Secured Net Leverage to the extent that such cash or Cash Equivalents are the proceeds of Indebtedness Incurred on the date of determination in respect of which the calculation of the Consolidated Senior Secured Net Leverage Ratio is to be made.

"*Consolidated Senior Secured Net Leverage Ratio*" means, as of any date of determination, the ratio of (x) the Consolidated Senior Secured Net Leverage at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the four most recent fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Issuer are available, in each case calculated with such *pro forma* and other adjustments as are consistent with the *pro forma* provisions set forth in the definition of Consolidated Net Leverage Ratio.

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness ("*primary obligations*") of any other Person (the "*primary obligor*"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds: (a) for the purchase or payment of any such primary obligation; or (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*Credit Facility*" means, with respect to the Issuer or any of its Subsidiaries, one or more debt facilities, arrangements, instruments or indentures (including the Revolving Credit Facility or any other commercial paper facilities and overdraft facilities) with banks, institutions or investors providing for revolving credit loans, term loans, notes, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), notes, letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks, institutions or investors and whether provided under the original Revolving Credit Facility or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Note Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Issuer as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"*Currency Agreement*" means, in respect of a Person, any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

"*Deemed Interest Payments*" means the amount of interest payments, as determined in good faith by the Issuer as of the relevant date, using the interest rate in effect in respect of the Sterling Floating Rate Note as at the date of giving the notice of redemption.

"*Default*" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"*Designated Non-Cash Consideration*" means the fair market value (as determined by the Board of Directors or an Officer of the Issuer) of non-cash consideration received by the Issuer or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*."

"*Designated Preference Shares*" means, with respect to the Issuer or any Parent, Preferred Stock (other than Disqualified Stock) (a) that is issued for cash (other than to the Issuer or a Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any such Subsidiary for the benefit of their employees to the extent funded by the Issuer or such Subsidiary) and (b) that is designated as "Designated

Preference Shares" pursuant to an Officer's Certificate of the Issuer at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in clause (c)(ii) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*."

"*Direct Group Guarantors*" means Direct Group Limited, Direct Group Property Services Limited, Direct Newco Limited, Direct Validation Services Limited, Millennium Insurance Brokers Limited and Ryan Direct Group Limited.

"*Disqualified Stock*" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, in each case on or prior to the date that is 90 days after the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a Change of Control or an Asset Disposition will not constitute Disqualified Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described under the caption "*—Certain Covenants—Restricted Payments*." For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Stock, such fair market value to be determined as set forth herein. Only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock.

"*Dollar Applicable Premium*" means, the greater of:

(1) 1% of the principal amount of such Dollar Note; and

(2) as of any redemption date, the excess (to the extent positive) of:

(a) the present value at such redemption date of (i) the redemption price of such Dollar Note at , 2019 (such redemption price (expressed in percentage of principal amount) being set forth in the table under "*—Optional Redemption*" (excluding accrued but unpaid interest)), plus (ii) all required interest payments due on such Dollar Note to and including such date (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Treasury Rate at such redemption date plus 50 basis points; over

(b) the outstanding principal amount of such Dollar Note,

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate. For the avoidance of doubt, calculation of the Dollar Applicable Premium shall not be an obligation or duty of the Trustee, Registrar, Transfer Agent or any Paying Agent.

"*DTC*" means The Depositary Trust Company.

"*Equity Offering*" means (x) a sale of Capital Stock of the Issuer (other than Disqualified Stock and other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions), or (y) the sale of Capital Stock or other securities by any Person, the proceeds of which are contributed as Subordinated Shareholder Funding or to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through Excluded Contributions or a Parent Debt Contribution) of the Issuer or any of its Restricted Subsidiaries.

"*Escrowed Proceeds*" means the proceeds from the offering of any debt securities or other Indebtedness paid into escrow accounts with an independent escrow agent on the date of the applicable offering or incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow accounts upon satisfaction of certain conditions or the occurrence of certain events. The term "Escrowed Proceeds" shall include any interest earned on the amounts held in escrow.

"*Euroclear*" means Euroclear Bank SA/NV, as currently in effect, or any successor securities clearing agency.

"*European Union*" means the European Union as of the Issue Date except for purposes of the definition of IFRS.

"*Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Excluded Contribution*" means Net Cash Proceeds or property or assets received by the Issuer as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding of the Issuer, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Issuer substantially concurrently with the contribution and not constituting a Parent Debt Contribution.

"*Existing Notes*" mean, collectively, the Existing Super Senior Secured Notes and the Existing Senior Secured Notes;

"*Existing Senior Secured Notes*" mean the £425 million aggregate amount of senior secured notes due 2020 issued by Towergate pursuant to the indenture dated April 2, 2015 governing the Existing Senior Secured Notes by and among, *inter alios*, Towergate, KIRS Midco 1 Limited and The Bank of New York Mellon, London Branch as trustee;

"*Existing Super Senior Secured Notes*" mean the £75 million aggregate amount of floating rate super senior secured notes due 2020 issued by Towergate pursuant to the indenture dated April 2, 2015 governing the Existing Super Senior Secured Notes by and among, *inter alios*, Towergate, KIRS Midco 1 Limited and The Bank of New York Mellon, London Branch as trustee;

"*fair market value*" wherever such term is used in this "*Description of the Senior Secured Notes*" or the Indenture (except in relation to an enforcement action pursuant to the Intercreditor Agreement and except as otherwise specifically provided in this "*Description of the Senior Secured Notes*" or the Indenture), may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors setting out such fair market value as determined in good faith by such Officer or such Board of Directors of the Issuer.

"*FCA*" means the UK Financial Conduct Authority empowered under the Financial Services and Markets Act 2000 or any successor authority or authorities to any or all of its regulatory functions in the UK from time to time.

"*Fitch*" means Fitch Ratings, Ltd, and its successors.

"*Fixed Charge Coverage Ratio*" means, as of any date of determination, the ratio of (x) the aggregate amount of Consolidated EBITDA of the Issuer for the period of the four most recent fiscal quarters prior to the date of such determination for which internal consolidated financial statements are available to (y) the Fixed Charges of the Issuer for such four fiscal quarters.

In the event that the specified Person or any of its Restricted Subsidiaries Incurs, assumes, guarantees, repays, repurchases, redeems, defeases, retires, extinguishes or otherwise discharges any Indebtedness (other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) or issues, repurchases or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "*Calculation Date*"), then the Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of such Person), including in respect of anticipated cost savings, expense reductions and cost synergies reasonably expected to occur within 24 months, to such Incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance, retirement, extinguishment or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or Preferred Stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period; *provided, however*, that the *pro forma* calculation of Fixed Charges shall not give effect to (i) any Indebtedness Incurred on the Calculation Date pursuant to the provisions described in the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" (other than for the purposes of the calculation of the Fixed Charge Coverage Ratio under clause (5) thereunder) or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds Incurred pursuant to the provisions described in the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*."

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) a Purchase that has been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations, or by any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given pro forma effect (as determined in good faith by a responsible accounting or financial officer of such Person), including in respect of anticipated cost savings, expense reductions and cost synergies reasonably expected to occur within 24 months, as if they had occurred on the first day of the four-quarter reference period; *provided* that the aggregate amount of anticipated cost savings, expense reductions and cost synergies only represent the greater of £46 million and 15% of Consolidated EBTIDA calculated prior to such adjustments; *provided* that, if definitive documentation has been entered into with respect to a Purchase that is part of the transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving pro forma effect to such Purchase (including anticipated cost savings, expense reductions and cost synergies reasonably expected to occur within 24 months) as if such Purchase had occurred on the first day of such period, even if the Purchase has not yet been consummated as of the date of determination;

(2) the Consolidated EBITDA (whether positive or negative) attributable to discontinued operations, as determined in accordance with IFRS, and operations, businesses or group of assets constituting a business or operating unit (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded on a *pro forma* basis as if such disposition occurred on the first day of such period (taking into account anticipated cost savings resulting from such disposition, as determined in good faith by a responsible accounting or financial officer of the Issuer);

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period;

(6) if any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness) and if any Indebtedness is not denominated in the Issuer's functional currency, that Indebtedness for purposes of the calculation of Consolidated Net Leverage shall be treated in accordance with IFRS;

(7) interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Issuer to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with IFRS; and

(8) the full run-rate effect of cost savings, expense reductions and cost synergies (as determined in good faith by a responsible accounting or financial Officer) reasonably expected to occur within 24 months shall be included as though such cost savings, expense reductions and cost synergies had been achieved on the first day of the relevant period, net of the amount of actual benefits realized during such period from such actions, *provided* such cost savings, expense reductions and cost synergies (A) are reasonably identifiable and factually supportable and (B) are not duplicative of any costs savings, expense reductions or cost synergies already included for the period.

"*Fixed Charges*" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the Consolidated Interest Expense of such Person for such period; plus

(2) all dividends, whether paid or accrued and whether or not in cash, on or in respect of all Disqualified Stock of the Issuer or any series of Preferred Stock of any Restricted Subsidiary, other than dividends on equity interests payable to the Issuer or a Restricted Subsidiary.

"*Gilt Rate*" means, with respect to any redemption date, the yield to maturity as of such redemption date of U.K. Government Securities with a fixed maturity (as compiled by the Office for National Statistics and published in the most recent Financial Statistics that have become publicly available at least two Business Days in London prior to such redemption date (or, if such Financial Statistics are no longer published, any publicly available source of similar market data)) most nearly equal to the period from such redemption date to , 2019; *provided*, *however*, that if the period from such redemption date to , 2019 is less than one year, the weekly average yield on actually traded U.K. Government Securities denominated in sterling adjusted to a fixed maturity of one year shall be used.

"*Guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided, however*, that the term "Guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"*Guarantors*" means the Initial Guarantors and any Restricted Subsidiary that Guarantees the Notes. "*Hedging Obligations*" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement or Currency Agreement.

"*Holder*" means a Person in whose name a note is registered on the Registrar's books.

"*Holding Company*" means, in relation to any Person, any other Person in respect of which it is a Subsidiary.

"*HPS*" means any funds and/or accounts managed and/or advised and/or controlled by HPS Investment Partners LLC or a subsidiary thereof and/or any Affiliates and/or Related Funds of any such entities.

"*IFRS*" means International Financial Reporting Standards (formerly International Accounting Standards) endorsed by the European Union as in effect from time to time; *provided* that with respect to all ratios and calculations based on IFRS contained in this "*Description of the Notes*" at any time after the Issue Date, the Issuer may elect to establish that IFRS shall mean IFRS as in effect on or prior to the date of such election; *provided* that any such election, once made, shall be irrevocable; *provided further* that that at any time after the Issue Date, the Issuer may elect to apply U.K. GAAP for the purposes of this "*Description of the Notes*" and from and after such election references herein to IFRS shall be deemed to be references to U.K. GAAP and all defined terms in this "*Description of the Notes*", and all ratios and computations based on IFRS shall be computed in comformity with U.K. GAAP, from and after such election.

"*Incur*" means issue, create, assume, enter into any Note Guarantee of, incur or otherwise become liable for; *provided, however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms "Incurred" and "Incurrence" have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be "Incurred" at the time any funds are borrowed thereunder.

"*Indebtedness*" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of indebtedness of such Person for borrowed money;

(2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have been reimbursed) (except to the extent such reimbursement obligations relate to trade payables or other obligations not constituting Indebtedness and such obligations are satisfied within 30 days of Incurrence), in each case only to the extent that the underlying obligation in respect of which the instrument was issued would be treated as Indebtedness;

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property or assets (except trade payables), where the deferred payment is arranged primarily as a means of raising finance, which purchase price is due more than two years after the date of placing such property in service or taking final delivery and title thereto;

(5) Capitalized Lease Obligations of such Person;

(6) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);

(7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided, however*, that the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination (as determined by the Board of Directors or an Officer of the Issuer) and (b) the amount of such Indebtedness of such other Persons;

(8) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person;

(9) to the extent not otherwise included in this definition, net obligations of such Person under Currency Agreements and Interest Rate Agreements (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

The term "*Indebtedness*" shall not include (i) Subordinated Shareholder Funding, (ii) any lease, concession or license of property (or Guarantee thereof) which would be considered an operating lease under IFRS as in effect on the Issue Date, (iii) prepayments of deposits received from clients or customers in the ordinary course of business, (iv) any asset retirement obligations, (v) obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Issue Date by the Issuer and its Restricted Subsidiaries (including Nevada and its Restricted Subsidiaries) or in the ordinary course of business or (vi) Advanced Commission Obligations.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amounts of funds borrowed and then outstanding. The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in the Indenture, and (other than with respect to letters of credit or Guarantees or Indebtedness specified in clause (7), (8) or (9)) shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto) prepared on the basis of IFRS. Indebtedness represented by loans, notes or other debt instruments shall not be included to the extent funded with the proceeds of Indebtedness which the Issuer or any Restricted Subsidiary has guaranteed or for which any of them is otherwise liable and which is otherwise included.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(1) Contingent Obligations Incurred in the ordinary course of business, obligations under or in respect of Qualified Receivables Financings and accrued liabilities Incurred in the ordinary course of business that are not more than 90 days past due;

(2) in connection with the purchase by the Issuer or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided, however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter;

(3) any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage taxes or under any Tax Sharing Agreement; and

(4) any accrued expenses and trade payables.

"*Indenture*" means the indenture entered into, among others, the Issuer, Holdco and the Trustee on the Issue Date, as amended from time to time.

"*Independent Financial Advisor*" means an investment banking or accounting firm of international standing or any third-party appraiser of international standing; *provided, however*, that such firm or appraiser is not an Affiliate of the Issuer.

"*Initial Investors*" means (1) any of HPS, MDP, KKR or Bain Capital; and (2) any other entity that, directly or indirectly, held more than 10% of the Capital Stock of the Issuer on the Issue Date, including any Capital Stock of the Issuer which such entity has an option or right to acquire and does so acquire within 120 days of the Issue Date, and/or their Affiliates and any funds, accounts or limited partnerships managed or advised by any of such Persons, but excluding, in the case of both (1) and (2), any controlled portfolio company of such Persons.

"*Initial Public Offering*" means an Equity Offering of common stock or other common equity interests of the Issuer or any Parent or any successor of the Issuer or any Parent (the "*IPO Entity*") following which there is a Public Market and, as a result of which, the shares of common stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

"*Intercreditor Agreement*" means the Intercreditor Agreement dated on or prior to the Issue Date, by and among, *inter alios*, the Issuer, Holdco, the Security Agent and the Trustee, as amended from time to time.

"*Interest Rate Agreement*" means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

"*Investment*" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business or debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet (excluding any notes thereto) prepared on the basis of IFRS; *provided, however*, that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If the Issuer or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Issuer or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment equal to the fair market value of the Capital Stock of such Subsidiary not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described under the caption "*—Certain Covenants—Limitation on Restricted Payments*."

For purposes of "*—Certain Covenants—Limitation on Restricted Payments*":

(1) "Investment" will include the portion (proportionate to the Issuer's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; and

(2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined by the Board of Directors or an Officer of the Issuer.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Issuer's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

"*Investment Grade Securities*" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States, the United Kingdom or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities issued or directly and fully guaranteed or insured by a member of the European Union, Norway or Switzerland or any agency or instrumentality thereof (other than Cash Equivalents);

(3) debt securities or debt instruments with a rating of "BBB–" or higher from S&P or "Baa3" or higher by Moody's or the equivalent of such rating by such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization, but excluding any debt securities or instruments constituting loans or advances among the Issuer and its Subsidiaries;

(4) investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution; and

(5) any investment in repurchase obligations with respect to any securities of the type described in clauses (1), (2) and (3) above which are collateralized at par or over.

"*Investment Grade Status*" shall occur when all of the Notes receive the following from two of the three Rating Agencies:

(1) a rating of "BBB–" or higher from S&P;

(2) a rating of "Baa3" or higher from Moody's; and

(3) a rating of "BBB" or higher from Fitch

or the equivalent of such rating by either such rating organization or, if no rating of Moody's, S&P or Fitch's then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization.

"*IPO Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (ii) the price per share at which such shares of common stock or common equity interests are sold in such Initial Public Offering.

"*Issue Date*" means , 2017.

"*KKR*" means funds or accounts managed or advised by KKR Credit Advisors (US) LLC or its Affiliates.

"*Lien*" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"*Liquidity Event*" means (i) any sale of Capital Stock resulting in a change of control, (ii) the sale of all or substantially all of the business or assets of such Restricted Subsidiary or any Subsidiary thereof, (iii) a liquidation or winding up or (iv) an initial public offering of the Capital Stock thereof or (iv) any other exit event specified in the articles of association of the relevant Restricted Subsidiary.

"*Management Advances*" means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent, the Issuer or any Restricted Subsidiary:

(1) (a) in respect of travel, entertainment or moving-related expenses Incurred in the ordinary course of business or (b) for purposes of funding any such person's purchase of Capital Stock or Subordinated Shareholder Funding (or similar obligations) of the Issuer, its Subsidiaries or any Parent with (in the case of this subclause (b)) the approval of the Board of Directors;

(2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(3) (in the case of this clause (3)) not exceeding £3 million in the aggregate outstanding at any time.

"*Management Equity Repurchase*" means the repurchase of Capital Stock of Management Investors in Restricted Subsidiaries pursuant to terms and conditions approved by the Board of Directors of the Issuer.

"*Management Investors*" means (i) prior, current or future directors, officers, employees or consultants (and any Related Person pursuant to paragraph 2 of the definition thereof) of any Parent, the Issuer or any Restricted Subsidiary investing, or committing to invest, directly or indirectly, in any Parent, the Issuer or any Restricted Subsidiary as at the Issue Date or from time to time and (ii) such entity or trust as may hold shares transferred by departing directors, officers, employees or consultants (and any Related Person pursuant to paragraph 2 of the definition thereof) of any Parent, the Issuer or any Restricted Subsidiary.

"*Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

"*MDP*" means Tango Investments, LLC, Madison Dearborn Partners, LLC and/or any funds and/or accounts managed and/or advised by Madison Dearborn Partners, LLC or its Affiliates and/or Related Funds of any such entities.

"*Moody's*" means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Nationally Recognized Statistical Rating Organization*" means a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act.

"*Net Available Cash*" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under IFRS (after taking into account any available tax credits or deductions and any Tax Sharing Agreements), as a consequence of such Asset Disposition;

(2) other than for purposes of the covenant described under "*Limitation on Sales of Assets and Subsidiary Stock*", all payments made on any Indebtedness which (a) is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or (b) which must by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law, be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders (other than any Parent, the Issuer or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of IFRS, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Issuer or any Restricted Subsidiary after such Asset Disposition, including pension and other post-employment benefits liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such transaction.

"*Net Cash Proceeds*," with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of Taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any Tax Sharing Agreements).

"*Nevada*" means Nevada Investments Topco Limited.

"*Nevada Guarantors*" means Nevada Investments Holdings Limited, Nevada InvestorCo Limited, Nevada Investments 1 Limited, Nevada Investments 2 Limited, Nevada Investments 3 Limited, Nevada Investments 4 Limited, Nevada Investments 5 Limited, Nevada Investments 6 Limited and Nevada Investments 7 Limited.

"*New Employee Transfer Costs*" means any recruitment costs payable in connection with the intended transfer of employees of any Person to the Issuer or any Restricted Subsidiary in order to acquire all or part of the business or customers of such Person in lieu of acquiring the Capital Stock of such Person.

"*Note Guarantee*" means the guarantee by each Guarantor of the Issuer's obligations under the Indenture and the Notes, executed pursuant to the provisions of the Indenture.

"*Notes*" means the Initial Notes and any Additional Notes.

"*Notes Documents*" means the Notes (including Additional Notes), the Indenture, the Escrow Agreement, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreements.

"*Offering Memorandum*" means the offering memorandum dated , 2017 relating to the sale of the Notes offered hereby or any offering memorandum relating to a subsequent issuance of Notes.

"*Officer*" means, with respect to any Person, (1) any member of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer, or the Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an "Officer" for the purposes of the Indenture by the Board of Directors of such Person. The obligations of an "Officer of the Issuer" may be exercised by an Officer of KIRS TopCo Limited or Holdco, including its successors and assigns, who has been delegated such authority by the Board of Directors of the Issuer.

"*Officer's Certificate*" means, with respect to any Person, a certificate signed by one Officer of such Person.

"*Opinion of Counsel*" means a written opinion from legal counsel reasonably satisfactory to the Trustee. The counsel may be an employee of, or counsel to, the Issuer or its Subsidiaries.

"*Parent*" means any Person of which the Issuer at any time is or becomes a Subsidiary after the Issue Date and any holding companies established by any Permitted Holder for purposes of holding its investment in any Parent.

"*Parent Debt Contribution*" means a contribution to the equity of the Issuer or any of its Restricted Subsidiaries or the issuance or sale of Subordinated Shareholder Funding of the Issuer pursuant to which dividends or distributions may be paid pursuant to clause (19) of the fourth paragraph under "*—Limitation on Restricted Payments*."

"*Parent Expenses*" means:

(1) costs (including all professional fees and expenses) Incurred by any Parent in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Issuer or any Restricted Subsidiary, including in respect of any reports filed with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;

(2) customary indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person;

(3) obligations of any Parent in respect of director and officer insurance (including premiums therefor);

(4) fees and expenses payable by any Parent in connection with the Transactions;

(5) general corporate overhead expenses, including (a) professional fees and expenses and other operational expenses of any Parent related to the ownership or operation of the business of the Issuer or any of its Restricted Subsidiaries, (b) costs and expenses with respect to the ownership, directly or indirectly, by any Parent, (c) costs and expenses with respect to the maintenance of any equity incentive or compensation plan, (d) any Taxes and other fees and expenses required to maintain such Parent's corporate existence and to provide for other ordinary course operating costs, including customary salary, bonus and other benefits payable to, and indemnities provided on behalf of, officers and employees of such Parent and (e) to reimburse reasonable out-of-pocket expenses of the Board of Directors of such Parent;

(6) other fees, expenses and costs relating directly or indirectly to activities of the Issuer and its Subsidiaries or any Parent or any other Person established for purposes of or in connection with the Transactions or which holds directly or indirectly any Capital Stock or Subordinated Shareholder Funding of the Issuer, in an amount not to exceed £5 million in any fiscal year;

(7) any income taxes, to the extent such income taxes are attributable to the income of the Issuer and its Restricted Subsidiaries and, to the extent of the amount actually received in cash from its Unrestricted Subsidiaries, in amounts required to pay such taxes to the extent attributable to the income of such Unrestricted Subsidiaries; *provided, however*, that the amount of such payments in any fiscal year do not exceed the amount that the Issuer and its Subsidiaries would be required to pay in respect of such taxes on a consolidated basis on behalf of an affiliated group consisting only of the Issuer and its Subsidiaries;

(8) expenses Incurred by any Parent in connection with any public offering or other sale of Capital Stock or Indebtedness; (a) where the net proceeds of such offering or sale are intended to be received by or contributed to the Issuer or a Restricted Subsidiary; (b) in a prorated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or (c) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to the Issuer or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed; and

(9) costs and expenses equivalent to those set out in clauses (1) to (8) above with respect to a Special Purpose Vehicle.

"*Pari Passu Indebtedness*" means Indebtedness of the Issuer or any Guarantor which does not constitute Subordinated Indebtedness.

"*Paying Agent*" means any Person authorized by the Issuer to pay the principal of (and premium, if any) or interest on any Note on behalf of the Issuer.

"*Permitted Business*" means (a)(i) the insurance industry and/or (ii) any businesses, services or activities (in the case of this clause (ii)) engaged in by the Issuer or any Restricted Subsidiary on the Issue Date or which are contemplated by the Issuer or any Restricted Subsidiary on the Issue Date and (b) any businesses, services and activities engaged in by the Issuer or any Restricted Subsidiary that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"*Permitted Collateral Liens*" means Liens on the Collateral:

(a) that are described in one or more of clauses (2), (3), (4), (5), (6), (8), (9), (11), (12), (14), (18), (20), (23) and (24) of the definition of "Permitted Liens" and, in each case, arising by law or that would not materially interfere with the ability of the Security Agent to enforce the Security Interests in the Collateral;

(b) to secure:

(i) the Notes (other than any Additional Notes) and any related Note Guarantees;

(ii) Indebtedness permitted to be Incurred under the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*";

(iii) Indebtedness described under clause (1) of "*—Permitted Debt*," which Indebtedness may have super senior priority status in respect of the proceeds from the enforcement of the Collateral, not materially less favorable to the Holders than that accorded to the Revolving Credit Facility pursuant to the Intercreditor Agreement as in effect on the Issue Date;

(iv) Indebtedness described under clause (2) of "*—Permitted Debt*," to the extent Incurred by the Issuer or a Guarantor and to the extent such Guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens;

(v) Indebtedness described under clause (5) of "*—Permitted Debt*" and that is Incurred by the Issuer or a Guarantor; *provided* that, at the time of the acquisition or other transaction pursuant to which such Indebtedness was Incurred and after giving effect to the Incurrence of such Indebtedness on a *pro forma* basis, (a) the Issuer would have been able to Incur £1.00 of additional Senior Secured Indebtedness pursuant to clause (2) of the first paragraph of the covenant entitled "*—Limitation on Indebtedness*" or (b) the Consolidated Senior Secured Net Leverage Ratio for the Issuer and the Restricted Subsidiaries would not be greater than it was immediately prior to giving *pro forma* effect to such acquisition or other transaction and to the Incurrence of such Indebtedness;

(vi) Indebtedness described under clause (6) of "*—Permitted Debt*" and Hedging Obligations in connection with any Senior Notes; *provided* that to the extent permitted by the Intercreditor Agreement, Hedging Obligations Incurred in compliance with the covenant entitled "*—Limitation on Indebtedness*" that are not subordinated in right of payment to the Notes may have super senior priority status in respect of the proceeds from the enforcement of the Collateral, not materially less favorable to the Holders than that accorded to the Revolving Credit Facility pursuant to the Intercreditor Agreement as in effect on the Issue Date;

(vii) Indebtedness described under clauses (7) (other than with respect to Capitalized Lease Obligations), (11) or (14) of "—*Permitted Debt*", in the case of clauses (7) and (11), of the Issuer or a Restricted Subsidiary, and in the case of clause (14), of the Issuer or a Guarantor;

(viii) solely with respect to Collateral securing any Senior Notes or Guarantees in respect thereof, Indebtedness issued or borrowed by any issuer of Senior Notes and the Guarantees in respect thereof; *provided* that such Liens rank junior to the Liens on the same Collateral securing the Notes and the Note Guarantees; and

(ix) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clauses (i) to (viii);

provided, further, that each of the secured parties to any such Indebtedness (acting directly or through its respective creditor representative) will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement; *provided, further* that subject to the Agreed Security Principles all property and assets (including, without limitation, the Collateral) of the Issuer or any Restricted Subsidiary securing such Indebtedness (including any Guarantees thereof) or Refinancing Indebtedness secure the Notes and related Note Guarantees and the Indenture on a senior or *pari passu* basis, except to the extent provided in clauses (iii) and (vi) above.

"*Permitted Holders*" means, collectively, (1) the Initial Investors, (2) the Management Investors, (3) any Related Person of any Persons specified in clauses (1) and (2), (4) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Parent or the Issuer, acting in such capacity and (5) any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision) of which any of the foregoing or any Persons mentioned in the following sentence are members; *provided* that, in the case of such group and without giving effect to the existence of such group or any other group, the Initial Investors and Management Investors and such Persons referred to in the following sentence, collectively, have beneficial ownership of more than 50% of the total voting power of the Voting Stock of the Issuer or any of its direct or indirect parent companies owned by such group. Any person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture.

"*Permitted Investment*" means (in each case, by the Issuer or any of its Restricted Subsidiaries):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Issuer or (b) a Person (including the Capital Stock of any such Person) and such Person will, upon the making of such Investment, become a Restricted Subsidiary;

(2) Investments in another Person and as a result of such Investment such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all of its assets to, the Issuer or a Restricted Subsidiary;

(3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(4) Investments in receivables owing to the Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business and Investments in connection with any Qualified Receivables Financing;

(5) Investments in payroll, travel, relocation, entertainment and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(6) Management Advances;

(7) Investments in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Issuer or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement, including upon the bankruptcy or insolvency of a debtor;

(8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition, in each case, that was made in compliance with "—Certain *Covenants—Limitation on Sales of Assets and Subsidiary Stock*";

(9) Investments by the Issuer and its Restricted Subsidiaries (including Nevada and its Restricted Subsidiaries) in existence on, or made pursuant to legally binding commitments in existence on, the Issue Date, and any extension, modification or renewal of any such Investment; *provided* that the amount of the Investment may be increased (a) as required by the terms of the Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

(10) Currency Agreements and Interest Rate Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with "*—Certain Covenants—Limitation on Indebtedness*";

(11) Investments, taken together with all other Investments made pursuant to this clause (11) and at any time outstanding, in an aggregate amount at the time of such Investment (net of any distributions, dividends, payments or other returns in respect of such Investments) not to exceed the greater of £45 million and 33% of Consolidated EBITDA; *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause;

(12) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under "*—Certain Covenants—*Limitation *on Liens*";

(13) any Investment to the extent made using Capital Stock of the Issuer (other than Disqualified Stock), Subordinated Shareholder Funding or Capital Stock of any Parent as consideration;

(14) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Affiliate Transactions*" (except those described in clauses (1), (3), (6), (8), (9) and (12) of that paragraph);

(15) Guarantees not prohibited by the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" and (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business;

(16) Investments in loans under the Revolving Credit Facility, in the Notes and any Additional Notes or in any other Indebtedness of the Issuer and its Restricted Subsidiaries;

(17) Investments acquired after the Issue Date as a result of the acquisition by the Issuer or any of its Restricted Subsidiaries of another Person, including by way of a merger, amalgamation or consolidation with or into the Issuer or any of its Restricted Subsidiaries in a transaction that is not prohibited by the covenant described above under the caption "*—Certain Covenants—Merger and Consolidation*" to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(18) Investments of cash held on behalf of merchants or other business counterparties in the ordinary course of business in bank deposits, time deposit accounts, certificates of deposit, bankers' acceptances, money market deposits, money market deposit accounts, bills of exchange, commercial paper, governmental obligations, investment funds, money market funds or other securities;

(19) Investments consisting of purchases and acquisitions of inventory, supplies, materials and equipment or licenses or leases of intellectual property, in each case, in the ordinary course of business and in accordance with the Indenture;

(20) Investments in prepaid expenses, negotiable instruments held for collection and lease, utility, workers' compensation, performance and other similar deposits, in each case, in the ordinary course of business;

(21) the contribution of the Capital Stock of Towergate Financial (Group) Limited and/or any of its Subsidiaries or successor entities and cash and Cash Equivalents to an Unrestricted Subsidiary in connection with a regulatory redress liability management exercise, provided that such transaction and any related transactions taken as a whole is fair from a financial point of view to the Issuer and its Restricted Subsidiaries taken as a whole, as reasonably determined by the Board of Directors of the Issuer; and

(22) Investments in joint ventures in a Permitted Business or in Unrestricted Subsidiaries having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (22) that are at the time outstanding not to exceed the greater of £20 million and 15% of Consolidated EBITDA.

"*Permitted Liens*" means, with respect to any Person:

(1) Liens on assets or property of a Restricted Subsidiary that is not a Guarantor securing Indebtedness of any Restricted Subsidiary that is not a Guarantor permitted by the covenant described under "*—Certain Covenants—Limitation on Indebtedness*";

(2) pledges, deposits or Liens under workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance-related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, guarantees of government contracts (or other similar bonds, instruments or obligations), or as security for import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business;

(3) Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmen's and repairmen's or other similar Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

(4) Liens for Taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings; *provided* that appropriate reserves required pursuant to IFRS have been made in respect thereof;

(5) Liens in favor of issuers of surety, performance or other bonds, guarantees or letters of credit or bankers' acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of the Issuer or any Restricted Subsidiary in the ordinary course of its business;

(6) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Issuer and its Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Issuer and its Restricted Subsidiaries;

(7) Liens on assets or property of the Issuer or any Restricted Subsidiary securing Hedging Obligations permitted under the Indenture relating to Indebtedness permitted to be Incurred under the Indenture;

(8) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;

(9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(10) Liens on assets or property of the Issuer or any Restricted Subsidiary for the purpose of securing Capitalized Lease Obligations or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business; *provided* that (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under clause (7) of the covenant described above under "*—Certain Covenants—Limitation on Indebtedness*" and (b) any such Lien may not extend to any assets or property of the Issuer or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;

(11) Liens arising by virtue of any statutory or common law provisions or customary standard terms relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary or financial institution;

(12) Liens arising from New York Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Issuer and its Restricted Subsidiaries in the ordinary course of business;

(13) Liens (a) existing on, or provided for or required to be granted under written agreements existing on, the Issue Date or (b) with respect to Nevada and its Restricted Subsidiaries existing on, or provided for or required to be granted under written agreements existing on, the Completion Date after giving pro forma effect to the Transactions;

(14) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Issuer or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination

transaction with or into the Issuer or any Restricted Subsidiary); *provided*, that such Liens are limited to all or part of the same property, other assets or stock (plus improvements, accession, proceeds or dividends or distributions in connection with the original property, other assets or stock) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;

(15) Liens on assets or property of any Restricted Subsidiary that is not a Guarantor securing Indebtedness or other obligations of such Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary, or Liens in favor of the Issuer or any Guarantor;

(16) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under the Indenture; *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;

(17) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease;

(18) (a) mortgages, liens, security interest, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Issuer or any Restricted Subsidiary has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;

(19) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of, or assets owned by, any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(20) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(21) Liens created or arising in connection with a Qualified Receivables Financing;

(22) (a) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or (b) Liens on cash set aside at the time of the incurrence of any Indebtedness or government securities purchased with such cash, in either case, to the extent such cash or government securities pre-fund the payment of interest on such Indebtedness and are held in escrow accounts or similar arrangement to be applied for such purpose;

(23) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities, or liens over cash accounts and receivables securing cash pooling or cash management arrangements;

(24) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(25) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(26) any security granted over the marketable securities portfolio described in clause (9) of the definition of "Cash Equivalents" in connection with the disposal thereof to a third party;

(27) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures;

(28) (a) Liens created for the benefit of or to secure, directly or indirectly, the Notes, (b) Liens pursuant to the Intercreditor Agreement and the security documents entered into pursuant to the Indenture, (c) Liens in respect of property and assets securing Indebtedness if the recovery in respect of such Liens is subject to loss-sharing as among the Holders of the Notes and the creditors of such Indebtedness pursuant to the Intercreditor Agreement or an Additional Intercreditor Agreement and (d) Liens securing Indebtedness incurred under clause (1) of the second paragraph of the covenant entitled "*—Limitation on Indebtedness*" to the extent the Agreed Security Principles would permit such Lien to be granted to such Indebtedness and not to the Notes;

(29) Liens provided that the maximum amount of Indebtedness secured in the aggregate at any one time pursuant to this clause (29) does not exceed the greater of £20 million and 15% of Consolidated EBITDA;

(30) Liens on receivables securing Indebtedness described under clause (12) of "—*Permitted Debt*";

(31) Liens created or subsisting in order to secure any pension liabilities or partial retirement liabilities;

(32) Liens on cash held in Trust Accounts; and

(33) any extension, renewal or replacement, in whole or in part, of any Lien described in the foregoing clauses (1) through (32); *provided* that any such extension, renewal or replacement shall not extend in any material respect to any additional property or assets.

"*Permitted Reorganization*" means any amalgamation, demerger, merger, voluntary liquidation, consolidation, reorganization, redomiciliation, winding up or corporate reconstruction involving the Issuer or any of its Restricted Subsidiaries and the assignment, transfer or assumption of intragroup receivables and payables among the Issuer and its Restricted Subsidiaries in connection therewith (a "*Reorganization*") that is made on a solvent basis; *provided* that after giving effect to such Permitted Reorganization: (a) all of the business and assets of the Issuer or such Restricted Subsidiaries remain owned by the Issuer or its Restricted Subsidiaries, (b) any payments or assets distributed in connection with such Reorganization remain within the Issuer and its Restricted Subsidiaries, (c) if any shares or other assets form part of the Collateral, substantially equivalent Liens must be granted over such shares or assets of the recipient such that they form part of the Collateral, subject to the Agreed Securities Principles, and (d) the Issuer will provide to the Trustee and the Security Agent an Officer's Certificate confirming that no Default is continuing or would arise as a result of such Reorganization.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

"*Preferred Stock*," as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"*Price Forbes Guarantors*" means PFIH Limited, Price Forbes & Partners Limited and Price Forbes Holdings Limited.

"*Public Debt*" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

"*Public Market*" means any time after:

(1) an Equity Offering has been consummated; and

(2) shares of common stock or other common equity interests of the IPO Entity having a market value in excess of £100 million on the date of such Equity Offering have been distributed pursuant to such Equity Offering.

"*Public Offering*" means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A or Regulation S under the Securities Act to professional market investors or similar Persons).

"*Purchase Money Obligations*" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"*Qualified Receivables Financing*" means any Receivables Financing that meets the following conditions: (1) the Board of Directors or an Officer of the Issuer shall have determined that such Qualified Receivables Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Issuer and the Receivables Subsidiary, (2) all sales of accounts receivable and related assets to the Receivables Subsidiary are made at fair market value (as determined by the Board of Directors or an

Officer of the Issuer), (3) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined by the Board of Directors or an Officer of the Issuer) and may include Standard Securitization Undertakings and (4) is non-recourse to the Issuer or any Restricted Subsidiary (other than a Receivables Subsidiary) except to the extent of any Standard Securitization Undertaking.

"*Rating Agencies*" means Moody's, S&P or Fitch's, or in the event Moody's, S&P or Fitch's no longer assigns a rating to the Notes, any other "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the U.S. Exchange Act selected by the Issuer as a replacement agency.

"*Receivable*" means a right to receive payment arising from a sale or lease of goods or services by a Person pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay for goods or services under terms that permit the purchase of such goods and services on credit.

"*Receivables Assets*" means any Receivables of the Issuer or any of its Subsidiaries, and any assets related thereto, including all collateral securing such Receivable, all contracts and all guarantees or other obligations in respect of such Receivable, proceeds collected on such Receivable and other assets which are customarily transferred or in respect of which security interest are customarily granted in connection with asset securitization transactions and any related Hedging Obligations, in each case, whether now existing or arising in the future.

"*Receivables Fees*" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Qualified Receivables Financing.

"*Receivables Financing*" means any transaction or series of transactions that may be entered into by the Issuer or any of its Subsidiaries pursuant to which the Issuer or any of its Subsidiaries (i) may sell, convey or otherwise transfer (which, for the avoidance of doubt, shall include any synthetic transfer) any Receivables Assets to (a) a Receivables Subsidiary (in the case of a transfer by the Issuer or any of its Subsidiaries) or (b) any other Person (in the case of a transfer by a Receivables Subsidiary) or (ii) may grant a security interest in any Receivables Assets.

"*Receivables Repurchase Obligation*" means any obligation of a seller of receivables in a Qualified Receivables Financing to repurchase Receivables Assets arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"*Receivables Subsidiary*" means a Subsidiary of the Issuer or another Person formed for the purposes of engaging in a Qualified Receivables Financing with the Issuer or any of its Subsidiaries, in which the Issuer or any Subsidiary of the Issuer makes an Investment and to which the Issuer or any Subsidiary of the Issuer transfers accounts receivable and related assets, which engages in no activities other than in connection with the financing of accounts receivable of the Issuer and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Board of Directors (as provided below) as a Receivables Subsidiary and:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Issuer or any other Restricted Subsidiary (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (ii) is subject to terms that are substantially equivalent in effect to a guarantee of any losses on securitized or sold receivables by the Issuer or any other Restricted Subsidiary, (iii) is recourse to or obligates the Issuer or any other Restricted Subsidiary in any way other than pursuant to Standard Securitization Undertakings, or (iv) subjects any property or asset of the Issuer or any other Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) with which neither the Issuer nor any Restricted Subsidiary has any contract, agreement, arrangement or understanding other than on terms which the Issuer reasonably believes to be no less favorable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Issuer; and

(3) to which neither the Issuer nor any Restricted Subsidiary has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

"*refinance*" means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms "*refinances*," "*refinanced*" and "*refinancing*" as used for any purpose in the Indenture shall have a correlative meaning.

"*Refinancing Indebtedness*" means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness existing on the date of the Indenture or Incurred in compliance with the Indenture (including Indebtedness of the Issuer that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Issuer or another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; *provided, however*, that:

(1) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, the Refinancing Indebtedness has a final stated maturity at the time such Refinancing Indebtedness is Incurred that is the same as or later than the final stated maturity of the Indebtedness being refinanced or, if shorter, the maturity date of the Notes;

(2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness and costs, expenses and fees Incurred in connection therewith); and

(3) if the Indebtedness being refinanced is expressly subordinated to the Notes, such Refinancing Indebtedness is subordinated to the Notes on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced,

provided, further, however, that Refinancing Indebtedness shall not include (i) Indebtedness of the Issuer or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary or (ii) Indebtedness of a Restricted Subsidiary that is not a Guarantor that refinances Indebtedness of the Issuer or a Guarantor.

"*Related Person*" with respect to any Permitted Holder, means:

(1) any controlling equity holder, majority (or more) owned Subsidiary or controlling partner or controlling member of such Person; or

(2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof; or

(3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or

(4) any investment fund or vehicle managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

"*Related Taxes*" means:

(1) any Taxes, including sales, use, transfer, rental, ad valorem, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar taxes (other than (x) taxes measured by income and (y) withholding imposed on payments made by any Parent), required to be paid (provided such taxes are in fact paid) by any Parent by virtue of its:

(a) being incorporated or otherwise being established or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Issuer or any Restricted Subsidiary);

(b) issuing or holding Subordinated Shareholder Funding;

(c) being a holding company parent, directly or indirectly, of the Issuer or any Restricted Subsidiary;

(d) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Issuer or any Restricted Subsidiary; or

(e) having made or received any payment with respect to any of the items for which the Issuer is permitted to make payments to any Parent pursuant to "*—Certain Covenants—Limitation on Restricted Payments*;" or

(2) if and for so long as the Issuer is a member of a group filing a consolidated or combined tax return with any Parent, any Taxes measured by income for which such Parent is liable up to an amount not to exceed with respect to such Taxes the amount of any such Taxes that the Issuer and its Restricted Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis if the Issuer and its Restricted Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Issuer and its Restricted Subsidiaries.

"*Replacement Assets*" means non-current properties and assets that replace the properties and assets that were the subject of an Asset Disposition or non-current properties and assets that will be used in the Issuer's business or in that of the Restricted Subsidiaries (including Nevada and its Restricted Subsidiaries) as of the Issue Date or any and all other businesses that in the good faith judgment of the Board of Directors or any Officer of the Issuer are related thereto.

"*Representative*" means any trustee, agent or representative (if any) for an issue of Indebtedness or the provider of Indebtedness (if provided on a bilateral basis), as the case may be.

"*Repurchase Event*" means the repurchase by a Restricted Subsidiary of Capital Stock of Management Investors pursuant to put and call options and similar arrangements approved by the Board of Directors of the Issuer.

"*Restricted Investment*" means any Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Issuer other than an Unrestricted Subsidiary. "*Revolving Credit Facility*" means the revolving credit facility made available pursuant to the Revolving Credit Facility Agreement.

"*Revolving Credit Facility Agreement*" means the revolving credit facility agreement dated on or prior to the Issue Date among, *inter alios*, the Issuer, as parent, original borrower and original guarantor, Bank of America Merril Lynch International Limited as agent, Citibank, N.A. London Branch as common security agent and the Mandated Lead Arrangers and Original Lenders (in each case, as defined therein).

"*S&P*" means Standard & Poor's Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*SEC*" means the U.S. Securities and Exchange Commission.

"*Securities Act*" means the U.S. Securities Act of 1933, as amended and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Security Documents*" means the security agreements, pledge agreements, collateral assignments, and any other instrument and document executed and delivered pursuant to the Indenture or otherwise or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time, creating the security interests in the Collateral as contemplated by the Indenture.

"*Senior Notes*" means any Indebtedness of the direct parent of the Issuer designated as "Senior Notes" under the Intercreditor Agreement or any Additional Intercreditor Agreement.

"*Senior Secured Indebtedness*" means, with respect to any Person as of any date of determination, any Indebtedness for borrowed money that is secured by a first-priority Lien on the Collateral and that is Incurred under the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" or clauses (1), (4)(a), (4)(b), (5), (7), (11) or (13) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" and any Refinancing Indebtedness in respect thereof.

"*Significant Subsidiary*" means any Restricted Subsidiary that meets any of the following conditions:

(1) the Issuer's and its Restricted Subsidiaries' investments in and advances to the Restricted Subsidiary exceed 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;

(2) the Issuer's and its Restricted Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or

(3) the Issuer's and its Restricted Subsidiaries' proportionate share of the Consolidated EBITDA of the Restricted Subsidiary exceeds 10% of the Consolidated EBITDA of the Issuer and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

"*Similar Business*" means (a) any businesses, services or activities engaged in by the Issuer or any of its Restricted Subsidiaries (including Nevada and its Restricted Subsidiaries) or any Associates on the Issue Date and (b) any businesses, services and activities that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"*Special Purpose Vehicle*" means an entity (including any trust) established by any Parent for the purpose of maintaining an equity incentive or compensation plan for Management Investors.

"*Standard Securitization Undertakings*" means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Issuer or any Subsidiary of the Issuer which the Issuer has determined to be customary in a Receivables Financing, including those relating to the servicing of the assets of a Receivables Subsidiary, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

"*Stated Maturity*" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations, including those described in "*—Change of Control*" and the covenant under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*," to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"*Sterling Equivalent*" means with respect to any monetary amount in a currency other than pounds sterling, at any time of determination thereof, the amount of pounds sterling obtained by converting such foreign currency involved in such computation into pounds sterling at the average of the spot rates for the purchase and sale of pounds sterling with the applicable foreign currency as quoted on or recorded in any recognized source of foreign exchange rates at least two Business Days (but not more than five Business Days) prior to such determination.

"*Sterling Fixed Rate Notes Applicable Premium*" means, the greater of:

(1) 1% of the principal amount of such Sterling Fixed Rate Note; and

(2) as of any redemption date, the excess (to the extent positive) of:

(a) the present value at such redemption date of (i) the redemption price of such Sterling Fixed Rate Note at , 2019 (such redemption price (expressed in percentage of principal amount) being set forth in the table under "*—Optional Redemption*" (excluding accrued but unpaid interest)), plus (ii) all required interest payments due on such Sterling Fixed Rate Note to and including such date (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Gilt Rate at such redemption date plus 50 basis points; over

(b) the outstanding principal amount of such Sterling Fixed Rate Note,

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate. For the avoidance of doubt, calculation of the Applicable Premium shall not be an obligation or duty of the Trustee, Registrar, Transfer Agent or any Paying Agent.

"*Sterling Floating Rate Notes Applicable Premium*" means the greater of:

(1) 1% of the principal amount of such Sterling Floating Rate Note; and

(2) as of any redemption date, the excess (to the extent positive) of:

    (a) the present value at such redemption date of (i) the redemption price of such Sterling Floating Rate Note at , 2018 (such redemption price (expressed in percentage of principal amount) being set forth in the table under "—*Optional Redemption*" (excluding accrued but unpaid interest)), plus (ii) the Deemed Interest Payments due on such Sterling Floating Rate Note to and including such date (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Gilt Rate at such redemption date plus 50 basis points; over

(b) the outstanding principal amount of such Sterling Floating Rate Note,

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate. For the avoidance of doubt, calculation of the Applicable Premium shall not be an obligation or duty of the Trustee, Registrar, Transfer Agent or any Paying Agent.

"*Subordinated Indebtedness*" means, with respect to any Person, any Indebtedness (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the Notes or any Note Guarantee pursuant to a written agreement, including the Guarantees of any Senior Notes.

"*Subordinated Shareholder Funding*" means, collectively, any funds provided to the Issuer by any Parent, any Affiliate of any Parent or any Permitted Holder or any Affiliate thereof, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by any of the foregoing Persons, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided, however*, that such Subordinated Shareholder Funding:

(1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to six months after the Stated Maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Issuer or any funding meeting the requirements of this definition) or the making of any such payment prior to six months after the Stated Maturity of the Notes is restricted by the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement;

(2) does not require, prior to six months after the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts or the making of any such payment prior to the six-month anniversary of the Stated Maturity of the Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(3) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to six months after the Stated Maturity of the Notes or the payment of any amount as a result of any such action or provision or the exercise of any rights or enforcement action, in each case, prior to six months after the Stated Maturity of the Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(4) does not provide for or require any security interest or encumbrance over any asset of the Issuer or any of its Subsidiaries; and

(5) pursuant to its terms or to the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement, is fully subordinated and junior in right of payment to the Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding or are no less favorable in any material respect to Holders than those contained in the Intercreditor Agreement as in effect on the Issue Date with respect to the "Parent Liabilities" (as defined therein).

"*Subsidiary*" means, with respect to any Person:

(1) any corporation, association or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or

(2) any partnership, joint venture, limited liability company or similar entity of which: (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise; and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"*Successor Parent*" with respect to any Person means any other Person 50% of the total voting power of the Voting Stock (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Issuer or another wholly-owned Subsidiary) of which is, at the time the first Person becomes a Subsidiary of such other Person, "beneficially owned" (as defined below) by one or more Persons that "beneficially owned" (as defined below) 50% of the total voting power of the Voting Stock (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Issuer or another wholly-owned Subsidiary) of the first Person immediately prior to the first Person becoming a Subsidiary of such other Person. For purposes hereof, "beneficially own" has the meaning correlative to the term "beneficial owner," as such term is defined in Rules 13d-3 and 13d-5 under the Exchange Act (as in effect on the Issue Date).

"*Tax Sharing Agreement*" means any tax sharing or profit and loss pooling or similar agreement with customary or arm's-length terms entered into with any Parent or Unrestricted Subsidiary, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the Indenture.

"*Taxes*" means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings (including interest and penalties with respect thereto) that are imposed by any government or other taxing authority.

"*Temporary Cash Investments*" means any of the following:

(1) any investment in: (a) direct obligations of, or obligations Guaranteed by, (i) the United States of America or Canada, (ii) any European Union member state, (iii) Japan, Switzerland or Norway, (iv) the United Kingdom, (v) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Issuer or a Restricted Subsidiary in that country with such funds or (vi) any agency or instrumentality of any such country or member state; or (b) direct obligations of any country recognized by the United States of America rated at least "A" by S&P or "A-1" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by: (a) any lender under the Revolving Credit Facility; (b) any institution authorized to operate as a bank in any of the countries or member states referred to in sub-clause (1)(a) above; or (c) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof, in each case, having capital and surplus aggregating in excess of £250 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least "A-" by S&P or "A-3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;

(4) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Issuer or any of its Subsidiaries) with a rating at the time as of which any Investment therein is made of "P-2" (or higher) according to Moody's or "A-2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(5) Investments in securities maturing not more than one year after the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States of America, the United Kingdom, Canada, any European Union member state or Japan, Switzerland or Norway or by any political subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least "BBB–" by S&P or "Baa3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(6) bills of exchange issued in the United States, the United Kingdom, Canada, a member state of the European Union, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(7) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Co-operation and Development, in each case, having capital and surplus in excess of £250 million (or the foreign currency equivalent thereof) or whose long-term debt is rated at least "A" by S&P or "A2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(8) investment funds investing 95% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment or distribution); and

(9) investments in money market funds (a) complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended, or (b) rated "AAA" by S&P or "Aaa" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization).

"*Towergate Guarantors*" means Arista Insurance Limited, Bishopsgate Insurance Brokers Limited, Broker Network Holdings Limited, CCV Risk Solutions Limited, Cullum Capital Ventures Limited, Four Counties Insurance Brokers Limited, Fusion Insurance Holdings Limited, Fusion Insurance Services Limited, Lunar 101 Limited, Morgan Law Limited, Paymentshield Group Holdings Limited, Paymentshield Holdings Limited, Paymentshield Limited, Paymentshield Services Limited, Towergate Insurance Limited, Towergate Risk Solutions Limited, Towergate Underwriting Group Limited

"*Transactions*" has the meaning assigned to such term in the Offering Memorandum under the heading "*The Transactions*."

"*Treasury Rate*" means, as of any redemption date, the yield to maturity as of the earlier of (a) such redemption date or (b) the date on which such Notes are defeased or satisfied and discharged, of the most recently issued United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to such date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to , 2019; provided, however, that if the period from the redemption date to , 2019 is less than one year, the daily average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used. Any such Treasury Rate shall be obtained by the Issuer.

"*Trust Accounts*" means certain trust accounts in which the Issuer holds cash pursuant to regulatory requirements established by the United Kingdom's Financial Services Authority or other applicable authority applicable to the insurance broking industry for the purpose of ensuring funds are available to pay any costs and expenses necessary to achieve an orderly winding-up of the Issuer or any Subsidiary in the event broking operations cease to operate or are otherwise closed down.

"*U.S. GAAP*" means generally accepted accounting principles in the United States of America as in effect from time to time.

"*U.K. GAAP*" means generally accepted accounting principles in the United Kingdom as in effect from time to time.

"*U.K. Government Securities*" means direct obligations of, or obligations guaranteed by, the United Kingdom, and the payment for which the United Kingdom pledges its full faith and credit.

"*Uniform Commercial Code*" means the New York Uniform Commercial Code.

"*Unrestricted Subsidiary*" means:

(1) any Subsidiary of the Issuer that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Issuer in the manner provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Issuer may designate any Subsidiary of the Issuer (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein) to be an Unrestricted Subsidiary only if:

(1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock of, or own or hold any Lien on any property of, the Issuer or any other Subsidiary of the Issuer which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(2) such designation and the Investment of the Issuer in such Subsidiary comply with "*—Certain Covenants—Limitation on Restricted Payments*."

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing conditions.

The Board of Directors of the Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that immediately after giving effect to such designation (1) no Default or Event of Default would result therefrom and (2)(x) the Issuer could Incur at least £1.00 of additional Indebtedness under clause (1) of the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" or (y) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such designation, in each case, on a *pro forma* basis taking into account such designation. Any such designation by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of Directors giving effect to such designation or an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"*U.S. Government Obligations*" means direct obligations of, or obligations guaranteed by, the United States of America, and the payment for which the United States pledges its full faith and credit.

"*Voting Stock*" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

BOOK-ENTRY, DELIVERY AND FORM

General

Each series of the Notes sold outside the United States pursuant to Regulation S under the U.S. Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "**Regulation S Global Notes**"). The Regulation S Global Notes representing the Sterling Fixed Rate Notes and the Floating Rate Notes (the "**Sterling Regulation S Global Notes**") will be deposited, on the closing date, with a common depository and registered in the name of the nominee of the common depository for the accounts of Euroclear and Clearstream. The Regulation S Global Note representing the Dollar Fixed Rate Notes (the "**Dollar Regulation S Global Notes**") will be deposited upon issuance with the Trustee as custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.

Each series of the Notes sold within the United States to "qualified institutional buyers" pursuant to Rule 144A under the U.S. Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "**144A Global Notes**" and, together with the Regulation S Global Notes, the "**Global Notes**"). The 144A Global Notes representing the Sterling Fixed Rate Notes and the Floating Rate Notes (the "**Sterling 144A Global Notes**" and, together with the Sterling Regulation S Global Note, the "**Sterling Global Notes**"), will be deposited, on the closing date, with a common depository and registered in the name of the nominee of the common depository for the accounts of Euroclear and Clearstream. The 144A Global Note representing the Dollar Fixed Rate Notes (the "**Dollar 144A Global Notes**" and, together with the Dollar Regulation S Global Note, the "**Dollar Global Notes**") will be deposited upon issuance with the Trustee as custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.

Ownership of interests in the 144A Global Notes (the "**144A Book-Entry Interests**") and ownership of interests in the Regulation S Global Notes (the "**Regulation S Book-Entry Interests**" and, together with 144A Book-Entry Interests, the "**Book-Entry Interests**") will be limited to persons that have accounts with DTC, Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by DTC, Euroclear and Clearstream and their participants. The Book-Entry Interests in Sterling Global Notes will be issued only in denominations of £100,000 and in integral multiples of £1,000 in excess thereof and the Book-Entry Interests in Dollar Global Notes will be issued only in denominations of $200,000 and integral multiples of $1,000 in excess thereof.

The Book-Entry Interests will not be held in definitive form. Instead, DTC, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, owners of interest in the Global Notes will not have the Notes registered in their names, will not receive physical delivery of the Notes in certificated form and will not be considered the registered owners or "holders" of Notes under the Indenture for any purpose.

So long as the Notes are held in global form, the common depository for DTC, Euroclear and/or Clearstream (or their respective nominees), as applicable, will be considered the sole Holder of Global Notes for all purposes under the Indenture. As such, participants must rely on the procedures of the DTC, Euroclear and/or Clearstream, and indirect participants must rely on the procedures of DTC, Euroclear and/or Clearstream and the participants through which they own Book-Entry Interests in order to exercise any rights of holders under the Indenture.

Neither the Issuer nor the Trustee, under the Indenture, nor any of the Issuer's agents will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Issuance of Definitive Registered Notes

Under the terms of the Indenture, owners of Book-Entry Interests will receive definitive Notes in registered form (the "**Definitive Registered Notes**") only in the following circumstances:

- if DTC (with respect to the Dollar Global Notes), or Euroclear and Clearstream (with respect to the Sterling Global Notes) notify the Issuer that it is unwilling or unable to continue to act as depository and a successor depository is not appointed by the Issuer within 120 days;

- in whole, but not in part, if the Issuer or DTC (in respect of the Dollar Global Notes) or, Euroclear or Clearstream (in respect of the Sterling Global Notes) so requests following an event of default under the Indenture, as applicable; or
- if the owner of a Book-Entry Interest requests such exchange in writing delivered through DTC, Euroclear and/or Clearstream, as applicable, following an event of default under the Indenture.

In such an event, the Registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of DTC, Euroclear and/or Clearstream or the Issuer, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend as provided in the Indenture, unless that legend is not required by the Indenture, or applicable law.

To the extent permitted by law, the Issuer, the Trustee, the Paying Agent and the Registrar shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Notes will be evidenced through registration from time to time at the registered office of the Issuer, and such registration is a means of evidencing title to the Notes.

The Issuer will not impose any fees or other charges in respect of the Notes; however, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in DTC, Euroclear and/or Clearstream, as applicable.

Redemption of Global Notes

In the event any Global Note, or any portion thereof, is redeemed, DTC, Euroclear and/or Clearstream, as applicable, will distribute the amount received by it in respect of the Global Note so redeemed to the owners of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by DTC, Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that under existing practices of DTC, Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, DTC, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; *provided, however*, that no Book-Entry Interest of less than £100,000 or $200,000, as applicable, principal amount at maturity, or less, may be redeemed in part.

Payments on Global Notes

Payments of any amounts owing in respect of the Global Notes (including principal, premium, interest, additional interest and additional amounts) will be made by the Issuer to the relevant Paying Agent. The relevant Paying Agent will, in turn, make such payments to the common depository for Euroclear and Clearstream (in the case of the Sterling Global Notes) and to DTC or its nominee (in the case of the Dollar Global Notes), which will distribute such payments to participants in accordance with their respective procedures.

Under the terms of the Indenture, the Issuer and the Trustee will treat the registered holder of the Global Notes (i.*e.*, DTC, Euroclear or Clearstream (or their respective nominees)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, neither the Issuer, the Trustee nor any of their respective agents has or will have any responsibility or liability for:

- any aspects of the records of DTC, Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest, for any such payments made by DTC, Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of DTC, Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest; or
- DTC, Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of customers registered in "street name."

Currency and Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Sterling Global Notes, will be paid to holders of interest in such Notes (the "**Euroclear/Clearstream Holders**") through Euroclear and/or Clearstream in pound sterling. The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Dollar Global Notes will be paid to holders of interest in such Notes (the "**DTC Holders**") through DTC in dollars.

Notwithstanding the payment provisions described above, Euroclear/Clearstream Holders may elect to receive payments in respect of the Sterling Global Notes in dollars and DTC Holders may elect to receive payments in respect of the Dollar Global Notes in pound sterling.

If so elected, a Euroclear/Clearstream Holder may receive payments of amounts payable in respect of its interest in the Sterling Global Notes in dollars in accordance with Euroclear or Clearstream's customary procedures, which include, among other things, giving to Euroclear or Clearstream, as appropriate, a notice of such holder's election. All costs of conversion resulting from any such election will be borne by such holder.

If so elected, a DTC Holder may receive payment of amounts payable in respect of its interest in the Dollar Global Notes in pound sterling in accordance with DTC's customary procedures, which include, among other things, giving to DTC a notice of such holder's election to receive payments in pound sterling. All costs of conversion resulting from any such election will be borne by such holder. Holders of the Notes are deemed to acknowledge that, (i) if DTC does not notify the Paying Agent of any payments to be made in pound sterling, then only U.S. dollar payments are to be made in respect of the payment, (ii) if DTC receives notification from DTC participants to receive payments in pound sterling, DTC will notify the Paying Agent on or prior to the fifth New York City business day after the record date for payment of interest and the tenth New York City business day prior to the payable date for the payment of principal, of the amount of such payment to be received in pound sterling and the applicable wire transfer instructions, and the Paying Agent shall use such instructions to pay DTC participants directly. The Paying Agent shall then credit the U.S. dollar payment to Cede & Co., as nominee of DTC, in accordance with DTC procedures, and (iii) in the event that the U.S. Paying Agent is unable to convert dollars into pound sterling, the Paying Agent will notify DTC that the entire payment is to be made in dollars.

Action by Owners of Book-Entry Interests

DTC, Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of Notes only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. DTC, Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Indenture, each of DTC, Euroclear and Clearstream reserves the right to exchange the Global Notes for Definitive Registered Notes in certificated form, and to distribute such Definitive Registered Notes to their respective participants.

Transfers

Transfers between participants in DTC will be done in accordance with DTC rules and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell the Notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder must transfer its interest in the Global Notes in accordance with the normal procedures of DTC and in accordance with the provisions of the Indenture.

The Global Notes will bear a legend to the effect set forth in "*Notice to Investors.*" Book-Entry Interests in the Global Notes will be subject to the restrictions on transfer discussed in "*Notice to Investors.*"

144A Book-Entry Interests may be transferred to a person who takes delivery in the form of Regulation S Book-Entry Interests denominated in the same currency only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the U.S. Securities Act. Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A under the U.S. Securities Act in a transaction meeting the requirements of Rule 144A under the U.S. Securities Act or otherwise in accordance with the transfer restrictions described under "*Notice to Investors*" and in accordance with any applicable securities laws of any other jurisdiction.

Subject to the foregoing, and as set forth in "*Notice to Investors,*" Book-Entry Interests may be transferred and exchanged as described under "*Description of Notes—Transfer and Exchange.*" Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the other Global Note of the same denomination will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry Interest in the other Global Note, and accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it retains such a Book-Entry Interest.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under "*Description of Notes—Transfer and Exchange*" and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "*Notice to Investors.*"

No Book Entry Interest in any Global Note representing the Fixed Rate Notes (the "**Global Fixed Rate Notes**") and no Definitive Registered Note issued in exchange for a Book Entry Interest in the Global Fixed Rate Notes (the "**Definitive Registered Fixed Rate Notes**") may be transferred or exchanged for any Book Entry Interest in any Global Note representing the Floating Rate Notes (the "**Global Floating Rate Notes**") or any Definitive Registered Note issued in exchange for a Book Entry Interest in the Global Floating Rate Notes (the "**Definitive Registered Floating Rate Notes**"). In addition no Book Entry Interest in the Global Floating Rate Notes and no Definitive Registered Floating Rate Note may be transferred or exchanged for any Book Entry Interest in any Global Fixed Rate Note or any Definitive Registered Fixed Rate Note. In addition, no Book Entry Interest in any Global Note representing the Fixed Rate Dollar Notes (the "**Global Fixed Rate Dollar Notes**") and no Definitive Registered Note issued in exchange for a Book Entry Interest in the Global Fixed Rate Dollar Notes (the "**Definitive Registered Fixed Rate Dollar Notes**") may be transferred or exchanged for any Book Entry Interest in any Global Note representing the Sterling Fixed Rate Notes (the "**Global Fixed Rate Sterling Notes**") or any Definitive Registered Note issued in exchange for a Book Entry Interest in the Global Fixed Rate Sterling Notes (the "**Definitive Registered Fixed Rate Sterling Notes**"). In addition no Book Entry Interest in the Global Fixed Rate Sterling Notes and no Definitive Registered Fixed Rate Sterling Note may be transferred or exchanged for any Book Entry Interest in any Global Fixed Rate Dollar Note or any Definitive Registered Fixed Rate Dollar Note.

This paragraph refers to transfers and exchanges with respect to Dollar Global Notes only. Transfers involving an exchange of a Regulation S Book-Entry Interest in Regulation S for a 144A Book-Entry Interest in a Dollar Global Note will be done by DTC by means of an instruction originating from the Trustee through the DTC Deposit/Withdrawal Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the relevant Regulation S Global Note and a corresponding increase in the principal amount of the corresponding 144A Global Note. The policies and practices of DTC may prohibit transfers of unrestricted Regulation S Book-Entry Interests prior to the expiration of the 40 days after the date of initial issuance of the Notes. Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Information Concerning DTC, Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of DTC, Euroclear and Clearstream, as applicable. The Issuer provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither the Issuer nor the Initial Purchasers are responsible for those operations or procedures.

DTC advised the Issuer that it is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"). DTC holds and provides asset servicing for issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (that DTC's direct participants deposit with DTC). DTC also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between direct participants' accounts. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly.

Like DTC, Euroclear and Clearstream hold securities for participant organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry charges in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing and Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Because DTC, Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in DTC, Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such person may be limited. In addition, owners of beneficial interests through DTC, Euroclear or Clearstream systems will receive distributions attributable to the 144A Global Notes only through DTC, Euroclear or Clearstream participants.

Global Clearance and Settlement under the Book-Entry System

The Notes represented by the Global Notes are expected to be admitted to trading on the Official List of the Channel Islands Securities Exchange Authority Limited and to trade in DTC's Same-Day Funds Settlement System, and any permitted secondary market trading activity in such Notes will, therefore be required by DTC to be settled in immediately available funds. The Issuer expects that secondary trading in any certificated Notes will also be settled in immediately available funds.

Subject to compliance with the transfer restrictions applicable to the Global Notes, cross-market transfers between participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be done through DTC in accordance with DTC's rules on behalf of each of Euroclear or Clearstream by its common depository; *however*, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream by the counterparty in such system in accordance with the rules and regulations and within the established deadlines of such system (Brussels time). Euroclear or Clearstream will, if the transaction meets its settlement requirements, deliver instructions to the common depository to take action to effect final settlement on its behalf by delivering or receiving interests in the Global Notes by DTC, and making and receiving payment in accordance with normal procedures for same-day funds settlement application to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the common depository.

Because of the time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. Cash received in Euroclear and Clearstream as a result of a sale of an interest in a Global Note by or through a Euroclear or Clearstream participant to a participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

Although DTC, Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in DTC, Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, any guarantor, the Trustee or the Principal Paying Agent will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants, of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Notes will be made in pound sterling and dollars. Book-Entry Interests owned through DTC, Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of DTC, Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of DTC and Euroclear or Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

Certain ERISA Considerations

The Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") and the Internal Revenue Code (the "**Code**") impose certain restrictions on (a) employee benefit plans (as defined in Section 3(3) of ERISA) that are subject to Title I of ERISA, (b) plans, including individual retirement accounts and other arrangements that are subject to Section 4975 of the Code or provisions under any other federal, state, local, non-US, or other laws, rules, regulations that are substantially similar to such provisions of ERISA or the Code (collectively, "**Similar Laws**") and (c) entities whose underlying assets are considered to include "plan assets" (within the meaning of 29 C.F.R. Section 2510.3-101 (as modified by Section 3(42) of ERISA)) or any applicable Similar Law ("**Plan Assets**") of any such plans described in (a) or (b) above (each, a "**Plan**").

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of Plans subject to Title I of ERISA and Section 4975 of the Code ("**ERISA Plans**") and prohibit certain transactions between a Plan and fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of an ERISA Plan or the management or disposition of the assets of an ERISA Plan, or who renders investment advice for a fee or other compensation (direct or indirect) to an ERISA Plan, is generally considered to be a fiduciary of such ERISA Plan. In considering an investment of a portion of the assets of any Plan in the Notes, a fiduciary (taking into account the facts and circumstances of the Plan) should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to a fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Law. A fiduciary can be personally liable for losses incurred by a Plan resulting from a breach of fiduciary duties and can be subject to other adverse consequences.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving Plan Assets with persons or entities who are "parties in interest," within the meaning of Section 3(14) of ERISA, or "disqualified persons," within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. Plans that are "governmental plans" (as defined in Section 3(32) of ERISA or Section 4975(g)(2)) of the Code, certain "church plans" (as defined in Section 3(33) of ERISA or Section 4975(g)(3) of the Code) and non-US plans (as described in Section 4(b)(4) of ERISA) are not subject to the requirements of ERISA or Section 4975 of the Code but may be subject to similar prohibitions under the applicable Similar Laws.

The acquisition and/or holding of Notes by an ERISA Plan with respect to which the Issuer, the Security Agent, the initial purchasers or any of their respective affiliates is considered a party in interest or disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, the US Department of Labor has issued prohibited transaction class exemptions ("**PTCEs**"), that may apply to provide exemptive relief for direct or indirect prohibited transactions resulting from the acquisition and holding of the Notes. These class exemptions include, without limitation, PTCE 84-14, as amended, respecting transactions determined by an independent qualified professional asset manager; PTCE 90-1, respecting insurance company pooled separate accounts; PTCE 91-38, respecting bank-maintained collective investment funds; PTCE 95-60, respecting life insurance company general accounts; and PTCE 96-23, respecting transactions determined by in-house asset managers. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide relief from the prohibited transaction provisions of ERISA and Section 4975 of the Code for certain transactions between an ERISA Plan and a person that is a party in interest or disqualified person solely by reason of providing services to the ERISA Plan or a relationship with such service provider, provided that neither the person transacting with the ERISA Plan nor an affiliate exercises any discretionary authority or control with respect to the assets of the ERISA Plan involved in the transaction or renders investment advice with respect to such assets, and provided further that the ERISA Plan pays no more than and receives no less than adequate consideration in connection with the transaction. There can be no assurance that all of the conditions of any such exemptions will be satisfied.

In addition, a fiduciary of an ERISA Plan that engages in a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. Accordingly, each original or subsequent purchaser or transferee of a Note that is or may become a Plan is responsible for determining that its purchase and holding of such Note will not constitute a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or similar violation of any applicable Similar Laws. See "*Notice to Investors*."

Representation

By acceptance of a Note, each purchaser and subsequent transferee will be deemed to have represented and warranted that either (1) no portion of the assets used by such purchaser or transferee to acquire and hold the Notes constitutes Plan Assets or (2) the purchase and holding of the Notes by such purchaser or transferee will not constitute or result in (a) a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Laws and (b) if it is acquiring the Notes with Plan Assets of an ERISA Plan, the decision to purchase the Notes has been made by a duly authorized fiduciary (each, a "**Plan Fiduciary**") who is independent of us and our affiliates, which Plan Fiduciary (i) is a fiduciary under ERISA or the Code, or both, with respect to the decision to purchase the Notes, (ii) is not an individual retirement account ("**IRA**") owner (in the case of an IRA), (iii) is capable of evaluating investment risks independently, both in general and with regard to the prospective investment in the Notes, (iv) has exercised independent judgment in evaluating whether to invest the assets of such ERISA Plan in the Notes, and (v) is either a bank, an insurance carrier, a registered investment adviser, a registered broker-dealer or an independent fiduciary with at least $50 million of assets under management or control; provided, however, that purchasers and subsequent transferees will not be deemed to make the representations in clause 2(b), above, to the extent that the regulations under Section 3(21) of ERISA issued by the U.S. Department of Labor on April 8, 2016 are rescinded or otherwise are not implemented in their current form.

THE PRECEDING DISCUSSION IS ONLY A SUMMARY OF CERTAIN ERISA IMPLICATIONS OF AN INVESTMENT IN THE NOTES AND DOES NOT PURPORT TO BE COMPLETE. PROSPECTIVE INVESTORS SHOULD CONSULT WITH THEIR OWN LEGAL, TAX, FINANCIAL AND OTHER ADVISORS PRIOR TO INVESTING IN THE NOTES TO REVIEW THESE IMPLICATIONS IN LIGHT OF SUCH INVESTOR'S PARTICULAR CIRCUMSTANCES.

Notice to Investors

The Notes have not been, and will not be, registered under the U.S. Securities Act or any state securities laws and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Notes offered hereby or are being offered and sold only to QIBs in reliance on Rule 144A under the U.S. Securities Act and outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

In addition, until 40 days after the later of the commencement of the offering and the closing date, an offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than pursuant to Rule 144A.

Each purchaser of Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with us and the initial purchasers as follows:

(1) It understands and acknowledges that the Notes and the Notes Guarantees have not been registered under the U.S. Securities Act or any other applicable securities law, are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any state securities law, including sales pursuant to Rule 144A, and may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act or any other applicable securities law, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraph (5) below.

(2) It is not an "affiliate" (as defined in Rule 144 under the U.S. Securities Act) of the Issuer or any Guarantor or acting on behalf of the Issuer or any Guarantor and it is either:

(i) a QIB and is aware that any sale of Notes to it will be made in reliance on Rule 144A and the acquisition of Notes will be for its own account or for the account of another QIB; or

(ii) purchasing the Notes outside the United States in an offshore transaction in accordance with Regulation S.

(3) It acknowledges that neither the Issuer, the Guarantors nor the initial purchasers, nor any person representing the Issuer, the Guarantors or the initial purchasers, have made any representation to it with respect to the offering or sale of any Notes, other than the information contained in this offering memorandum, which offering memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes. It acknowledges that neither the initial purchasers nor any person representing the initial purchasers makes any representation or warranty as to the accuracy or completeness of the information contained in this offering memorandum. It also acknowledges it has had access to such financial and other information concerning us, the Issuer, the Guarantors, the Indenture, the Notes, the Guarantees and the security documents as you deemed necessary in connection with your decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, the Issuer, the Guarantors and the initial purchasers.

(4) It is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any state securities laws, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the U.S. Securities Act.

(5) Each holder of Notes issued in reliance on Rule 144A agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes only (i) to the Issuer, (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act, (iii) for so long as the Notes are eligible pursuant to Rule 144A under the U.S. Securities Act, to a person it reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A under the U.S. Securities Act, (iv) pursuant to offers and sales that occur outside the United States in compliance with Regulation S under the U.S. Securities Act, or (v) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act, subject in each of the

foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and in compliance with any applicable state securities laws and any applicable local laws and regulations, and further subject to the Issuer's and the Trustee's rights prior to any such offer, sale or transfer pursuant to clause (iv) or (v) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them.

(6) Each purchaser acknowledges that:

(i) each note sold pursuant to Rule 144A will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "**US SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT. THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "**QUALIFIED INSTITUTIONAL BUYER**" (AS DEFINED IN RULE 144A UNDER THE US SECURITIES ACT) OR (B) IT IS NOT A US PERSON ACQUIRING THIS NOTE IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 144A OR RULE 904 OF REGULATION S UNDER THE US SECURITIES ACT, (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE US SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE US SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

(ii) and each note will contain a legend substantially to the following effect:

BY ITS ACQUISITION OF THIS SECURITY, THE HOLDER HEREOF WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT EITHER (1) NO PORTION OF THE ASSETS USED BY IT TO ACQUIRE AND HOLD THIS SECURITY CONSTITUTES "PLAN ASSETS" (WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101 (AS MODIFIED BY SECTION 3(42) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**")) OR THE ASSETS OF ANY RETIREMENT PLAN OR ARRANGEMENT THAT IS NOT SUBJECT TO TITLE I OF ERISA OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") BUT IS SUBJECT TO ANY OTHER FEDERAL, STATE, LOCAL, NON-US OR OTHER LAWS, RULES OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO SUCH PROVISIONS OF ERISA OR THE CODE ("**SIMILAR LAW**") OR (2) THE PURCHASE AND HOLDING OF THIS SECURITY BY IT WILL NOT CONSTITUTE OR RESULT IN (A) A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A SIMILAR VIOLATION UNDER ANY APPLICABLE SIMILAR LAW AND (B) IF IT IS ACQUIRING THIS SECURITY WITH PLAN ASSETS OF AN "EMPLOYEE

BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF ERISA) THAT IS SUBJECT TO TITLE I OF ERISA OR A "PLAN" THAT IS SUBJECT TO SECTION 4975 OF THE CODE, THE DECISION TO PURCHASE THIS SECURITY HAS BEEN MADE BY A DULY AUTHORIZED FIDUCIARY (EACH, A "**PLAN FIDUCIARY**") WHO IS INDEPENDENT OF THE ISSUER OF THIS SECURITY AND ITS AFFILIATES, WHICH PLAN FIDUCIARY (I) IS A FIDUCIARY UNDER ERISA OR THE CODE, OR BOTH, WITH RESPECT TO THE DECISION TO PURCHASE THIS SECURITY, (II) IS NOT AN INDIVIDUAL RETIREMENT ACCOUNT ("**IRA**") OWNER (IN THE CASE OF AN IRA), (III) IS CAPABLE OF EVALUATING INVESTMENT RISKS INDEPENDENTLY, BOTH IN GENERAL AND WITH REGARD TO THE PROSPECTIVE INVESTMENT IN THE THIS SECURITY, (IV) HAS EXERCISED INDEPENDENT JUDGMENT IN EVALUATING WHETHER TO INVEST THE ASSETS OF SUCH "EMPLOYEE BENEFIT PLAN" OR "PLAN" IN THIS SECURITY, AND (V) IS EITHER A BANK, AN INSURANCE CARRIER, A REGISTERED INVESTMENT ADVISER, A REGISTERED BROKER-DEALER OR AN INDEPENDENT FIDUCIARY WITH AT LEAST $50 MILLION OF ASSETS UNDER MANAGEMENT OR CONTROL; PROVIDED, HOWEVER, THAT THIS CLAUSE (B) WILL NOT BE DEEMED TO HAVE BEEN MADE TO THE EXTENT THAT THE REGULATIONS UNDER SECTION 3(21) OF ERISA ISSUED BY THE U.S. DEPARTMENT OF LABOR ON APRIL 8, 2016 ARE RESCINDED OR OTHERWISE ARE NOT IMPLEMENTED IN THEIR FORM AS OF THE LAST DATE OF ANY SUCH HOLDING.

(7) It agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on transfer of such Notes.

(8) It represents and warrants that either (1) no portion of the assets used by such purchaser or transferee to acquire and hold the Notes constitutes Plan Assets or (2) the purchase and holding of the Notes by such purchaser or transferee will not constitute or result in (a) a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Law and (b) if it is acquiring the Notes with Plan Assets of an ERISA Plan, the decision to purchase the Notes has been made by a Plan Fiduciary who is independent of the Issuer, the initial purchasers and their respective affiliates, which Plan Fiduciary (i) is a fiduciary under ERISA or the Code, or both, with respect to the decision to purchase the Notes, (ii) is not an IRA owner (in the case of an IRA), (iii) is capable of evaluating investment risks independently, both in general and with regard to the prospective investment in the Notes, (iv) has exercised independent judgment in evaluating whether to invest the assets of such ERISA Plan in the Notes, and (v) is either a bank, an insurance carrier, a registered investment adviser, a registered broker-dealer or an independent fiduciary with at least $50 million of assets under management or control; provided, however, that purchasers and subsequent transferees will not be deemed to make the representations in clause 8(b), above, to the extent that the regulations under Section 3(21) of ERISA issued by the U.S. Department of Labor on April 8, 2016 are rescinded or otherwise are not implemented in their current form.

(9) It acknowledges that until 40 days after the commencement of the offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the U.S. Securities Act.

(10) It acknowledges that the Registrar will not be required to accept for registration of transfer any Notes except upon presentation of evidence satisfactory to us and the Trustee that the restrictions set out therein have been complied with.

(11) It understands that no action has been taken in any jurisdiction (including the United States) by the Issuer or the initial purchasers that would result in a public offering of the Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to us or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set out under "Plan of Distribution."

It acknowledges that we, the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by its purchase of the Notes is no longer accurate, it will promptly notify the initial purchasers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

Certain Tax Considerations

United Kingdom Tax Considerations

The following is a general description of certain UK tax consequences relating to the Notes and is based on current UK tax law and HM Revenue & Customs ("**HMRC**") published practice, both of which may be subject to change, possibly with retrospective effect. It does not purport to be a complete analysis of all UK tax considerations relating to the Notes, does not purport to constitute legal or tax advice, relates only to persons who are the absolute beneficial owners of Notes and who hold Notes as a capital investment, and does not deal with certain classes of persons (such as brokers or dealers in securities and persons connected with the Issuer) to whom special rules may apply. If you are subject to tax in any jurisdiction other than the United Kingdom or if you are in any doubt as to your tax position, you should consult an appropriate professional advisor.

Interest on the Notes

Payment of Interest on the Notes

Interest on the Notes will be payable without withholding or deduction for or on account of UK income tax provided the Notes are and remain listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 (the "**ITA**"). The Exchange is a recognised stock exchange for these purposes. Securities such as the Notes will be treated as listed on the Exchange if they are included in the Official List of the Exchange and are admitted to trading on the Official List of the Exchange thereof.

Interest on the Notes may also be paid without withholding or deduction for or on account of UK income tax where the Issuer reasonably believe at the time the payment is made that (i) the person beneficially entitled to the interest is a UK resident company or a non-UK resident company that carries on a trade in the United Kingdom through a permanent establishment and the payment is one that the non-UK resident company is required to bring into account when calculating its profits subject to UK corporation tax or (ii) the person to whom the payment is made is one of the further classes of bodies or persons, and meets any relevant conditions, set out in sections 935-937 of the ITA, provided that in either case HMRC has not given a direction, the effect of which is that the payment may not be made without that withholding or deduction.

In most other cases, an amount must generally be withheld from payments of interest on the Notes on account of UK income tax at the basic rate (currently 20%), unless another relief or exemption applies (for instance, in connection with a direction by HMRC under an applicable double taxation treaty).

Holders of the Notes who are individuals may wish to note that HMRC has power to obtain information (including, in certain cases, the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays certain amounts in respect of the Notes to, or receives certain amounts in respect of the Notes for the benefit of, an individual. Such information may, in certain circumstances, be exchanged by HMRC with the tax authorities of other jurisdictions.

Further UK Tax Issues

Interest on the Notes constitutes UK source income for tax purposes and, as such, may be subject to UK tax by way of assessment (including self-assessment) even where paid without withholding or deduction.

However, interest with a UK source received without withholding or deduction for or on account of UK income tax will not be chargeable to UK tax in the hands of a holder of Notes (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless (i) that holder of Notes is a company which carries on a trade in the United Kingdom through a permanent establishment in the United Kingdom or, if not such a company, carries on a trade, profession or vocation in the United Kingdom through a branch or agency, and (ii) the interest is received in connection with, or the Notes are attributable to, that permanent establishment, branch or agency. There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers). The provisions of an applicable double taxation treaty may also be relevant for such holders of Notes.

Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

No UK stamp duty or SDRT is payable on issue of, or on a transfer of, or agreement to transfer, Notes.

Certain United States Federal Income Tax Considerations

The following is a discussion of certain U.S. federal income tax considerations of the purchase, ownership and disposition of the Notes, but does not purport to be a complete analysis of all potential tax effects. This discussion is based upon the United States Internal Revenue Code of 1986, as amended (the "**Code**"), Treasury regulations issued thereunder (the "**Treasury Regulations**"), and judicial and administrative interpretations thereof, each as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. This discussion is limited to consequences relevant to a U.S. holder (as defined below), except for the discussion on FATCA (as defined under "*—Foreign Account Tax Compliance Act*"). This discussion does not address the impact of the U.S. federal Medicare tax on net investment income or the effects of any U.S. federal tax laws other than U.S. federal income tax laws (such as estate and gift tax laws) or any state, local or non-U.S. tax laws. No rulings from the U.S. Internal Revenue Service (the "**IRS**") have been or are expected to be sought with respect to the matters discussed below. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the purchase, ownership or disposition of the Notes or that any such position would not be sustained by a court.

This discussion does not address all of the U.S. federal income tax consequences that may be relevant to a holder in light of such holder's particular circumstances or to holders subject to special rules, such as financial institutions, U.S. expatriates, insurance companies, dealers in securities or currencies, traders in securities, U.S. holders whose functional currency is not the U.S. dollar, tax-exempt organizations, regulated investment companies, real estate investment trusts, partnerships or other pass-through entities (or investors in such entities), persons liable for alternative minimum tax and persons holding the Notes as part of a "straddle," "hedge," "conversion transaction" or other integrated transaction. In addition, this discussion is limited to persons who purchase the Sterling Fixed Rate Notes, the Dollar Fixed Rate Notes or the Floating Rate Notes for cash at original issue and at their "issue price" (the first price at which a substantial amount of such Notes, is sold for money, not including sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and who hold the Notes as capital assets within the meaning of section 1221 of the Code (generally, property held for investment).

For purposes of this discussion, a "**U.S. holder**" is a beneficial owner of a Note that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States; (ii) a corporation or any entity taxable as a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or if a valid election is in place to treat the trust as a U.S. person.

If any entity or arrangement treated as a partnership for U.S. federal income tax purposes holds the Notes, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. A holder that is a partnership, and partners in such partnerships, should consult their tax advisors regarding the tax consequences of the purchase, ownership and disposition of the Notes.

Prospective purchasers of the Notes should consult their tax advisors concerning the tax consequences of holding Notes in light of their particular circumstances, including the application of the U.S. federal income tax considerations discussed below, as well as the application of U.S. federal estate and gift tax laws, and state, local, non-U.S. or other tax laws.

Payments of Stated Interest

Payments of stated interest on a Note (including additional amounts paid in respect of withholding taxes and without reduction for any amounts withheld) generally will be includible in the gross income of a U.S. holder as ordinary interest income at the time the interest is received or accrued, in accordance with the U.S. holder's method of accounting for U.S. federal income tax purposes. Interest generally will be income from sources outside the United States and, for purposes of the U.S. foreign tax credit, generally will be considered passive category income or, in certain cases, general category income.

A U.S. holder of a Sterling Note that uses the cash method of accounting for U.S. federal income tax purposes will recognize interest income equal to the U.S. dollar value of the interest payment, based on the spot rate of exchange on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars at such time. A cash basis

U.S. holder of a Sterling Note will not realize foreign currency exchange gain or loss on the receipt of stated interest income but may recognize exchange gain or loss attributable to the actual disposition of the foreign currency received.

A U.S. holder of a Sterling Note that uses the accrual method of accounting for U.S. federal income tax purposes may determine the amount recognized with respect to such interest in accordance with either of two methods. Under the first method, such holder will recognize income for each taxable year equal to the U.S. dollar value of the foreign currency accrued for such year determined by translating such amount into U.S. dollars at the average spot rate of exchange in effect during the interest accrual period (or, with respect to an accrual period that spans two taxable years, at the average rate of exchange for the partial period within the U.S. holder's taxable year). Alternatively, an accrual basis U.S. holder of a Sterling Note may make an election (which must be applied consistently to all debt instruments held by the electing U.S. holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. holder, and cannot be changed without the consent of the IRS) to translate accrued interest income at the spot rate of exchange on the last day of the accrual period (or the last day of the taxable year in the case of a partial accrual period), or at the spot rate of exchange on the date of receipt, if that date is within five business days of the last day of the accrual period. A U.S. holder of Sterling Notes that uses the accrual method of accounting for tax purposes will recognize foreign currency gain or loss, on the date such interest is received, equal to the difference between the U.S. dollar value of such payment, determined at the spot rate of exchange on the date the payment is received, and the U.S. dollar value of the interest income previously included in respect of such payment (as determined above). This exchange gain or loss will be treated as ordinary income or loss, generally will be treated as U.S.-source and generally will not be treated as an adjustment to interest income or expense.

Original Issue Discount

The Sterling Fixed Rate Notes, the Dollar Fixed Rate Notes, and/or the Floating Rate Notes may be issued with original issue discount ("**OID**") for U.S. federal income tax purposes. In such event, U.S. holders of Notes issued with OID generally will be required to include such OID in gross income (as ordinary income) on an annual basis under a constant yield accrual method regardless of their regular method of accounting for U.S. federal income tax purposes. As a result, U.S. holders generally will include any OID in income in advance of the receipt of cash attributable to such income.

The Sterling Fixed Rate Notes, the Dollar Fixed Rate Notes, and/or the Floating Rate Notes will be treated as issued with OID if the stated principal amount of such Notes exceeds the issue price (as defined above) of such Notes, as applicable, by an amount equal to or more than a statutorily defined *de minimis* amount (generally, 0.0025 multiplied by the stated principal amount and the number of complete years to maturity from the issue date).

In the event that Notes are issued with OID, the amount of OID includible in income by a U.S. holder with respect to a Note issued with OID is the sum of the "daily portions" of OID with respect to the Note for each day during the taxable year or portion thereof in which such U.S. holder holds the Note. A daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID that accrued in such period. The accrual period of a Note may be of any length and may vary in length over the term of the Note, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs either on the first or last day of an accrual period. The amount of OID that accrues with respect to any accrual period is the excess of (i) the product of the Note's "adjusted issue price" at the beginning of such accrual period and its "yield to maturity," determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of such period, over (ii) the amount of stated interest allocable to such accrual period. The adjusted issue price of a Note at the start of any accrual period generally is equal to its issue price, increased by the accrued OID for each prior accrual period. The yield to maturity of a Note is the discount rate that, when used in computing the present value of all principal and interest payments to be made under the Note, produces an amount equal to the issue price of the Note.

If the Floating Rate Notes are issued with OID, solely for purposes of determining OID accruals and adjusted issue price, the amounts of stated interest and OID are determined by assuming that the interest rate on the Floating Rate Notes is a fixed rate based on the value of the floating rate applicable to Floating Rate Notes as of the issue date.

OID generally will be income from sources outside the United States and, for purposes of the U.S. foreign tax credit, generally will be considered passive category income or, in certain cases, general category income.

OID, if any, on the Sterling Notes will be determined for any accrual period in foreign currency and then translated into U.S. dollars in accordance with either of the two alternative methods described above in the third paragraph under "*—Payments of Stated Interest.*"

A U.S. holder of Sterling Notes issued with OID will recognize exchange gain or loss when OID is paid (including, upon the disposition of a Sterling Note, the receipt of proceeds that include amounts attributable to OID previously included in income) to the extent of the difference, if any, between the U.S. dollar value of the foreign currency payment received, determined based on the spot rate of exchange on the date such payment is received, and the U.S. dollar value of the accrued OID, as determined in the manner described above. For these purposes, all receipts on a Note other than stated interest will be viewed first, as receipts of previously accrued OID (to the extent thereof), with payments considered made for the earliest accrual periods first; and second, as receipts of principal. Exchange gain or loss will be treated as ordinary income or loss, generally will be treated as U.S. source and generally will not be treated as an adjustment to interest income or expense.

Sale, Exchange, Retirement or Other Taxable Disposition of Notes

A U.S. holder's adjusted tax basis in a Note generally will equal the cost of the Note to the U.S. holder, increased by any OID previously accrued by such U.S. holder with respect to such Note. The cost of a Sterling Note purchased with foreign currency will be the U.S. dollar value of the foreign currency purchase price on the date of purchase, calculated at the spot rate of exchange in effect on that date. If the Sterling Note is traded on an established securities market, a cash basis taxpayer (and if it elects, an accrual basis taxpayer) will determine the U.S. dollar value of the cost of the Sterling Note at the spot rate on the settlement date of the purchase.

Upon the sale, exchange, retirement or other taxable disposition of a Note, a U.S. holder generally will recognize gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued and unpaid stated interest, which will be taxable as ordinary interest income in accordance with the U.S. holder's method of tax accounting as described above) and the U.S. holder's adjusted tax basis in the Note. The amount realized on the sale, exchange, retirement or other taxable disposition of a Sterling Note for an amount of foreign currency generally will be the U.S. dollar value of that amount based on the spot rate of exchange on the date of taxable disposition. If the Sterling Note is traded on an established securities market, a cash basis taxpayer (and, if it elects, an accrual basis taxpayer) will determine the U.S. dollar value of the amount realized on the settlement date of the disposition. If an accrual method taxpayer makes the election described above, such election must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS. An accrual basis U.S. holder of a Sterling Note that does not make the special election will recognize exchange gain or loss to the extent that there are exchange rate fluctuations between the sale date and the settlement date, and such gain or loss generally will constitute ordinary income or loss.

Gain or loss recognized by a U.S. holder of a Sterling Note upon the sale, exchange, retirement or other taxable disposition of a Sterling Note that is attributable to changes in currency exchange rates will be ordinary income or loss and, with respect to the principal thereof, generally will be equal to the difference between the U.S. dollar value of the U.S. holder's purchase price of the Sterling Note in foreign currency determined on the date of the sale, exchange, retirement or other taxable disposition, and the U.S. dollar value of the U.S. holder's purchase price of the Sterling Note in foreign currency determined on the date the U.S. holder acquired the Sterling Note. The exchange gain or loss with respect to principal and with respect to accrued and unpaid stated interest and, if any, accrued OID (which will be treated as discussed above under "*—Payments of Stated Interest*," or "*—Original Issue Discount*," as applicable) will be recognized only to the extent of the total gain or loss realized by the U.S. holder on the sale, exchange, retirement or other taxable disposition of the Sterling Note, and will be treated as ordinary income generally from sources within the United States for U.S. foreign tax credit limitation purposes.

Upon the sale, exchange, retirement or other taxable disposition of a Note any gain or loss recognized by a U.S. holder of a Dollar Fixed Rate Note, and any gain or loss in excess of foreign currency gain or loss recognized by a U.S. holder of a Sterling Note, generally will be U.S.-source capital gain or loss and will be long-term capital gain or loss if the U.S. holder has held the Note for more than one year at the time of the sale, exchange, retirement or other taxable disposition. In the case of an individual U.S. holder, any such gain may be eligible for preferential U.S. federal income tax rates if the U.S. holder satisfies certain prescribed minimum holding periods. The deductibility of capital losses is subject to limitations.

U.S. holders should consult their tax advisors regarding how to account for payments made in a foreign currency with respect to the acquisition, sale, exchange, retirement or other taxable disposition of a Sterling Note and the foreign currency received upon a sale, exchange, retirement or other taxable disposition of a Sterling Note.

Tax Return Disclosure Requirement

Treasury Regulations issued under the Code meant to require the reporting of certain tax shelter transactions cover transactions generally not regarded as tax shelters, including certain foreign currency transactions. Under the Treasury Regulations, certain transactions are required to be reported to the IRS, including, in certain circumstances, receipt of interest on a Sterling Note or a sale, exchange, retirement or other taxable disposition of a Sterling Note or foreign currency received in respect of a Sterling Note to the extent that any such sale, exchange, retirement or other taxable disposition or receipt results in a tax loss in excess of an applicable threshold amount. U.S. holders should consult their tax advisors to determine the tax return obligations, if any, with respect to an investment in the Sterling Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

Information Reporting and Backup Withholding

In general, payments of interest (including the accrual of OID, if any) and the proceeds from sales or other dispositions (including retirements or redemptions) of Notes held by a U.S. holder may be required to be reported to the IRS unless the U.S. holder is an exempt recipient and, when required, demonstrates this fact. In addition, a U.S. holder that is not an exempt recipient may be subject to backup withholding unless it provides a taxpayer identification number and otherwise complies with applicable certification requirements.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. holder's U.S. federal income tax liability and may entitle the holder to a refund, provided that the appropriate information is timely furnished to the IRS.

Information with respect to Foreign Financial Assets

Certain U.S. holders who are individuals and who hold an interest in "specified foreign financial assets" (as defined in section 6038D of the Code) are required to report information relating to an interest in the Notes, subject to certain exceptions (including an exception for Notes held in accounts maintained by certain financial institutions). Under certain circumstances, an entity may be treated as an individual for purposes of the foregoing rules. U.S. holders should consult their tax advisors regarding the effect, if any, of this requirement on their ownership and disposition of the Notes.

Foreign Account Tax Compliance Act

Pursuant to sections 1471 through 1474 of the Code (provisions commonly known as "**FATCA**"), a "foreign financial institution" may be required to withhold U.S. tax on certain passthru payments made after December 31, 2018 to the extent such payments are treated as attributable to certain U.S.-source payments. Obligations issued on or prior to the date that is six months after the date on which applicable final regulations defining foreign passthru payments are filed generally would be "grandfathered" unless materially modified after such date. Accordingly, if the Issuer is treated as a foreign financial institution, FATCA would apply to payments on the Sterling Fixed Rate Notes, the Dollar Fixed Rate Notes or the Floating Rate Notes only if there is a significant modification of such Notes for U.S. federal income tax purposes after the expiration of this grandfathering period. Non-U.S. governments have entered into agreements with the United States (and additional non-U.S. governments are expected to enter into such agreements) to implement FATCA in a manner that alters the rules described herein. Holders should consult their own tax advisors on how these rules may apply to their investment in the Notes. In the event any withholding under FATCA is imposed with respect to any payments on the Notes, there will be no additional amounts payable to compensate for the withheld amount.

Plan of Distribution

The initial purchasers are Merrill Lynch International, Barclays Bank PLC, Credit Suisse Securities (Europe) Limited, Goldman Sachs International and KKR Capital Markets Limited. The Issuer have agreed to sell to the initial purchasers, and the initial purchasers have agreed to purchase from us, pursuant to a purchase agreement between the Issuer, the Guarantors and the initial purchasers (the "**Purchase Agreement**"), the principal amount of the Notes.

The obligations of the initial purchasers under the Purchase Agreement, including their agreement to purchase Notes from us, are several and not joint.

The initial purchasers initially propose to offer the Notes for resale at the issue price that appears on the cover of this offering memorandum. The initial purchasers may change the prices at which the Notes are offered and any other selling terms at any time without notice. The initial purchasers may offer and sell Notes through certain of their affiliates, who are qualified broker-dealers under applicable law, including in respect of sales into the United States.

The Purchase Agreement provides that the obligations of the initial purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by their counsel and our counsel.

The Purchase Agreement provides that the Issuer will indemnify and hold harmless the initial purchasers against certain liabilities, including liabilities under the U.S. Securities Act, and will contribute to payments that the initial purchasers may be required to make in respect thereof. The Issuer has agreed, subject to certain limited exceptions, that during the period from the date hereof through and including the date that is 90 days after the date the Notes are issued, to not, and to cause its subsidiaries to not, without having received the prior written consent provided for in the Purchase Agreement, offer, sell, contract to sell or otherwise dispose of any debt securities issued or guaranteed by the Issuer or any of its subsidiaries.

The Notes and the Notes Guarantees have not been, and will not be, registered under the U.S. Securities Act and may not be offered or sold within the United States except to QIBs in reliance on Rule 144A and outside the United States in reliance on Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S. Resales of the Notes are restricted as described under "*Notice to Investors.*"

This offering memorandum is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "**relevant persons**"). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

Each of the initial purchasers has represented, warranted and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or any Guarantor; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

This offering memorandum has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of Notes. The expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended), and includes any relevant implementing measure in the Member State concerned.

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by us or the initial purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to us or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this offering memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This offering memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this offering memorandum comes are advised to inform themselves about and to observe any restrictions relating to the offering of the Notes, the distribution of this offering memorandum and resale of the Notes. See "*Notice to Investors*."

The Issuer and the Guarantors have also agreed that they will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(a)(2) of the U.S. Securities Act or the safe harbors of Rule 144A and Regulation S to cease to be applicable to the offer and sale of the Notes.

The Notes are a new issue of securities for which there currently is no market. The Issuer will apply, through their listing agent, to list the Notes on the Exchange and trade the Notes on the Official List of the Exchange thereof.

The initial purchasers have advised us that they intend to make a market in the Notes as permitted by applicable law. The initial purchasers are not obligated, however, to make a market in the Notes, and any market-making activity may be discontinued at any time at the sole discretion of the initial purchasers without notice. In addition, any such market-making activity will be subject to the limits imposed by the U.S. Securities Act and the U.S. Exchange Act.

Accordingly, the Issuer cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop or that you will be able to sell any Notes at a particular time or at a price which will be favorable to you. See "*Risk Factors—Risks Related to Our Structure and the Financing—There may not be an active market for the Notes, in which case your ability to sell the Notes may be limited.*"

In connection with the offering of the Notes, Merrill Lynch International (with respect to the Sterling Notes) and Merrill Lynch, Pierce, Fenner & Smith Incorporated (with respect to the Dollar Notes) (together the "**Stabilizing Managers**") or persons acting on behalf of the Stabilizing Managers or one of their affiliates may over-allot the Notes or effect transactions with a view to supporting the market price of the Notes during the stabilization period at a level higher than that which might otherwise prevail. However, stabilization action may not necessarily occur. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than 30 days after the date on which the issuer received the proceeds of the issue, or no later than 60 days after the date of allotment of the Notes, whichever is the earlier. Any stabilization action or over-allotment must be conducted by the relevant Stabilizing Manager (or persons acting on its behalf) in accordance with all applicable laws and rules.

The Issuer expect that delivery of the Notes will be made against payment on the Notes on or about the date specified on the cover page of this offering memorandum, which will be business days (as such term is used for purposes of Rule 15c6-1 of the U.S. Exchange Act) following the date of pricing of the Notes (this settlement cycle is being referred to as "T + "). Under Rule 15c6-1 of the U.S. Exchange Act, trades in the secondary market generally are required to settle in business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of this offering memorandum or on the next successive business days will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

The initial purchasers or their respective affiliates from time to time have provided in the past and may provide in the future investment banking, commercial purpose lending, transaction and clearing services, consulting and financial advisory services to us and our affiliates in the ordinary course of business for which they may receive customary advisory and transaction fees and expense reimbursement.

KKR Capital Markets Limited, who is an initial purchaser, is an affiliate of KKR Credit Advisors (US) LLC who along with its affiliates is a 10.43% shareholder in the KIRS Group. KKR Capital Markets Limited may therefore be deemed to be our affiliate and have a conflict of interest with us.

John Tiner, an independent Chairman, is a member of the board of directors of Credit Suisse Group AG and Credit Suisse AG, which are affiliates of Credit Suisse Securities (Europe) Limited, an initial purchaser, and Credit Suisse AG, London Branch, a lender under the Revolving Credit Facility.

In addition, in the ordinary course of their business activities, the initial purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the initial purchasers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such initial purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes offered in the Offering. Any such short positions could adversely affect future trading prices of Notes offered in the Offering. The initial purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

In connection with the Offering, the initial purchasers are not acting for anyone other than the Issuer and will not be responsible to anyone other than the Issuer for providing the protections afforded to their clients, nor for providing advice in relation to the offering. Certain initial purchasers or their respective affiliates are lenders under the Revolving Credit Facility.

Legal Matters

Certain legal matters in connection with the offering will be passed upon for us by Latham & Watkins (London) LLP, as to matters of U.S. federal, New York State and English law. Certain legal matters in connection with the offering will be passed upon for the initial purchasers by Shearman & Sterling (London) LLP, as to matters of U.S. federal, New York State and English law.

Independent Auditors

The Finco Audited Consolidated Financial Statements as of and for the year ended December 31, 2016 and as of December 31, 2015 and for the period from incorporation on February 5, 2015 to December 31, 2015, prepared in accordance with IFRS, included in this offering memorandum have been audited by KPMG LLP, independent auditor, as stated in their reports appearing herein. KPMG LLP is a member of the Institute of Chartered Accountants in England and Wales.

The Autonet Audited Consolidated Financial Statements as of and for the period from November 15, 2016 to December 31, 2016 and as of and for the years ended December 31, 2016 and December 31, 2015, prepared in accordance with UK GAAP, included in this offering memorandum have been audited by RSM UK Audit LLP, independent auditor, as stated in their reports appearing herein. RSM UK Audit LLP is a member of the Institute of Chartered Accountants in England and Wales.

The Price Forbes 2016 Audited Consolidated Financial Statements and the Price Forbes 2015 Audited Consolidated Financial Statements as of and for the years ended December 31, 2016 and December 31, 2015, prepared in accordance with UK GAAP, included in this offering memorandum have been audited by PricewaterhouseCoopers LLP, independent auditor, as stated in their reports appearing herein. PricewaterhouseCoopers LLP is a member of the Institute of Chartered Accountants in England and Wales.

The Direct Group Audited Consolidated Financial Statements as of and for the years ended December 31, 2016 and December 31, 2015, prepared in accordance with IFRS, included in this offering memorandum have been audited by Deloitte LLP, independent auditor, as stated in their reports appearing herein. Deloitte LLP is a member of the Institute of Chartered Accountants in England and Wales.

The Chase Templeton Audited Consolidated Financial Statements as of and for the years ended October 31, 2016 and October 31, 2015, prepared in accordance with UK GAAP, included in this offering memorandum have been audited by DTE Business Advisors Limited, independent auditor, as stated in their reports appearing herein. DTE Business Advisors Limited is a member of the Institute of Chartered Accountants in England and Wales.

Where You Can Find More Information

Each purchaser of the Notes from the initial purchasers will be furnished with a copy of this offering memorandum and any related amendments or supplements to this offering memorandum. Each person receiving this offering memorandum acknowledges that (i) such person has been afforded an opportunity to request from us, and has received, all additional information considered to be necessary to verify the accuracy and completeness of the information herein; (ii) such person has not relied on the initial purchasers or any person affiliated with the initial purchasers in connection with its investigation of the accuracy of such information or its investment decision; and (iii) except as provided in clause (i), no person has been authorized to give any information or to make any representation concerning the Notes other than those contained herein, and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the initial purchasers.

We are not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act. For so long as any of the Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and the Issuer is neither subject to Section 13 or 15(d) of the U.S. Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) under the U.S. Exchange Act, it will, upon the request of any such person, furnish to any holder or beneficial owner of Notes, or to any prospective purchaser designated by any such registered holder, the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act. Any such request should be directed to the Paying Agent. Copies of such documents are also available at the specified office of the Paying Agent and the registered office of the Issuer.

Pursuant to the Indenture and so long as the Notes are outstanding, we will furnish periodic information to holders of the Notes. See "*Description of the Notes—Certain Covenants—Reports.*" For so long as the Notes are listed on the Exchange for trading on the Official List of the Exchange thereof and the rules of that exchange so require, copies of such information, the organizational documents of the Issuer and each Guarantor, the most recent audited consolidated financial statements of Midco 2, the Indenture (which includes the guarantees and the form of the Notes), the Intercreditor Agreement (as defined herein) and the Security Documents (as defined herein) will be available for review (during normal business hours) on any business day at the specified office of the Paying Agent. See "Listing and General Information."

Service of Process and Enforcement of Civil Liabilities

The Issuer is a public limited company and some of the Guarantors are private limited companies incorporated under the laws of England and Wales, Cayman Islands and the Isle of Man. All the directors and executive officers of the Issuer and the Guarantors live outside the United States. Substantially all of the assets of the directors and executive officers of the Issuer and of the Guarantors are located outside the United States. As a result, it may not be possible for you to serve process on such persons, the Issuer or the Guarantors in the United States or to enforce judgments obtained in U.S. courts against them or the Issuer based on civil liability provisions of the securities laws of the United States.

Enforcement of Judgements against the Issuer and the England and Wales, Cayman Islands and Isle of Man Guarantors in the United States

Neither the United States and England nor the United States and the Isle of Man currently have a treaty providing for the reciprocal recognition and enforcement of judgments (as opposed to arbitration awards) in civil and commercial matters.

Consequently, a final judgment for payment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, would not automatically be recognized or enforceable in England or the Isle of Man. In order to enforce any such U.S. judgment in England or the Isle of Man, proceedings must first be initiated before a court of competent jurisdiction in England or the Isle of Man, respectively. In such an action, the English or Isle of Man court would not generally reinvestigate the merits of the original matter decided by the U.S. court (subject to what is stated below) and it would usually be possible to obtain summary judgment on such a claim (assuming that there is no good defense to it). Recognition and enforcement of a U.S. judgment by an English or Isle of Man court in such an action is conditional upon (among other things) the following:

- the U.S. court having had jurisdiction over the original proceedings according to English or Isle of Man conflicts of laws principles;
- the U.S. judgment being final and conclusive on the merits in the sense of being final and unalterable in the court which pronounced it and being for a debt for a definite sum of money;
- the U.S. judgment not contravening English or Isle of Man public policy;
- the U.S. judgment not being for a sum payable in respect of tax, or other charges of a like nature in respect of a penalty or fine;
- within English courts, the U.S. judgment not having been arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damages sustained and not being otherwise in breach of Section 5 of the Protection of Trading Interests Act 1980 of English Law;
- the U.S. judgment not having been obtained by fraud or in breach of English or Isle of Man principles of natural justice;
- judgment is not given in proceedings brought in breach of an agreement for settlement of disputes;
- there not having been a prior inconsistent decision of an English or Isle of Man court between the same parties; and
- the English or Isle of Man enforcement proceedings being commenced within six years from the date of the U.S. judgment.

Subject to the foregoing, investors may be able to enforce in England or Isle of Man judgments in civil and commercial matters that have been obtained from U.S. federal or state courts. Nevertheless, there can be no assurance that those judgments will be recognized or enforceable in England or the Isle of Man. In addition, it is questionable whether an English or Isle of Man court would accept jurisdiction and impose civil liability if the original action was commenced in England or the Isle of Man, instead of the United States, and predicated solely upon U.S. federal securities laws.

Enforcement of Judgments against the Cayman Guarantors

The courts of the Cayman Islands are unlikely (i) to recognize or enforce against the Guarantors incorporated in the Cayman Islands judgments of courts of the United States predicated upon the civil liability provisions of the securities laws of the United States or any State; and (ii) in original actions brought in the Cayman Islands, to impose liabilities against the Guarantors incorporated in the Cayman Islands predicated upon the civil liability provisions of the securities laws of the United States or any State, so far as the liabilities imposed by those provisions are penal in nature. In those circumstances, although there is no statutory enforcement in the Cayman Islands of judgments obtained in the United States, the courts of the Cayman Islands will recognize and enforce a foreign money judgment of a foreign court of competent jurisdiction without retrial on the merits based on the principle that a judgment of a competent foreign court imposes upon the judgment debtor an obligation to pay the sum for which judgment has been given provided certain conditions are met. For such a foreign judgment to be enforced in the Cayman Islands, such judgment must (i) be final and conclusive, (ii) be either for a liquidated sum (not in respect of taxes or a fine or penalty) or, in certain circumstances, for in personam non-money relief, (iii) not be inconsistent with a Cayman Islands judgment in respect of the same matter, impeachable on the grounds of fraud or obtained in a manner, or be of a kind the enforcement of which is, contrary to natural justice or the public policy of the Cayman Islands (awards of punitive or multiple damages may well be held to be contrary to public policy), and (iv) be one in respect of which the foreign court had jurisdiction over the defendant according to Cayman Islands conflict of law rules. A Cayman Islands court may stay enforcement proceedings if concurrent proceedings in respect of the same matter are or have been commenced in another jurisdiction.

Certain Insolvency Law Considerations

The following is a brief description of certain insolvency law considerations in the jurisdictions in which Notes Guarantees and the Collateral are initially being provided. The descriptions below do not purport to be complete or discuss all of the limitations or considerations that may affect the Notes, the Notes Guarantees or the Collateral. Proceedings of bankruptcy, insolvency or a similar event could be initiated in any of these jurisdictions and in the jurisdiction of organization of a future Guarantor or provider of Collateral. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction's law should apply and could adversely affect your ability to enforce your rights and to collect payment in full under the Notes, the Notes Guarantees and the Collateral, as applicable. Prospective investors in the Notes should consult their own legal advisors with respect to such limitations and considerations. See "Risk Factors—Risks Related to our Structure and the Financing."

England and Wales

The Issuer and certain of the Guarantors and providers of Collateral are companies incorporated under the laws of England and Wales (the "**English Obligors**"). Therefore, any insolvency proceedings by or against the English Obligors would likely be based on English insolvency laws. However, pursuant to Council Regulation (EC) no. 1346/2000 on insolvency proceedings (the "**EU Insolvency Regulation**"), where a company incorporated under English law has its "center of main interests" in a Member State of the European Union other than the United Kingdom, then the main insolvency proceedings for that company may be opened in the Member State in which its center of main interest is located and be subject to the laws of that Member State. There is a rebuttable presumption that a company's COMI is in the place where its registered office is located and so, unless this presumption was rebutted (about which see further below), any main insolvency proceedings in respect of the Issuer or the Guarantors would be commenced in England and conducted in accordance with the requirements of English insolvency law. The forms of insolvency proceedings which can comprise main proceedings are listed in Annex A to the EU Insolvency Regulation and include, in respect of the UK, administration, compulsory liquidation and creditors' voluntary liquidation with confirmation by the court.

It is possible to rebut the presumption that a company's COMI is in the place of its registered office if factors which are both objective and ascertainable by third parties (meaning that they are already in the public domain and what a typical third party would learn as a result of dealing with the company, without making specific enquiries) indicate that the company's COMI is elsewhere. Factors which may be taken into account include the location of any regulatory authorities and the places where the company's business is managed and operated, board meetings held and the accounts prepared and audited. Where the bodies responsible for the management and supervision of a company are in the same place as its registered office, and where the management decisions of the company are taken from there, the presumption cannot be rebutted. The point at which a company's COMI falls to be determined is at the time that the relevant insolvency proceedings are opened.

Insolvency proceedings opened in one Member State under the EU Insolvency Regulation are to be recognised in other Member States, although secondary proceedings may additionally be opened in any Member State where the company has an "establishment." An establishment is a place of operations where a company carries out non-transitory economic activities with human means and goods (Article 2(h) of the EU Insolvency Regulation). This means a fixed place of business and dealings with third parties (as opposed to purely internal administration). The effect of secondary proceedings is limited to the assets located in that Member State.

The EU Insolvency Regulation has been replaced by the Regulation (EU) 2015/848 of the European Parliament and of the Council dated May 20, 2015 (the "**New EU Insolvency Regulation**") which became effective as of June 26, 2015, and which will be applicable to insolvency proceedings opened after June 26, 2017 (subject to certain exceptions). The EU Insolvency Regulation remains applicable to insolvency proceedings opened before that date.

The New EU Insolvency Regulation, among other matters, codifies case law regarding the identification of the center of main interests. Pursuant to Article 3(1) of the New EU Insolvency Regulation, in the case of a company or legal person, the center of main interests is presumed to be located in the country of the registered office in the absence of proof to the contrary. That presumption shall only apply if the registered office has not been moved to another member state within the three-month period prior to the request for the opening of insolvency proceedings. Specifically, the presumption of the center of main interests being at the place of the registered office should be rebuttable if the company's central administration is located in a member state other than the one where it has its registered office, and where a comprehensive assessment of all the relevant factors establishes, in a manner that is ascertainable by third parties, that the company's actual center of management and supervision and the center of the management of its interests is located in that other member state. In this regard, special consideration should be given to creditors and their perception as to where a debtor conducts the administration of its interests. In the event of a shift in the center of main interests, this may require informing the creditors of the new location from which the debtor is carrying out its activities in due course (e.g. by drawing attention to the change of address in commercial correspondence or otherwise making the new location public through other appropriate means). Another change under the New EU Insolvency Regulation focuses on the definition of "establishment" as a prerequisite to open "territorial proceedings" (secondary proceedings). From June 26, 2017 onwards, "establishment" will mean any place of operations where a debtor carries out or has carried out in the three-month period prior to the request to open main insolvency proceedings a non-transitory economic activity with human means and assets. At this stage, it is not possible to conclusively determine what (if any) impact there might be in relation to the Notes.

Similarly, the U.K. Cross-Border Insolvency Regulations 2006, which implement the UNCITRAL Model Law on Cross-Border Insolvency in the United Kingdom, provide that a foreign (i.e. non-European) court may have jurisdiction where any English company has a center of its main interests in such foreign jurisdiction, or where it has an "establishment" (being a place of operations in such foreign jurisdiction, where it carries out non-transitory economic activities with human means and assets or services).

It remains to be seen what impact the recent vote by the UK to leave the EU will have on the regulatory environment in the EU and the UK and on the applicability of EU law in the UK.

Administration

The English insolvency statutes empower English courts to make an administration order in respect of an English company or a company with its center of main interest in England. An administration order can be made if the court is satisfied that the relevant company is or is likely to become "unable to pay its debts" and that the administration order is reasonably likely to achieve the purpose of administration. A company is unable to pay its debts if it is insolvent on a "cash flow" basis (unable to pay its debts as they fall due) or if it is insolvent on a "balance sheet" basis (the value of the company's assets is less than the amount of its liabilities, taking into account its contingent and prospective liabilities). Such insolvency is presumed if, among other matters, the company fails either to satisfy a creditor's statutory demand for a debt exceeding £750 or to satisfy in full or in part a judgment debt (or similar court order). Without limitation and subject to specific conditions, an English company, the directors of such company or the holder of a qualifying floating charge, where the floating charge has become enforceable, may also appoint an administrator out of court. The purpose of an administration is comprised of three parts that must be looked at successively: rescuing the company as a going concern or, if that is not reasonably practicable, achieving a better result for the company's creditors as a whole than would be likely upon immediate liquidation or, if neither of those objectives is reasonably practicable, and the interests of the creditors as a whole are not unnecessarily harmed thereby, realizing property to make a distribution to one or more secured or preferential creditors.

The rights of creditors, including secured creditors, are curtailed in an administration. Upon the appointment of an administrator, no step may be taken to enforce security over the company's property except with the consent of the administrator or permission of the court. The same requirements for consent or permission apply to the institution or continuation of legal process (including legal proceedings, execution, distress and diligence) against the company or property of the company. In either case, a court will consider discretionary factors in determining any application for leave in light of the hierarchy of statutory objectives of administration described above.

Accordingly, if any of the Issuer, the Guarantors or the providers of Collateral were to enter into administration, the Notes, the Notes Guarantees and the Collateral, as applicable, could not be enforced while the relevant company was in administration without the permission of the court or consent of the administrator. There can be no assurance that the Trustee, or the Security Agent, as applicable, would obtain this permission of the court or consent of the administrator.

In addition, an administrator is given wide powers to conduct the business and, subject to certain requirements under the Insolvency Act 1986 (the "**Insolvency Act**"), dispose of the property of a company in administration (including property subject to a floating charge).

However, the general prohibition against enforcement by secured creditors without consent of the administrator or permission of the court, and the administrator's powers with respect to property subject to a floating charge, does not apply to any security interest created or arising under a financial collateral arrangement within the meaning of the Financial Collateral Agreements (No. 2) Regulations 2003 (SI 2003/3226) (U.K.) (the "**Financial Collateral Regulations**"). A financial collateral arrangement includes (subject to certain other conditions) a security interest over shares in a company, where both the collateral provider and collateral taker are non-natural persons.

Administrative receivership

If a company grants a "qualifying floating charge" to a party for the purposes of English insolvency law, that party will be able to appoint an administrative receiver or an administrator out of court and, in the case of the ability to appoint an administrative receiver, the qualifying floating charge must, unless the security document pre-dates September 15, 2003, fall within one of the exceptions under the Insolvency Act as amended by the Enterprise Act 2002 to the prohibition on the appointment of administrative receivers. In order to constitute a qualifying floating charge, the floating charge must be created by an instrument which (a) states that the relevant statutory provision applies to it; (b) purports to empower the holder to appoint an administrator of the company; or (c) purports to empower the holder to appoint an administrative receiver within the meaning given by Section 29(2) of the Insolvency Act. A party will be the holder of a qualifying floating charge if such floating charge security, together (if necessary) with other forms of security, relates to the whole or substantially the whole of the property of the relevant company and at least one such security interest is a qualifying floating charge. The most relevant exception to the prohibition on the appointment of an administrative receiver is the exception relating to "capital market arrangements" (as defined in the Insolvency Act), which may apply if the issue of the Notes creates a debt of at least £50.0 million for the relevant company during the life of the arrangement and the arrangement involves the issue of a "capital market investment" (which is defined in the Insolvency Act, and is generally a rated, listed or traded debt instrument).

If an administrative receiver has been appointed, an administrator can only be appointed by the court (and not by the company, its directors or the holder of a qualifying charge using the out of court procedure) and then only if the person who appointed the administrative receiver consents or the court considers that the security pursuant to which the administrative receiver was appointed is invalid. If an administrator is appointed, any administrative receiver will vacate office, and any receiver of part of the company's property must resign if required to do so by the administrator.

Liquidation/winding-up

Liquidation is a company dissolution procedure under which the assets of a company are realized and distributed by the liquidator to creditors in the statutory order of priority prescribed by the Insolvency Act. There are two forms of winding-up: (i) compulsory liquidation, by order of the court; and (ii) voluntary liquidation, by resolution of the company's members. The primary ground for the compulsory winding-up of an insolvent company is that it is unable to pay its debts (as defined in Section 123 of the Insolvency Act). A creditor's voluntary liquidation (other than as an exit from administration) is initiated by a resolution of the members, not the creditors, but once in place operates under the control of the creditors.

The effect of a compulsory winding-up differs in a number of respects from that of a voluntary winding-up. In a compulsory winding-up, under Section 127 of the Insolvency Act, any disposition of the relevant company's property made after the commencement of the winding-up is, unless sanctioned by the court, void. Subject to certain exceptions, when an order is made for the winding-up of a company by the court, it is deemed to have commenced from the time of the presentation of the winding-up petition. Once a winding-up order is made by the court, a stay of all proceedings against the company will be imposed. No legal action may be continued or commenced against the company without permission of the court.

In the context of a voluntary winding-up however, there is no equivalent to the retrospective effect of a winding up order; the winding up commences on the passing of the resolution to wind up. As a result, there is no equivalent of Section 127 of the Insolvency Act. There is also no automatic stay in the case of a voluntary winding-up—it is for the liquidator, or any creditor or shareholder of the company, to apply for a stay.

Priority on insolvency

With the exception of the Prescribed Part (as defined below), distributions cannot be made to a class of creditors until the claims of the creditors in a prior ranking class have been paid in full. Unless creditors have agreed otherwise, distributions are made on a *pari passu* basis, that is, the assets are distributed in proportion to the debts due to each creditor within a class.

The general priority on insolvency is as follows (in descending order of priority):

- First ranking: holders of fixed charge security and creditors with a proprietary interest in assets in the possession (but not full legal and beneficial ownership) of the debtor but only to the extent the value of the secured assets covers that indebtedness;
- Second ranking: expenses of the insolvent estate (there are statutory provisions setting out the order of priority in which expenses are paid);
- Third ranking: preferential creditors. Ordinary preferential debts include (but are not limited to) debts owed by the insolvent company in relation to: (i) contributions to occupational and state pension schemes; (ii) wages and salaries of employees for work done in the four months before the insolvency date, up to a maximum of £800 per person; (iii) holiday pay due to any employee whose contract has been terminated, whether the termination takes place before or after the insolvency date; and (iv) bank and building deposits eligible for compensation under the Financial Services Compensation Scheme ("**FSCS**") up to the statutory limit. Secondary preferential debts include bank and building deposits eligible for compensation under the FSCS to the extent that claims exceed the statutory limit, and rank for payment after the discharge of the ordinary preferential debts. As between one another, all claims within each category rank equally;
- Fourth ranking: holders of floating charge security, according to the priority of their security. This would include any floating charge that was stated to be a fixed charge in the document that created it but which, on a proper interpretation, was rendered a floating charge. However, before distributing asset realizations to the holders of floating charges, the Prescribed Part (as defined below) must, subject to certain exceptions, be set aside for distribution to unsecured creditors;
- Fifth ranking:
- firstly, provable debts of unsecured creditors and any secured creditor to the extent of any unsecured shortfall, in each case including accrued and unpaid interest on those debts up to the date of commencement of the relevant insolvency proceedings. These debts rank equally among themselves unless there are subordination agreements in place between any of them. To pay the secured creditors any unsecured shortfall, the insolvency officeholder can only use realizations from unsecured assets, as secured creditors are not entitled to any distribution from the Prescribed Part unless the Prescribed Part is sufficient to pay out all unsecured creditors;
- secondly, interest on the company's unsubordinated debts (at the higher of the applicable contractual rate and the official rate) in respect of any period after the commencement of liquidation, or after the commencement of any administration which either preceded such liquidation or which were converted into a liquidating administration. However, in the case of interest accruing on amounts due under the Notes or the Notes Guarantees, such interest due to the holders of the Notes may, if there are sufficient realizations from the secured assets, be discharged out of such security recoveries; and
- thirdly, non-provable liabilities, being liabilities that do not fall within any of the categories above and therefore are only recovered in the (unusual) event that all categories above are fully paid.
- Sixth ranking: shareholders. If after the repayment of all unsecured creditors in full, any remaining funds exist, these will be distributed to the shareholders of the insolvent company.

Subordinated creditors are ranked according to the terms of the subordination.

An insolvency practitioner of a company will generally be required to ring-fence a certain percentage of the proceeds of enforcement of floating charge security for the benefit of unsecured creditors (after making full provision for preferential creditors and expenses out of floating charge realizations) (the "**Prescribed Part**"). Under current law, this ring-fence applies to 50% of the first £10,000 of floating charge realizations and 20% of the remainder over £10,000, with a maximum aggregate cap of £600,000. The Prescribed Part must be made available to unsecured creditors unless the cost of doing so would be disproportionate to the resulting benefit to creditors.

Reviewable Transactions

There are five principal provisions of the Insolvency Act under which transactions entered into prior to a company's insolvency are capable of being set aside. They are: (i) transactions at an undervalue (section 238); (ii) preferences (section 239); (iii) avoidance of certain floating charges (section 245); (iv) transactions defrauding creditors (section 423); and (v) extortionate credit transactions (section 244).

These provisions all apply where the company has gone into an English liquidation or administration, with the exception of section 423 which applies even if the company is not in insolvency proceedings.

Transactions at an undervalue

If a company goes into an English administration or liquidation and it has entered into a transaction at an undervalue, the court may, on the application of the insolvency officeholder, set the transaction aside.

A transaction will constitute a transaction at an undervalue if: (i) the transaction is at an undervalue (a gift or a transaction on terms that provide for the company to receive no consideration or a transaction for a consideration the value of which (in money or money's worth) is significantly less than the value (in money or money's worth) of the consideration provided by the company); (ii) the transaction took place within the relevant time (two years before the onset of insolvency, being broadly the commencement of its liquidation or administration); and (iii) the company was at the time of the transaction, or became, as a result of the transaction, unable to pay its debts within the meaning of section 123 of the Insolvency Act (although there is a rebuttable presumption that the company was unable to pay its debts at the time of the transaction if the transaction is made to a person connected to the company such as a shareholder or a director (a "**Connected Person**")).

The court will not make an order in respect of a transaction at an undervalue if it is satisfied that: (i) the company which entered into the transaction did so in good faith and for the purposes of carrying on its business; and (ii) when it did so, there were reasonable grounds for believing that the transaction would benefit the company.

Preferences

If a company goes into an English administration or liquidation and it has granted a preference the court may, on the application of the insolvency officeholder, set the transaction aside.

A company gives a preference to a person if: (i) that person is one of the company's creditors, a surety or a guarantor for any of the company's debts or other liabilities; (ii) the company has done something, or has suffered something to be done which (in either case) has had the effect of putting that person into a position which, in the event that the company goes into insolvent liquidation, will be better than the position he would have been in if that thing had not been done; (iii) the company was influenced in deciding to give the preference by a desire to put the creditor in a better position than he would have been in if the thing had not been done or suffered to be done (this desire is rebuttably presumed in the case of Connected persons); (iv) the preference was given within the relevant time (six months before the onset of the insolvency or two years from the onset of insolvency where the transaction is with a Connected Person); and (v) the company was at the time of the transaction, or became as a result of the transaction, unable to pay its debts within the meaning of section 123 of the Insolvency Act.

The desire to prefer requires a "positive wish to improve the creditor's position in the event of the company's insolvent liquidation" (Re Fairway Magazines Ltd [1993] BCLC 643). A preferential effect for a creditor may be foreseen by the company without being desired. Where a company is influenced by "proper commercial considerations" there will be no desire to prefer and therefore no voidable preference (Re MC Bacon Ltd (No. 1) [1990] BCLC 324).

Voidable floating charges

If a company goes into an English administration or liquidation, a floating charge created by that company over its property may be invalid if it was created in the relevant time. Where the transaction is with a Connected person, this means within a period of two years before the onset of insolvency. In all other cases, this means within a period of twelve months before the onset of insolvency when the company was at the time of the transaction, or became as a result of the transaction, unable to pay its debts within the meaning of section 123 of the Insolvency Act.

This is the only requirement for setting aside the floating charge and, if met, the security is automatically invalid except to the extent of the aggregate of the value of so much of the consideration for the creation of the charge (as consists of money paid, goods or services supplied or debts discharged and interest thereon) supplied to the company at the time of, or after the creation of, the charge. No court action is required.

Section 245 of the Insolvency Act does not apply to a floating charge that has been created under a financial collateral arrangement within the meaning of the Financial Collateral Regulations.

Transactions defrauding creditors

A transaction entered into by a company can be set aside if: (i) the transaction is at an undervalue (see above); and (ii) it was entered into for the purpose of putting assets beyond the reach of a person who may make a claim against the company or otherwise prejudicing his interests.

It is not necessary for the company to be in insolvency proceedings and unlike a transaction at an undervalue or a preference, the claim is not restricted to the officeholder. The victim of the transaction can apply to the court himself. The Insolvency Act also does not prescribe a set time limit within which to bring the action. The fact that the transaction was not entered into with a dishonest motive is no defense to the claim. It will suffice that the company's subjective purpose was to place the assets out of the reach of creditors or a particular creditor. There is no need to show that the intention was the sole purpose and a substantial purpose is likely to suffice.

Extortionate credit transactions

If a company goes into administration or liquidation and it has entered into an extortionate credit transaction, the court may, on the application of the insolvency officeholder, set the transaction aside.

A transaction is extortionate if, having regard to the risk accepted by the person providing the credit, either: (i) its terms require grossly exorbitant payments to be made (whether unconditionally or in certain contingencies) in respect of the provision of the credit; or (ii) it otherwise grossly contravenes ordinary principles of fair dealing.

The court can make an order in relation to extortionate credit transactions entered into by the company up to three years before the day on which the company entered into administration or went into liquidation (which is slightly different to the concept of the onset of insolvency used in relation to transactions at an undervalue and preferences).

Orders

In the case of any of the above applying and where a court order is required (i.e. not section 245), the court has very wide statutory powers to make such orders as it thinks fit to restore the position to that which existed before the transaction was entered into.

Maintenance of capital

The granting of upstream (or cross-stream) guarantees or security by an English company could be subject to challenge if it results in a reduction in that company's net assets as properly recorded in its books or, to the extent that it does, the company does not have sufficient distributable reserves to cover that reduction.

Recharacterization of fixed security interests

There is a possibility that a court could find that some or all of the fixed security interests expressed to be created by the security documents governed by English law properly take effect as floating charges as the description given to them as fixed charges is not determinative. Whether the purported fixed security interests will be upheld as fixed security interests rather than floating security interests will depend, among other things, on whether the secured party has the requisite degree of control over the chargor's ability to deal in the relevant assets and the proceeds thereof and, if so, whether such control is exercised by the security holder in practice. Where the chargor is free to deal with the assets that are the subject of a purported fixed charge in its discretion and without the consent of the chargee, the court would be likely to hold that the security interest in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge.

If any fixed security interests are recharacterized as floating security interests, the proceeds of those assets could be applied in meeting other liabilities of the company in priority to the claims of the purported fixed charge holder in insolvency proceedings.

Security over shares

Security over shares granted by an English Obligor or over shares of the English Obligor are, under English law, equitable charges, not legal charges. An equitable charge arises where a chargor creates an encumbrance over the property in favor of the chargee but the chargor retains legal title to the shares. Remedies in relation to equitable charges may be subject to equitable considerations or are otherwise at the discretion of the court.

Security over bank accounts

With respect to any security over bank accounts (each an "**Account Charge**") granted by an English Obligor, the banks with which some of those accounts are held (each an "**Account Bank**") may hold a right at any time (at least prior to them being notified of a crystallization event under the Account Charge) to exercise the rights of netting or set-off to which they are entitled under their cash pooling or other arrangements with that guarantor. As a result, and if the security granted over those accounts is merely a floating (rather than fixed) charge, the collateral constituted by those bank accounts will be subject to the relevant Account Bank's rights to exercise netting and set-off with respect to the bank accounts charged under the relevant Account Charge. Once the floating charge has crystallized and converted into a fixed charge (as it would on enforcement or the occurrence of certain insolvency events with respect to the relevant English Obligor) and the Account Bank has been formally notified of that fact, the collateral will no longer be subject to the relevant Account Bank's netting and set-off rights.

Company voluntary arrangements

Pursuant to Part I of the Insolvency Act, a company (by its directors or its administrator or liquidator as applicable) may propose a company voluntary arrangement to the company's shareholders and creditors which entails a compromise, or other arrangement, between the company and its creditors, typically a rescheduling or reducing of the company's debts. Provided that the proposal is approved by the requisite majority of creditors by way of a decision procedure, it will bind all unsecured creditors who were entitled to vote on the proposal. A company voluntary arrangement cannot affect the right of a secured creditor to enforce its security, except with its consent.

In order for the company voluntary arrangement proposal to be passed, it must be approved by at least 75% (by value) of the company's creditors who respond in the decision procedure, and no more than 50% (by value) of unconnected creditors may vote against it. Secured debt cannot be voted in a company voluntary arrangement. However, a secured creditor may vote to the extent that it is undersecured. A secured creditor who proves in the company voluntary arrangement for the whole of its debt may be deemed to have given up its security.

Scheme of arrangement

Pursuant to Part 26 of the Companies Act 2006 the English courts have jurisdiction to sanction the compromise of a company's liabilities with respect to its creditors (or any class of its creditors) where such company (i) is liable to be wound-up under the Insolvency Act and (ii) has ''sufficient connection'' to the English jurisdiction.

In practice, a non-English company is likely to satisfy the first limb of this test and the second limb has been found to be satisfied where, amongst other things, the company's "center of main interests" is in England, the company's finance documents are English law governed, or the company's finance documents have been amended in accordance with their terms to be governed by English law. Ultimately, each case will be considered on its particular facts and circumstances so previous cases will not necessarily determine whether or not any of the grounds of the second limb are satisfied in the present case.

Before the court considers the sanction of a scheme of arrangement at a hearing where the fairness and reasonableness of the scheme of arrangement will be considered, affected creditors will vote on a detailed debt compromise. Such compromise can be proposed by the company or its creditors. If 75% by value and over 50% by number of those creditors present and voting at the creditor meeting(s) vote in favor of the proposed compromise, irrespective of the terms and approval thresholds contained in the finance documents, that compromise will, subject to the sanction of the court, be binding on all affected creditors, including those affected creditors who did not participate in the vote on the scheme of arrangement and those who voted against the scheme of arrangement. In certain circumstances, a scheme of arrangement can also result in the release of guarantees in order to ensure the effectiveness of the compromise.

Cayman Islands

Certain of the Guarantors and providers of Collateral are companies incorporated under the laws of the Cayman Islands (the "**Cayman Obligors**"). Therefore, any insolvency proceedings by or against the Cayman Obligors would likely be based on Cayman Islands insolvency laws. However, it is possible that the courts of other places may seek to assert jurisdiction over the Cayman Obligors for the purpose of insolvency or restructuring proceedings (either as well as, or instead of, insolvency proceedings in the Cayman Islands).

Liquidation/winding-up

Liquidation is a company dissolution procedure under which the assets of a company are realized and distributed by the liquidator to creditors in the statutory order of priority described below. There are two forms of winding-up: (i) compulsory liquidation, by order of the court; and (ii) voluntary liquidation, by resolution of the company's members. The primary ground for the compulsory winding-up of an insolvent company is that it is unable to pay its debts (as defined in Section 93 of the Cayman Islands Companies Law (2016 Revision) (the "**Companies Law**")).

The effect of a compulsory winding-up differs in a number of respects from that of a voluntary winding-up. In a compulsory winding-up, under Section 99 of the Companies Law, any disposition of the relevant company's property and any transfer of shares or alteration in the status of the company's members made after the commencement of the winding-up is, unless sanctioned by the court, void. Subject to certain exceptions, when an order is made for the winding-up of a company by the court, it is deemed to have commenced from the time of the presentation of the winding-up petition. Once a winding-up order is made by the court, a stay of all proceedings against the company is imposed. No legal action may be continued or commenced against the company without permission of the court.

In the context of a voluntary winding-up however, there is no equivalent to the retrospective effect of a winding up order; the winding up commences on the passing of the resolution to wind up or upon the expiry of the period or the occurrence of the event specified in the company's memorandum and articles of association which triggers the commencement of the voluntary winding up. As a result, there is no equivalent of Section 99 of the Companies Law. Note however that section 125 of the Companies Law provides that any transfer of shares or alteration in the status of the company's members made after the commencement of a voluntary winding up is, unless sanctioned by the liquidator, void. There is also no automatic stay in the case of a voluntary winding-up. In certain circumstances, a voluntary winding up can be continued under the supervision of the court. If this occurs, the voluntary winding up will, for all practical purposes, essentially become a compulsory winding up.

Neither a compulsory winding-up, nor a voluntary-winding-up, nor the appointment of provisional liquidators (as to which, see below) prevents a secured creditor from enforcing their security in accordance with its terms. Pursuant to section 142(1) of the Companies Law, notwithstanding that a winding up order has been made, a creditor who has security over part or whole of the assets of the company is entitled to enforce his security.

Provisional liquidation

In the Cayman Islands, there is no specific statutory rehabilitation procedure (for example, directly analogous to Chapter 11 of the Bankruptcy Code in the United States or administration in England). However, a temporary stay in aid of a restructuring may sometimes be achieved in the Cayman Islands by the filing of a winding up petition and the appointment of provisional liquidators by the Court in circumstances where the purpose of the appointment is to allow the Company to propose a compromise or arrangement with its creditors. Separately, the appointment of provisional liquidators may also be available where there are grounds for a winding up petition, and there is also a need to prevent the dissipation or misuse of the company's assets, to prevent the oppression of minority shareholders or to prevent mismanagement or misconduct on the part of the company's directors).

The appointment of provisional liquidators can provide a company with a temporary stay to allow it to formulate and present such a compromise or arrangement. Section 96 of the Companies Law states that the Court may, at any time after the presentation of a petition for winding up a company and before making a winding up order, restrain further proceedings in any action, suit or proceeding against the company upon such terms as the Court thinks fit. In addition, Section 97 of the Companies Law provides that when a winding up order is made or a provisional liquidator is appointed, no suit, action or other proceedings, including criminal proceedings, shall be proceeded with or commenced against the company except with the leave of the Court and subject to such terms as the Court may impose.

As noted above, however, the appointment of provisional liquidators does not prevent the enforcement of security against the company's assets.

Priority on insolvency

Distributions cannot be made to a class of creditors until the claims of the creditors in a prior ranking class have been paid in full. Unless creditors have agreed otherwise, distributions are made on a *pari passu* basis, that is, the assets are distributed in proportion to the debts due to each creditor within a class.

The general priority on insolvency is not set out in any one particular statute but can be gleaned across a number of statutes and is generally viewed to be as follows (in descending order of priority):

- First ranking: holders of fixed charge security and creditors with a proprietary interest in assets in the possession (but not full legal and beneficial ownership) of the debtor but only to the extent the value of the secured assets covers that indebtedness. The costs and expenses of any receiver appointed to realize the charged property may be paid by the appointing party or recovered out of the secured assets. Where the Court orders the sale of secured property, outstanding contributions to the company's pension fund are deducted before the secured creditor is paid (section 65(3) of the National Pensions Law (2012 Revision));

- Second ranking: preferential creditors. Ordinary preferential debts relevantly include certain debts owed by the insolvent company to employees and certain taxes and fees due to the Cayman Islands Government. Preferential debts are governed by section 141 and Schedule 2 of the Companies Law. In addition, where the company holds an A class banking licence, subject to certain exceptions, depositors with deposits of CI$20,000 or less are preferred up to the value of their deposit. Taxes and fees due to the Cayman Islands Government will include fees due under the Companies Law and licence fees payable under regulatory laws (this includes fees payable to the Cayman Islands Monetary Authority ("**CIMA**") by regulated entities);

- Third ranking: holders of floating charge security, according to the priority of their security. This would include any floating charge that was stated to be a fixed charge in the document that created it but which, on a proper interpretation, was rendered a floating charge. Where the Court orders the sale of secured property, outstanding contributions to the company's pension fund are deducted before the secured creditor is paid (section 65(3) of the National Pensions Law (2012 Revision));

- Fourth ranking: expenses of the winding up (see section 109 of the Companies Law). Order 20 of the Companies Winding Up Rules 2008 ("**Winding Up Rules**") sets out the order of priority in which such expenses of the winding up are paid, assuming that the courts of the Cayman Islands would apply the English Houseof Lords decision *Buchler v Talbot* (2004) UKHL 9;

- Fifth ranking: provable debts of unsecured creditors and any secured creditor to the extent of any unsecured shortfall, in each case including accrued and unpaid interest on those debts up to the date of commencement of the relevant liquidation proceedings. These debts rank equally among themselves unless there are subordination agreements in place between any of them;

- Sixth ranking: Subordinated creditors. This represents the likely position of creditors who have agreed that their claims will be subordinated. However, a creditor may contractually agree to be subordinated at any position below ordinary unsecured creditors in the payment waterfall. Where subordinated creditors rank will therefore turn on the terms of the subordination agreement;

- Seventh ranking: Where the liquidation lasts for more than six months and the accrued amount of interest is more than CI$500, post-liquidation interest (section 149 of the Companies Law and Order 16, Rule 12 of the Winding Up Rules);

- Eighth ranking: non-provable liabilities, being a liability that does not fall within the definition of "provable debts" in section 139(1) of the Companies Law or is otherwise barred from the proof process (and which does not constitute a cost and expense of the liquidation). It is unclear whether non-provable liabilities exist as a matter of Cayman Islands law. As far as we are aware this issue has not arisen for consideration. However, if the guidance from English case law concerning non-provable liabilities were applied by the Cayman Islands court it is theoretically possible that non-provable liabilities may arise in a Cayman Islands liquidation;

- Ninth ranking: pursuant to section 49(g) of the Companies Law, any sums due to shareholders in their character as a member by way of dividend, profits or otherwise; and

- Tenth ranking: shareholders. If after the repayment of all unsecured creditors in full plus interest (if applicable), any remaining funds exist, these will be distributed to shareholders of the company. If the company has different classes of shares, the rights as between the shareholders of the company upon a liquidation will depend upon the terms of the company's constitutional documents and any other agreements between the shareholders.

Reviewable Transactions

There are two principal provisions of the Companies Law under which transactions entered into prior to a company's insolvency are capable of being set aside. They are: (i) avoidance of dispositions made at an undervalue (section 146 of the Companies Law and section 4 of the Fraudulent Dispositions Law (1996

Revision)); and (ii) preferences (section 145 of the Companies Law). In addition, as referred to above, under section 99 of the Companies Law, any disposition of the relevant company's property made after the commencement of the winding up is, unless sanctioned by the court, void.

These provisions all apply where the company has gone into a Cayman Islands liquidation.

Fraudulent Dispositions

Under section 146 of the Companies Law, if a company goes into liquidation and it has entered into a disposition at an undervalue with the intent to defraud its creditors, the court may, on the application of the liquidator, set the disposition aside.

A disposition will constitute a disposition at an undervalue if the disposition is on terms that provide for the company to receive no consideration or a disposition for a consideration the value of which (in money or money's worth) is significantly less than the value (in money or money's worth) of the property which is the subject of the disposition.

The liquidator must show that there was "intent to defraud" a creditor, meaning an intention to wilfully defeat an obligation owed to a creditor. Unlike preferences below, there is no requirement to show insolvency at the time of the disposition (however, it is unlikely that any creditors will be prejudiced by any such disposition unless the company is insolvent).

Under section 4 of the Fraudulent Dispositions Law (1996 Revision), a disposition of property made with an intent to defraud (again defined as an intention of a transferor wilfully to defeat an obligation owed to a creditor) and at an undervalue is voidable at the instance of a creditor thereby prejudiced.

Under both the Companies Law and the Fraudulent Dispositions Law, an application to set aside a disposition must be made within six years of the date of the disposition.

Preferences

If a company goes into liquidation but has previously granted a preference the Court may, on the application of the liquidator, set the transaction aside.

If within six months before the commencement of the winding up of a company, at a time when it cannot pay its debts as they fall due, the company makes a payment, or transfers or charges any of its property, or takes or suffers any judicial proceedings, in favour of any of its creditors with a view to giving that creditor a preference over the other creditors of the company, the transaction will be void. This is the effect of section 145 of the Companies Law. The essence of a voidable preference is that the company, knowing that it cannot pay all its debts in full, voluntarily and improperly makes a payment or gives a benefit to one creditor which results in an inequality between him and its other creditors. A transaction will only be set aside as a voidable preference if the company's act was undertaken voluntarily (as opposed to under the threat of legal proceedings), the company's dominant intention was to prefer the creditor (Cayman Islands Law imposes a subjective test) and the company was insolvent at the time the payment was made.

Orders

In the case of any of the above applying and where a court order is required, the court has very wide statutory powers to make such orders as it thinks fit to restore the position to that which existed before the transaction was entered into.

Common law remedies

Depending on the circumstances, in addition to the above statutory provisions the Cayman Islands court may effectively reverse certain antecedent transactions based on common law and/or equitable principles. For example, in the event a transaction amounts to a breach of the directors' fiduciary duties, and if a person knowingly receives the company's property as a result of that breach in circumstances where it would be unconscionable for them to retain the property, the Cayman Islands court may order that this property is being held on constructive trust for the company. The application of these principles can be complex and highly fact-sensitive.

Recharacterization of fixed security interests

There is a possibility that a court could find that some or all of the fixed security interests expressed to be created by a security document governed by Cayman Islands law properly take effect as floating charges as the description given to them as fixed charges is not determinative. Whether the purported fixed security interests will be upheld as fixed security interests rather than floating security interests will depend, among other things, on whether the secured party has the requisite degree of control over the chargor's ability to deal in the relevant assets and the proceeds thereof and, if so, whether such control is exercised by the secured party in practice. Where the chargor is free to deal with the assets that are the subject of a purported fixed charge in its discretion and without the consent of the secured party, the court would be likely to hold that the security interest in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge.

If any fixed security interests are recharacterized as floating security interests, the proceeds of those assets would be applied as per the order of priority set out above.

Security over shares

The most common form of security taken over shares of a Cayman Islands company is an equitable mortgage , rather than a legal mortgage or legal charge. An equitable mortgage arises where a mortgagor creates an encumbrance over the property in favor of the secured party but the mortgagor retains legal title to the shares. Remedies in relation to equitable mortgages may involve seeking to transfer title to the shares to the secured party or its nominee and may be subject to equitable considerations.

Security over bank accounts

With respect to any security over bank accounts (each an "**Account Charge**") granted by a Cayman Obligor, the banks with which some of those accounts are held (each an "**Account Bank**") may hold a right at any time (at least prior to them being notified of a crystallization event under the Account Charge) to exercise the rights of netting or set-off to which they are entitled under their cash pooling or other arrangements with that guarantor. As a result, and if the security granted over those accounts is merely a floating (rather than fixed) charge, the collateral constituted by those bank accounts will be subject to the relevant Account Bank's rights to exercise netting and set-off with respect to the bank accounts charged under the relevant Account Charge. Once the floating charge has crystallized and converted into a fixed charge (as it would on enforcement or the occurrence of certain insolvency events with respect to the relevant Cayman Obligor) and the Account Bank has been formally notified of that fact, the collateral will no longer be subject to the relevant Account Bank's netting and set-off rights.

Scheme of arrangement

A creditor of a Cayman Islands company may have a compromise or arrangement imposed upon him in certain circumstances under section 86 (and potentially section 87) of the Companies Law, pursuant to a scheme of arrangement.

Before the Cayman Islands court considers the sanction of a scheme of arrangement at a hearing where the fairness and reasonableness of the scheme of arrangement will be considered, affected creditors will vote on a compromise being proposed by way of a scheme of arrangement. Such compromise can be proposed by the company or its creditors. If 75% by value and over 50% by number of those creditors present and voting at the creditor meeting(s) vote in favor of the proposed compromise, irrespective of the terms and approval thresholds contained in the finance documents, that compromise will, subject to the sanction of the Cayman Islands court at the above-referenced hearing, be binding on all affected creditors, including those affected creditors who did not participate in the vote on the scheme of arrangement and those who voted against the scheme of arrangement. In certain circumstances, a scheme of arrangement can also result in the release of guarantees in order to ensure the effectiveness of the compromise.

Isle of Man

Certain of the Guarantors and providers of Collateral are companies incorporated under the laws of the Isle of Man (the "**IOM Obligors**"). Therefore, any insolvency proceedings by or against the IOM Obligors would likely be based on the insolvency laws of the Isle of Man. An IOM Obligor may be incorporated under either the Isle of Man Companies Acts 1931-2004 or the Isle of Man Companies Act 2006.

The Isle of Man is neither a member state nor an associate member of the European Union. Consequently, as a non-EU country, European Community law has direct application to the Isle of Man for very limited purposes. Neither the EU Insolvency Regulation nor the New EU Insolvency Regulation has any application in the Isle of Man. Likewise, the Financial Collateral Regulations have no direct application in the Isle of Man.

Pursuant to the insolvency laws of the Isle of Man, an IOM Obligor might be subject to two forms of insolvency procedure, namely creditors' voluntary winding up or compulsory winding up by the court (including winding up subject to the supervision of the court). The position in the Isle of Man corresponds broadly to that applicable in the UK prior to the coming into force of the Insolvency Act 1986. Consequently, there is no procedure in the Isle of Man equivalent to company voluntary arrangements pursuant to Part I of the Insolvency Act, administration proceedings under Part II of the Insolvency Act nor is there any other form of moratorium protection in the Isle of Man available against creditors generally.

The procedure for winding up insolvent companies in the Isle of Man is contained in Part V of the Isle of Man Companies Act 1931 and the Isle of Man Companies (Winding-Up) Rules 1934. By virtue of section 182 of the Isle of Man Companies Act 2006, the winding up and receivership provisions contained in the Isle of Man Companies Act 1931 shall apply to a company incorporated under the Isle of Man Companies Act 2006 as if it were a company incorporated under the Isle of Man Companies Act 1931.

A receiver might be appointed by an Isle of Man court or out of court under the terms of an agreement made by an IOM Obligor and a creditor, usually in the form of a debenture. A court appointed receiver and manager realises charged assets and sometimes manages the business of the company, in each case in accordance with the terms of the court order appointing him, for the benefit of the creditors whose claims are secured on the charged assets of the company.

The winding up of an IOM Obligor, which may be voluntary, compulsory by an Isle of Man court or under the supervision of an Isle of Man court, involves the realisation by a liquidator of the unsecured assets of the company and the distribution of those assets among the company's creditors in order of priority. The essential aim of the law is to ensure that all creditors within the same category of debts receive a proportionate share of the available assets. In addition to the provisions to be found in the Isle of Man Companies Act 1931, provisions relating to, among other matters, the proof, ranking and treatment of debts are to be found in the Isle of Man Bankruptcy Code 1892 and such legislation as, for example, the Isle of Man Preferential Payments Act 1908 and the Isle of Man Recovery of Rents Act 1954 (see below).

Priority on insolvency

There is no equivalent of the Prescribed Part under the insolvency laws of the Isle of Man. Unless creditors have agreed otherwise, distributions are made on a *pari passu* basis, that is, the assets are distributed in proportion to the debts due to each creditor within a class. Subordinated creditors are ranked according to the terms of the subordination.

The general priority on insolvency is thought to be as follows (in descending order or priority):

(i) creditors holding a fixed security (to the extent of their security);

(ii) preferential creditors (see paragraph below);

(iii) creditors holding a floating charge (to the extent of the charge);

(iv) the costs of the winding up, including the liquidator's remuneration;

(v) unsecured creditors; and

(vi) company shareholders.

Preferential creditors of an IOM Obligor are creditors whose debts are payable in a winding up of such a company in priority to other creditors, except for those with debts secured by a charge over one or more fixed assets of the company. Preferential debts are listed in order in the Isle of Man Preferential Payments Act 1908 (as amended), as follows:

(i) amounts owing by debtors in respect of certain deposits held in the Isle of Man;

(ii) all debts due to the Crown or to any person on behalf of the Crown;

(iii) all rates having become due the payable within the past 12 months;

(iv) wages and salaries owed to employees for a prescribed period and to a prescribed amount;

(v) accrued holiday pay to employees;

(vi) certain sums sue to apprentices and articled clerks and reserve armed forces;

(vii) national insurance contributions owed by the debtors in the past 12 months prior to insolvency;

(viii) sums in respect of occupational pension scheme contributions and state scheme premiums.

In addition, landlords are entitled to arrears of rent arising in the past 12 months in preference to all creditors except for those with fixed security and those listed above as preferential creditors under the Isle of Man Preferential Payments Act 1908.

Reviewable Transactions

The Isle of Man law does not, unlike the law of England and Wales, provide for a liquidator to pursue transactions at undervalue or extortionate credit transactions. However, there are statutory provisions relating to fraudulent preference and the avoidance of floating charges.

Fraudulent preference

Any act done or suffered to be done by an IOM Obligor within four months ending with the commencement of a winding up of that company may be set aside as a preference by a liquidator. A preference will occur if the act done or suffered is with a view to putting any creditor of the company in a better position, in the event of the company going into insolvent liquidation, than that creditor would have been if the act had not been done or suffered. This is similar to provisions in England and Wales, although the relevant time period in England and Wales for such preferences to occur is two years when related to "connected persons" who are creditors and six months when related to other creditors. There is no concept of "connected persons" in the Isle of Man for these purposes.

Avoidance of a floating charge

A floating charge on the undertaking or property of an IOM Obligor created within the six months of the commencement of the winding up of that company shall, unless it can be proved that the company was solvent immediately after the charge was created, be invalid, except to the amount of any cash paid to the company in consideration for the charge, together with interest on that amount. The aim of the provision is to invalidate floating charges which have been given for no consideration. Again, this is similar to the English law provisions in section 245 of the Insolvency Act, although under English law, floating charges can be avoided if created within 12 months of the commencement of a winding up, or within two years of a winding up for a "connected person". As the Isle of Man has no concept of "connected person", the relevant period is six months for all creditors. It should also be noted for completeness that all charges on the property of an Isle of Man company, be they fixed or floating, should be registered with the Registry within one month of their creation to ensure that they are not void against a liquidator or creditor of the company.

Transactions defrauding creditors

By virtue of the Isle of Man Fraudulent Assignments Act 1736, as assignment or disposition of property by a debtor entered into with a view to defrauding his creditors is void and of no effect. There must be intention to defraud the creditor concerned, and transactions entered into on an arms' length basis are unlikely to constitute transactions which are capable of being avoided under this statute.

Maintenance of capital

The granting of upstream (or cross-stream) guarantees or security by an Isle of Man company could be subject to challenge if there is insufficient corporate benefit to the company arising from such a transaction. The decision of the directors of an IOM Obligor to enter into a guarantee or grant a security interest without commercial benefit would be in breach of their duty to act in the best interests of the company, and a third party on notice of such a breach would not be able to rely on the director's authority. Such a transaction entered into in those circumstances would be voidable at the instance of the company or its liquidator. A court in the Isle of Man would not set aside such a transaction if it was satisfied that (a) the company entered into the transaction in good faith and for the purpose of carrying on its business and (b) there were reasonable grounds at the time for the belief that the transaction would benefit the company (Charterbridge Corporation Ltd v Lloyds Bank Ltd [1969] 2 All ER 1185).

Recharacterization of fixed security interests

There is a possibility that an Isle of Man court could find that some or all of the fixed security interests expressed to be created by the security documents governed by Isle of Man law properly take effect as floating charges as the description given to them as fixed charges is not determinative. Whether the purported fixed security interests will be upheld as fixed security interests rather than floating security interests will depend, among other things, on whether the secured party has the requisite degree of control over the chargor's ability to deal in the relevant assets and the proceeds thereof and, if so, whether such control is exercised by the security holder in practice. Where the chargor is free to deal with the assets that are the subject of a purported fixed charge in its discretion and without the consent of the chargee, the court would be likely to hold that the security interest in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge.

If any fixed security interests are recharacterized as floating security interests, the proceeds of those assets could be applied in meeting other liabilities of the company in priority to the claims of the purported fixed charge holder in insolvency proceedings (see above).

Security over shares

Security over shares granted by an IOM Obligor or over shares of an IOM Obligor are, under Isle of Man law, usually equitable charges, not legal charges. An equitable charge arises where a chargor creates an encumbrance over the property in favor of the chargee but the chargor retains legal title to the shares. Remedies in relation to equitable charges may be subject to equitable considerations or are otherwise at the discretion of the court.

Security over bank accounts

With respect to any security over bank accounts (each an "**Isle of Man Account Charge**") granted by an IOM Obligor, the banks with which some of those accounts are held (each an "**Isle of Man Account Bank**") may hold a right at any time (at least prior to them being notified of a crystallization event under the Isle of Man Account Charge) to exercise the rights of combination, netting or set-off to which they are entitled, at common law, under their cash pooling, at common law, or other arrangements with that guarantor. As a result, and if the security granted over those accounts is merely a floating (rather than fixed) charge, the collateral constituted by those bank accounts will be subject to the relevant Isle of Man Account Bank's rights to exercise combination, netting and set-off with respect to the bank accounts charged under the relevant Isle of Man Account Charge. Once the floating charge has crystallized and converted into a fixed charge (as it would on enforcement or the occurrence of certain insolvency events with respect to the relevant IOM Obligor) and the Isle of Man Account Bank has been formally notified of that fact, the collateral will no longer be subject to any further relevant Isle of Man Account Bank's combination, netting or set-off rights save in respect of any surplus amounts.

Scheme of arrangement

Isle of Man law makes provision for companies to compromise with creditors. A scheme of arrangement can be proposed between an Isle of Man company and its creditors, and the company, a creditor or a member of the company, or (in the case of a company being wound up) a liquidator, may apply to the court to order a meeting of creditors to consider the proposal. If a majority in number representing 75% in value of the creditors or class of creditors agree to any arrangement or compromise, such arrangement is binding on all the creditors or class of creditors if sanctioned by the court. The Isle of Man court will sanction a scheme of arrangement if it is reasonable, the interests of all the parties are considered, and the classes of creditors were fairly represented at the meeting considering the proposed scheme, for which due notice was given. To be effective, any scheme of arrangement approved by the court must be registered with the Isle of Man Companies Registry. Recent case law suggests that the Isle of Man courts would be reluctant to grant adverse costs orders against parties proposing a scheme of arrangement which failed to gain the approval of creditors, as this could operate as a disincentive to the parties to look for an alternative to the winding up of a company.

Set-Off

Any provisions relating to set-off contained in an agreement with an IOM Obligor are only enforceable in the winding up of that company insofar as they do not purport to contract out of the mandatory set-off rules imposed by the Isle of Man Bankruptcy Code 1892. These rules are substantially the same as those in section 32 of the (now repealed) Bankruptcy Act 1883 of England, and provide that where there are mutual credits, mutual debts and mutual dealings between a debtor and creditor in winding up proceedings, account shall be taken of sums due from one party to the other and this shall be set-off against any sum due from the other party. These set-off rules have been quite strictly interpreted, and will only operate on a winding up where a sum is due from an insolvent company to a party and a sum is also due from that same party to the insolvent company—they will not be interpreted to include a party for whom the creditor party acts as a nominee.

Listing and General Information

Listing

An application will be made for the Notes to be admitted to the Exchange and to be admitted for trading on the Official List of the Exchange thereof. It is expected that such admission will become effective after the Issue Date.

For the life of the listing particulars, copies of the following documents may be inspected and obtained at the registered office of the Listing Agent during normal business hours on any business day:

- the articles of association of the Issuer and each Guarantor;
- the audited consolidated financial statements of Finco for the preceding two years;
- the Indenture governing the Notes (which includes the guarantees and form of the Notes);
- the forms of the Notes;
- the Intercreditor Agreement; and
- the Security Documents.

The issuance of the Notes was authorized by the Board of Directors of the Issuer on May 24, 2017. The giving of the guarantees has been authorized pursuant to applicable corporate formalities.

Except as disclosed in this offering memorandum, we have not been involved in any governmental, legal or arbitration proceeding relating to claims or amounts that are material and may have or have had during the 12 months preceding the date of this offering memorandum, a significant effect on our financial condition nor so far as we are aware is any such litigation or arbitration pending or threatened.

As of the date of this offering memorandum, the most recent consolidated financial statements available for Towergate were as of and for the three months ended March 31, 2017. Except as disclosed in this offering memorandum, there has been no material adverse change in the prospects of Towergate since March 31, 2017.

Except as disclosed in this offering memorandum, there are no material potential conflicts of interest between any member of the Board of Directors of the Issuer and the Issuer or his duties to the Issuer.

The Trustee is Citibank, N.A., London Branch, and its address is Citigroup Center, 25 Canada Square, London E14 5LB, United Kingdom. The Trustee will be acting in its capacity of trustee for the holders of the Notes and will provide such services to the holders of the Notes as described in the Indenture governing the Notes.

Clearing Information

The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream. Certain trading information with respect to the Notes is set forth below.

	ISIN	Common Code
Sterling Fixed Rate Notes Rule 144A Global Notes		
Sterling Fixed Rate Notes Regulation S Global Notes		
Dollar Fixed Rate Notes Rule 144A Global Notes		
Dollar Fixed Rate Notes Regulation S Global Notes		
Floating Rate Notes Rule 144A Global Notes		
Floating Rate Notes Regulation S Global Notes		

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The following are the consolidated financial statements of KIRS Finco plc (formerly TIG Finco plc).

The following are the consolidated financial statements of Autonet.

The following are the consolidated financial statements of Price Forbes.

The following are the consolidated financial statements of Direct Group.

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Audited Consolidated Financial Statements of Direct Group as of and for the year ended December 31, 2016

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Audited Consolidated Financial Statements of Direct Group as of and for the year ended December 31, 2015

The following are the consolidated financial statements of Chase Templeton.

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Audited Consolidated Financial Statements of Chase Templeton as of and for the year ended October 31, 2016

Audited Consolidated Financial Statements of Chase Templeton as of and for the year ended October 31, 2015

TIG Finco Plc

Interim condensed consolidated financial statements
for the period ended 31 March 2017

Registered number 09424525

Contents

Interim report for the period ended 31 March 2017

These interim condensed consolidated financial statements have been prepared in connection with the shareholders' deed relating to the Company for the period from 1 January 2017 to (and as at) 31 March 2017, incorporating the three month period to 31 March 2017, and comprise the Company and its current subsidiaries (together, the Group or Towergate).

The Group operates primarily to distribute insurance products and to act as an underwriting agent. The principal activities of the Group are insurance broking, underwriting and mortgage broking solutions. The Group does not take on any insurance risk. Towergate is a market leader in the UK SME insurance market, supported by a diverse business model which is made up of three divisions: Insurance Broking, Underwriting and Paymentshield.

Business performance and review

Commissions and fees

Insurance brokers and underwriting agents derive the majority of their revenue from commissions and fees. Commissions are generally based on insurance premiums and negotiated commission rates. Fees are paid for individual services based on negotiated amounts. Commission income has seen an improvement quarter on quarter, due to:

- Insurance Broking achieving improved net commission margins;
- Paymentshield continuing to achieve strong growth in new business; and
- Underwriting seeing a small reduction, due to actions taken to ensure the long-term profitability of the business.

Insurance Broking

The Insurance Broking turnaround has continued to drive significant improvement, with both income growth and expense savings delivering an increase in Adjusted Earnings (see note 6 for definition). Retention and new business are broadly flat year on year with improved net commission margins driving top line income growth.

Underwriting

Income is down year on year with remedial actions taken to address underlying profitability. Adjusted Earnings are down but Underwriting is seeing signs of stabilisation with improved retention and new business levels maintained.

Paymentshield

Paymentshield continued to see strong new business growth, with Household Panel achieving a record high in March since its launch in 2012. Adjusted Earnings increased, with the new extended capacity deal with RSA and some benefit from back book retention.

Seasonality

The Group experiences some seasonality in the volumes of insurance policies transacted and, consequently, in commission and fees. Historically less business is transacted in the first quarter than in the second and third quarters, before declining again in the fourth quarter.

Principal risks and uncertainties

The key principal risks and uncertainties identified in the 2016 annual report within the year end financial statements of TIG Finco Plc have not changed significantly up to the date of this report, with the exception of future additional risks resulting from TIG Topco Limited (Topco), a parent company of TIG Finco Plc, entering into a sale and purchase agreement (SPA) on 8 May 2017 in relation to the potential acquisition of Nevada Investments Topco Limited (Nevada or Nevada acquisition).

Interim report for the period ended 31 March 2017 *(continued)*

These risks include: potential failure to complete or realise benefits from the acquisition; risks relating to the integration of the acquired businesses into the Group; and financial risks arising from direct or indirect costs associated with the acquisition. Management has conducted extensive due diligence in order to understand and mitigate such risks.

Recent developments

The following items have been noted as items to bring to the attention of the reader:

- Disposals
- Additional funding and Group debt
- IT transformation
- Closure of Retail Unit and changes to the Finance function
- Senior management and Board changes
- Post balance sheet events

Disposals

On 22 March 2016, the Group agreed to sell the entire issued share capital of The Broker Network Limited and Countrywide Insurance Management Limited, each a wholly owned subsidiary of the Group, (together, Broker Network) to funds advised by HPS Investment Partners LLC (HPS) (the Broker Network sale). The transaction completed on 1 July 2016. The consideration for the acquisition was satisfied in part by the allotment to Towergate of approximately 19.9% of the shares in the acquisition vehicle, Bravo Investment Holdings Limited and partially through an initial cash consideration of £29.0m. In addition, under the original terms of the Broker Network sale contingent consideration of up to a further £17.2m may be receivable if certain events and performance measures occur (the Earn Out). At 31 December 2016 the Group expected the performance measures to be met but not exceeded and hence no asset was recognised. At 31 March 2017, based on the latest projections, the Group now expects the performance measures to be exceeded and has recognised £2.7m as the fair value of the contingent consideration receivable.

Subsequently, the terms of the contingent consideration agreement have been amended and were updated in April 2017, the Directors expect to receive an amount of up to £17.2m under the revised terms, inclusive of the £2.7m already recognised in the period under the terms of the original agreement.

Additional funding and Group debt

On 29 January 2017 the Group secured additional funding totalling up to £65m from Madison Dearborn Partners LLC (MDP) and HPS. Proceeds from these initiatives will be applied towards achievement of the Group's key strategic transformation initiatives. The additional funding comprises:

- A £40m rights issue offered by Topco to existing shareholders and subscribed for in its entirety by MDP and one minority shareholder. In advance of the completion of the rights issue MDP entered into an arrangement to provide an interim loan facility to the Company, of £25m, which was then converted to equity as part of the rights issue.
- A £17m term loan facility which was made available to the Company by MDP and HPS from 1 April 2017 and drawn down on 19 April 2017. The loan agreement provides that any amounts drawn under it can be repaid in cash or converted to equity at the option of the Company on or before 31 December 2017.
- A further tranche of £8m that can be utilised once the £17m term loan facility has been utilised in full. The loan agreement provides that this further facility is to be repaid using any amounts received in relation to the Group's recoveries in relation to certain professional indemnity insurance claims, or using amounts from the Earn Out relating to the disposal of the Group's investment in Broker Network. If the further facility is not repaid in full by these means, then any amounts drawn under it can be converted to equity on or before 31 December 2017.

Interim report for the period ended 31 March 2017 *(continued)*

IT transformation

Towergate's IT Transformation Program (ITTP) initiative, approved by the Board in February 2016, has now largely delivered with a few remaining areas to complete around some of the off-net businesses (businesses that have never been connected to core Towergate IT services so have been locally supported) and final roll-out of telephony around Skype for Business and CCPro (a third party solution) for Cloud-based contact centre functionality.

Some key metrics of the programme:

- Migrated 220 applications to the new environment whilst decommissioning 2,500
- Migrated 700 servers whilst decommissioning 850
- Migrated 6,000 accounts whilst decommissioning 10,000
- Deployed 4,500 new end user laptops and PCs

Towergate now relies heavily on three key suppliers:

- BT for all network servers including security, routing and performance management and telephony (CCPro and mobile);
- Microsoft for Data Centre, PC operating systems and productivity tools (Outlook, Office, OneDrive, Yammer etc); and
- Accenture for Helpdesk support, service remediation and management.

Disaster recovery around individual services as well as networks and the data centre as a whole are managed and tested on a regular basis.

In addition to ITTP, Towergate has now completed the first deployment of an Acturis solution, in Manchester, as part of the Broker Systems Enhancement programme that will reduce the number of different policy administration systems that are in use.

Closure of Retail Unit and changes to the Finance function

On 12 January 2017 Towergate announced the closure of its Manchester Retail Unit (formerly known as Small Business Unit). As a result of this announcement 176 of the Group's employees were placed at risk of redundancy. Separately, on 12 January 2017 and 24 April 2017 Towergate made two announcements regarding proposals in relation to its Finance function. Following those announcements 165 employees were placed into consultation periods.

Senior management and board changes

There have been a number of senior management and board changes since 1 January 2017 including:

- Clive Bouch was appointed to the Board as an independent Non-executive director on 3 January 2017.
- Philip Moore resigned from his role as an independent Non-executive director on 3 January 2017.
- On 2 February 2017 it was announced that Mark Mugge would be focusing on strategic financial initiatives and that Antony Erotocritou would be taking on the role of Deputy Chief Financial Officer.
- On 2 February 2017 it was announced that Steve Wood would be leaving his role as Chief Executive Officer for Paymentshield. Kay Martin has taken executive responsibility for Paymentshield with Rob Evans leading the day to day activities.
- Paul Dilley joined as Chief Executive Officer for Underwriting on 2 March 2017.

Interim report for the period ended 31 March 2017 *(continued)*

Post balance sheet events

Acquisition of Nevada: On 8 May 2017 Topco entered into a SPA to acquire the entire share capital of Nevada, the indirect holding company of Autonet Insurance Services Limited and PFIH Limited, which conduct insurance intermediation and related services. Nevada entered into SPAs to acquire controlling interests in Ryan Direct Group Limited (RDG) and Chase Templeton Limited (CT) on 13 April 2017 and 2 May 2017 respectively, each of which also conduct insurance intermediation and related services, and which are anticipated to complete within three months of the date of the relevant SPA. All three SPAs are subject to regulatory approvals and other customary conditions to completion.

Nevada is currently owned by funds managed by HPS, the Group's majority shareholder, and MDP, a significant shareholder of the Group, and accordingly the Directors consider the acquisition to be a related party transaction. The fair value of the consideration for the Nevada acquisition is currently anticipated to be £255m, subject to customary completion adjustments.

The consideration for the acquisition of Nevada will be satisfied by the issue of non-transferable convertible equity certificates to the vendors, which will convert into ordinary shares of Topco on the occurrence of certain events subsequent to completion. At or within two business days following completion of the acquisition of Nevada, Topco will also offer existing shareholders a right to participate pro rata in the issue of convertible equity certificates for a cash subscription price.

Additional funding: As noted in the recent developments section of the interim report, on 29 January 2017 the Group secured additional funding from HPS and MDP. On 1 April 2017 a £17m term loan facility was made available to the Company and drawn down on 19 April 2017. The loan agreement provides that any amounts drawn under it can be repaid in cash or converted to equity at the option of the Company on or before 31 December 2017. A further tranche of £8m is able to be utilised once the £17m term loan facility has been utilised in full. The loan agreement provides that this further facility is to be repaid using any amounts received in relation to the Group's recoveries in relation to certain professional indemnity insurance claims, or using amounts from the Earn Out of consideration relating to the disposal of the Group's investment in Broker Network. If the further facility is not repaid in full by these means, then any amounts drawn under it can be converted to equity on or before 31 December 2017.

Broker Network disposal: The Group expects to recover an amount from the Earn Out of consideration relating to the disposal of Broker Network that completed in July 2016 (and for which the terms were amended and updated in April 2017). The Directors expect to receive an amount of up to £17.2m under the revised terms.

Finance transformation project: On 24 April 2017 Towergate made an announcement regarding proposals in relation to its Finance function. Following this announcement 133 employees were placed into consultation periods.

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Interim condensed consolidated statement of comprehensive income for the period 1 January 2017 to 31 March 2017

	Note	**Unaudited Three months ended 31 March 2017 £000**	*Unaudited Three months ended 31 March 2016 £000*
Continuing operations			
Commission and fees	6	**77,666**	*76,783*
Other income	6	**170**	*62*
Investment income	6	**20**	*43*
Salaries and associated costs		**(44,491)**	*(48,809)*
Other operating costs		**(34,626)**	*(24,782)*
Depreciation and amortisation charges		**(11,845)**	*(10,899)*
Share of loss from associate	11	**(52)**	*—*
Operating loss		**(13,158)**	*(7,602)*
Analysed as:			
Operating loss before exceptional items		**(9,314)**	*(3,121)*
Group reorganisation costs	5	**(3,128)**	*(826)*
Regulatory costs	5	**(716)**	*(3,655)*
Operating loss		**(13,158)**	*(7,602)*
Finance costs	6	**(12,109)**	*(11,473)*
Finance income	6	**15**	*29*
Loss before taxation		**(25,252)**	*(19,046)*
Income tax credit	8	**1,888**	*1,933*
Total comprehensive loss for the period attributable to continuing operations	6	**(23,364)**	*(17,113)*
Discontinued operations			
Total comprehensive profit for the period attributable to discontinued operations, net of tax	7	**—**	*793*
Profit on sale of discontinued operations	7	**2,674**	*—*
Total comprehensive loss for the period		**(20,690)**	*(16,320)*
Attributable to:			
Owners of the parent		**(20,690)**	*(16,306)*
Non-controlling interests		**—**	*(14)*
		(20,690)	*(16,320)*

The notes on pages 14 to 35 form part of this set of interim condensed consolidated financial statements.

Interim condensed consolidated statement of financial position

	Note	**Unaudited As at 31 March 2017 £000**	Audited As at 31 December 2016 £000
Non current assets			
Intangible assets	9	**650,772**	657,174
Property, plant and equipment	10	**22,346**	19,051
Investment in associate	11	**6,443**	6,495
Available-for-sale assets	13	**152**	152
Deferred tax assets		**16,417**	16,417
		696,130	699,289
Current assets			
Cash and cash equivalents	12	**148,315**	143,088
Held to maturity assets	15	**13,508**	13,508
Trade and other receivables	14	**63,068**	67,689
Available-for-sale assets	13	**3,136**	460
Current tax assets		**70**	70
		228,097	224,815
Current liabilities			
Trade and other payables	18	**(187,122)**	(171,989)
Borrowings	19	**(19,698)**	(9,854)
Other financial liability		**(162)**	(162)
Provisions for other liabilities and charges	21	**(28,403)**	(30,867)
		(235,385)	(212,872)
Net current (liabilities) / assets		**(7,288)**	11,943
Non current liabilities			
Trade and other payables	18	**(11,150)**	(11,874)
Borrowings	19	**(517,150)**	(516,969)
Other financial liability		**(132)**	(132)
Deferred tax liabilities	20	**(41,421)**	(43,309)
Provisions for other liabilities and charges	21	**(7,093)**	(6,362)
		(576,946)	(578,646)
Net assets		**111,896**	132,586
Capital and reserves attributable to the Company's shareholders			
Share capital		**300,000**	300,000
Other reserves		**60,000**	60,000
Retained losses		**(248,129)**	(227,439)
Shareholders' equity		**111,871**	132,561
Non-controlling interest		**25**	25
Net assets		**111,896**	132,586

The notes on pages 14 to 35 form part of this set of interim condensed consolidated financial statements.

This set of interim condensed consolidated financial statements was approved by the board of directors on 8 May 2017 and were signed on its behalf by:

Mark Mugge
Director

Interim condensed consolidated statement of changes in equity as at 31 March 2017

	Share capital £000	**Share premium £000**	**Retained loss £000**	**Total shareholders' equity £000**	**Non-controlling interests £000**	**Total equity £000**
Balance as at 1 January 2017	**300,000**	**60,000**	**(227,439)**	**132,561**	**25**	**132,586**
Loss for the period	**—**	**—**	**(20,690)**	**(20,690)**	**—**	**(20,690)**
Balance as at 31 March 2017 (unaudited)	**300,000**	**60,000**	**(248,129)**	**111,871**	**25**	**111,896**

	Share capital £000	Share premium £000	Retained loss £000	Total shareholders' equity £000	Non-controlling interests £000	Total equity £000
Balance as at 1 January 2016	300,000	60,000	(184,425)	175,575	79	175,654
Loss for the period	—	—	(16,320)	(16,320)	—	(16,320)
Balance as at 31 March 2016 (unaudited)	300,000	60,000	(200,745)	159,255	79	159,334

The notes on pages 14 to 35 form part of this set of interim condensed consolidated financial statements.

Interim condensed consolidated statement of cash flows for the period 1 January 2017 to 31 March 2017

	Note	**Unaudited Three months ended 31 March 2017 £000**	*Unaudited Three months ended 31 March 2016 £000*
Cash flows from operating activities			
Net cash inflow from operations	16	**30,047**	*5,087*
Exceptional items		**(12,014)**	*(4,780)*
Interest paid		**(2)**	*(4)*
Interest received		**15**	*29*
Investment income		**21**	*52*
Decrease in net insurance broking creditors		**(1,468)**	*(9,951)*
Net cash inflow / (outflow) from operating activities		**16,599**	*(9,567)*
Cash flows from investing activities			
Purchase of property, plant and equipment		**(4,440)**	*(442)*
Purchase of intangible fixed assets		**(4,299)**	*(844)*
Disposal of businesses		**(3)**	—
Deferred consideration received		**—**	*130*
Net cash outflow from investing activities		**(8,742)**	*(1,156)*
Cash flows from financing activities			
Proceeds from borrowings	19	**25,000**	—
Repayment of borrowings	19	**(25,000)**	—
Interest paid on borrowings		**(1,894)**	*(1,607)*
Cost of issuing borrowings		**(553)**	—
Settlement of financial liabilities on acquisition		**(174)**	*(918)*
Capital element of finance lease rental payments		**(9)**	*(38)*
Net cash outflow from financing activities		**(2,630)**	*(2,563)*
Net increase / (decrease) in cash and cash equivalents		**5,227**	*(13,286)*
Cash and cash equivalents at the beginning of the period		**143,088**	*205,888*
Cash disclosed as held for sale		**—**	*(13,285)*
Cash and cash equivalents at the end of the period		**148,315**	*179,317*

Cash and cash equivalents includes restricted cash, see note 12 for details.

The notes on pages 14 to 35 form part of this set of interim condensed consolidated financial statements.

Notes to the financial statements

1 General information

These interim condensed consolidated financial statements have been prepared in connection with the shareholders' deed relating to the Company for the period to 31 March 2017 and comprise the Company and its subsidiaries.

The financial information contained in these interim results does not constitute statutory accounts of the Company within the meaning of Section 435 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2016 were approved by the Board of Directors on 26 April 2017.

The report of the auditors on those accounts was unqualified and did not contain any emphasis of matter paragraph.

2 Basis of preparation

The interim condensed consolidated financial statements of the Group have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the Group's financial position and performance.

The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with IFRS as adopted by the European Union.

The interim condensed consolidated financial statements are presented in GBP sterling (£), which is also the functional currency of all the entities within the Group.

Amounts shown are rounded to the nearest thousand, unless stated otherwise.

2.1 Going concern

The interim condensed consolidated financial statements of the Group as set out on pages 9 to 35 have been prepared on a going concern basis. At 31 March 2017 the Group had net assets of £111.9m (31 December 2016: £132.6m) and net current liabilities of £7.3m (31 December 2016: net current assets of £11.9m). The Group reported a loss of £20.7m for the period ended 31 March 2017 (period ended 31 March 2016: £16.3m) and a cash inflow of £5.2m (31 March 2016: outflow of £13.3m). The cash outflow in 2016 and operating loss in the current year and prior period are linked to the implementation of the Group's strategic objectives and business transformation and are not expected to be ongoing costs in future years. The Group includes a number of subsidiary undertakings, which guarantee the bond debt owed by the Company.

The Directors believe the going concern basis to be appropriate following their assessment of the Group's financial position and its ability to meet its obligations as and when they fall due. The Directors have considered the anticipated future cash flows of the Group and these were subjected to stress testing and sensitivity analysis to ensure that the Group is able to cope with reasonably foreseeable adverse trading and cash flow outcomes. In addition, the Directors have considered the following transactions which were executed in early 2017.

The Group secured additional funding totalling up to £65m from MDP and HPS. Proceeds from these initiatives will be applied towards achievement of the Group's key strategic transformation initiatives. The additional funding comprises:

- A £40m rights issue offered by Topco to existing shareholders and subscribed for in its entirety by MDP and one minority shareholder.
- A £17m term loan facility which was made available to the Company by MDP and HPS from 1 April 2017 and drawn down on 19 April 2017. The loan agreement provides that any amounts drawn under it can be repaid in cash or converted to equity at the option of the Company on or before 31 December 2017.

Notes to the financial statements *(continued)*

2 Basis of preparation *(continued)*

2.1 Going concern *(continued)*

- A further tranche of £8m that can be utilised once the £17m term loan facility has been utilised in full. The loan agreement provides that this facility is to be repaid using any amounts received in relation to the Group's recoveries in relation to certain professional indemnity insurance claims, or using amounts from the earn-out of consideration relating to the disposal of the Group's investment in Broker Network. If the further facility is not repaid in full by these means, then any amounts drawn under it can be converted to equity on or before 31 December 2017.

The Group expects to recover an amount from the Earn Out of consideration relating to the disposal of Broker Network that completed in July 2016 (and for which the terms were amended and updated in April 2017). Under the revised terms, the Directors expect to receive an amount of up to £17.2m.

When preparing the Group's financial statements on a going concern basis, the Directors have considered uncertainties facing the Group, including the potential liabilities arising from the past business review of enhanced transfer values (ETV) and unregulated collective investment schemes (UCIS) products that existed at the statement of financial position date of 31 March 2017:

- A contingent liability has been disclosed in respect of a potential liability arising from the past business review for ETV products. There are a number of material uncertainties and it is not yet possible to make a reliable estimate of the Group's ultimate liability and related payment profile. The Directors believe any potential payments are unlikely to commence before 2018; and
- A provision of £7.1m is recognised in the financial statements in respect of future payments of UCIS liabilities. The Group is comfortable that the quantum of this provision is adequate and the cash outflows will complete during 2017.

The SPA for the Nevada acquisition includes no obligation for Topco to pay cash consideration. The businesses that would be brought into the Group as a result of the transaction are profitable and cash-generative. Subsequent to completion, the Directors are confident the transaction will have a positive impact on their assessment of future cash flows for Topco, through its rights to dividends, and for the Group through increased cash generation. Therefore, the Directors are confident that, on completion of the transaction, the overall effect on cash-flows will be positive and the business will continue to operate for at least the next twelve months.

Therefore, the interim financial statements have been prepared on a going concern basis.

3 Accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

3.1 Other standards

A number of amendments to IFRS became effective for the financial year beginning on 1 January 2017 however the Group did not have to change its accounting policies or make material retrospective adjustments as a result of adopting these new standards.

4 Critical accounting estimates and judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016.

Notes to the financial statements *(continued)*

5 Exceptional items

During 2016 and 2017 the Group has undertaken a number of change programmes. The programmes were designed to improve efficiency across the business, to build regulatory resilience, to position the Group to exploit future scale advantages and to enhance the customer proposition. These programmes have continued in the period and have all been disclosed separately on the face of the condensed consolidated statement of comprehensive income.

Group reorganisation costs

In Q4 2015, Towergate began a business transformation programme aimed to drive efficiencies and income growth. This includes initiatives to transform the IT infrastructure, simplify and automate processes and redeploy resources in Finance, change the property footprint, and a reorganisation and restructure of the Advisory business, within the Insurance Broking division, to grow the Advisory sales force.

The Group reorganisation initiatives had an aggregate cost in the quarter of £3.1m (31 March 2016 £0.8m).

Regulatory costs

The Group has incurred exceptional regulatory costs of £0.7m (31 March 2016 £3.7m). These items represented ongoing costs and expenses in respect of various legacy Financial Conduct Authority (FCA) related matters.

6 Operating segments

Under IFRS 8 'Operating Segments', the Group determines and presents operating segments based on the information that is provided to the Group Executive Committee which is the Group's chief operating decision maker. The operating segments identified by the Group reflect the Group's operational structure, which is by division. Each of these divisions has adopted a unique delivery platform for their distribution of insurance products and services to customers, hence they are managed and reported on separately.

The different operating divisions in the Group are as described below:

Insurance Broking: The Insurance Broking division distributes insurance products via a number of channels whereby brokers place the insurance policies of customers through underwriting agencies or directly with insurance carriers depending on customer needs. Within the Insurance Broking segment the Advisory business distributes personal lines and SME products via more than 60 offices located across the UK. The Retail business (previously known as Direct) distributes insurance products to specialist customer segments ranging from military personnel and high net worth individuals to caravan owners. Services are provided to multiple niche retail markets as well as SME businesses. Retail businesses operate from 5 main locations across the UK.

Underwriting: The Underwriting division provides insurance products to Group businesses and around 3,000 third party insurance brokers who in turn act on behalf of insured customers. The division prices insurance coverage, issues insurance policies and in most cases handles insurance claims on behalf of the underlying insurance companies on whose behalf it is acting. Insurance companies (and not Towergate) are ultimately responsible for insurance claim costs and thus carry the associated principal risk. There are over 200 insurance products within the Underwriting division covering a wide variety of risks. As in the Insurance Broking division, these insurance products are aimed both at personal lines customers and the SME marketplace. The division has offices in multiple locations across the UK.

Paymentshield: Paymentshield is one of the UK's leading providers of general insurance products to the mortgage intermediary market. It is focused on the supply of household-related insurance products such as buildings and contents, mortgage payment protection (MPPI), income protection and landlord insurance products. Paymentshield's principal route to market is the mortgage broking channel, where its relationships include two of the UK's largest mortgage networks as well as independent financial advisers and estate agents. It also distributes a small amount of business direct to retail customers. As with the Insurance Broking and Underwriting businesses, underwriting or principal risk is carried by insurance partners.

Notes to the financial statements *(continued)*

6 Operating segments *(continued)*

The Group Executive Committee assess the performance of the operating segments based on measures of revenue and EBITDA. The Group Executive Committee assesses the financial position of the Group on a consolidated Group basis and therefore does not regularly receive measures of total assets or total liabilities on an operating segment basis, accordingly no financial position measures are reported within the Group's operating segments disclosure.

The results include items directly attributable to an operating division as well as those that can be allocated on a reasonable basis.

Information regarding geographical areas is not presented as all businesses are located in the United Kingdom and turnover consists of sales made in the United Kingdom.

The results of the above classes of operating division can be analysed as follows:

Three months to 31 March 2017 (unaudited)	Insurance Broking £000	Underwriting £000	Paymentshield £000	Other* £000	Total £000
Continuing operations					
Commission and fees	51,965	15,049	10,652	—	77,666
Other income	—	—	—	170	170
Investment income	—	—	1	19	20
Finance income	—	—	—	15	15
Expenses	(47,194)	(13,854)	(4,350)	(208)	(65,606)
Adjusted earnings^	4,771	1,195	6,303	(4)	12,265
Depreciation and amortisation	(6,065)	(2,762)	(2,349)	(669)	(11,845)
Exceptional items	(1,225)	—	—	(2,619)	(3,844)
Other costs	(2,414)	(1,968)	(444)	(4,841)	(9,667)
Finance costs	(8)	(4)	(694)	(11,403)	(12,109)
Share of loss from associate	—	—	—	(52)	(52)
(Loss) / profit before tax	(4,941)	(3,539)	2,816	(19,588)	(25,252)
Income tax credit	1,018	471	399	—	1,888
(Loss) / profit attributable to continuing operations	(3,923)	(3,068)	3,215	(19,588)	(23,364)
Discontinued operations	—	—	—	2,674	2,674
Total comprehensive (loss) / profit for the period	(3,923)	(3,068)	3,215	(16,914)	(20,690)

* "Other" does not represent a segment in its own right but consists of the remaining areas of the business that are not categorised into the main segments.

^ In these financial results, references to adjusted earnings are to earnings before finance costs, tax, depreciation and amortisation, significant one-off items including group reorganisation costs and regulatory costs, share of loss from associate, gain/loss on sale of businesses and investments, reduction in value of financial liabilities acquired, one-off business investment costs and transformation costs.

Notes to the financial statements *(continued)*

6 Operating segments *(continued)*

Three months to 31 March 2016 (unaudited)	Insurance Broking £000	Underwriting £000	Paymentshield £000	Other* £000	Total £000
Continuing operations					
Commission and fees	50,516	16,321	9,946	—	76,783
Other income	1	—	—	61	62
Investment income	—	2	3	38	43
Finance income	—	—	—	29	29
Expenses	(50,557)	(14,949)	(4,090)	881	(68,715)
Adjusted earnings^	(40)	1,374	5,859	1,009	8,202
Depreciation and amortisation	(5,675)	(2,543)	(2,468)	(213)	(10,899)
Exceptional items	(781)	(151)	—	(3,548)	(4,480)
Other costs	(81)	(94)	—	(221)	(396)
Finance costs	(62)	(3)	(6)	(11,402)	(11,473)
(Loss) / profit before tax	(6,639)	(1,417)	3,385	(14,375)	(19,046)
Income tax credit	1,018	471	444	—	1,933
(Loss) / profit attributable to continuing operations	(5,621)	(946)	3,829	(14,375)	(17,113)
Discontinued operations	—	—	—	793	793
Total comprehensive (loss) / profit for the period	(5,621)	(946)	3,829	(13,582)	(16,320)

* "Other" does not represent a segment in its own right but consists of the remaining areas of the business that are not categorised into the main segments.

^ In these financial results, references to adjusted earnings are to earnings before finance costs, tax, depreciation and amortisation, significant one-off items including group reorganisation costs and regulatory costs, share of loss from associate, gain/loss on sale of businesses and investments, reduction in value of financial liabilities acquired, one-off business investment costs and transformation costs.

7 Discontinued operations and disposal groups

On 22 March 2016, the Group agreed to sell the entire issued share capital of The Broker Network Limited and Countrywide Insurance Management Limited, each a wholly owned subsidiary of the Group (together, Network division) to funds advised by HPS. The transaction completed on 1 July 2016. The consideration for the acquisition was satisfied in part by the allotment to Towergate of approximately 19.9% of the shares in the acquisition vehicle, Bravo Investment Holdings Limited, and partially through an initial cash consideration of £29.0m. Contingent consideration of up to a further £17.2m maybe receivable if certain events and performance measures occur.

The results of these businesses have been classified as discontinued operations within the interim condensed consolidated statement of comprehensive income.

The Group has revisited its estimate of the contingent consideration that will ultimately be receivable and, due to an improvement in forecast performance of the Network division arising during the quarter, has recorded an additional £2.7m gain on this disposal in 2017.

Notes to the financial statements *(continued)*

7 Discontinued operations and disposal groups *(continued)*

(a) Results of the discontinued operations

Network division	**Three months to 31 March 2017 (unaudited) £000**	*Three months to 31 March 2016 (unaudited) £000*
Income	—	*3,245*
Expenses	—	*(2,488)*
Profit before tax of discontinued operations	—	*757*
Tax credit	—	*36*
Results from operating activities, net tax	—	*793*
Profit on sale of discontinued operations	**2,674**	—
Profit for the period from discontinued operations	**2,674**	*793*

(b) Cash flows from discontinued operations

Network division	**Three months to 31 March 2017 (unaudited) £000**	*Three months to 31 March 2016 (unaudited) £000*
Operating cash flows	—	*1,303*
Investing cash flows	—	*(17)*
Total cash inflows	—	*1,286*

8 Income taxes

Income tax is recognised based on an effective tax rate of 20% for the period to 31 March 2017. The income tax credit of £1.9m (31 March 2016 £1.9m) arises on the unwinding of the deferred tax liability in respect of the amortisation charged on the intangible assets.

9 Intangible assets

The table below provides a movement schedule of the carrying amount of intangible assets held on the statement of financial position:

	As at 31 March 2017 (unaudited) £000
At the start of period	**657,174**
Net additions	**4,301**
Amortisation charge for the period	**(10,703)**
At the end of period	**650,772**

The Group is required to test the goodwill held within the statement of financial position for impairment on an annual basis, and during interim periods whenever there are indicators of impairment. The annual goodwill impairment test was last carried out at 31 December 2016.

For the period ended 31 March 2017, the Group has reviewed changes in the key assumptions which drive its determination of Fair Value Less Costs to Sell (FVLCS) as well as the trading performance of each of its cash generating units ('CGUs') against the most recent three-year plan to determine whether there is a trigger for an impairment test. For the period ended 31 March 2017 it was concluded that there were no indicators of impairment.

Notes to the financial statements *(continued)*

9 Intangible assets *(continued)*

The key assumptions and sensitivity analysis (for the Retail and Underwriting CGUs) in relation to impairment were disclosed in the consolidated financial statements for the year ended 31 December 2016. The Retail and Underwriting CGUs remain most sensitive to changes in key assumptions given the limited headroom over their respective carrying values.

The Group will continue to monitor the performance of its CGUs and evaluate potential indicators of impairment including changes in the inputs and assumptions used in its assessment of its recoverable amount.

A summary of goodwill allocated to each CGU is presented below:

	Goodwill 31 March 2017 (unaudited)	Goodwill 31 December 2016 (audited)
Advisory	**81.3**	81.3
Retail	**100.0**	100.0
Bishopsgate	**5.7**	5.7
Underwriting	**137.5**	137.5
Paymentshield	**87.9**	87.9
	412.4	412.4

Key assumptions and sensitivity analysis for year ended 31 December 2016

Goodwill is tested for impairment by comparing the carrying value of the CGU to which the goodwill has been allocated to the recoverable value of that CGU. The recoverable value of the CGU is determined as the higher of fair value less costs to sell (FVLCS) or value in use (VIU), in accordance with the Group's accounting policy as detailed in the year end financial statements. For the year ended 31 December 2016, FVLCS was deemed to be the appropriate valuation basis due to the recent share transactions.

The FVLCS for each CGU is considered a Level 3 valuation in the fair value hierarchy. The FVLCS was derived first by performing a valuation of the whole Group and then by allocating that valuation to the CGUs.

The Group's FVLCS was calculated by adding the value derived for the Group's equity to the fair value of its outstanding debt, less a reasonable allowance for costs to sell. The Group's equity valuation was based on a weighted average value of the price per share paid by MDP in its September 2016 Tender Offer (adjusted for a Minority discount) and the Rights Issue subscription price in the Q1 2017 transaction.

The FVLCS was allocated to each CGU based on its relative proportion of the Group's total forecast cash flows into perpetuity; derived from the three-year plan and applying a terminal growth rate of 2.1% (Paymentshield 0%) and a post-tax discount rate of 10% (Bishopsgate 10.5%). This most accurately reflects the perspective of external market participants as it incorporates the Group's future investment plans and strategic objectives of the Group in the value attributed to each CGU.

The FVLCS allocated to each CGU was in excess of the respective carrying values and no impairment of goodwill was necessary for the year ended 31 December 2016.

Key assumptions and sensitivity analysis
Year ended 31 December 2016

Equity valuation

- *Weighted Average Value per share*

  The weighted average value per share was calculated at £0.98 on the basis of the September 2016 and Q1 2017 shareholder transactions. Any reduction greater than 16.9% (£0.16 per share) in the weighted average value per share would result in an impairment in the Retail CGU. Any reduction greater than 13.0% (£0.12 per share) in the weighted average value per share would result in an impairment in the Underwriting CGU.

Notes to the financial statements *(continued)*

9 Intangible assets *(continued)*

No reasonable change in this assumption alone would result in the impairment of any other CGU.

- *Minority Discount*

  A minority discount of 24% has been assumed in the Group's valuation which has been approximated by reference to market data.

  No reasonable change in this assumption alone would result in the impairment of any CGU.

Fair value of borrowings

The fair value of the outstanding debt used in the FVLCS calculation was £500.8m. A movement in fair value of 11.9% would result in an impairment in the Retail CGU. A movement in fair value of 9.1% would result in an impairment in the Underwriting CGU.

No reasonable change in this assumption alone would result in the impairment of any other CGU.

10 Property, plant and equipment

The table below provides a movement schedule of the carrying amount of property, plant and equipment held on the statement of financial position:

	As at 31 March 2017 (unaudited) £000
At the start of period	**19,051**
Net additions	**4,437**
Depreciation charge for the period	**(1,142)**
At the end of period	**22,346**

11 Investment in associate

	As at 31 March 2017 (unaudited) £000	As at 31 December 2016 (audited) £000
At the start of period	**6,495**	—
Additions	**—**	7,201
Share of loss for the period	**(52)**	(706)
At the end of period	**6,443**	**6,495**

On 1 July 2016 the Group acquired a 19.9% share in Bravo Investment Holdings Limited (Bravo), incorporated and based in the UK. Just prior to this, Bravo acquired The Broker Network Limited and Countrywide Insurance Management Limited from Towergate. Bravo provides third party brokers with access to insurance products and a variety of business support services.

There is a shareholder agreement in place in respect of the Group's holding in Bravo which includes certain minority protection rights, rights in respect of share transfers and a long term option arrangement over the remaining shares in Bravo. This option is exercisable by the Group at or above market value and therefore the associated derivative has no fair value.

Notes to the financial statements *(continued)*

12 Cash and cash equivalents

	As at 31 March 2017 (unaudited) £000	As at 31 December 2016 (audited) £000
Own funds	**24,982**	12,641
Own funds - restricted	**14,237**	20,357
Fiduciary	**109,096**	110,090
Cash and cash equivalents	**148,315**	143,088

Included in cash and cash equivalents is £5.8m (31 December 2016: £5.8m) of restricted cash kept in segregated accounts for purposes of solvency and capital adequacy requirements imposed by the FCA.

Included in cash and cash equivalents is £8.4m (31 December 2016: £8.4m) of restricted cash kept in segregated accounts for the purpose of claim settlements in relation to the disposal of the Towergate Financial business by the Towergate Insurance Limited (TIL) Group. Pursuant to the FCA's Threshold Condition 2.4, applicable to the insurance broking industry, the Group holds cash in these segregated accounts for the purpose of ensuring funds are available to pay any costs and expenses necessary to achieve an orderly wind down of the Group's business in the event its broking operations cease to operate or are otherwise closed down. The amount of cash required to be held is determined by management and agreed by the FCA.

On 4 November 2016, the Group completed an agreement with funds advised by the Group majority shareholder, HPS, which provided the Group with a five year loan facility that is secured against the future cash flows attributable to a Paymentshield home and contents book of business. As part of this secured loan arrangement, the loan proceeds have restrictions on their use limited to payments related to certain projects including capital expenditure on the transformation projects and settling ETV/UCIS redress costs. Included within cash and cash equivalents is £nil (31 December 2016: £6.1m) of restricted cash kept for this purpose.

Fiduciary funds represent client money used to pay premiums to underwriters, to settle claims to policyholders and to defray commissions and other income. They are not available for general corporate purposes.

13 Available-for-sale assets

	As at 31 March 2017 (unaudited) £000	As at 31 December 2016 (audited) £000
Available-for-sale asset – non current	**152**	152
Available-for-sale asset – current	**3,136**	460
	3,288	**612**

The current available for sale asset relates to recoveries made on the UCIS provision, see note 22 for further details and £2.7m recognised in Q1 2017 relating to the contingent consideration receivable on the Broker Network disposal, see note 7 for further details.

14 Trade and other receivables

	As at 31 March 2017 (unaudited) £000	As at 31 December 2016 (audited) £000
Trade receivables	**33,147**	26,657
Less: provision for impairment of trade receivables	**(2,378)**	(2,765)
Trade receivables - net	**30,769**	23,892
Prepayments	**9,476**	10,040
Accrued income	**14,726**	14,314
Other debtors	**8,030**	7,249
Related party debtors	**67**	12,194
Total current trade and other receivables	**63,068**	67,689

Notes to the financial statements *(continued)*

15 Held to maturity assets

	As at 31 March 2017 (unaudited) £000	As at 31 December 2016 (audited) £000
Fixed term deposits	**13,508**	13,508
	13,508	13,508

Held to maturity assets represent cash placed on 12 month fixed term deposits during 2016. The cash placed on deposit represents restricted own funds, as described in more detail within the second paragraph of note 12, Cash and cash equivalents.

16 Cash generated from operations

	Three months to 31 March 2017 (unaudited) £000	*Three months to 31 March 2016 (unaudited) £000*
Cash generated from operating activities		
Loss after tax	**(20,690)**	*(16,320)*
Depreciation	**1,142**	*803*
Amortisation	**10,703**	*10,304*
Group reorganisation costs	**3,128**	*826*
Regulatory costs	**716**	*3,655*
Gain on disposal of businesses	**(2,674)**	—
Finance costs – net of finance income	**12,094**	*11,456*
Investment income	**(20)**	*(52)*
Share of loss from associate	**52**	—
Income tax	**(1,888)**	*(1,970)*
Increase in trade and other receivables	**4,619**	*1,362*
Increase / (decrease) in trade and other payables - excluding insurance broking balances	**20,529**	*(2,833)*
Increase / (decrease) in provisions for liabilities and charges	**2,336**	*(2,144)*
Net cash inflow from operations	**30,047**	*5,087*

17 Financial instruments

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, as they are intended to be read in conjunction with the Group's annual financial statements as at 31 December 2016.

The key principal risks and uncertainties identified in the annual report within the year end financial statements have not changed significantly.

17.1 Financial instruments classification

The table below summarises the Group's financial instruments by category:

	Held to maturity £000	**Loans and receivables £000**	**Available for sale £000**	**Total £000**
Financial assets				
Available-for-sale assets	**—**	**—**	**3,288**	**3,288**
Trade and other receivables, excluding prepayments	**—**	**53,592**	**—**	**53,592**
Held to maturity assets	**13,508**	**—**	**—**	**13,508**
Cash and cash equivalents	**—**	**148,315**	**—**	**148,315**
As at 31 March 2017 (unaudited)	**13,508**	**201,907**	**3,288**	**218,703**

Notes to the financial statements *(continued)*

17 Financial instruments *(continued)*

17.1 Financial instruments classification *(continued)*

Held to maturity assets are reclassified from / to cash and cash equivalents as and when the nature of the deposit account changes. All deposit accounts will be classified either as loans and receivables or held to maturity depending on the maturity date of the funds held.

	Held to maturity £000	Loans and receivables £000	Available for sale £000	Total £000
Financial assets				
Available for sale assets	—	—	612	612
Trade and other receivables, excluding prepayments	—	57,649	—	57,649
Held to maturity assets	13,508	—	—	13,508
Cash and cash equivalents	—	143,088	—	143,088
As at 31 December 2016 (audited)	13,508	200,737	612	214,857

	Liabilities at fair value through profit and loss account £000	**Other financial liabilities at amortised costs £000**	**Total £000**
Financial liabilities			
Borrowings	**—**	**(536,848)**	**(536,848)**
Trade and other payables, excluding deferred income	**—**	**(171,771)**	**(171,771)**
Other financial liability	**(294)**	**—**	**(294)**
As at 31 March 2017 (unaudited)	**(294)**	**(708,619)**	**(708,913)**

	Liabilities at fair value through profit and loss account £000	Other financial liabilities at amortised costs £000	Total £000
Financial liabilities			
Borrowings	—	(526,823)	(526,823)
Trade and other payables, excluding deferred income	—	(158,928)	(158,928)
Other financial liability	(294)	—	(294)
As at 31 December 2016 (audited)	(294)	(685,751)	(686,045)

Within trade and other payables are other financial liabilities measured at amortised cost in respect of deferred consideration and interests in non-controlling interests.

17.2 Financial instruments valuation

Below is an analysis of the financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

(b) Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

(c) Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Notes to the financial statements *(continued)*

17 Financial instruments *(continued)*

17.2 Financial instruments valuation *(continued)*

Financial liabilities at fair value through profit and loss

Trade and other payables designated as fair value through profit and loss are financial liabilities acquired and redemption liability on non-controlling interests. They were categorised within level 3 of the fair value hierarchy. Other techniques, such as estimated discounted cash flows, were used to determine their fair value. Management consider the carrying value of liabilities to approximate to fair value. In the previous year, the Group negotiated contracts to agree fixed payments at fixed time intervals and hence our prior obligation for variable deferred consideration no longer exists and the liability has been derecognised and the liability for the fixed payment recognised at amortised cost.

	Financial liabilities acquired £000	Redemption liability on non controlling interests £000	Total £000
As at 1 January 2016	3,840	612	4,452
Transfer between deferred consideration category	582	(582)	—
Credit to statement of comprehensive income	(1,383)	—	(1,383)
Settlement to vendor / non controlling interest	(1,798)	—	(1,798)
Derecognised on extinguishment of liability	(1,241)	(30)	(1,271)
As at 31 December 2016 (audited)	—	—	—

Before the fixed payment contracts were agreed, the valuations of financial liabilities acquired were based on an evaluation of profit in the individual businesses in which the financial liability was based. Financial liabilities acquired will only be written back if we have had confirmation from the vendor that there is no liability remaining. The valuation of the redemption liability of non-controlling interests were set out in contract.

Non-current borrowings

The fair values of quoted non-current borrowings at fixed rates as of 31 March 2017 based on quoted market prices are as follows:

	Carrying amount £000	**Fair value £000**
Senior secured notes	**422,947**	**404,859**
Floating rate super senior notes	**72,663**	**77,378**
As at 31 March 2017 (unaudited)	**495,610**	**482,237**

	Carrying amount £000	Fair value £000
Senior secured notes	422,800	393,754
Floating rate super senior notes	72,500	77,075
As at 31 December 2016 (audited)	495,300	470,829

Notes to the financial statements *(continued)*

18 Trade and other payables

	As at 31 March 2017 (unaudited) £000	As at 31 December 2016 (audited) £000
Insurance creditors	**100,068**	101,535
Social security and other taxes	**9,940**	4,952
Other creditors	**10,018**	15,291
Financial liabilities acquired	**960**	1,129
Related party creditors	**26,753**	—
Deferred income	**15,488**	13,203
Accruals	**23,895**	35,879
Total current payables	**187,122**	171,989
Financial liabilities acquired	**107**	112
Redemption liability on non-controlling interest put options	**30**	30
Deferred income	**11,013**	11,732
Total non current payables	**11,150**	11,874

19 Borrowings

	As at 31 March 2017 (unaudited) £000	As at 31 December 2016 (audited) £000
Finance lease liabilities	**37**	43
Interest payable	**15,327**	6,064
Secured loan facility	**4,334**	3,747
Total current borrowings	**19,698**	9,854
Finance lease liabilities	**40**	43
Senior secured notes	**422,947**	422,800
Floating rate super senior secured notes	**72,663**	72,500
Secured loan facility	**21,500**	21,626
Total non current borrowings	**517,150**	516,969

In January 2017 a £40m rights issue was offered by Topco to its existing shareholders. In the period between the launch of the offer and completion of the rights issue MDP issued £25m of convertible debt to Finco. The rights issue was subsequently subscribed for in its entirety and was satisfied in part by the conversion of the previously issued debt to equity with the balance satisfied in cash.

20 Deferred tax liabilities

The movement in deferred income tax liabilities during the period is as follows:

	As at 31 March 2017 (unaudited) £000	As at 31 December 2016 (audited) £000
At the start of the period	**43,309**	51,975
Deferred tax credit on intangibles	**(1,888)**	(8,666)
At the end of the period	**41,421**	43,309

Notes to the financial statements *(continued)*

20 Deferred tax liabilities *(continued)*

The analysis of deferred income tax liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	As at 31 March 2017 (unaudited) £000	As at 31 December 2016 (audited) £000
Intangible assets	**41,421**	43,309
Total deferred tax liabilities	**41,421**	43,309

21 Provisions for other liabilities and charges

As at 31 March 2017 the Group held the following provisions:

	LTIP £000	**E&O £000**	**Onerous lease £000**	**Rents above market value £000**	**Dilapidations £000**	**Loss corridor £000**	**UCIS £000**	**Run-off costs £000**	**Other £000**	**Total £000**
As at 1 January 2017	**273**	**3,827**	**614**	**2,858**	**3,975**	**8,952**	**10,690**	**2,913**	**3,127**	**37,229**
Charged / (credited) to the income statement	**544**	**304**	**2,669**	**(296)**	**36**	**381**	**—**	**—**	**—**	**3,638**
Used during the period	**—**	**(865)**	**(179)**	**—**	**(250)**	**(92)**	**(3,554)**	**(513)**	**(99)**	**(5,552)**
Unwind of discount	**—**	**—**	**39**	**69**	**73**	**—**	**—**	**—**	**—**	**181**
As at 31 March 2017	**817**	**3,266**	**3,143**	**2,631**	**3,834**	**9,241**	**7,136**	**2,400**	**3,028**	**35,496**

Long-term incentive provision (LTIP) – Three new LTIP schemes were established in 2016; the amounts which will ultimately vest are dependent on achievement against various performance measures (including Group EBITDA and individual contribution targets) and / or service conditions. The incentives are paid to participants at the end of the relevant performance and / or service period, for one scheme which is due in 2018 and for the other two schemes an interim payment is due in 2017, the amount of which will be deducted from the final payments due in 2019.

Errors and omissions (E & O) provision – In the normal course of business the Group may receive claims in respect of errors and omissions. A provision has been made in respect of outstanding errors and omissions claims.

Onerous lease provision – provides for costs incurred on vacant properties for the full remaining term of the lease. When a property is exited before the end of the lease term, the future committed rental payments are provided for in full and will be released to the income statement over the remaining life of the lease.

Rents above market value provision – provides for the portion of rental payments above market for those properties that are leased above the property's market rental value for the full remaining term of the lease. On the acquisition of TIL, in 2015, an assessment of business rents greater than market value took place. The portion of rents greater then market value was provided for and will be released to the income statement over the life of the leases.

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

Notes to the financial statements *(continued)*

21 Provisions for other liabilities and charges *(continued)*

Loss corridor provision – provides for the estimated losses recoverable by the insurer for net premium earned to date on those schemes with loss sharing clauses.

Unregulated Collective Investment Scheme (UCIS) provision – provides for the obligation to pay redress costs in relation to past advice given to customers on UCIS. It represents management's best estimate of the Group's liability in relation to these costs. This estimate is based on actual experience and uses a calculation of average redress costs, taking into account customer contact and response rates. The provision is re-assessed on a quarterly basis. No allowance has been made for possible insurance recoveries on the basis that there is insufficient information to provide an estimate of the likely amounts. It is management's expectation that substantially all of the costs provided for will be incurred during 2017.

Run-off costs provision – provides for costs associated with the winding-down of the Towergate Financial operation. These costs comprise professional, fees, legal fees, fees and levies charged by the FCA, professional indemnity premiums, IT maintenance contracts, property related costs, Finance and Human Resources support costs. It is management's expectation that substantially all of the costs provided for will be incurred by 31 December 2018.

Other provision – the other provision balance at 31 March 2017 is comprised of:

- £2.0m raised for a potential liability of the Group in relation to certain levy costs, and
- £1.0m recognised by a subsidiary of the Group where it has been identified that in a number of circumstances repayments may need to be offered to either insurers or customers. The provision recognised represents managements best estimate of these potential liabilities.

22 Contingent liabilities, assets and commitments

Guarantees

On 2 April 2015, the Company issued £425.0m of 8.75% Senior Secured Notes and £75.0m of Floating Rate Super Senior Secured Notes.

The obligations of the Company under the 8.75% Senior Secured Notes and the Floating Rate Super Senior Secured Notes are guaranteed by TIG Midco Limited, the immediate parent company of the Company and all its material and certain other subsidiaries. These companies are listed below:

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

Enhanced Transfer Values (ETV)

The Group remains in discussion with the FCA about past advice provided by the TF Group businesses on ETV. Independent file reviews have been shared with the FCA.

Notes to the financial statements *(continued)*

22 Contingent liabilities, assets and commitments *(continued)*

In August 2016, the FCA announced that it intended to consult in autumn 2016 to update the methodology used to calculate the levels of redress due in cases of unsuitable advice on transfers from defined benefit occupational pension schemes (DB) to personal pensions. The FCA announcement stated that "*it would not expect it to be fair for the firm to attempt to settle the complaint on a 'full and final' basis until the outcome of the consultation is known*". In March 2017 the FCA issued the consultation paper. There will now be a consultation period of at least three months whilst responses to the paper are collated and considered by the FCA. Until the consultation has completed, around the end of Q3 2017, the FCA has halted all customer redress.

Payment of redress is expected to occur once customers have been contacted and the redress methodology has been approved by the FCA. Redress payments are expected to start in 2018.

Given the number of uncertainties that continue to exist, it is not yet possible to make a reliable estimate of the Group's ultimate ETV related liability. However, purely for the purposes of developing business plans and cash flow projections for the Group, it has adopted a range of £45.0m to £65.0m in potential redress costs, excluding costs and expenses. This range is consistent with previous disclosures.

This internal range is derived from a set of assumptions based on currently available information. As explained above, in view of these uncertainties all assumptions are subject to change and the Group can give no assurances as to whether its ultimate liability will be within this range or not. The ultimate liability for ETV may, therefore, be materially different.

As there is a material difference between the upper and lower levels of the redress range, an acknowledgement that the ultimate liability may fall significantly outside this range and conclusions from the FCA consultation are outstanding the Group is recognising the potential ETV redress costs as a contingent liability at 31 March 2017.

Recoveries – ETV and UCIS

Recoveries may be possible for ETV and UCIS, either from third parties or under the Group's insurance arrangements, both of which the Group continues to pursue. The maximum recoverable amount under insurance arrangements is £12.0m, although the ultimate extent and timing of any recovery remains uncertain.

In addition, as part of the Group's UCIS redress process it can acquire, in some cases, the illiquid assets held by claimants. Where this happens the Group will attempt to realise the value of the assets to partially offset its costs in relation to the UCIS redress process. This will be subject to agreement with individual claimants and as such the extent of the opportunity remains uncertain. Illiquid assets acquired during the year are disclosed as available-for-sale assets in these financial statements.

As at 31 March 2017 the Group recovered assets with an estimated fair value of £0.5m (31 December 2016: £0.5m).

Broker Network disposal

As part of the consideration on the sale of Broker Network, the Group will receive contingent consideration of up to £17.2m (31 December 2016: £17.2m) if certain performance measures are exceeded, including £2.7m consideration recognised in the period (see note 7, Discontinued operations and disposal groups). Equally, the Group could have an ownership dilution in Bravo Investment Holdings Limited (Bravo) of up to its full share capital of 19.9% if certain performance measures are not met. As at 31 December 2016 the Group expected the performance measures to be met but not exceeded and hence recognised no asset/liability. At 31 March 2017, the Group has recognised £2.7m of contingent consideration receivable based on the latest fair value of the expected consideration to be received.

As more information on the performance of Bravo becomes available, a value may be assigned to the reverse earn out or the value of the deferred consideration receivable may change which will lead to the recognition of a liability or a change in the asset value respectively.

The terms of the contingent consideration agreement have been amended and updated in April 2017, please refer to note 7 for further details.

Notes to the financial statements *(continued)*

22 Contingent liabilities, assets and commitments *(continued)*

Rateable value of business properties

The Valuation Office Agency (VOA, an executive agency of HMRC) which is responsible for setting the Rateable Value of all business properties in England and Wales may have to change the way properties are valued due to a Supreme Court decision. The amount of any liability remains uncertain at the stage, the VOA have committed to reviewing the Rateable Values and will contact Towergate again before 31 March 2018.

Contractual obligations

The following table summarises material commitments as of 31 March 2017:

	Less than 1 year £m	1 – 5 years £m	More than 5 years £m	Total £m
Senior secured notes	—	425.0	—	425.0
Floating rate super senior secured notes	—	75.0	—	75.0
Secured loan	4.3	21.5	—	25.8
Operating leases	15.0	38.9	8.2	62.1
Other obligations	1.0	0.1	—	1.1
Contractual commitments(1)	5.4	9.0	—	14.4
Total	**25.7**	**569.5**	**8.2**	**603.4**

(1) Various subsidiaries within the Group were contractually committed to expenditure in relation to business transformation projects totalling £14.4m, £5.4m in 2017 and £9.0m in 2018. Of the total, £8.5m relates to expenditure on intangible assets and £1.1m relates to property, plant and equipment.

23 Related party transactions

During the period a rights issue was offered in Topco and taken up in its entirety by MDP and one minority shareholder, see note 19, Borrowings.

During the period the Manchester Retail Unit (formerly known as Small Business Unit) underwent significant restructuring which included 176 employees being placed at risk of redundancy, 79 of these took up employment with Autonet Insurance Services Limited, an associated company ultimately controlled by HPS. As part of this arrangement the use of the Manchester leased premises was granted to Autonet on a rent free basis until June 2017. The approximate value of this rent free period is £0.4m including rent rates and service charges payable by the Group, this is reflected in the onerous lease provision in note 21, Provisions for liabilities and charges.

During the period an additional £2.7m gain on disposal was recognised on the sale of Broker Network (see note 7, Discontinued operations and disposal groups).

24 Post balance sheet events

Acquisition of Nevada: On 8 May 2017 Topco entered into a SPA to acquire the entire share capital of Nevada, the indirect holding company of Autonet Insurance Services Limited and PFIH Limited, which conduct insurance intermediation and related services. Nevada entered into SPAs to acquire controlling interests in Ryan Direct Group Limited (RDG) and Chase Templeton Limited (CT) on 13 April 2017 and 2 May 2017 respectively, each of which also conduct insurance intermediation and related services, and which are anticipated to complete within three months of the date of the relevant SPA. All three SPAs are subject to regulatory approvals and other customary conditions to completion.

Nevada is currently owned by funds managed by HPS, the Group's majority shareholder, and MDP, a significant shareholder of the Group, and accordingly the Directors consider the acquisition to be a related party transaction. The fair value of the consideration for the Nevada acquisition is currently anticipated to be £255m, subject to customary completion adjustments.

Notes to the financial statements *(continued)*

24 Post balance sheet events *(continued)*

The consideration for the acquisition of Nevada will be satisfied by the issue of non-transferable convertible equity certificates to the vendors, which will convert into ordinary shares of Topco on the occurrence of certain events subsequent to completion. At or within two business days following completion of the acquisition of Nevada, Topco will also offer existing shareholders a right to participate pro rata in the issue of convertible equity certificates for a cash subscription price.

Additional funding: As noted in the recent developments section of the interim report, on 29 January 2017 the Group secured additional funding from HPS and MDP. On 1 April 2017 a £17m term loan facility was made available to the Company and drawn down on 19 April 2017. The loan agreement provides that any amounts drawn under it can be repaid in cash or converted to equity at the option of the Company on or before 31 December 2017. A further tranche of £8m is able to be utilised once the £17m term loan facility has been utilised in full. The loan agreement provides that this further facility is to be repaid using any amounts received in relation to the Group's recoveries in relation to certain professional indemnity insurance claims, or using amounts from the Earn Out relating to the disposal of the Group's investment in Broker Network. If the further facility is not repaid in full by these means, then any amounts drawn under it can be converted to equity on or before 31 December 2017.

Broker Network disposal: The Group expects to recover an amount from the earn-out of consideration relating to the disposal of Broker Network that completed in July 2016 (and for which the terms were amended and updated in April 2017). The Directors expect to receive an amount of up to £17.2m under the revised terms.

Finance transformation project: On 24 April 2017 Towergate made an announcement regarding proposals in relation to its Finance function. Following this announcement 133 employees were placed into consultation periods.

In line with the requirements of IAS 10, Events after the reporting period, no provision has been recognised in relation to the announcements of the changes to the Finance function. The Group is not yet able to accurately quantify the financial impact of this announcement.

TIG Finco Plc

Consolidated Financial Statements
For the year ended 31 December 2016

Registered number 09424525

Contents

M Mugge
Director
26 April 2017

Directors' report

The Directors have pleasure in presenting their Strategic report, Directors' report and the audited financial statements for the year ended 31 December 2016.

General information and principal activities

TIG Finco Plc (the Company) was incorporated on the 5 February 2015 as TIG Finco Limited, a private company limited by shares with registered number 09424525. On 30 March 2015 TIG Finco Limited re-registered as a public company, TIG Finco Plc. It is incorporated and domiciled in the UK. The address of its registered office is Towergate House, Eclipse Park, Sittingbourne Road, Maidstone, ME14 3EN.

TIG Finco Plc is a holding company which delivers central functions across the Group and, through its subsidiaries, operates primarily to distribute insurance products and to act as an underwriting agent. The principal activities of the Group during 2016 were insurance broking, underwriting, mortgage broking solutions and the provision of insurance network services. The Group does not take on any insurance risk.

Information regarding the ultimate parent company can be found in note 36 of the consolidated financial statements.

Share capital and dividends

The issued share capital of the Company, together with details of shares issued during the period is shown in note 26 to the consolidated financial statements.

The Directors have proposed a dividend of £nil to equity shareholders (2015: £nil).

Directors

The Directors who held office during the period were as follows:

John Tiner	
Mark Mugge	
Oliver Feix	
Scot French	
Daniel Pietrzak	*(Appointed 08/03/2016)*
David Ross	*(Appointed 09/03/2016)*
Pat Butler	*(Appointed 08/04/2016)*
Christine Dandridge	*(Appointed 13/05/2016)*
Feilim Mackle	*(Appointed 05/08/2016)*
Vahe Dombalagian	*(Appointed 16/12/2016)*
Dev Gopalan	*(Resigned 08/03/2016)*
Teresa Robson-Capps	*(Resigned 30/04/2016)*
Philip Moore	*(Resigned 03/01/2017)*

Directors appointed after 31 December 2016 were as follows:

Clive Bouch	*(Appointed 03/01/2017)*

All Directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Directors' report *(continued)*

Employees

Towergate actively encourages all employees to become involved in the Group's affairs. It provides them with information on matters of concern to them as employees and ensures they have a common awareness of the financial and economic factors affecting the performance of the Group.

This is achieved through the use of the Group intranet, which provides a continuous commentary on business issues relating to both Group and divisional activity. Policies and procedures which support employees in their roles are available through targeted intranet portals. Financial and business performance updates, results briefings and other important news items are provided to employees through regular senior leaders and all employee conference calls.

Employees or their representatives are consulted on a regular basis so that the views of employees can be taken into account in making decisions which are likely to affect their interests. This is achieved through Towergate Talks, a Group-wide employee feedback mechanism, which captures their thoughts on the Group, management, their own roles and their working environment. Pulse checks are conducted as required by individual divisions with a focus on local issues and matters affecting the working environment. Divisions also have a network of engagement champions who are actively engaged in supporting local teams to implement changes in direct response to employee feedback.

Employees are encouraged to be involved in the Group's performance. The management bonus scheme makes annual cash awards based on a combination of Towergate's overall performance and individual performance against agreed objectives. In addition, each area of the Group offers sales incentive plans to eligible employees which reward achievement of specific financial and non-financial measures on a quarterly, half-yearly or annual basis. Each plan is tailored to the business area and nature of the role. These plans also include measures relating to good customer outcomes where appropriate, usually through a balanced scorecard approach. All other permanent employees are eligible to be considered for an annual discretionary bonus based on their individual performance against agreed objectives; a small number of key senior managers and other key contributors have long term incentives which award a cash sum at a designated point in the future reflecting Towergate's financial performance over a prolonged period. Performance is usually measured by EBITDA growth or consistent achievement of pre-tax profit targets.

Employment of disabled persons

The Group'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.

Creditor policies

It is the Group's policy that payments to suppliers are made in accordance with terms and conditions agreed between the Group and its suppliers, provided that all trading terms and conditions have been complied with.

Political contributions

The Group made no political contributions during the year.

Going concern

The financial statements of the Group set out on pages 21 to 80 have been prepared on a going concern basis. Further details of this assessment can be found in the strategic report and note 2.3 to these financial statements.

Directors' report *(continued)*

Subsequent events

Closure of Retail Unit and changes to Finance function

On 12 January 2017 Towergate announced the closure of its Retail Unit (formerly known as Small Business Unit). As a result of this announcement 176 of the Group's employees were placed at risk of redundancy. Separately, on 12 January 2017 and 24 April 2017 Towergate made two announcements regarding proposals in relation to its Finance function that may result in redundancies. Following those announcements 165 employees were placed into consultation periods.

In line with the requirements of IAS 10, no provision has been recognised at 31 December 2016 in relation to the closure of the Retail Unit or the announcements of the changes to the Finance function. The Group is not yet able to accurately quantify the financial impact of these announcements.

Additional funding

On 29 January 2017 the Group secured additional funding totalling up to £65m from Madison Dearborn Partners (MDP) and HPS Investment Partners LLC (HPS). Proceeds from these initiatives will be applied towards achievement of the Group's key strategic transformation initiatives. The additional funding comprises:

- A £40m rights issue offered by TIG Topco Limited to existing shareholders and subscribed for in its entirety by MDP and one minority shareholder.
- A £17m term loan facility which was made available to TIG Finco plc by MDP and HPS from 1 April 2017 and drawn down on 19 April 2017. The loan agreement provides that any amounts drawn under it can be repaid in cash or converted to equity at the option of TIG Finco plc on or before 31 December 2017.
- A further tranche of £8m that can be utilised once the £17m term loan facility has been utilised in full. The loan agreement provides that this facility is to be repaid using any amounts received in relation to the Group's recoveries in relation to certain professional indemnity insurance claims, or using amounts from the earn-out of consideration relating to the disposal of the Group's investment in The Broker Network Limited and Countrywide Insurance Management Limited (Broker Network). If the further tranche is not repaid in full by these means, then any amounts drawn under it can be converted to equity on or before 31 December 2017.

Broker Network disposal

The Group expects to recover an amount from the earn-out of consideration relating to the disposal of Broker Network that completed in July 2016 (and for which the terms were amended and updated in April 2017). Under the previous terms of the sale agreement, no amounts were recognised as recoverable (see note 35, contingent liabilities and contingent assets), but the Directors expect to receive an amount of up to £17.2m under the revised terms.

Disclosure of information to auditors

The Directors who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Reappointment of independent auditor

Pursuant to Section 487 of the Companies Act 2006, the independent auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

M Mugge
Director
26 April 2017

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 Group and parent company 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 Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and applicable law, and have elected to prepare the parent company financial statements in accordance with Financial Reporting Standard 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 Group and parent company and of their profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- for the Group financial statements state whether they have been prepared in accordance with IFRS as adopted by the EU;
- for the parent company 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 Group and the parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and parent company transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and parent company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of TIG Finco Plc

We have audited the financial statements of TIG Finco Plc for the year ended 31 December 2016 set out on pages 21 to 91. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 19, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at: www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2016 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; 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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from the branches not visited by us; or

- the parent company 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.

....

Rees Aronson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
26 April 2017

Consolidated statement of comprehensive income

	Note	**Year ended 31 December 2016 £000**	Period ended 31 December 2015 £000
Continuing operations			
Commission and fees	*4*	**318,042**	258,231
Other income	*4*	**195**	159
Investment income	*6*	**282**	228
Salaries and associated costs	*8*	**(183,580)**	(128,610)
Other operating costs	*5*	**(116,275)**	(170,358)
Depreciation and amortisation charges	*5*	**(44,139)**	(32,836)
Share of loss from associate	*14*	**(706)**	—
Impairment of goodwill	*12*	**—**	(86,400)
Operating loss		**(26,181)**	(159,586)
Analysed as:			
Operating (loss) / profit before exceptional items	*5*	**(11,689)**	10,420
Group acquisition and financing costs	*5*	**—**	(41,212)
Group reorganisation costs	*5*	**(10,315)**	(14,995)
Regulatory costs	*5*	**(4,177)**	(27,399)
Impairment of goodwill	*12*	**—**	(86,400)
Operating loss		**(26,181)**	(159,586)
Finance costs	*7*	**(47,005)**	(34,491)
Finance income	*7*	**201**	405
Loss before taxation		**(72,985)**	(193,672)
Income tax credit	*10*	**11,845**	6,787
Total comprehensive loss for the period attributable to continuing operations		**(61,140)**	(186,885)
Discontinued operations			
Total comprehensive profit for the period attributable to discontinued operations, net of tax	*11*	**18,141**	2,421
Total comprehensive loss for the period		**(42,999)**	(184,464)
Attributable to:			
Owners of the parent	*27*	**(43,014)**	(184,425)
Non-controlling interests	*28*	**15**	(39)
		(42,999)	(184,464)

The Company was incorporated on 5 February 2015 however the Group had no income or expenses prior to completion of the acquisition of Towergate Insurance Limited together with its subsidiary companies on 2 April 2015. Accordingly, the prior year period represents the results for the period 2 April 2015 to 31 December 2015.

The notes on pages 25 to 80 form an integral part of these consolidated financial statements.

Consolidated statement of financial position

	Note	**At 31 December 2016 £000**	At 31 December 2015 £000
Non-current assets			
Intangible assets	12	**657,174**	700,293
Property, plant and equipment	13	**19,051**	9,310
Investment in associate	14	**6,495**	—
Available-for-sale assets	16	**152**	152
Deferred tax assets	23	**16,417**	12,985
		699,289	722,740
Current assets			
Cash and cash equivalents	19	**143,088**	205,888
Held to maturity assets	18	**13,508**	—
Trade and other receivables	17	**67,689**	55,718
Available-for-sale assets	16	**460**	—
Current tax assets	23	**70**	—
		224,815	261,606
Current liabilities			
Trade and other payables	20	**(171,989)**	(177,846)
Current tax liabilities	23	**—**	(219)
Borrowings	21	**(9,854)**	(6,422)
Other financial liability	22	**(162)**	—
Provisions for other liabilities and charges	24	**(30,867)**	(53,961)
		(212,872)	(238,448)
Net current assets		**11,943**	23,158
Non-current liabilities			
Trade and other payables	20	**(11,874)**	(11,254)
Borrowings	21	**(516,969)**	(494,399)
Other financial liability	22	**(132)**	—
Deferred tax liabilities	23	**(43,309)**	(51,975)
Provisions for other liabilities and charges	24	**(6,362)**	(12,616)
		(578,646)	(570,244)
Net assets		**132,586**	175,654
Total equity			
Capital and reserves attributable to the Company's shareholders			
Share capital	26	**300,000**	300,000
Capital reserve	26	**60,000**	60,000
Retained losses	27	**(227,439)**	(184,425)
Shareholders' equity		**132,561**	175,575
Non-controlling interests	28	**25**	79
Net assets		**132,586**	175,654

These financial statements were approved by the board of Directors on 26 April 2017 and were signed on its behalf by:

M Mugge
Director

The notes on pages 25 to 80 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	Share capital £000	Capital reserve £000	Retained losses £000	Total Shareholders' equity £000	Non-controlling interests £000	Total equity £000
Balance at 1 January 2016	**300,000**	**60,000**	**(184,425)**	**175,575**	**79**	**175,654**
Loss for the year	**—**	**—**	**(42,999)**	**(42,999)**	**—**	**(42,999)**
Adjustment to non-controlling interest	**—**	**—**	**(15)**	**(15)**	**(54)**	**(69)**
Total contributions by and distributions to owners	**300,000**	**60,000**	**(227,439)**	**132,561**	**25**	**132,586**
Balance at 31 December 2016	**300,000**	**60,000**	**(227,439)**	**132,561**	**25**	**132,586**

No dividends were paid during 2016.

	Share capital £000	Capital reserve £000	Retained losses £000	Total Shareholders' equity £000	Non-controlling interests £000	Total equity £000
Balance at 5 February 2015	—	—	—	—	—	—
On acquisition	—	—	—	—	122	122
Loss for the period	—	—	(184,464)	(184,464)	—	(184,464)
Issue of share capital	300,000	60,000	—	360,000	—	360,000
Adjustment to non-controlling interest			39	39	(39)	—
Disposal of non-controlling interest	—	—	—	—	(4)	(4)
Total contributions by and distributions to owners	300,000	60,000	(184,425)	175,575	79	175,654
Balance at 31 December 2015	300,000	60,000	(184,425)	175,575	79	175,654

No dividends were paid during 2015.

The notes on pages 25 to 80 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

	Note	**2016 £000**	2015 £000
Cash flows from operating activities			
Net cash inflow from operations	*30.1*	**7,039**	47,960
Exceptional items		**(39,504)**	(81,651)
Interest paid		**(301)**	(13)
Interest received		**199**	405
Taxation received / (paid)		**559**	(47)
Investment income		**302**	262
Increase / (decrease) in net insurance broking creditors		**18,137**	(10,181)
Net cash outflow from operating activities		**(13,569)**	(43,265)
Cash flows from investing activities			
Acquisition of businesses	*30.2*	**—**	(65,028)
Purchase of property, plant and equipment		**(13,185)**	(1,386)
Purchase of intangible assets		**(13,496)**	(4,441)
Deferred consideration received		**231**	1,394
Disposal of business		**28,527**	—
Net cash disposed of with businesses	*11.3*	**(17,132)**	—
Dividends received		**3**	—
Cash transferred to fixed term deposits		**(13,508)**	—
Net cash outflow from investing activities		**(28,560)**	(69,461)
Cash flows from financing activities			
Proceeds from issue of shares		**—**	300,000
Proceeds from borrowings		**26,025**	52,000
Interest paid on borrowings		**(43,615)**	(26,579)
Capitalised debt costs		**(1,190)**	(3,697)
Settlement of financial liabilities on acquisition		**(1,798)**	(3,065)
Capital element of finance lease rental payments		**(93)**	(45)
Net cash (outflow) / inflow from financing activities		**(20,671)**	318,614
Net (decrease) / increase in cash and cash equivalents including discontinued operations		**(62,800)**	205,888
Cash and cash equivalents at the beginning of the period		**205,888**	**—**
Cash and cash equivalents at the end of the period	*19*	**143,088**	205,888

Cash and cash equivalents includes restricted cash, see note 19 for details.

The Company was incorporated on 5 February 2015 however the Group had no cash prior to completion of the acquisition of Towergate Insurance Limited together with its subsidiary companies on 2 April 2015. Accordingly, the prior year period represents the results for the period 2 April 2015 to 31 December 2015.

The notes on pages 25 to 80 form an integral part of these consolidated financial statements.

Notes to the financial statements

1. General information

TIG Finco Plc (the Company) was incorporated on the 5 February 2015 as TIG Finco Limited a private company limited by shares with registered number 09424525. On 30 March 2015 TIG Finco Limited re-registered as a public company, TIG Finco Plc. It is incorporated and domiciled in the UK. The address of its registered office is Towergate House, Eclipse Park, Sittingbourne Road, Maidstone, Kent, ME14 3EN. The principal business activities of the Company and its subsidiaries are described in the strategic report.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

These consolidated financial statements presented by the Group comprising TIG Finco Plc and its subsidiaries have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS as adopted by the EU), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The consolidated financial statements are presented in GBP sterling (£), which is also the Group's functional currency.

Amounts shown are rounded to the nearest thousand, unless stated otherwise. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

2.2 Reclassification of interest payable and provisions

(a) Reclassification of interest payable

The Group has reclassified interest payable of £6,336k from trade and other payables to borrowings in the statement of financial position for the comparative as at 31 December 2015. The reclassification aligns the interest payable with its nature as a consequence of borrowings. There were no changes to the recognition and measurement basis of interest payable as a result of the reclassification, the reclassification has no impact on the net assets or the profit or loss of the Group.

(b) Reclassification of run-off provision

The Group has reclassified the estimated future run-off costs for the Towergate Financial businesses of £5,309k from trade and other payables to provisions in the statement of financial position for the comparative as at 31 December 2015. The reclassification aligns the run-off provision with its nature as a provision for estimated future run-off costs. There were no changes to the recognition and measurement basis of the run-off provision as a result of the reclassification, the reclassification has no impact on the net assets or the profit or loss of the Group.

(c) Reclassification of other provision

The Group has reclassified the estimated future repayments which may need to be offered to either insurers or customers of £586k from trade and other payables to provisions in the statement of financial position for the comparative as at 31 December 2015. The reclassification aligns the other provision with its nature as a provision for estimated future repayments. There were no changes to the recognition and measurement basis of the provision as a result of the reclassification, the reclassification has no impact on the net assets or the profit or loss of the Group.

Notes to the financial statements *(continued)*

2. Summary of significant accounting policies *(continued)*

2.3 Going concern

The financial statements of the Group set out on pages 21 to 80 have been prepared on a going concern basis. At 31 December 2016 the Group had net assets of £132.6m (31 December 2015: £175.7m) and net current assets of £11.9m (31 December 2015: £23.2m). The Group reported an operating loss of £26.2m for the year ended 31 December 2016 (period ended 31 December 2015: £159.6m) and cash outflow of £62.8m (2015: inflow of £205.9m). The cash outflow in 2016 and operating loss in the current year and prior period are linked to the implementation of the Group's strategic objectives and business transformation and are not expected to be on going costs in future years. The Group includes a number of subsidiary undertakings, which guarantee the bond debt owed by the Company.

The Directors believe the going concern basis to be appropriate following their assessment of the Group's financial position and its ability to meet its obligations as and when they fall due. The Directors have considered the anticipated future cash flows of the Group and these were subjected to stress testing and sensitivity analysis to ensure that the Group is able to cope with reasonably foreseeable adverse trading and cash flow outcomes. In addition, the Directors have considered the following transactions which were executed in early 2017:

The Group secured additional funding totalling up to £65m from Madison Dearborn Partners (MDP) and HPS Investment Partners LLC (HPS). Proceeds from these initiatives will be applied towards achievement of the Group's key strategic transformation initiatives. The additional funding comprises:

- A £40m rights issue offered by TIG Topco Limited to existing shareholders and subscribed for in its entirety by MDP and one minority shareholder.
- A £17m term loan facility which was made available to TIG Finco plc by MDP and HPS from 1 April 2017 and drawn down on 19 April 2017. The loan agreement provides that any amounts drawn under it can be repaid in cash or converted to equity at the option of TIG Finco plc on or before 31 December 2017.
- A further tranche of £8m that can be utilised once the £17m term loan facility has been utilised in full. The loan agreement provides that this facility is to be repaid using any amounts received in relation to the Group's recoveries in relation to certain professional indemnity insurance claims, or using amounts from the earn-out of consideration relating to the disposal of the Group's investment in The Broker Network Limited and Countrywide Insurance Management Limited (Broker Network). If the further tranche is not repaid in full by these means, then any amounts drawn under it can be converted to equity on or before 31 December 2017.

The Group expects to recover an amount from the earn-out of consideration relating to the disposal of Broker Network that completed in July 2016 (and for which the terms were amended and updated in April 2017). Under the previous terms of the sale agreement, no amounts were recognised as recoverable, but the Directors expect to receive an amount of up to £17.2m under the revised terms.

When preparing the Group's financial statements on a going concern basis, the Directors have considered uncertainties facing the Group, including the potential liabilities arising from the past business review of enhanced transfer values (ETV) and unregulated collective investment schemes (UCIS) products that existed at the statement of financial position date of 31 December 2016:

- a contingent liability has been disclosed in respect of a potential liability arising from the past business review for ETV products. There are a number of material uncertainties and it is not yet possible to make a reliable estimate of the Group's ultimate liability and related payment profile. The Directors believe any potential payments are unlikely to commence before 2018; and
- a provision of £10.7m is recognised in the financial statements in respect of future payments of UCIS liabilities. The Group is comfortable that the quantum of this provision is adequate and the cash outflows will complete during 2017.

Notes to the financial statements *(continued)*

2. Summary of significant accounting policies *(continued)*

2.3 Going concern *(continued)*

Following this assessment of the Group's financial position and its ability to meet its obligations as and when they fall due, the Directors have a reasonable expectation that the Group will be able to continue to operate for at least the next twelve months. Therefore, the annual financial statements have been prepared on a going concern basis.

2.4 Changes in accounting policy and disclosures – new accounting standards

(a) New and amended standards adopted by the Group

The Group has applied accounting standards effective as at 31 December 2016 to all periods presented as required by IFRS 1. The impact on the Group of new or amended standards which became effective prior to this date are discussed below.

Disclosure Initiative - Amendments to IAS 1

The amendments to IAS 1 Presentation of Financial Statements are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including:

- Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Disaggregation and subtotals – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes – confirmation that the notes do not need to be presented in a particular order.
- OCI arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.
- According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards/accounting policies are not required for these amendments.

The Group has adopted the amendments in these annual accounts.

(b) New standards and interpretations not yet mandatory and not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017, and have not been applied in preparing these consolidated financial statements. The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective;

	Effective for annual periods beginning on or after
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 16 Leases	1 January 2019

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

The Group intends to adopt where applicable the new and revised standards no later than the accounting period during which they become effective.

Notes to the financial statements *(continued)*

2. Summary of significant accounting policies *(continued)*

2.4 Changes in accounting policy and disclosures – new accounting standards *(continued)*

IFRS 9 Financial Instruments addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009, October 2010, November 2013 and July 2014. It replaces the parts of IAS 39 Financial Instruments: Recognition and Measurement that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The revisions to IFRS 9 issued in July 2014 mainly addressed a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a fair value through other comprehensive income (FVTOCI) measurement category for certain simple debt instruments. The Group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2018. The Group will also consider the impact of the remaining phases of IFRS 9 when these have been finalised.

IFRS 15 Revenue from Contracts with Customers establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue when it becomes effective. The principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should recognise revenue when (or as) a performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer. The Group is yet to assess the potential impact of IFRS 15. It is not practicable to provide an estimate of the potential impact of IFRS 15 until the Group performs a detailed review.

IFRS 16 Leases provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the underlying asset has a low value or the lease term is less than 12 months. The standard specifies how an entity should recognise, measure and disclose leases in its financial statements. The IFRS 16 approach to lessor accounting is substantially unchanged from its predecessor IAS 17. The Group has yet to perform an impact assessment and it is not practicable to provide an estimate of the potential impact until this has been completed.

2.5 Basis of consolidation

The consolidated financial statements comprise the accounts of the Company and its subsidiary undertakings. The Group consolidates those investees it is deemed to control. The Group has control over an investee if all three of the following are met: (1) it has power over an investee; (2) it is exposed to, or has rights to, variable returns from its involvement with the investee; and (3) it has ability to use its power over the investee to affect its own returns.

The acquisition method of accounting has been adopted for all acquisitions in the period. The profits and losses of subsidiary undertakings are consolidated as from the effective date of acquisition or to the effective date of disposal.

(a) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Where the Group loses control of a subsidiary, the assets and liabilities are derecognised along with any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Notes to the financial statements *(continued)*

2. Summary of significant accounting policies *(continued)*

2.5 Basis of consolidation *(continued)*

Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Accounting for business combinations

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired, and liabilities and contingent liabilities assumed, in a business combination are measured initially at their fair values at the acquisition date. On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Acquisition related costs are expensed as incurred.

If a business combination is achieved in stages, the fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date.

Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability are recognised in accordance with IAS 39 in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash generating units for the purpose of impairment testing.

Business combinations with entities under common control are accounted for using predecessor accounting. Under predecessor accounting, no assets or liabilities are restated to their fair values and the Group incorporates predecessor carrying values. No new goodwill is recognised under predecessor accounting.

Deferred consideration is payable in respect of certain acquisitions based on the performance of the acquired business typically in the 24-month period following the acquisition.

(c) Transactions with non-controlling interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(d) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint

Notes to the financial statements *(continued)*

2. Summary of significant accounting policies *(continued)*

2.5 Basis of consolidation *(continued)*

venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(e) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of the investment.

2.6 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates, being its functional currency. All Group entities are based in the UK and have GBP Sterling (£) as the functional currency.

The consolidated financial statements are presented in GBP Sterling (£), its presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.7 Intangible assets

(a) Commission buy outs

Commission buy outs exist when they are purchased separately and are capitalised on the basis of the costs incurred to acquire them. Their fair value has been calculated as the sum of the present value of projected future commission savings. Amortisation is provided at a monthly rate of 3% on a reducing balance basis.

(b) Customer relationships

Customer relationship intangible assets exist through business combinations when the acquirer is able to benefit from selling future new business through existing relationships. Their fair value has been calculated as the sum of the present value of projected cash flows, in excess of returns on contributory assets over the life of the relationship with the customers. These assets are amortised on a straight line basis over their estimated useful lives of 10 years, which is estimated by reference to the history of the relationships and levels of attrition.

(c) Distribution network

Distribution network intangible assets exist through business combinations when the acquirer is able to benefit from already established distribution channels, mainly within underwriting. Their fair value has been calculated

Notes to the financial statements *(continued)*

2. Summary of significant accounting policies *(continued)*

2.7 Intangible assets *(continued)*

as the sum of the present value of projected future cash flows generated by existing distribution channels. These assets are amortised on a straight line basis over their estimated useful lives of 10 years, which is estimated by reference to the history of the relationships and levels of attrition.

(d) Brand

Brand intangible assets exist through business combinations when they are separable or arise from contractual or other legal rights. Their fair value has been calculated as the sum of the present value of projected royalty payments that would be paid to licence the right to use the brand. These assets are amortised on a straight line basis over their estimated useful lives of five years, which considers the Group's track record of retaining brands for a period and experience of the insurance broker market.

(e) 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.

(f) Internally-generated computer software

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development of computer software (or from the development phase of an internal project) is recognised if and only if all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period when it is incurred.

Subsequent to initial recognition, internally-generated intangible assets when ready for use as intended by management are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Internally-generated intangible assets are amortised on a straight line basis over their estimated useful lives of four years.

(g) 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 are recognised in profit or loss when the asset is derecognised.

Notes to the financial statements *(continued)*

2. Summary of significant accounting policies *(continued)*

2.8 Property, plant and equipment

Assets are stated at their net book value (historical cost less accumulated depreciation). Depreciation is calculated to write off the cost of such assets on a straight line basis over their estimated useful lives.

The principal rates of depreciation are as follows:

Leasehold improvements	–	over the life of the lease
Fixtures and fittings	–	15% per annum or over six years
Furniture and office equipment	–	20% per annum
Computer equipment	–	25% per annum
Motor vehicles	–	25% per annum

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period

Property, plant and equipment is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of property, plant and equipment, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

2.9 Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 (cash generating units).

2.10 Financial assets

The Group classifies its financial assets as loans and receivables, held to maturity and available for sale. The classification depends upon the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Trade receivables

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 Group 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.

Notes to the financial statements *(continued)*

2. Summary of significant accounting policies *(continued)*

2.10 Financial assets *(continued)*

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at banks with a maturity date of less than three months from the reporting date and other short-term highly liquid investments.

Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(b) Held to maturity

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

(c) Available for sale

Available for sale financial assets held by the Group can all be categorised as unlisted investments; these investments are held at fair value unless a fair value cannot be accurately determined in which case they are held at cost less any provision for impairment. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

2.11 Insurance broking debtors and creditors

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 Group. Other than the receivable for fees and commissions earned on a transaction, no recognition of the insurance transaction occurs until the Group 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 Group advances premiums, refunds or claims to insurance underwriters or clients prior to collection. These advances are reflected in the consolidated statement of financial position as part of trade receivables.

2.12 Trade payables

Trade payables are initially recognised at fair value and subsequently measured at amortised cost.

2.13 Borrowings

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date. Borrowings are recognised initially at fair value, net of transaction costs incurred. They are subsequently stated at amortised cost using the effective interest rate method.

2.14 Other financial liability

Embedded derivatives that were separated from their host contracts are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. Changes in the fair value of any embedded derivative instrument are recognised immediately in profit or loss and are included in other income or other expenses.

Notes to the financial statements *(continued)*

2. Summary of significant accounting policies *(continued)*

2.15 Fair value estimation

The fair value of financial instruments traded in active markets is based upon quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Group is the current bid price.

The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values. The fair values of financial liabilities are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

2.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Taxation

(a) Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provisions in the period in which such determination is made.

(b) Deferred Tax

The charge for taxation is based on the result for the period at current rates of tax and takes into account deferred tax. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the deferred tax provisions in the period in which such determination is made.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not recognised. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

2.18 Employee benefits

(a) Pension costs

The Group operates a number of defined contribution pension schemes.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity.

Notes to the financial statements *(continued)*

2. Summary of significant accounting policies *(continued)*

2.18 Employee benefits *(continued)*

The Group 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.

The costs of the Group's defined contribution pension schemes are charged to the income statement in the period in which they fall due.

(b) Share-based compensation

For cash-settled share-based payments, a liability is recognised for the goods and services acquired, measured initially at the fair value of the liability. At each statement of financial position date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

(c) Long-Term Incentive Plans

The Group operates a number of Long Term Incentive Plans (LTIPs), under which the Group 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 Group recognises an expense in respect of LTIPs over the vesting period, which is deemed to commence when the Group 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 Group 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 Group 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.

(d) Share-based payments

The Group operates an equity-settled, share-based compensation plan, under which the Group receives services from employees as consideration for the award of 'MIP shares'. MIP shares have no dividend or voting rights and cannot be sold, they are convertible to ordinary shares of TIG Topco Limited on occurrence of a 'crystallisation event'. The Group has the option to repurchase MIP shares if employees leave the Group prior to the occurrence of a crystallisation event. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense, measured based on the fair value of the options granted and recognised on a straight-line basis over the vesting period. At the end of each reporting period the Group assesses the length of the vesting period based on the most likely date of crystallisation, where a crystallisation event is not deemed probable no expense is recognised.

2.19 Provisions for liabilities and charges

A provision is recognised where there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reasonable estimate can be made of the amount of the obligation.

Notes to the financial statements *(continued)*

2. Summary of significant accounting policies *(continued)*

2.19 Provisions for liabilities and charges *(continued)*

The amount recognised as a provision is management's best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation.

Where appropriate the Group discounts provisions to their present value. The unwinding of the provision discounting is included as an interest charge within finance costs in the income statement.

2.20 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

(a) Commission and fees

Revenue includes commission and fees receivable by the Group's Insurance Broking, Underwriting and Paymentshield operating divisions. Commission and fees are recognised at later of policy inception date or when the policy placement has been completed and confirmed. To the extent that the Group 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. The Group also makes a provision for the value of overdue debt existing at the reporting date.

(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 at a point when they can be measured with reasonable certainty. Trading deal income includes volume based revenue and profit commissions receivable.

(c) Loss corridor

The Group's Underwriting division has entered into certain trading deals with insurers which include incentives and penalties based on performance of the book of business as measured by loss ratios. Each of these deals has a set loss ratio threshold, and where loss ratios for an accident year are outside this threshold, a payment is due to the insurer up to a maximum (between 1.0% and 4.0% of the loss).

(d) Other income

Other income represents rent receivable and service charges receivable in respect of sub-let properties.

2.21 Exceptional items

The Group has a formal policy and conducts a regular internal reporting process in relation to the identification, classification and review of exceptional items.

Exceptional items are charged or credited to operating profit/loss but are separately identified on the statement of comprehensive income to provide greater understanding of the Group's underlying performance. Items classified as exceptional items include: Group reorganisation costs; Group acquisition and financing costs and regulatory costs.

Group reorganisation costs relate to the ongoing business transformation programme which commenced in Q4 2015. Regulatory costs relate to various legacy FCA matters and related fines imposed by the FCA. Group acquisition and financing costs occurred solely in 2015 in relation to legal and professional fees on the Group acquisition transaction of 2 April 2015.

Notes to the financial statements *(continued)*

2. Summary of significant accounting policies *(continued)*

2.21 Exceptional items *(continued)*

To assist in the analysis and understanding of the underlying trading position of the Group these items are summarised under the heading of exceptional items within operating loss (see note 5).

Any impairment charges arising from the review of the carrying value of goodwill and intangible assets are, where material, classified as exceptional costs.

2.22 Leases

Assets held under leasing agreements, which transfer substantially all the risks and rewards of ownership to the Group are included in property, plant and equipment. The capital elements of the related lease obligations are included in liabilities. The interest elements of the lease obligations are charged to the income statement over the period of the lease term.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

2.23 Dividend distribution

Dividends proposed or declared after the statement of financial position date are not recognised as a liability at the reporting date. Final dividends are recognised as a charge to equity once approved and interim dividends are charged once paid.

2.24 Operating segments

The Group determines and presents operating segments based on the information that is internally provided to the Group Executive Committee which is the Group's chief operating decision maker. The operating segments identified by the Group reflect the Group's operational structure, which is by division. The services provided by the Underwriting, Insurance Broking and Paymentshield divisions are distinct and different to each other. Each of these divisions has adopted a unique delivery platform for their distribution of insurance products and services to customers; hence they are managed and reported on separately. Further information on the Group's operating segments is provided in note 4.

2.25 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 Insurance Contracts 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.

2.26 Discontinued operations

A disposal group qualifies as a discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or
- is a subsidiary acquired exclusively with a view to resale.

Notes to the financial statements *(continued)*

2. Summary of significant accounting policies *(continued)*

2.26 Discontinued operations *(continued)*

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as 'total comprehensive profit or loss for the period attributable to discontinued operations' in the consolidated statement of comprehensive income.

Additional disclosures are provided in Note 11. All other notes to the financial statements include amounts for continuing operations, unless otherwise mentioned.

3. Critical accounting estimates and judgements

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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

3.1 Impairment of assets

The Group tests annually whether goodwill 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 costs to sell and a value in use calculation prepared on the basis of management's assumptions and estimates. This determination requires significant judgement. In making this judgement the Group 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. More specific assumptions vary between cash generating units but include the gross commission rate, net new business, expense ratio, discount rate and terminal growth rate.

The carrying amount of goodwill at the 31 December 2016 was £412.4m (31 December 2015: £422.4m) after an impairment loss of £Nil (2015: £86.4m) was recognised during the year. Details of the annual impairment review are set out in note 12.

3.2 Revenue recognition

(a) 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 Group 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 period 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 Group's financial performance.

(b) Loss corridor

The Group's Underwriting division has entered into certain trading deals with insurers which include incentives and penalties based on performance of the book of business as measured by loss ratios. Each of these deals has a

Notes to the financial statements *(continued)*

3. Critical accounting estimates and judgements *(continued)*

3.2 Revenue recognition *(continued)*

set loss ratio threshold, and where loss ratios for an accident year are outside this threshold, a payment is due to the insurer up to a maximum (between 1.0% and 4.0% of the loss). The amount of the loss corridor is recognised as a reduction to commission and fee income in the period that the amount can be measured reliably and a loss for the Group is probable under the contract. For each accident year, the final results are calculated by Towergate and agreed with insurers within nine months. For the current period Towergate and the insurers have calculated a reasonable best estimate of the underwriting result which is assessed in quarterly joint update meetings.

The Group is carrying a provision in relation to loss corridor schemes of £8.9m as at 31 December 2016, see note 24, provisions for other liabilities and charges.

3.3 Deferred tax assets

Significant judgement is required in determining the asset recognised in respect of deferred tax. A deferred tax asset is recognised for temporary timing differences, managements best estimate is used to determine the extent that it is probable that taxable profit will be available in the future, against which the temporary differences can be utilised and of the amount of this taxable profit. Deferred tax assets are measured at the tax rates / laws that have been enacted or substantively enacted by the end of the reporting period.

The deferred tax asset as at 31 December 2016 is £16.4m, see note 23, current tax and deferred tax.

3.4 Errors and omissions liability

During the ordinary course of business, the Group can be subject to claims for errors and omissions made in connection with its broking activities. A statement of financial position provision is established in respect of such claims when it is probable that the liability has been incurred and the amount of the liability can be reasonably estimated.

The Group analyses its litigation exposures based on available information, including external legal consultation where appropriate, to assess its potential liability.

The outcome of the currently pending and future proceedings cannot be predicted with certainty. Thus, an adverse decision in a current or future lawsuit could result in additional costs that are not covered, either wholly or partially, under insurance policies and are in excess of the presently established provisions. It is possible therefore that the financial position, results of operations or cash flows of the Group could be materially affected by the unfavourable outcome of litigation.

The Group is carrying a provision in relation to errors and omissions of £3.8m as at 31 December 2016, see note 24, provisions for other liabilities and charges.

3.5 Unregulated Collective Investment Schemes (UCIS) provision

Amounts have been provided for in respect of obligations to pay redress costs and professional costs associated with independent file reviews in relation to past advice given to customers on Unregulated Collective Investment Schemes (UCIS).

The UCIS provision represents management's best estimate of the Group's liability in relation to these costs. This estimate is based on actual experience and uses a calculation of average redress costs, taking into account customer contact and response rates, and allows for the deduction of income distributions and surrender values from capital losses. This initial estimate was undertaken by an independent third party and has been re-assessed on a regular basis using the most up-to-date redress payment experience. No allowance has been made for possible insurance recoveries on the basis that there is insufficient basis to provide an estimate of the likely amounts.

It is management's expectation that substantially all of the costs will be settled during 2017.

Notes to the financial statements *(continued)*

3. Critical accounting estimates and judgements *(continued)*

3.5 Unregulated Collective Investment Schemes (UCIS) provision *(continued)*

The Group is carrying a provision for UCIS redress costs of £10.7m as at 31 December 2016, see note 24, provisions for other liabilities and charges.

3.6 Enhanced transfer values (ETV) contingent liability

A contingent liability has been disclosed in relation to future obligations to pay redress costs and professional costs associated with independent file reviews in relation to past advice given to customers on ETV. Given the number of material uncertainties that exist around ETV redress, it is not yet possible to make a reliable estimate of the Group's ultimate liability.

An internal range of possible redress costs has been derived from a set of assumptions based on currently available information. In view of the material uncertainties all such assumptions are subject to change and the Group can give no assurances as to whether its ultimate liability will be within this range or not. The ultimate liability for ETV may, therefore, be materially different.

For further details on the uncertainties relating to ETV see note 35, contingent liabilities and contingent assets.

3.7 Accounting for interests in other entities

Judgment is required in assessing the level of control obtained in a transaction to acquire an interest in another entity; depending upon the facts and circumstances in each case the Group may obtain control, joint control or significant influence over the entity or arrangement. Transactions which give the Group control of a business are business combinations. If the Group obtains joint control of an arrangement, judgment is also required to assess whether the arrangement is a joint operation or a joint venture. If the Group has neither control nor joint control, it may be in a position to exercise significant influence over the entity, which is then accounted for as an associate.

On 1 July 2016, the Group acquired 19.9% of the voting shares in Bravo Investment Holdings Limited (Bravo). Bravo acquired The Broker Network Limited and Countrywide Insurance Management Limited from Towergate.

Towergate does however retain significant influence over the entities as although Towergate's shareholding has been reduced to 19.9% and therefore there is a rebuttable presumption that significant influence does not exist, the presumption is overcome, primarily due to representation on the board by Mark Mugge, giving Towergate the power to participate in (but not control) the financial and operating policy decisions of Broker Network. Therefore, Group uses the equity method of accounting for its investment in Bravo because under IFRS it is considered to have significant influence.

As part of the consideration for the sale of Broker Network, the Group may receive contingent consideration or suffer an ownership dilution in Bravo if certain event and performance measures occur. See note 35, contingent liabilities and contingent assets, for further details.

4. Operating segments

Under IFRS 8 'Operating Segments', the Group determines and presents operating segments based on the information that is provided to the Group Executive Committee which is the Group's chief operating decision maker. The operating segments identified by the Group reflect the Group's operational structure, which is by division. Each of these divisions has adopted a unique delivery platform for their distribution of insurance products and services to customers; hence they are managed and reported on separately. The Group Executive Committee assess the performance of the operating segments based on measures of revenue and adjusted earnings. Statement of financial position measures are not regularly provided to the Group Executive Committee.

Notes to the financial statements *(continued)*

4. Operating segments *(continued)*

During 2016, the Group took the opportunity to review its internal segments. This review, together with the subsequent announcement of the disposal of the Broker Network business has led to a revised definition of the divisional reporting elements. The Advisory and Retail divisions (as reported in 2015) have been combined into one segment, Insurance Broking.

The different lines of business in the Group are as described in the strategic report.

The results include items directly attributable to a line of business as well as those that can be allocated on a reasonable basis.

Information regarding geographical areas is not presented as all businesses are located in the United Kingdom and turnover consists of sales made in the United Kingdom.

The results of the above classes of businesses can be analysed as follows:

Year ended 31 December 2016

Continuing operations	Insurance Broking £000	Underwriting £000	Paymentshield £000	Other (1) £000	Total £000
Commissions and fees	**205,536**	**64,506**	**48,000**	**—**	**318,042**
Other income	**1**	**—**	**—**	**194**	**195**
Investment income	**—**	**113**	**9**	**160**	**282**
Finance income	**2**	**—**	**—**	**199**	**201**
Expenses	**(195,565)**	**(54,971)**	**(16,632)**	**49**	**(267,119)**
Adjusted earnings (2)	**9,974**	**9,648**	**31,377**	**602**	**51,601**
Depreciation and amortisation	**(23,132)**	**(10,439)**	**(9,624)**	**(944)**	**(44,139)**
Exceptional items on the face of the statement of comprehensive income	**(3,518)**	**(1,641)**	**—**	**(9,333)**	**(14,492)**
Other (costs) / income (3)	**(8,355)**	**(4,962)**	**(390)**	**(4,537)**	**(18,244)**
Finance costs	**(274)**	**(34)**	**(562)**	**(46,135)**	**(47,005)**
Share of loss from associate	**—**	**—**	**—**	**(706)**	**(706)**
(Loss) / profit before tax	**(25,305)**	**(7,428)**	**20,801**	**(61,053)**	**(72,985)**
Income tax credit / (charge)	**4,429**	**1,106**	**(7,120)**	**13,430**	**11,845**
(Loss) / profit attributable to continuing operations	**(20,876)**	**(6,322)**	**13,681**	**(47,623)**	**(61,140)**
Discontinued operations	**—**	**—**	**—**	**18,141**	**18,141**
Total comprehensive (loss) / profit	**(20,876)**	**(6,322)**	**13,681**	**(29,482)**	**(42,999)**

(1) 'Other' does not represent a segment in its own right but consists of the remaining areas of the business that are not categorised into the main segments, including the results of discontinued operations.
(2) In these financial results, references to adjusted earnings are to earnings before finance costs, tax, depreciation and amortisation, significant one-off items including Group reorganisation costs and regulatory costs, share of loss from associate, gain/loss on sale of businesses and investments, reduction in value of financial liabilities acquired, one-off business investment costs and transformation costs.
(3) Other (costs) / income represent one-off business investment costs, transformation costs, gain/loss on sale of businesses and investments and reduction in value of financial liabilities acquired.

Notes to the financial statements *(continued)*

4. Operating segments *(continued)*

5 February 2015 to 31 December 2015 [1]

Continuing operations	Insurance Broking £000	Underwriting £000	Paymentshield £000	Other [2] £000	Total £000
Commissions and fees	163,505	56,617	38,478	(369)	258,231
Other income	—	—	—	159	159
Investment income	1	8	32	187	228
Finance income	—	6	—	399	405
Expenses	(131,538)	(39,880)	(12,113)	(32,658)	(216,189)
Adjusted earnings [3]	31,968	16,751	26,397	(32,282)	42,834
Depreciation and amortisation	(16,628)	(7,627)	(7,588)	(993)	(32,836)
Exceptional items on the face of the statement of comprehensive income	(32,689)	(644)	—	(50,273)	(83,606)
Other (costs) / income [4]	1,486	(664)	—	5	827
Impairment of goodwill	(86,400)	—	—	—	(86,400)
Finance costs	—	—	—	(34,491)	(34,491)
(Loss) / profit before tax	(102,263)	7,816	18,809	(118,034)	(193,672)
Income tax credit / (charge)	4,251	1,991	1,751	(1,206)	6,787
(Loss) / profit attributable to continuing operations	(98,012)	9,807	20,560	(119,240)	(186,885)
Discontinued operations	—	—	—	2,421	2,421
Total comprehensive (loss) / profit	(98,012)	9,807	20,560	(116,819)	(184,464)

(1) The Company was incorporated on the 5 February 2015 however the Group had no income or expenditure prior to 2 April 2015. Accordingly, the period shown above is for the nine-month period and not the full eleven months.
(2) 'Other' does not represent a segment in its own right but consists of the remaining areas of the business that are not categorised into the main segments, including the results of discontinued operations.
(3) In these financial results, references to adjusted earnings are to earnings before finance costs, tax, depreciation and amortisation, significant one-off items including Group acquisition and financing costs, Group reorganisation costs and regulatory costs, share of loss from associate, gain/loss on sale of businesses and investments, reduction in value of financial liabilities acquired, one-off business investment costs and transformation costs.
(4) Other (costs) / income represent one-off business investment costs, transformation costs, gain/loss on sale of businesses and investments and reduction in value of financial liabilities acquired.

Notes to the financial statements *(continued)*

5. Operating loss

The following items have been charged / (credited) in arriving at operating loss:

	2016 £000	2015 £000
Amortisation of intangible fixed assets		
- software costs	**9,750**	5,701
- other intangible assets	**31,573**	24,743
Depreciation on property, plant and equipment		
- owned assets	**2,930**	2,876
- leased assets under finance leases	**113**	143
Profit on disposal of non-current assets	**(20)**	(19)
Charged in discontinued operations	**(207)**	(608)
Total depreciation and amortisation charges	**44,139**	32,836
Operating lease rentals expense:		
Minimum lease payments		
- land and buildings	**10,799**	10,877
- other assets	**538**	243
Exceptional items:		
Group acquisition and financing costs	**—**	41,212
Group reorganisation costs	**10,315**	14,995
Regulatory costs	**4,177**	27,399
Other charges during the period:		
Impairment of goodwill	**—**	86,400
Other credits during the period:		
Gain on disposal of businesses and investments	**(973)**	—
Reduction in value of financial liabilities acquired	**(1,383)**	(1,456)

Exceptional items

Group changes programme

A number of change programmes have been continued since the acquisition of the TIL Group. These programmes were designed to improve efficiency across the business, to build regulatory resilience, to position the Group to exploit future scale advantages and to enhance the customer proposition. They have been disclosed on the face of the consolidated statement of comprehensive income as exceptional items.

Group reorganisation costs

In Q4 2015, Towergate began a business transformation programme aimed to drive efficiencies and income growth. This includes initiatives to transform the IT infrastructure, simplify and automate processes and redeploy resources in Finance, change the property footprint, and a reorganisation of the Advisory business, within the Insurance Broking division, to grow the Advisory sales force.

These initiatives had an aggregate cost of £10.3m during the year (2015: £15.0m).

Regulatory costs

The Group incurred exceptional regulatory costs of £4.2m during the year (2015: £27.4m). In 2016, these items represent ongoing costs and expenses related to various legacy FCA related matters, and include a £2.6m fine levied by the FCA on Towergate Underwriting Group Limited, a subsidiary company, in relation to historical client and insurer money issues.

Notes to the financial statements *(continued)*

6. Investment income

	2016 £000	2015 £000
Interest income – fiduciary funds	**302**	262
Credited to discontinued operations	**(20)**	(34)
Interest income – fiduciary funds	**282**	228

The Group's investment income arises from its holdings of cash and investments relating to fiduciary funds. Equivalent average cash and investment balances during the period amounted to £107.4m (2015: £146.3m) denominated principally in sterling. The average return for 2016 was 0.28% (2015: 0.18%).

7. Finance income and finance costs

	2016 £000	2015 £000
Interest income – own funds	**199**	405
Dividends received	**3**	—
Credited in discontinued operations	**(1)**	—
Other finance costs		
- unwinding of discount on provisions	**(708)**	(1,174)
- unwinding of discount on financial liabilities	**(1,183)**	—
- amortisation of capitalised debt costs	**(638)**	(555)
Interest expense		
- bank and other borrowings	**(43,929)**	(32,784)
- finance leases	**(11)**	(11)
- on overdue tax	**(559)**	(3)
Charged in discontinued operations	**23**	36
Net finance costs	**(46,804)**	(34,086)
Finance costs	**(47,005)**	(34,491)
Finance income	**201**	405
Net finance costs	**(46,804)**	(34,086)

During the period, the interest expense on the £425.0m of 8.75% senior secured notes and £75.0m of floating rate super senior secured notes totalled £43.4m (2015: £32.8m). A further £1.2m was recognised during the year relating to the unwind of the discount on these instruments as part of accounting for these at amortised cost (2015: £nil).

8. Employee information

8.1 Salaries and associated expenses

	2016 £000	2015 £000
Wages and salaries	**166,410**	117,444
Social security costs	**17,267**	12,749
Other pension costs	**2,893**	2,719
Charged in discontinued operations	**(2,990)**	(4,302)
Salaries and associated expenses	**183,580**	128,610

Notes to the financial statements *(continued)*

8. Employee information *(continued)*

8.2 Analysis of employees

	2016	2015
Average number of persons employed by the Group during the period:		
Administration	**1,755**	2,374
Sales	**2,201**	1,821
Management	**335**	421
Total	**4,291**	4,616

8.3 Key management compensation

Key management personnel are defined as the members of the senior management and Board for the year ended 31 December 2016.

Their compensation was as follows:

	2016 £000	2015 £000
Fees, salaries and other short term benefits	**6,159**	7,590
Post-employment benefits	**142**	146
Termination payments	**417**	313
	6,718	8,049

8.4 Directors' remuneration

	2016 £000	2015 £000
Aggregate emoluments	**2,238**	2,168
Company contributions to money purchase pension scheme	**38**	22
	2,276	2,190

The aggregate emoluments of the highest paid Director were £1.2m (2015: £1.4m) and company pension contributions of £0.002m (2015: £0.02m) were made to a money purchase scheme on their behalf.

	2016	2015
Retirement benefits are accruing to the following number of Directors under:		
Money purchase schemes	**2**	—

All Directors benefit from qualifying third party indemnity provisions in place during the financial period and at the date of this report.

8.5 Long-term incentives

See note 2.18 for the accounting policy and note 24 for details of the provision recognised in respect of the schemes.

Notes to the financial statements *(continued)*

9. Auditor's remuneration

During the period, the Group obtained the following services from the Company's auditor and its associates:

	2016 £000	2015 £000
Fees payable to the Group's auditor and its associates for the audit of the parent company and the consolidated financial statements	**50**	50
Fees payable to the Company's auditor and its associates for other services:		
- Audit of financial statements of subsidiaries of the Company	**1,083**	1,167
- Audit related assurance services	**162**	188
- Other tax advisory services	**22**	21
	1,317	**1,426**

10. Income tax

	2016 £000	2015 £000
Deferred tax – current year	**2,249**	6,958
Deferred tax – adjustment in respect of prior period	**10,003**	—
Corporation tax – adjustment in respect of prior period	**(371)**	—
Credited to discontinued operations	**(36)**	(171)
Income tax credit	**11,845**	6,787

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to losses of the consolidated entities as follows:

	2016 £000	2015 £000
Loss before taxation on continuing operations	**(72,985)**	(193,672)
Tax calculated at UK corporation tax rate of 20.0%:	**14,597**	38,734
Tax effects of:		
Expenses not deductible for tax purposes	**(620)**	(3,610)
Amortisation of intangible assets	**820**	214
Impairment of intangibles	**307**	(17,280)
Effect of disposal of subsidiaries	**194**	(111)
Other	**1,084**	(600)
Tax losses for which no deferred tax asset is recognised	**(13,318)**	(11,500)
Amounts group relieved to discontinued operations	**(305)**	—
Deferred tax expense / (credit) relating to changes in tax rates or laws	**(546)**	940
Tax adjustment for prior periods	**9,633**	—
Income tax credit on continuing operations	**11,845**	6,787

Future tax impacts

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015 and an additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. These reductions will reduce the Company's future current tax charge / credit accordingly.

Notes to the financial statements *(continued)*

10. Income tax *(continued)*

The deferred tax asset / liability at 31 December 2016 has been calculated based on the rates disclosed in the above paragraph.

11. Discontinued operations and business disposals

On 22 March 2016, the Group agreed to sell the entire issued share capital of The Broker Network Limited and Countrywide Insurance Management Limited, each a wholly owned subsidiary of the Group, and the assets of Broker Network Underwriting, a trading style of Towergate Underwriting Group Limited (together, Network) to funds advised by HPS Investment Partners LLC. The transaction completed on 1 July 2016. The consideration for the acquisition was satisfied in part by the allotment to Towergate of approximately 19.9% of the shares in the acquisition vehicle, Bravo Investment Holdings Limited, in part through an initial cash consideration of £29.0m and contingent consideration of up to a further £17.2m if certain events and performance measures occur (the Broker Network sale), see note 35 "contingent liabilities and contingent assets".

The results of these businesses have been classified as discontinued operations within the consolidated statement of comprehensive income.

11.1 Results of the discontinued operations

Network division	**Year ended 31 December 2016**	Period ended 31 December 2015
	£ 000	£ 000
Income	**6,187**	8,846
Expenses	**(4,954)**	(6,596)
Profit from operating activities	**1,233**	2,250
Tax credit on operating profit	**36**	171
Profit from operating activities, net of tax	**1,269**	2,421
Profit on sale of discontinued operations	**16,872**	—
Tax on profit on sale of discontinued operations	**—**	—
Profit for the period attributable to discontinued operations	**18,141**	2,421

11.2 Cash flows from / (used in) discontinued operations

Network division	**Year ended 31 December 2016**	Period ended 31 December 2015
	£ 000	£ 000
Operating cash flows	**5,344**	(606)
Investing cash flows	**(212)**	(130)
Total cash inflows / (outflows)	**5,132**	(736)

Notes to the financial statements *(continued)*

11. Discontinued operations and business disposals *(continued)*

11.3 Business disposals

The disposal of the 'Network' division took place on 1 July 2016. Further details are provided in the table below.

	Network £000
Non-current assets	
Intangible assets	**15,273**
Property, plant and equipment	**440**
	15,713
Current assets	
Trade and other receivables	**14,158**
Cash and cash equivalents (see below)	**17,132**
	31,290
Current liabilities	
Trade and other payables	**(27,076)**
Provisions for other liabilities and charges	**(272)**
	(27,348)
Non-current liabilities	
Deferred tax liabilities	**(813)**
	(813)
Total net assets	**18,842**
Satisfied by:	
Proceeds received – initial consideration	**29,069**
Costs to sell	**(617)**
Investment in associate	**7,201**
Reimbursement asset	**61**
Profit on disposal – shown in discontinued operations	**(16,872)**
	18,842

Cash and cash equivalents disposed of, is split by type as follows:

	Network £000
Own funds	**2,216**
Owns funds – restricted	**583**
Fiduciary	**14,333**
	17,132

The results of the Network division are shown separately in the statement of comprehensive income as discontinued operations. The comparative period results have been re-presented to include those operations classified as discontinued in the current year, in the statement of comprehensive income.

Notes to the financial statements *(continued)*

12. Intangible assets

	Goodwill £000	Commission buy outs £000	Customer relationships £000	Distribution network £000	Brand £000	Computer software – internal development £000	Computer software £000	Total £000
2016								
Cost at 1 January 2016	**508,778**	**12,181**	**120,352**	**110,582**	**30,159**	**12,652**	**22,433**	**817,137**
Additions	**—**	**108**	**305**	**—**	**—**	**39**	**13,121**	**13,573**
Transfer to property, plant and equipment	**—**	**—**	**—**	**—**	**—**	**(4)**	**(14)**	**(18)**
On disposal of subsidiaries	**(9,997)**	**—**	**(2,407)**	**(2,212)**	**(603)**	**—**	**(790)**	**(16,009)**
Disposals	**—**	**—**	**—**	**—**	**—**	**—**	**(78)**	**(78)**
At 31 December 2016	**498,781**	**12,289**	**118,250**	**108,370**	**29,556**	**12,687**	**34,672**	**814,605**
Impairment/amortisation at 1 January 2016	**86,400**	**2,899**	**9,026**	**8,294**	**4,524**	**2,109**	**3,592**	**116,844**
Amortisation charge for the year	**—**	**2,860**	**11,880**	**10,892**	**5,941**	**9**	**9,741**	**41,323**
On disposal of subsidiaries	**—**	**—**	**(241)**	**(221)**	**(121)**	**—**	**(153)**	**(736)**
At 31 December 2016	**86,400**	**5,759**	**20,665**	**18,965**	**10,344**	**2,118**	**13,180**	**157,431**
At 31 December 2016								
Cost	**498,781**	**12,289**	**118,250**	**108,370**	**29,556**	**12,687**	**34,672**	**814,605**
Accumulated impairment / amortisation	**(86,400)**	**(5,759)**	**(20,665)**	**(18,965)**	**(10,344)**	**(2,118)**	**(13,180)**	**(157,431)**
Closing net book amount	**412,381**	**6,530**	**97,585**	**89,405**	**19,212**	**10,569**	**21,492**	**657,174**

	Goodwill £000	Commission buy outs £000	Customer relationships £000	Distribution network £000	Brand £000	Computer software – internal development £000	Computer software £000	Total £000
2015								
Cost at 5 February 2015	—	—	—	—	—	—	—	—
On acquisition of TIL	508,687	11,916	120,352	110,582	30,159	10,714	19,932	812,342
Transfer from property, plant and equipment	—	—	—	—	—	—	5	5
Additions	95	265	—	—	—	3,622	2,580	6,562
Disposals	(4)	—	—	—	—	(1,684)	(84)	(1,772)
At 31 December 2015	508,778	12,181	120,352	110,582	30,159	12,652	22,433	817,137
Impairment / amortisation at 5 February 2015	—	—	—	—	—	—	—	—
Amortisation charge for the period	—	2,899	9,026	8,294	4,524	2,109	3,592	30,444
Impairment	86,400	—	—	—	—	—	—	86,400
At 31 December 2015	86,400	2,899	9,026	8,294	4,524	2,109	3,592	116,844
At 31 December 2015								
Cost	508,778	12,181	120,352	110,582	30,159	12,652	22,433	817,137
Accumulated impairment / amortisation	(86,400)	(2,899)	(9,026)	(8,294)	(4,524)	(2,109)	(3,592)	(116,844)
Closing net book amount	422,378	9,282	111,326	102,288	25,635	10,543	18,841	700,293

Notes to the financial statements *(continued)*

12. Intangible assets *(continued)*

12.1 Impairment tests for goodwill

Management reviews business performance based on lines of business. Goodwill was allocated to these lines of business, being the cash generating units (CGUs) as identified at the time of acquisition of the Group.

During 2016 the Group sold its investment in The Broker Network Limited and Countrywide Insurance Management Limited (Broker Network). The goodwill and intangible assets previously allocated to the Broker Network CGU were written off as part of the sale and taken as a reduction of the gain on sale.

The Group's specialist London Market broking business, Bishopsgate (previously known as Towergate London Market, TLM), has been split out of the Advisory business and is now managed as a separate division; accordingly, the Group also considers Bishopsgate to be a separate CGU for purposes of impairment testing. Goodwill has been reallocated to Bishopsgate based on the relative proportion of Advisory's profitability deemed to relate to TLM within the original purchase price allocation exercise.

A summary of goodwill allocated to each CGU is presented below:

	Goodwill 31 December 2015 £m	Goodwill reallocated £m	Goodwill disposed £m	Goodwill 31 December 2016 £m
Advisory	87.0	(5.7)	—	81.3
Retail	100.0	—	—	100.0
Bishopsgate	—	5.7	—	5.7
Underwriting	137.5	—	—	137.5
Paymentshield	87.9	—	—	87.9
Broker Network	10.0	—	(10.0)	—
	422.4	**—**	**(10.0)**	**412.4**

Goodwill is tested for impairment by comparing the carrying value of the CGU to which the goodwill has been allocated to the recoverable value of that CGU. The recoverable value of the CGU is determined as the higher of fair value less costs to sell (FVLCS) or value in use (VIU), in accordance with the Group's accounting policy in note 2. For the year ending 31 December 2016, FVLCS is deemed to be the appropriate valuation basis due to the recent share transactions, the most recent of which being in Q1 2017, when shareholders subscribed to a £40m Rights Issue (see note 37). Prior to these transactions the value-in-use basis was used.

The FVLCS for each CGU is considered a Level 3 valuation in the fair value hierarchy. The FVLCS was derived first by performing a valuation of the whole Group and then by allocating that valuation to the CGUs.

The Group's FVLCS has been calculated by adding the value derived for the Group's equity to the fair value of its outstanding debt, less a reasonable allowance for costs to sell. The Group's equity valuation is based on a weighted average value of the price per share paid by MDP in its September 2016 Tender Offer (adjusted for a Minority discount) and the Rights Issue subscription price in the Q1 2017 transaction.

The FVLCS was allocated to each CGU based on its relative proportion of the Group's total forecast cash flows into perpetuity; derived from the three-year plan and applying a terminal growth rate of 2.1% (Paymentshield 0%) and a post-tax discount rate of 10% (Bishopsgate 10.5%). This most accurately reflects the perspective of external market participants as it incorporates the Group's future investment plans and strategic objectives of the Group in the value attributed to each CGU.

The FVLCS allocated to each CGU is in excess of the respective carrying values and no impairment of goodwill is necessary for the year ended 31 December 2016.

Notes to the financial statements *(continued)*

12. Intangible assets *(continued)*

12.2 Key assumptions and sensitivity analysis

Year ended 31 December 2016

Equity valuation

- *Weighted Average Value per share*

  The weighted average value per share is calculated at £0.98 on the basis of the September 2016 and Q1 2017 shareholder transactions. Any reduction greater than 16.9% (£0.16 per share) in the weighted average value per share would result in an impairment in the Retail CGU. Any reduction greater than 13.0% (£0.12 per share) in the weighted average value per share would result in an impairment in the Underwriting CGU.

  No reasonable change in this assumption alone would result in the impairment of any other CGU.

- *Minority Discount*

  A minority discount of 24% has been assumed in the Group's valuation which has been approximated by reference to market data.

  No reasonable change in this assumption alone would result in the impairment of any CGU.

Fair value of borrowings

The fair value of the outstanding debt used in the FVLCS calculation was £500.8m (see note 15). A movement in fair value of 11.9% would result in an impairment in the Retail CGU. A movement in fair value of 9.1% would result in an impairment in the Underwriting CGU.

No reasonable change in this assumption alone would result in the impairment of any other CGU.

Period ended 31 December 2015

In the prior period goodwill arose on the acquisition of Towergate Insurance Limited (TIL) and an impairment of £86.4m was recognised in the Retail CGU as a result of the year end impairment test. The value-in-use (VIU) technique was used to determine the carrying value of each CGU.

A summary of goodwill and intangibles with indefinite useful lives allocated to each CGU on acquisition of TIL is presented below:

	Goodwill on acquisition £m	Intangibles on acquisition £m	Impairment £m	Goodwill and intangibles 31 December 2015 £m
Advisory	87.0	48.9	—	135.9
Retail	186.4	100.4	(86.4)	200.4
Underwriting	137.5	70.1	—	207.6
Paymentshield	87.9	53.1	—	141.0
Broker Network	10.0	5.4	—	15.4
	508.8	**277.9**	**(86.4)**	**700.3**

Goodwill was tested for impairment and where necessary the carrying value of the CGU to which the goodwill relates was reduced to its recoverable amount. Each CGU's VIU was calculated using an actuarially determined appraisal value, based on the present value of expected profits from future new business. The calculations were based on profit projections based on the most recent five-year business plans approved by management. Future new business profits for the remainder of the given period beyond the initial five years were extrapolated using estimated growth rates. Growth rates and expected future profits were set with regards to management estimates, past experience and relevant available market statistics.

Notes to the financial statements *(continued)*

12. Intangible assets *(continued)*

12.2 Key assumptions and sensitivity analysis *(continued)*

VIU was calculated using the following post-tax discount rate, pre-tax discount rate and terminal growth rates as set out in the table below:

	Post-tax discount rate	**Pre-tax discount rate**	**Terminal growth rate**
Advisory	11.0%	13.0%	2.3%
Retail	11.0%	13.1%	2.3%
Underwriting	11.0%	13.1%	2.3%
Paymentshield	11.0%	14.0%	0.0%
Broker Network	11.4%	13.6%	2.3%

Discount rate

The discount rate was based on an estimated industry beta of 0.86, a B- debt rating, expected debt to equity ratio of 84:16 and Group WACC. A different discount rate has been used for Network to reflect a higher size premium given its relative size to the other CGU's.

The following discount rates would have been required in order to trigger an impairment:

	Post-tax discount rate	**Pre-tax discount rate**
Advisory	12.2%	14.5%
Underwriting	11.2%	13.4%
Paymentshield	13.6%	17.4%
Broker Network	18.9%	23.0%

Terminal growth rate (TGR)

The TGR was in line with the forecast 2.3% GDP growth for the UK. No TGR was used for Paymentshield which best reflected future forecast.

Key profit and loss assumptions

There were a number of key assumptions embedded in the five year used plan and varying growth rates were used to reflect the experience of the existing management team and the impact of various initiatives underway. The average growth rates during 2016 – 2020 were as follows:

	Total Growth 2016-2020	**Average growth**
Advisory	116.7%	16.7%
Retail	56.2%	9.3%
Underwriting	50.2%	8.5%
Paymentshield	(26.4%)	(6.0%)
Broker Network	20.2%	3.7%

A number of key initiatives had commenced and the impact of these initiatives delivering below expectation was tested by reducing the forecast on each by 50%. The impact on the impairment test was as follows:

	Headroom / (Impairment) £m
Advisory	12.4
Retail	(111.3)
Underwriting	2.6

Notes to the financial statements *(continued)*

12. Intangible assets *(continued)*

12.2 Key assumptions and sensitivity analysis *(continued)*

The following were also key assumptions used in Advisory, Retail, Underwriting and Paymentshield:

Gross commission rate

The gross commission rate represented the average commission rate received by the Group from its insurance capacity providers, prior to any deductions of payaway payments to other entities.

Net new business

The net new business assumptions captured the overall movement in income from prior periods taking into account both new business values and retention of existing customers.

Expense ratio

The expense ratio showed improvement over the five-year plan. This reflected the ongoing cost reduction program which began in 2015.

Change in assumption required to trigger impairment

Scenarios were run in which each of the key sensitivities and changed independently in order to determine the degree by which they would need to change to trigger impairment. The table below shows the absolute movement in each key assumption that would have been required to trigger impairment.

	Gross commission rate	Expense ratio	Net new business
Advisory	1.8%	2.2%	2.3%
Underwriting	0.3%	0.8%	0.7%

A 1% adverse movement in any one of the key assumptions within Retail would have caused further impairment of:

	Gross commission rate £m	Expense ratio £m	Net new business £m
Retail	7.6	7.0	8.4

A reasonably possible change in assumptions within Paymentshield division would not have resulted in impairment.

Broker Network

For Broker Network the key profit and loss assumptions were:

Member numbers

Broker Network received a fee from each member and therefore the number of members drove the level of income.

Gross written premium (GWP) with insurer partners

Broker Network had a number of arrangements with insurer partners on which income was derived from the GWP written by members with the insurer partners

Commission percentage

The commission percentage was the level of income received on the GWP with the insurer partners.

A reasonable movement in assumptions within Broker Network would not have caused an impairment of goodwill.

Notes to the financial statements *(continued)*

13. Property, plant and equipment

	Leasehold improvements £000	Assets under construction £000	Furniture & office equipment £000	Computer equipment £000	Fixtures & fittings £000	Motor vehicles £000	Total £000
2016							
Cost at 1 January 2016	**5,022**	**—**	**1,149**	**4,457**	**1,376**	**325**	**12,329**
Adjustment to opening balance	**—**	**—**	**—**	**—**	**—**	**(23)**	**(23)**
Additions	**247**	**3,404**	**204**	**7,998**	**1,426**	**18**	**13,297**
Transfer between classes	**—**	**—**	**(7)**	**10**	**(3)**	**—**	**—**
Transfers from intangible assets	**—**	**—**	**—**	**18**	**—**	**—**	**18**
Disposals	**(5)**	**—**	**(23)**	**(51)**	**(6)**	**(83)**	**(168)**
On disposal of subsidiaries	**(703)**	**—**	**(275)**	**(220)**	**(41)**	**—**	**(1,239)**
At 31 December 2016	**4,561**	**3,404**	**1,048**	**12,212**	**2,752**	**237**	**24,214**
Depreciation at 1 January 2016	**723**	**—**	**319**	**1,540**	**330**	**107**	**3,019**
Charge for the year	**772**	**—**	**361**	**1,357**	**485**	**68**	**3,043**
Disposals	**(5)**	**—**	**(23)**	**(26)**	**(6)**	**(40)**	**(100)**
On disposal of subsidiaries	**(345)**	**—**	**(275)**	**(149)**	**(30)**	**—**	**(799)**
At 31 December 2016	**1,145**	**—**	**382**	**2,722**	**779**	**135**	**5,163**
At 31 December 2016							
Cost	**4,561**	**3,404**	**1,048**	**12,212**	**2,752**	**237**	**24,214**
Accumulated depreciation	**(1,145)**	**—**	**(382)**	**(2,722)**	**(779)**	**(135)**	**(5,163)**
Closing net book amount	**3,416**	**3,404**	**666**	**9,490**	**1,973**	**102**	**19,051**

Assets under construction relate to leasehold improvements at various properties that will be occupied during 2017.

Included in the above are assets held under finance leases with a net book value of £0.1m.

	Leasehold improvements £000	Furniture & office equipment £000	Computer equipment £000	Fixtures & fittings £000	Motor vehicles £000	Total £000
2015						
Cost at 5 February 2015	—	—	—	—	—	—
On acquisition	4,936	1,007	3,566	1,140	275	10,924
Additions	98	146	910	236	108	1,498
Transfer between classes	—	(2)	2	—	—	—
Transfers to intangible assets	—	—	(5)	—	—	(5)
Disposals	(12)	(2)	(16)	—	(58)	(88)
At 31 December 2015	5,022	1,149	4,457	1,376	325	12,329
Depreciation at 5 February 2015	—	—	—	—	—	—
Charge for the period	723	319	1,540	330	107	3,019
At 31 December 2015	723	319	1,540	330	107	3,019
At 31 December 2015						
Cost	5,022	1,149	4,457	1,376	325	12,329
Accumulated depreciation	(723)	(319)	(1,540)	(330)	(107)	(3,019)
Closing net book amount	4,299	830	2,917	1,046	218	9,310

Included in the above are assets held under finance leases with a net book value of £0.1m.

Notes to the financial statements *(continued)*

14. Investment in associates

	Investment in associates £000
At 1 January 2016	—
Additions	7,201
Share of loss	(706)
At 31 December 2016	6,495

On 1 July 2016 the Group acquired a 19.9% share in Bravo Investment Holdings Limited (Bravo), incorporated and based in the UK. Just prior to this, Bravo acquired The Broker Network Limited and Countrywide Insurance Management Limited from Towergate. Bravo provides third party brokers with access to insurance products and a variety of business support services.

Bravo is accounted for using the equity method in these consolidated financial statements as set out in the Group's accounting policy. Note 3.7 details the judgements and assumptions used in accounting for Bravo.

There is a shareholder agreement in place in respect of the Group's holding in Bravo which includes certain minority protection rights, rights in respect of share transfers and a long term option arrangement over the remaining shares in Bravo. This option is exercisable by the Group at or above market value and therefore the associated derivative has no fair value.

Summarised unaudited financial information in respect of the Group's associate is set out below:

	At 31 December 2016 £000
Non-current assets	41,982
Current assets	22,950
Non-current liabilities	(28,641)
Current liabilities	(19,019)
Equity attributable to the owners of the Company	17,272

	For the period 1 July 2016 to 31 December 2016 £000
Revenue	7,450
Loss after tax	(3,545)

15. Financial assets and liabilities

15.1 Financial instruments classification

The table below summarises the Group's financial instruments by category:

Financial assets	Held to maturity £000	Loans and receivables £000	Available-for-sale £000	Total £000
Available-for-sale financial assets	—	—	612	612
Trade and other receivables, excluding prepayments	—	57,649	—	57,649
Held to maturity assets	13,508	—		13,508
Cash and cash equivalents	—	143,088	—	143,088
As at 31 December 2016	13,508	200,737	612	214,857

Notes to the financial statements *(continued)*

15. Financial assets and liabilities *(continued)*

15.1 Financial instruments classification *(continued)*

Held to maturity assets are reclassified from/to cash and cash equivalents as and when the nature of the deposit account changes. All deposit accounts will be classified either as loans and receivables or held to maturity depending on the maturity date of the funds held.

Financial assets	Loans and receivables £000	Available-for-sale £000	Total £000
Available-for-sale financial assets	—	152	152
Trade and other receivables, excluding prepayments	45,641	—	45,641
Cash and cash equivalents	205,888	—	205,888
As at 31 December 2015	251,529	152	251,681

Financial liabilities	**Liabilities at fair value through profit and loss account £000**	**Other financial liabilities at amortised cost £000**	**Total £000**
Borrowings	—	(526,823)	(526,823)
Trade and other payables, excluding deferred income	—	(158,928)	(158,928)
Other financial liability	(294)	—	(294)
As at 31 December 2016	(294)	(685,751)	(686,045)

Within trade and other payables are other financial liabilities measured at amortised cost in respect of deferred consideration and interests in non-controlling interests. During the year, the Group negotiated contracts to agree fixed payments at fixed time intervals and hence our prior obligation for variable deferred consideration no longer exists. The maturity profile of these financial liabilities is detailed below:

	Financial liabilities acquired £000	**Redemption liability on non-controlling interests £000**	**Total £000**
Due within one year	**1,129**	**—**	**1,129**
Due between one and two years	**102**	**—**	**102**
Due between two and five years	**10**	**30**	**40**
Balance at 31 December 2016	**1,241**	**30**	**1,271**

Financial liabilities	Liabilities at fair value through profit and loss account £000	Other financial liabilities at amortised cost £000	Total £000
Borrowings	—	(500,821)	(500,821)
Trade and other payables, excluding deferred income	(4,452)	(155,328)	(159,780)
As at 31 December 2015	(4,452)	(656,149)	(660,601)

For details of risks associated with financial instruments see note 31, Financial risk and financial instruments.

15.2 Financial instruments valuation

Below is an analysis of the financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Notes to the financial statements *(continued)*

15. Financial assets and liabilities *(continued)*

15.2 Financial instruments valuation *(continued)*

(b) Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

(c) Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Financial liabilities at fair value through profit and loss

Trade and other payables includes £0.3m (31 December 2015 £4.5m) which are designated as fair value through profit and loss. As at 31 December 2015 the liabilities were in relation to financial liabilities acquired and redemption liability on non-controlling interests. They were categorised within level 3 of the fair value hierarchy. Other techniques, such as estimated discounted cash flows, were used to determine their fair value. Management consider the carrying value of liabilities to approximate to fair value. During the year, the Group negotiated contracts to agree fixed payments at fixed time intervals and hence our prior obligation for variable deferred consideration no longer exists. As a result, a liability of £1.3m has been derecognised on extinguishment and these liabilities and the liability for the fixed payments under these new contracts recognised at amortised cost.

	Financial liabilities acquired £000	**Redemption liability on non-controlling interests £000**	**Total £000**
As at 1 January 2016	**3,840**	**612**	**4,452**
Transfer between deferred consideration category	**582**	**(582)**	**—**
Credit to statement of comprehensive income	**(1,383)**	**—**	**(1,383)**
Settlement to vendor / non-controlling interest	**(1,798)**	**—**	**(1,798)**
Derecognised on extinguishment of liability	**(1,241)**	**(30)**	**(1,271)**
Balance at 31 December 2016	**—**	**—**	**—**

	Financial liabilities acquired £000	Redemption liability on non-controlling interests £000	Total £000
On acquisition	6,466	2,772	9,238
Credit to statement of comprehensive income	(492)	(964)	(1,456)
Adjustment to previous acquisition	(265)	—	(265)
Settlement to vendor / non-controlling interest	(1,869)	(1,196)	(3,065)
Balance at 31 December 2015	3,840	612	4,452

Before the fixed payment contracts were agreed, the valuations of financial liabilities acquired were based on an evaluation of profit in the individual businesses in which the financial liability is based. Financial liabilities acquired will only be written back if we have had confirmation from the vendor that there is no liability remaining. The valuation of the redemption liability of non-controlling interests were set out in the contract.

The other financial liability represents an embedded derivative which has been separated from its host contract (refer to note 21, Borrowings). The valuation is considered to be level 2 of the fair value hierarchy and the value is equal to the difference between the estimated future interest payments which is derived from the observable input of forward LIBOR rates and the interest payment using the LIBOR floor of 1%. Such difference was discounted where the time value of money was considered material.

Financial assets held at fair value

The Group holds available for sale assets in respect of UCIS recovered assets at their fair value. They are categorised within level 2 of the fair value hierarchy. Where no professional valuation is available, they are

Notes to the financial statements *(continued)*

15. Financial assets and liabilities *(continued)*

15.2 Financial instruments valuation *(continued)*

recognised at their published net asset value with an appropriate adjustment applied to the published unit price to reflect their illiquid nature and potentially lower net realisable value.

The Group also holds available for sale unlisted investments which are carried at cost which does not differ materially from their fair value.

See note 16 for further details.

15.3 Fair value of borrowings

Non-current borrowings:

The carrying amount of the quoted £75.0m of floating rate super senior secured notes do not differ materially from their fair values, as the floating rate interest rate formula is based on LIBOR that is contractually re-priced every six months or less. The secured loan facility is not quoted. The fair values of quoted non-current borrowings at fixed rates as of 31 December 2016 based on quoted market prices are as follows:

	Carrying amount £000	**Fair value £000**
Senior secured notes	**422,800**	**393,754**
Floating rate super senior secured notes	**72,500**	**77,075**
As at 31 December 2016	**495,300**	**470,829**

	Carrying amount £000	Fair value £000
Senior secured notes	422,431	380,545
Floating rate super senior secured notes	71,875	77,187
As at 31 December 2015	494,306	457,732

16. Available-for-sale financial assets

	UCIS recovered assets £000	**Unlisted investments £000**
At 1 January 2016	**—**	**152**
Additions	**460**	**—**
At 31 December 2016	**460**	**152**
Non-current	**—**	**152**
Current	**460**	**—**

The unlisted investments are carried at cost which does not differ materially from their fair value.

The UCIS recovered assets are explained further in note 15, these assets are carried at their fair value, see note 15.2 for details of their valuation.

	Unlisted investments £000
At 5 February 2015	—
On acquisition of TIL	140
Additions	12
At 31 December 2015	152

Notes to the financial statements *(continued)*

17. Trade and other receivables

	At 31 December 2016 £000	At 31 December 2015 £000
Trade receivables	**26,657**	24,796
Less: provision for impairment of trade receivables	**(2,765)**	(3,742)
Trade receivables – net	**23,892**	21,054
Prepayments	**10,040**	10,077
Accrued income	**14,314**	9,307
Other debtors	**7,249**	9,748
Related party debtors	**12,194**	5,532
	67,689	55,718

As at 31 December 2016 the Group had exposures to individual trade counterparties within trade receivables. In accordance with Group policy, operating companies continually monitor exposures against credit limits and concentration of risk. No individual trade counterparty credit exposure is considered significant in the ordinary course of trading activity. Management does not expect any significant losses from non-performance by trade counterparties that have not been provided for.

Movements on the Group provision for impairment of trade receivables are as follows:

	£000
At 1 January 2016	**(3,742)**
Provision for receivables impairment	**(1,476)**
Receivables written off during the year as uncollectible	**2,453**
At 31 December 2016	**(2,765)**

The creation and release of provisions for impaired receivables have been included in other operating costs in the income statement. The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

The following table sets forth details of the age of trade receivables that are not overdue as well as an analysis of overdue amounts impaired and provided for:

	Trade receivables £000	**Provision for impairment £000**	**Net trade receivables £000**
At 31 December 2016			
Not overdue	**11,189**	**—**	**11,189**
Past due not more than three months	**7,761**	**(172)**	**7,589**
Past due more than three months and not more than six months	**1,941**	**(222)**	**1,719**
Past due more than six months but not more than a year	**2,392**	**(161)**	**2,231**
Past more than a year	**3,374**	**(2,210)**	**1,164**
	26,657	**(2,765)**	**23,892**

Notes to the financial statements *(continued)*

17. Trade and other receivables *(continued)*

	Trade receivables £000	Provision for impairment £000	Net trade receivables £000
At 31 December 2015			
Not overdue	8,860	—	8,860
Past due not more than three months	9,169	—	9,169
Past due more than three months and not more than six months	2,370	—	2,370
Past due more than six months but not more than a year	1,472	(817)	655
Past more than a year	2,925	(2,925)	—
	24,796	(3,742)	21,054

18. Held to maturity assets

	At 31 December 2016 £000	At 31 December 2015 £000
Fixed term deposits	**13,508**	—
	13,508	—

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

In 2015, all of the Groups restricted funds were held within the cash and cash equivalents (see note 19), however in 2016 due to the nature of the fixed term deposits these balances no longer met the definition of cash and cash equivalents and are shown separately within current assets on the statement of financial position.

19. Cash and cash equivalents

	At 31 December 2016 £000	At 31 December 2015 £000
Cash and cash equivalents	**143,088**	205,888
Own funds	**12,641**	57,148
Own funds – restricted	**20,357**	28,581
Fiduciary	**110,090**	120,159
	143,088	**205,888**

Own funds – restricted

An amount of £13.5m of restricted cash was placed on 12 month fixed term deposits during 2016. In accordance with IAS 39 and IFRS 7 these balances have been classified under held to maturity assets, see note 18.

Included in the Group's own funds is £5.8m (2015: £19.9m) of restricted cash kept in segregated accounts for purposes of solvency and capital adequacy requirements imposed by the FCA. Also included in the Group's own funds is £8.4m (2015: £8.7m) of restricted cash kept in segregated accounts for the purpose of claim settlements in relation to the disposal of the Towergate Financial business by the TIL Group. Pursuant to the FCA's Threshold Condition 2.4, applicable to the insurance broking industry, the Group holds cash in the segregated accounts for the purpose of ensuring funds are available to pay any costs and expenses necessary to achieve an orderly wind down of the Group's business in the event its broking operations cease to operate or are otherwise closed down. The amount of cash required to be held is determined by management and agreed by the FCA.

As part of the secured loan arrangements entered into with funds advised by HPS on 4 November 2016, the loan proceeds have restrictions on their use as stipulated in the secured loan agreements. As at 31 December 2016, £6.1m

Notes to the financial statements *(continued)*

19. Cash and cash equivalents *(continued)*

(2015: £Nil) of the Group's own funds were restricted, the loan proceeds can only be used in payments related to certain projects including capital expenditure on the transformation projects and settling ETV/UCIS redress costs.

Fiduciary

Fiduciary funds represent client money used to pay premiums to underwriters, to settle claims to policyholders and to defray commissions and other income. They are not available for general corporate purposes.

20. Trade and other payables

	At 31 December 2016 £000	At 31 December 2015 £000
Current		
Insurance creditors	**101,535**	108,812
Social security and other taxes	**4,952**	5,605
Other creditors	**15,291**	11,541
Financial liabilities acquired	**1,129**	3,384
Redemption liability on non-controlling interests	**—**	388
Deferred income	**13,203**	18,746
Accruals	**35,879**	29,370
	171,989	177,846
Non-current		
Financial liabilities acquired	**112**	457
Redemption liability on non-controlling interests	**30**	223
Deferred income	**11,732**	10,574
	11,874	11,254

Redemption liability on non-controlling interests relates to the remaining interests in entities where the Group is the controlling party. The liability is recognised at fair value.

The directors consider the carrying amount of trade payables approximates to their fair value.

The Group has reclassified interest payable, run-off provisions and other provisions in the comparative period, for further details see note 2.2.

21. Borrowings

	At 31 December 2016 £000	At 31 December 2015 £000
Current		
Finance lease liabilities	**43**	86
Interest payable	**6,064**	6,336
Secured loan facility	**3,747**	—
	9,854	6,422
Non-current		
Finance lease liabilities	**43**	93
Senior secured notes	**422,800**	422,431
Floating rate super senior secured notes	**72,500**	71,875
Secured loan facility	**21,626**	—
	516,969	494,399
Total borrowings	**526,823**	500,821

Notes to the financial statements *(continued)*

21. Borrowings *(continued)*

The Group has reclassified interest payable in the comparative period, for further details see note 2.2.

Borrowings – loan notes and secured loan facility

On 2 April 2015, Finco issued £425.0m of 8.75% senior secured notes and £75.0m of floating rate super senior secured notes at a discount of £3.0m, collectively, the notes. The notes are guaranteed by TIG Midco Limited (the immediate parent company of Finco) and all its material and certain other subsidiaries. The guarantor companies are listed in note 34, Commitments. Non-current borrowings in respect of loan notes mature on 2 April 2020.

On 4 November 2016, the Group completed an agreement with funds advised by the Group majority shareholder, HPS Investment Partners LLC, which provided the Group with a five year loan facility that is secured against the future cash flows attributable to a Paymentshield home and contents book of business. The Group received net proceeds from the lender of £26.0m (a discount of £4.0m on the face value of the loan being £30.0m) from this transaction and in addition to that incurred costs of issuance of £0.9m and hence £4.9m is amortised over the five year life of the loan.

In the period up to 31 December 2017, 80% of the income from the book will be retained in the Group and 20% will be used for repayment of the interest and loan principal. Between 1 January 2018 and 30 June 2021, 100% of the income from the book will be used towards the repayment of interest and loan principle. The loan attracts an interest of LIBOR with a floor of 1% plus a margin of 2%. An assessment was performed; the instrument is a compound financial instrument. An embedded derivative was separated from the host contract and valued separately. Please refer to note 22 for details of the embedded derivative.

The carrying amounts of the Group's borrowings are denominated in sterling.

	At 31 December 2016 £000	At 31 December 2015 £000
Maturity of loan notes and secured loan facility		
Within one year	**3,747**	—
Between one and two years	**9,576**	—
Between two and five years	**507,350**	494,306
	520,673	**494,306**

Undrawn borrowing facilities:

As at 31 December 2016, the Group does not have any undrawn borrowing facilities.

22. Other financial liability

	Embedded derivative £000
At 1 January 2016	**—**
Additions	**294**
At 31 December 2016	**294**
Non-current	**132**
Current	**162**

The secured loan facility included in borrowings attracts interest of 2% plus three months LIBOR with a floor of 1%. An assessment was performed; the instrument is a compound financial instrument. An embedded derivative was separated from the host contract and valued separately.

The embedded derivative is carried at fair value. See note 15 for further details.

Notes to the financial statements *(continued)*

23. Current tax and deferred tax

The analysis of current tax assets and current tax liabilities is as follows:

	At 31 December 2016 £000	At 31 December 2015 £000
Corporation tax payable – satisfied by group relief	**—**	(219)
Corporation tax receivable	**70**	—
	70	(219)

The analysis of deferred tax assets and deferred tax liabilities due to maturity is as follows:

	At 31 December 2016 £000	At 31 December 2015 £000
Deferred tax assets		
- Deferred tax assets to be recovered after more than one year	**16,417**	2,139
- Deferred tax assets to be recovered within one year	**—**	10,846
Deferred tax assets	**16,417**	12,985
Deferred tax liabilities		
- Deferred tax liabilities to be recovered after more than one year	**(7,352)**	(7,334)
- Deferred tax liabilities to be recovered within one year	**(35,957)**	(44,641)
Deferred tax liabilities	**(43,309)**	(51,975)
Deferred tax liabilities (net)	**(26,892)**	(38,990)

The movement in deferred income tax assets and liabilities during the period is as follows:

	2016 £000
At 1 January 2016	**(38,990)**
Deferred tax income	**12,252**
Deferred tax on business disposal	**(154)**
At 31 December 2016	**(26,892)**

	2015 £000
At 5 February 2015	—
Deferred tax income	940
Deferred tax asset recognised in business combinations	(39,930)
At 31 December 2015	(38,990)

Notes to the financial statements *(continued)*

23. Current tax and deferred tax *(continued)*

The analysis of deferred income tax assets and deferred income tax liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	At 31 December 2016 £000	At 31 December 2015 £000
Deferred tax liabilities		
Intangible assets	**(43,309)**	(51,975)
Deferred tax liabilities before offsetting	**(43,309)**	(51,975)
Set off against deferred tax assets	**16,417**	12,985
Deferred tax liabilities	**(26,892)**	(38,990)

	At 31 December 2016 £000	At 31 December 2015 £000
Deferred tax assets		
Property, plant and equipment	**6,324**	5,790
Tax losses	**8,186**	5,056
Other	**1,907**	2,139
Deferred tax assets before offsetting	**16,417**	12,985
Set off against deferred tax liabilities	**(16,417)**	(12,985)
Deferred tax assets	**—**	—
Deferred tax liabilities (net)	**(26,892)**	(38,990)

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable based on the three year profit forecasts for the Group.

The deferred tax asset is calculated based on a future tax rate of 17%. The tax rate prevailing at the time the losses are utilised may differ.

The Group did not recognise deferred income tax assets of £81.1m (2015: £25.4m) in respect of deductible temporary differences.

The Group had carried forward unrecognised non-trading tax losses of £125.8m (2015: £130.0m).

24. Provisions for other liabilities and charges

	LTIP £000	**E&O £000**	**Onerous lease £000**	**Rents above market value £000**	**Dilapidations £000**	**Loss corridor £000**	**UCIS £000**	**Run-off costs £000**	**Other £000**	**Total £000**
At 1 January 2016	**15,428**	**2,248**	**2,901**	**4,285**	**5,470**	**10,449**	**19,511**	**5,309**	**976**	**66,577**
- Charged / (credited) to the income statement	**(583)**	**4,736**	**347**	**—**	**839**	**853**	**—**	**(868)**	**3,113**	**8,437**
- Used in the year	**(14,572)**	**(3,157)**	**(2,784)**	**(1,481)**	**(2,566)**	**(2,350)**	**(8,821)**	**(1,528)**	**(962)**	**(38,221)**
- Unwind of discount	**—**	**—**	**150**	**326**	**232**	**—**	**—**	**—**	**—**	**708**
- On disposal of subsidiaries	**—**	**—**	**—**	**(272)**	**—**	**—**	**—**	**—**	**—**	**(272)**
At 31 December 2016	**273**	**3,827**	**614**	**2,858**	**3,975**	**8,952**	**10,690**	**2,913**	**3,127**	**37,229**

Notes to the financial statements *(continued)*

24. Provisions for other liabilities and charges *(continued)*

	At 31 December 2016	At 31 December 2015
Analysis of total provisions		
Non-current – to be utilised in more than one year	**6,362**	12,616
Current – be utilised within one year	**30,867**	53,961
	37,229	**66,577**

The Group has reclassified the run-off costs provision and other provision in the comparative period, for further details see note 2.2.

Where appropriate the Group discounts provisions to their present value. The unwinding of the provision discounting is included as an interest charge within finance costs in the income statement.

Long-term incentive plan (LTIP) provision – provided for the long-term incentive plan costs triggered by the Group acquisition in 2015, all amounts have been settled under this scheme during 2016. Three new LTIP schemes were established in 2016; the amounts which will ultimately be vested are dependent on achievement against various performance measures (including Group EBITDA and individual Contribution targets) and/or service conditions. The incentives will be paid to participants at the end of the relevant performance and/or service period, for one scheme which is due in 2018, and for the other two schemes an interim payment is due in 2017, the amount of which will be deducted from the final payments due in 2019.

Errors and omissions (E & O) provision – In the normal course of business the Group may receive claims in respect of errors and omissions. A provision has been made in respect of outstanding errors and omissions claims.

Onerous lease provision – provides for costs incurred on vacant properties for the full remaining term of the lease. When a property is exited before the end of the lease term, the future committed rental payments are provided for in full and will be released to the income statement over the remaining life of the lease.

Rents above market value provision – provides for the portion of rental payments above market for those properties that are leased above the property's market rental value for the full remaining term of the lease. On the acquisition of TIL, in 2015, an assessment of business rents greater than market value took place. The portion of rents greater than market value was provided for and will be released to the income statement over the life of the leases.

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

Loss corridor provision – provides for the estimated losses recoverable by the insurer for net premium earned to date on those schemes with loss sharing clauses.

UCIS provision – provides for the obligation to pay redress costs in relation to past advice given to customers on Unregulated Collective Investment Schemes (UCIS). It represents management's best estimate of the Group's liability in relation to these costs. This estimate is based on actual experience and uses a calculation of average redress costs, taking into account customer contact and response rates and allows for the deduction of income distributions and surrender values from capital losses. The provision is re-assessed on a quarterly basis. No allowance has been made for possible insurance recoveries on the basis that there is insufficient information to provide an estimate of the likely amounts. It is management's expectation that substantially all of the costs provided for will be incurred during 2017.

Run-off costs provision – provides for costs associated with the winding-down of the Towergate Financial operation. These costs comprise professional, fees, legal fees, fees and levies charged by the Financial Conduct

Notes to the financial statements *(continued)*

24. Provisions for other liabilities and charges *(continued)*

Authority, professional indemnity premiums, IT maintenance contracts, property related costs, Finance and Human Resources support costs. It is management's expectation that substantially all of the costs provided for will be incurred by 31 December 2018.

Other provision – the other provision balance at 31 December 2016 is comprised of:

- £2.0m raised for a potential liability of the Group in relation to certain levy costs; and
- £1.1m recognised by a subsidiary of the Group where it has been identified that in a number of circumstances repayments may need to be offered to either insurers or customers. The provision recognised represents managements best estimate of these potential liabilities. A provision of £0.6m was held in relation to these potential liabilities at 1 January 2016

At 1 January 2016 other provisions also included an amount for the estimated onerous cost in relation to a single contract for a commercial electronic comparison platform. This liability was settled during the year.

25. Pension schemes

The Group operates defined contribution pension schemes. The pension cost charge for the period represents contributions payable by the Group to the funds and amounted to £2.9m (2015: £2.7m). At the year end, outstanding pension contributions due were £0.8m (31 December 2015: £0.7m).

The Group 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 years.

26. Share capital and other reserve

	At 31 December 2016 £000	At 31 December 2015 £000
Allotted, called up and fully paid shares		
Ordinary shares of £1 each	**300,000**	300,000

	Ordinary shares £000	**Total share capital £000**	**Other reserve £000**	**Total £000**
At 1 January 2016	**300,000**	**300,000**	**60,000**	**360,000**
Ordinary shares issued	**—**	**—**	**—**	**—**
At 31 December 2016	**300,000**	**300,000**	**60,000**	**360,000**

	Ordinary shares £000	Total share capital £000	Other reserve £000	Total £000
At 5 February 2015	—	—	—	—
Ordinary shares issued	300,000	300,000	—	300,000
Capital contribution	—	—	60,000	60,000
At 31 December 2015	300,000	300,000	60,000	360,000

Other reserve represents a capital contribution from TIG Topco Limited, an intermediate parent company, during the Group acquisition and financing transaction on 2 April 2015.

Notes to the financial statements *(continued)*

27. Retained losses

	£000
At 1 January 2016	**(184,425)**
Loss for the year	**(42,999)**
Adjustment to non-controlling interests	**(15)**
At 31 December 2016	**(227,439)**

	£000
At 5 February 2015	—
Loss for the period	(184,464)
Adjustment to non-controlling interests	39
At 31 December 2015	(184,425)

28. Non-controlling interests

	£000
At 1 January 2016	**79**
Share of profit	**15**
Adjustment	**(69)**
At 31 December 2016	**25**

	£000
At 5 February 2015	—
On acquisition	122
Disposals	(4)
Share of loss	(39)
At 31 December 2015	79

Non-controlling interests are not deemed to have a significant influence over the Group.

29. Share-based payment

During the year the Group offered to issue MIP shares to a number of directors and employees (at 31 December 2016 no shares had been formally issued). The MIP shares have no dividend or voting rights and cannot be sold, they are convertible to ordinary shares of TIG Topco Limited on occurrence of a 'crystallisation event'. The Group has the option to repurchase MIP shares if employees leave the Group prior to the occurrence of a crystallisation event. The grant date fair value of shares that were on issue as at 31 December 2016 is immaterial in aggregate, in addition as at 31 December 2016 a crystallisation event is not deemed probable and no expense has been recognised.

Notes to the financial statements *(continued)*

30. Notes to the cash flow statement

30.1 Net cash flow from operations

	2016 £000	2015 £000
Loss after income tax, including discontinued operations	**(42,999)**	(184,464)
Depreciation	**3,043**	3,019
Profit on disposal of property, plant and equipment	**(20)**	(19)
Amortisation	**41,323**	30,444
Non cash movements on financial liabilities acquired	**(1,383)**	(1,456)
Goodwill impairment	**—**	86,400
Non cash movements on non-controlling interests	**(69)**	—
Exceptional items – Group acquisition and financing costs	**—**	41,212
Exceptional items – Group reorganisation costs	**10,315**	14,995
Exceptional items – Regulatory costs	**4,177**	27,399
Expenses on acquisition	**—**	6
Net finance costs	**46,829**	34,122
Investment income	**(302)**	(262)
Share of loss from associate	**706**	—
Income tax	**(11,881)**	(6,958)
Dividends received	**(3)**	—
Gain on disposal of businesses and investments	**(17,845)**	(12)
(Increase) / decrease in trade and other receivables	**(27,026)**	13,208
Increase / (decrease) in trade and other payables – excluding insurance broking balances	**1,095**	(11,063)
Increase in provisions for liabilities and charges	**1,077**	1,389
Net cash inflow from operations, including discontinued operations	**7,039**	**47,960**

30.2 Business acquisition in the prior period – consideration paid

On the acquisition of the TIL Group in 2015, the Company acquired cash and non-cash items that were used against the total consideration payable. The net amount is shown below and is also shown on the face of the consolidated statement of cash flows.

	2015 £000
Consideration paid	735,122
Non cash proceeds from borrowings	(425,000)
Capital contribution	(60,000)
Non cash minority interest	(122)
Cash acquired on acquisition	(185,602)
Cash paid for other companies	630
Acquisition of businesses, net of cash acquired	65,028

31. Financial risk and financial instruments

31.1 Financial risk factors

Financial risk management is carried out by the Group's central treasury department (Group Treasury). Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's businesses. Financial risk mitigation includes the regular monitoring of cash flows and management of interest rate risks.

(a) Credit risk

The credit risk incurred by the Group is the risk that counterparties fail to meet their obligations arising from operating activities and from financial transactions. Credit risk arises from own cash, fiduciary funds and deposits, as well as credit exposures to customers, including outstanding receivables and committed transactions.

Notes to the financial statements *(continued)*

31. Financial risk and financial instruments *(continued)*

31.1 Financial risk factors *(continued)*

Credit risk on customers and transactions is currently managed both at a local business unit level and the accounting centre for insurance broking in Leeds. As at 31 December 2016 the Group was exposed to credit risk from trade receivables of £26.7m (31 December 2015: £24.8m) before provision for impairment. Due to the nature of the customer portfolio, there is no significant concentration of credit risk. Further analysis of the ageing profile of trade receivables and the provision for impairment is disclosed in note 17, Trade and other receivables.

The Group manages its own cash, fiduciary funds and deposits with investment grade banks. These balances are spread over a number of different banks and the current level of exposure is:

	At 31 December 2016 £000	At 31 December 2015 £000
Own funds	**12,641**	57,148
Own funds – restricted	**20,357**	28,581
Fiduciary	**110,090**	120,159

(b) Liquidity risk

Group Treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's debt financing plans and covenant compliance.

The table below analyses the Group's non-derivative financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Less than one year £000	**Between one and two years £000**	**Between two and five years £000**
31 December 2016			
Finance lease liabilities	**(47)**	**(46)**	**(2)**
Borrowings (excluding finance lease liabilities)	**(49,815)**	**(55,791)**	**(573,717)**
Trade and other payables (excluding non-financial liabilities)	**(158,786)**	**(102)**	**(40)**
	(208,648)	**(55,939)**	**(573,759)**

	Less than one year £000	Between one and two years £000	Between two and five years £000
31 December 2015			
Finance lease liabilities	(94)	(39)	(60)
Borrowings (excluding finance lease liabilities)	(43,528)	(43,562)	(604,108)
Trade and other payables (excluding non-financial liabilities)	(158,713)	(538)	(142)
	(202,335)	(44,139)	(604,310)

Notes to the financial statements *(continued)*

31. Financial risk and financial instruments *(continued)*

31.1 Financial risk factors *(continued)*

(c) Leverage risk

The Group has long-term debt as a core element of its capital structure.

As a result of the acquisition in 2015, the Group received a cash injection financed by £75m super senior secured notes and £425m senior secured notes. This debt is held by Finco and interest accrued on a monthly basis, and payable quarterly and 6-monthly respectively.

Towergate monitors the leverage risk through the Risk Management Framework. A tolerance level is set for leverage risk and actions taken if this level is exceeded.

(d) Interest rate risk

The borrowings bear average interest rates of 8.93% (2015: 8.71%) annually.

The exposure of the borrowings of the Group to interest rate changes and the contractual re-pricing dates at the end of the reporting period are as follows:

	6 months or less £000	Fixed rate £000	Total £000
At 31 December 2016	**72,500**	**448,173**	**520,673**
At 31 December 2015	71,875	422,431	494,306

(e) Other risks

There are no material foreign exchange risks since the Group's transactions are primarily dominated in sterling. Further, the Group is neither exposed to significant equity securities price risk nor to commodity price risk. Additionally, as the Group is not exposed to any other price risks such as stock exchange prices or commodity prices.

31.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The Group is predominantly funded via debt rather than equity, as are most of its peers. The Group is funded by debt financing in the form of bonds, and does not fund using any short term banking facilities. Cost of debt appears as an interest charge rather than dividends, as it would in a business that has chosen to finance itself via equity.

UK insurance broking regulation requires a minimum level of regulatory capital to be maintained. The total regulatory capital to be held by the Group is not considered significant in the context of the total available capital. In all periods presented the Group complied with all imposed regulatory capital requirements.

32. Business combinations

32.1 Current year business combinations

There have not been any business combinations during 2016.

Notes to the financial statements *(continued)*

32. Business combinations *(continued)*

32.2 Prior period business combinations

On 2 April 2015 the Group completed an acquisition transaction in which the Company acquired 100% of the share capital of TIL and its subsidiaries. The purpose of the acquisition was to facilitate the financing transaction. Details are included in the table below:

	Net assets acquired £000	Fair value adjustments £000	Acquisition of TIL £000
Non-current assets			
Customer relationships	120,352	—	120,352
Distribution network	110,582	—	110,582
Brand	30,159	—	30,159
Computer software	32,543	(1,897)	30,646
Commission buy outs	11,735	181	11,916
Property, plant and equipment	11,141	(217)	10,924
Deferred tax asset	14,403	—	14,403
Available for sale financial assets	140	—	140
Total non-current assets	331,055	(1,933)	329,122
Current assets			
Trade and other receivables	84,572	(14,248)	70,324
Cash and cash equivalents	185,511	91	185,602
Total current assets	270,083	(14,157)	255,926
Total assets	601,138	(16,090)	585,048
Borrowings	(20,224)	—	(20,224)
Trade and other payables	(179,106)	(8,019)	(187,125)
Deferred revenue	(18,627)	(12,725)	(31,352)
Deferred tax liabilities	(60,352)	—	(60,352)
Current tax liabilities	(267)	—	(267)
Provisions for liabilities and charges	(8,042)	(51,251)	(59,293)
Total liabilities	(286,618)	(71,995)	(358,613)
Net assets	314,520	(88,085)	226,435
Goodwill			508,687
Total consideration			735,122
Satisfied by:			
New debt issued			425,000
Cash transferred			250,000
Capital contribution			60,000
Non-controlling interests			122
			735,122
Acquisition related costs recognised in the Statement of Comprehensive Income			41,212

The cash transferred of £250m represents share capital issued. The £60m capital contribution was received from TIG Topco Limited.

None of the goodwill is expected to be deductible for tax purposes.

The resulting goodwill was capitalised and its carrying value will be tested at least annually as part of the Group's impairment review. Goodwill is attributable to the workforce of the acquired business and access to the future revenue streams of the business.

Notes to the financial statements *(continued)*

32. Business combinations *(continued)*

32.2 Prior period business combinations *(continued)*

Fair value adjustments

The assets and liabilities recognised above on the acquisition of TIL were recognised at their acquisition date at fair value.

Trade and other receivables (£14.2m)

- At the acquisition date £6.3m provision for impairment of trade receivables on the acquisition of TIL represents management's best estimate of the trade receivables for which a provision for impairment is required. The gross trade receivables at acquisition and on which this provision for impairment is based were £34.7m.
- In addition, £5.0m relates to other receivables, which management believe to be uncollectable.

Deferred revenue (£12.7m)

- There are a number of contracts for which management have revised the pattern of revenue recognition and £12.7m has been recognised in relation to revenue which should be recognised in future periods. Of this £11.6m related to an upfront payment of advanced profit commissions in Paymentshield. The revenue was previously recognised over seven years ended 31 December 2013. After reviewing the legal terms and substance of the agreement, the current management team have reconsidered the best estimate of the expected life of the contract where PSL provides services to the insurance provider. As a result, the revenue recognition profile has been revised to reflect this expected life of the contract. This deferred income will now be recognised on a straight line basis over the remaining life of the agreement.

Trade and other payables (£8.0m)

- There have been a number of adjustments made in respect of trade and other payables. Of this £3.0m has been recognised in respect of holiday pay in accordance with IAS 19.

Provisions of liabilities and charges (£51.2m)

- The Board of TIL decided to make an incentive payment £30.4m which would be triggered at a result of the change of control. The acquisition of TIL triggered the recognition of this provision.
- Towergate has entered into certain trading deals with insurers that include penalties based on performance of the book of business. As at the acquisition date no provisions in relation these loss corridors had been recognised. A provision of £8.8m has been made in respect of this.
- A provision of £4.9m has been recognised in respect of leases which are on unfavourable terms relative to the market. The gross rent above market that will be paid over the lives of the leases has been recognised and has been based on a 3rd party valuation.
- The group's policy is to provide for dilapidations at the average cost incurred per square foot over the past 2 years or where we have information to produce a more reliable estimate on certain properties.

Contingent liabilities

- At the date of acquisition, the ETV and UCIS liability was considered contingent. No provisions were recognised at this date since management did not have sufficient information to reliably estimate.

The following items have been recognised at their fair value on acquisition:

Customer relationships

Customer relationship intangible assets exist through business combinations when the acquirer is able to benefit from selling future new business through existing relationships. Their fair value has been calculated as the sum of

Notes to the financial statements *(continued)*

32. Business combinations *(continued)*

32.2 Prior period business combinations *(continued)*

the present value of projected cash flows, in excess of returns on contributory assets over the life of the relationship with the customers. These assets are amortised over their estimated useful lives of 10 years, which is estimated by reference to the history of the relationships and levels of attrition.

Distribution network

Distribution network intangible assets exist through business combinations when the acquirer is able to benefit from already established distribution channels, mainly within underwriting and broker network. Their fair value has been calculated as the sum of the present value of projected future cash flows generated by existing distribution channels. These assets are amortised over their estimated useful lives of 10 years, which is estimated by reference to the history of the relationships and levels of attrition.

Brand

Brand intangible assets exist through business combinations when they are separable or arise from contractual or other legal rights. Their fair value has been calculated as the sum of the present value of projected royalty payments that would be paid to licence the right to use the brand. These assets are amortised over their estimated useful lives of five years, which considers the Group's track record of retaining brands for a period and experience of the insurance broker market.

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 over their estimated useful lives of four years.

Commission buy outs

Commission buy outs exist when they purchased separately and are capitalised on the basis of the costs incurred to acquire them. Their fair value has been calculated as the sum of the present value of projected future commission savings. Amortisation is provided at a monthly rate of 3% on a reducing balance basis.

Pro forma information

The consolidated result of the Group has been adjusted as if the acquisition of TIL had been made at the beginning of the period, would include revenue from continuing operations of £322.5m (compared to reported Group revenue of £267.2m) and losses before taxation of £190.9m (compared to reported losses before taxation of £191.4m).

In preparing the pro forma results, revenue and costs have been included as if the businesses were acquired on 5 February 2015. Amortisation charges and finance costs included within the 5 February to December 2015 results for the period 5 February 2015 to 2 April 2015 are based on the expenses incurred post acquisition. This information is not necessarily indicative of the results of the combined Group that would have occurred has the purchases actually been made at the beginning of the period, or indicative of the future results of the combined Group.

33. Related party transactions

Throughout 2016, the ultimate parent company of TIG Finco Plc was Sentry Holdings Limited. The principal shareholder of Sentry Holdings Limited at 31 December 2016 was HPS Investment Partners LLC (HPS),

Notes to the financial statements *(continued)*

33. Related party transactions *(continued)*

formerly known as Highbridge Principal Strategies LLC, a global private equity firm, which together with its co-investors held 79.9% of the shares with voting rights. HPS has significant influence through their voting rights in the Company and Board positions.

(a) Sales of services / purchases of services

During the year, various companies within the Group entered into the following transactions with related parties who are not members of the Group:

	Sale of services		Purchase of services	
	2016 **£000**	2015 £000	**2016** **£000**	2015 £000
Bravo Investment Holdings Limited	**329**	—	**622**	—
Price Forbes and Partners Limited	**—**	—	**2,262**	—
HPS Investment Partners LLC	**—**	—	**1,200**	—

All sales and purchases of services with related parties are conducted on an arm's length basis.

The purchase of services from Bravo Investment Holdings Limited (Bravo), an associate of the Group since 1 July 2016, represent commissions due to The Broker Network Limited (a subsidiary of Bravo). The sale of services represents monthly charges for shared services.

The purchase of services from Price Forbes and Partners Limited, a company related to HPS, represents the gross written premium on insurance placed by Towergate with Price Forbes.

The purchase of services from HPS Investment Partners LLC, the Group's principal shareholder, represent reimbursement of expenses incurred.

(b) Key management compensation

Key management compensation is discussed under note 8, Employee information.

During the year the Group granted long term incentive plans to a total of 28 senior leaders, many of whom are deemed key management personnel. The total pay-out for 'On Target' performance amounts to £1.1m, the eventual pay-out could be a higher or lower based on performance against certain EBITDA measures for the relevant performance period.

(c) Directors

Directors' compensation is discussed under note 8, Employee information.

(d) Period end balances arising from sales / purchases of services

	At 31 December 2016 £000	At 31 December 2015 £000
Receivables with related parties		
Bravo Investment Holdings Limited	**329**	—
(Payables) with related parties		
Bravo Investment Holdings Limited	**(368)**	—
Price Forbes and Partners Limited	**—**	—
HPS Investment Partners LLC	**(1,200)**	—

Notes to the financial statements *(continued)*

33. Related party transactions *(continued)*

The payables to related parties arise mainly from purchase transactions and are due 30 days after the date of purchase. The payables bear no interest. The receivables from related parties arise mainly from sale transactions and are due 30 days after the date of sales. The receivables are unsecured in nature and bear no interest. No provisions are held against receivables from these related parties.

(e) Borrowings from related parties

The Group received loan proceeds from HPS during the period. See note 21, borrowings, for further details.

(f) Loans to related parties

At 31 December 2016, three companies within the Group were owed a total of £12.2m (31 December 2015: £5.5m) by TIG Topco Limited, the immediate parent company and Sentry Holdings Limited, the ultimate parent company of the Group at the year end. At 31 December 2016 there was no bad debt provision against this balance (31 December 2015: £nil).

(g) Transactions involving shareholders

There have been a number of related party transactions in the year with HPS, the Group's majority shareholder. The details of these transactions are below:

- Disposal of the entire issued share capital of The Broker Network Limited and Countrywide Insurance Management Limited, both wholly owned subsidiaries of the Group. The consideration for the acquisition was satisfied in part by the allotment to Towergate of 19.9% of the shares in the acquisition vehicle, Bravo Investment Holdings Limited (Bravo) (see note 14, investment in associate); HPS hold the remaining shares in Bravo; and
- A five year facility from HPS secured by the future cash flows attributable to a Paymentshield home and contents book of business. See note 21, borrowings, for further details.

The short term loan facility from HPS announced on 23 March 2016 was not utilised by the Group and lapsed on completion of the Broker Network sale.

(h) Other

There have been subsequent events with related parties. Please refer to note 38, subsequent events.

Notes to the financial statements *(continued)*

34. Commitments

34.1 Operating lease commitments – where a Group company is the lessee

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	At 31 December 2016 £000	At 31 December 2015 £000
Property		
Not later than one year	**15,234**	13,708
Later than one year and not later than five years	**39,255**	24,298
Later than five years	**9,839**	4,196
	64,328	42,202
Equipment		
Not later than one year	**124**	294
Later than one year and not later than five years	**20**	181
Later than five years	**—**	—
	144	475
Total		
Not later than one year	**15,358**	14,002
Later than one year and not later than five years	**39,275**	24,479
Later than five years	**9,839**	4,196
	64,472	42,677

34.2 Legal and other loss contingencies

Guarantees

On 2 April 2015 TIG Finco Plc issued £425.0m of 8.75% Senior Secured Notes and £75.0m of Floating Rate Super Senior Secured Notes.

The obligations of TIG Finco Plc under the 8.75% Senior Secured Notes and the Floating Rate Super Senior Secured Notes are guaranteed by TIG Midco Limited, the immediate parent company of TIG Finco Plc, and all its material and certain other subsidiaries. These companies are listed below:

Berkeley Alexander Limited
Capital & County Insurance Brokers Limited
Countrywide Insurance Management Limited
Cox Lee & Co Limited
Crawford Davis Insurance Consultants Limited
Cullum Capital Ventures Limited
Four Counties Finance Limited
Fusion Insurance Holdings Limited
Fusion Insurance Services Limited
HLI (UK) Limited
Just Insurance Brokers Limited
Managing Agents Reference Assistance Services Limited
Moffatt & Co Limited
Paymentshield Holdings Limited
Paymentshield Limited
Portishead Insurance Management Limited
Protectagroup Acquisitions Limited
Protectagroup Holdings Limited
Protectagroup Limited
Richard V Wallis & Co Limited
Roundcroft Limited
T F Bell Holdings Limited
T L Risk Solutions Limited
The Broker Network Limited
The T F Bell Group Limited
Three Counties Insurance Brokers Limited
Towergate London Market Limited
Townfrost Limited
CCV Risk Solutions Limited
Eclipse Park Acquisitions Limited
Towergate Risk Solutions Limited
Broker Network Holdings Limited
Oyster Risk Solutions Limited
Paymentshield Group Holdings Limited
Towergate Underwriting Group Limited
Towergate Insurance Limited

Notes to the financial statements *(continued)*

34. Commitments *(continued)*

34.2 Legal and other loss contingencies *(continued)*

Some of the companies noted above have ceased trading since 2 April 2015 and other companies in the Group have commenced trading or have become material subsidiaries. Due to these changes on 4 November 2016 the Group companies comprising the entities which guarantee and secure the obligations of TIG Finco Plc under the 8.75% Senior Secured Notes and the Floating Rate Super Senior Secured Notes were amended in order to ensure that the guarantor / chargor group reflected the material entities within the Group.

The amended list of material entities is below:

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

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

34.3 Contractual commitments

As at 31 December 2016 various subsidiaries within the Group were contractually committed to expenditure in relation to business transformation projects totalling £15.4m, £6.4m in 2017 and £9.0m in 2018. Of the total, £6.7m relates to expenditure on intangible assets and £3.9m relates to property, plant and equipment purchases.

35. Contingent liabilities and contingent assets

Enhanced Transfer Values (ETV)

The Group remains in discussion with the Financial Conduct Authority (FCA) about past advice provided by the TF Group businesses on ETV. Independent file reviews have been shared with the FCA.

In August 2016, the FCA announced that it intended to consult in autumn 2016 to update the methodology used to calculate the levels of redress due in cases of unsuitable advice on transfers from defined benefit occupational pension schemes (DB) to personal pensions. The FCA announcement stated that "*it would not expect it to be fair for the firm to attempt to settle the complaint on a 'full and final' basis until the outcome of the consultation is known*". In March 2017 the FCA issued the consultation paper. There will now be a consultation period of at least three months whilst responses to the paper are collated and considered by the FCA. Until the consultation has completed, around the end of Q2 2017, the FCA has halted all customer redress.

Payment of redress is expected to occur once customers have been contacted and the redress methodology has been approved by the FCA. Redress payments are expected to start in 2018.

Given the number of uncertainties that continue to exist, it is not yet possible to make a reliable estimate of the Group's ultimate ETV related liability. However, purely for the purposes of developing business plans and cash flow projections for the Group, it has adopted a range of £45.0m to £65.0m in potential redress costs, excluding costs and expenses. This range is consistent with previous disclosures.

Notes to the financial statements *(continued)*

35. Contingent liabilities and contingent assets *(continued)*

This internal range is derived from a set of assumptions based on currently available information. As explained above, in view of these uncertainties all assumptions are subject to change and the Group can give no assurances as to whether its ultimate liability will be within this range or not. The ultimate liability for ETV may, therefore, be materially different.

As there is a material difference between the upper and lower levels of the redress range, an acknowledgement that the ultimate liability may fall significantly outside this range and conclusions from the FCA consultation are outstanding the Group is recognising the potential ETV redress costs as a contingent liability at 31 December 2016.

Recoveries – ETV and UCIS

Recoveries may be possible for ETV and UCIS, either from third parties or under the Group's insurance arrangements, both of which the Group continues to pursue. The maximum recoverable amount under insurance arrangements is £12m, although the ultimate extent and timing of any recovery remains uncertain.

In addition, as part of the Group's UCIS redress process it can acquire, in some cases, the illiquid assets held by claimants. Where this happens the Group will attempt to realise the value of the assets to partially offset its costs in relation to the UCIS redress process. This will be subject to agreement with individual claimants and as such the extent of the opportunity remains uncertain. Illiquid assets acquired during the year are disclosed as available-for-sale financial assets in these financial statements.

As at 31 December 2016 the Group has recovered assets with an estimated fair value of £0.5m. See note 15.2 and 16 for further information.

Broker Network disposal

As part of the consideration on the sale of Broker Network, the Group will receive a contingent consideration of up to £17.2m if certain performance measures are exceeded. Equally, the Group could have an ownership dilution in Bravo Investment Holdings Limited (Bravo) of up to its full share capital of 19.9% if certain performance measures are not met. As at 31 December 2016 the Group expect the performance measures are to be met but not exceeded and hence has recognised no asset/liability. Nevertheless, both a contingent asset and liability should be disclosed as a result of the above arrangement. As more information on the performance of Bravo becomes available, a value may be assigned to the reverse earn out or the deferred consideration receivable which will lead to the recognition of a liability or an asset respectively.

The terms of the contingent consideration agreement have been amended and updated in April 2017, please refer to note 38, Subsequent events for further details.

Rateable value of business properties

The Valuation Office Agency (VOA, an executive agency of HMRC) which is responsible for setting the Rateable Value of all business properties in England and Wales may have to change the way properties are valued due to a Supreme Court decision. The amount of any liability remains uncertain at the stage, the VOA have committed to reviewing the Rateable Values and will contact Towergate again before 31 March 2018.

36. Ultimate parent company

At 31 December 2016, the ultimate parent company of TIG Finco Plc was Sentry Holdings Limited. On 2 April 2015, HPS Investment Partners LLC, formerly known as Highbridge Principal Strategies LLC became the Group's majority shareholder when its investment in Sentry Holdings Limited (incorporated in Jersey, registered office address, 22 Grenville Street, St Helier, Jersey, JE4 8PX) acquired a direct interest in TIG Topco Limited (incorporated in Jersey, registered office address, 47 Esplanade St Helier Jersey JE1 0BD) and indirect interests in the Company and Towergate Insurance Limited and its subsidiaries. At 31 December 2016, the ultimate parent company was Sentry Holdings Limited. Sentry Holdings Limited is the largest Group in which the results are consolidated.

Notes to the financial statements *(continued)*

37. Group undertakings

The following were Group undertakings at 31 December 2016. Unless otherwise shown, the capital of each company is wholly-owned, is in ordinary shares and the principal country of operation is the country of incorporation/registration. Except where indicated, 100% of the voting rights are held directly or indirectly by TIG Finco Plc and the registered office is Towergate House, Eclipse Park, Sittingbourne Road, Maidstone, Kent, ME14 3EN.

Subsidiary undertakings	Country of incorporation	Nature of holding	Nature of principal activity
Antur Insurance Services Limited	England	Ordinary & Preference	Insurance broking
Antur (West Wales) Limited	England	Ordinary	Holding
Arista Insurance Limited	England	Ordinary	Underwriting
Berkeley Alexander Limited	England	Ordinary	Insurance broking
BIB (Darlington) Limited	England	Ordinary	Insurance broking
BIB (Darlington) Acquisitions Limited	England	Ordinary	Holding
BIB Underwriters Limited (95% owned)	England	Ordinary	Underwriting
BIBU Acquisitions Limited (95% owned)	England	Ordinary	Holding
Bishop Skinner Acquisitions Limited	England	Ordinary	Holding
Bishop Skinner Insurance Brokers Limited	England	Ordinary	Insurance broking
Bishop Skinner Insurance Brokers Holdings Limited	England	Ordinary	Insurance broking
Bishopsgate Insurance Brokers Limited (1)	England	Ordinary	Insurance broking
Broker Network Holdings Limited (2)	England	Ordinary	Holding
CCV Risk Solutions Limited	England	Ordinary	Insurance broking
Cullum Capital Ventures Limited	England	Ordinary	Cost centre / holding
Dawson Whyte Limited (3)	Northern Ireland	Ordinary	Insurance broking
Four Counties Insurance Brokers Limited	England	Ordinary	Insurance broking
Fusion Insurance Holdings Limited	England	Ordinary	Holding
Fusion Insurance Services Limited	England	Ordinary	Underwriting
Lunar 101 Limited	England	Ordinary	Holding
Managing Agents Reference Assistance Services Limited	England	Ordinary	Insurance broking
Moffatt & Co Limited	England	Ordinary	Holding
Morgan Law Limited	England	Ordinary	Insurance broking
Morgan Law (Holdings) Limited	England	Ordinary	Holding
Oyster Property Insurance Specialists Limited (75% owned)	England	Ordinary	Underwriting
Oyster Risk Solutions Limited (87.5% owned) (2)	England	Ordinary	Insurance broking
Paymentshield Group Holdings Limited (4)	England	Ordinary	Holding
Paymentshield Holdings Limited (4)	England	Ordinary	Holding
Paymentshield Life Underwriting Services Limited (4)	England	Ordinary	Life assurance & mortgage products
Paymentshield Limited (4)	England	Ordinary	General and life insurance products
Paymentshield Services Limited	England	Ordinary	General and life insurance products
Towergate Financial (East) Limited	England	Ordinary	In run off
Towergate Financial (East) Holdings Limited	England	Ordinary	Holding
Towergate Financial (East) Intermediate Limited	England	Ordinary	Holding

Notes to the financial statements *(continued)*

37. Group undertakings *(continued)*

Subsidiary undertakings	Country of incorporation	Nature of holding	Nature of principal activity
Towergate Financial (Group) Limited	England	Ordinary	In run off
Towergate Financial (London) Limited	England	Ordinary	In run off
Towergate Financial (North) Limited	England	Ordinary	In run off
Towergate Financial (North) Holdings Limited	England	Ordinary	Holding
Towergate Financial (Scotland) Limited (5)	Scotland	Ordinary	In run off
Towergate Financial (Scotland) Holdings Limited (5)	Scotland	Ordinary	Holding
Towergate Financial (West) Limited	England	Ordinary	In run off
Towergate Financial (West) Holdings Limited	England	Ordinary	Holding
Towergate Insurance Limited	England	Ordinary	Cost centre / holding
Towergate Risk Solutions Limited	England	Ordinary	Holding
Towergate Underwriting Group Limited	England	Ordinary	Insurance broking and underwriting
Agricultural Insurance Underwriting Agencies Limited	England	Ordinary	Dormant
Ainsbury (Insurance Brokers) Limited	England	Ordinary	Dormant
AIUA Holdings Limited	England	Ordinary	Dormant
Arthur Marsh & Son Limited	England	Ordinary	Dormant
Bishop Skinner Client Services Limited	England	Ordinary	Dormant
Broker Network (Trustee) Limited (2)	England	Ordinary	Dormant
Broker Network Insurance Brokers Limited (2)	England	Ordinary	Dormant
Canworth Commercial Limited	England	Ordinary	Dormant
Capital & County Insurance Brokers Limited	England	Ordinary	Dormant
CCG Financial Services Limited	England	Ordinary	Dormant
Chorlton Cloughley Group Limited	England	Ordinary	Dormant
Cox Lee & Co Limited	England	Ordinary	Dormant
Crawford Davis Insurance Consultants Limited	England	Ordinary	Dormant
Dawson Pennington & Company Limited	England	Ordinary	Dormant
Donaldson & Kenny Limited (3)	Northern Ireland	Ordinary	Dormant
Duncan Pocock (Holdings) Limited	England	Ordinary	Dormant
Eclipse Park Acquisitions Limited	England	Ordinary	Dormant
Execcover Limited	England	Ordinary	Dormant
Fenton Insurance Solutions Limited	England	Ordinary	Dormant
Four Counties Finance Limited	England	Ordinary	Dormant
Folgate (HHHB) Limited	England	Ordinary	Dormant
Folgate Risk Solutions (Oxted) Limited	England	Ordinary	Dormant
General Insurance Brokers Limited (3)	Northern Ireland	Ordinary	Dormant
GHBC Limited	England	Ordinary	Dormant
Hedley Davies & Co Limited	England	Ordinary	Dormant
HLI (UK) Limited	England	Ordinary	Dormant
HS 426 Limited (4)	England	Ordinary	Dormant
HS 428 Limited (4)	England	Ordinary	Dormant
J.N. Craig Limited (3)	Northern Ireland	Ordinary	Dormant
Just Insurance Brokers Limited	England	Ordinary	Dormant
JW Group Insurance & Risk Managers Limited (6)	Scotland	Ordinary	Dormant
JW Group Limited (6)	Scotland	Ordinary	Dormant
LFE Group Limited	England	Ordinary	Dormant
M. Wood Insurance Services Limited	England	Ordinary	Dormant

Notes to the financial statements *(continued)*

37. Group undertakings *(continued)*

Subsidiary undertakings	Country of incorporation	Nature of holding	Nature of principal activity
M2 Financial Fees Limited	England	Ordinary	Dormant
McAra Associates Limited [7]	Scotland	Ordinary	Dormant
Moray Firth Insurance Brokers Limited [8]	Scotland	Ordinary	Dormant
Motaquote Insurance Services Limited	England	Ordinary	Dormant
Oak Affinity Consultancy Limited [3]	England	Ordinary	Dormant
Paul Scully Insurance Services Limited	England	Ordinary	Dormant
Portishead Insurance Management Limited	England	Ordinary	Dormant
Priestley & Partners (Insurance) Brokers Limited [1]	England	Ordinary	Dormant
Protectagroup Acquisitions Limited	England	Ordinary	Dormant
Protectagroup Holdings Limited	England	Ordinary	Dormant
Protectagroup Limited	England	Ordinary	Dormant
Richard V Wallis & Co Limited	England	Ordinary	Dormant
Rixon Matthews Appleyard Limited	England	Ordinary	Dormant
Roundcroft Limited	England	Ordinary	Dormant
SMG Professional Risks Limited	England	Ordinary	Dormant
Smith & Pinching General Insurance Services Limited	England	Ordinary	Dormant
Suddards Davies & Associates Limited	England	Ordinary	Dormant
Sullivan Garrett Limited [1]	England	Ordinary	Dormant
TF Bell Holdings Limited	England	Ordinary	Dormant
The Folgate Partnership Limited	England	Ordinary	Dormant
The TF Bell Group Limited	England	Ordinary	Dormant
Three Counties Insurance Brokers Limited	England	Ordinary	Dormant
TL Risk Solutions Limited [2]	England	Ordinary	Dormant
Topcrest Insurance Brokers Limited	England	Ordinary	Dormant
Towergate Chase Parkinson Limited	England	Ordinary	Dormant
Towergate Financial (Edinburgh) Limited [5]	Scotland	Ordinary	Dormant
Towergate Financial (Huddersfield) Intermediate Limited	England	Ordinary	Dormant
Towergate Financial (Huddersfield) Limited	England	Ordinary	Dormant
Towergate FJC Limited	England	Ordinary	Dormant
Towergate Holiday Homes Underwriting Agency Limited	England	Ordinary	Dormant
Towergate Management Services Limited	England	Ordinary	Dormant
Towergate Property Management Limited	England	Ordinary	Dormant
Towergate TLC Limited	England	Ordinary	Dormant
Towergate Wilsons Limited	England	Ordinary	Dormant
Townfrost Limited [2]	England	Ordinary	Dormant
Walter Ainsbury & Son Limited	England	Ordinary	Dormant
Waveney Group Schemes Limited	England	Ordinary	Dormant
Waveney Insurance Brokers (Commercial) Limited	England	Ordinary	Dormant
Waveney Insurance Brokers Limited	England	Ordinary	Dormant
William Rogers Holding Company Limited	England	Ordinary	Dormant
William Rogers Insurance Brokers Limited	England	Ordinary	Dormant
WM Fargate Limited	England	Ordinary	Dormant

Notes to the financial statements *(continued)*

37. Group undertakings *(continued)*

Associate undertaking	Country of incorporation	Nature of holding	Nature of principal activity
Bravo Investment Holdings Limited (9)	England	Ordinary	Holding

(1) Registered office address is 77 Leadenhall Street, London, EC3A 3DE
(2) Registered office address is Hexagon House Grimbald Crag Close, St James Business Park, Knaresborough, North Yorkshire, HG5 8PJ
(3) Registered office address is 43 Malone Road, Belfast, BT9 6RX
(4) Registered office address is Paymentshield House, Wight Moss Way, Southport, Merseyside, PR8 4HQ
(5) Registered office address is 150 St Vincent Street, Glasgow, Scotland, G2 5NE
(6) Registered office address is Davidson House, 57 Queen Charlotte Street, Edinburgh, EH6 7YD
(7) Registered office address is Bon Accord House, Riverside Drive, Aberdeen, Scotland, AB11 7SL
(8) Registered office address is 21a Kingsmills Road, Inverness, IV2 3SX
(9) Registered office address is Devonshire House, 4th Floor, 1 Mayfair Place, London, United Kingdom, W1J 8AJ.

38. Subsequent events

Closure of Retail Unit and changes to Finance function

On 12 January 2017 Towergate announced the closure of its Retail Unit (formerly known as Small Business Unit). As a result of this announcement 176 of the Group's employees were placed at risk of redundancy. Separately, on 12 January 2017 and 24 April 2017 Towergate made two announcements regarding proposals in relation to its Finance function that may result in redundancies. Following those announcements 165 employees were placed into consultation periods.

In line with the requirements of IAS 10, no provision has been recognised at 31 December 2016 in relation to the closure of the Retail Unit or the announcements of the changes to the Finance function. The Group is not yet able to accurately quantify the financial impact of these announcements.

Additional funding

On 29 January 2017 the Group secured additional funding totalling up to £65m from Madison Dearborn Partners (MDP) and HPS Investment Partners LLC (HPS). Proceeds from these initiatives will be applied towards achievement of the Group's key strategic transformation initiatives. The additional funding comprises:

- A £40m rights issue offered by TIG Topco Limited to existing shareholders and subscribed for in its entirety by MDP and one minority shareholder.
- A £17m term loan facility which was made available to TIG Finco plc by MDP and HPS from 1 April 2017 and drawn down on 19 April 2017. The loan agreement provides that any amounts drawn under it can be repaid in cash or converted to equity at the option of TIG Finco plc on or before 31 December 2017.
- A further tranche of £8m that can be utilised once the £17m term loan facility has been utilised in full. The loan agreement provides that this facility is to be repaid using any amounts received in relation to the Group's recoveries in relation to certain professional indemnity insurance claims, or using amounts from the earn-out of consideration relating to the disposal of the Group's investment in The Broker Network Limited and Countrywide Insurance Management Limited (Broker Network). If the further tranche is not repaid in full by these means, then any amounts drawn under it can be converted to equity on or before 31 December 2017.

Notes to the financial statements *(continued)*

38. Subsequent events *(continued)*

Broker Network disposal

The Group expects to recover an amount from the earn-out of consideration relating to the disposal of Broker Network that completed in July 2016 (and for which the terms were amended and updated in April 2017). Under the previous terms of the sale agreement, no amounts were recognised as recoverable (see note 35, contingent liabilities and contingent assets), but the Directors expect to receive an amount of up to £17.2m under the revised terms.

Company statement of financial position

As at 31 December 2016

	Note	**At 31 December 2016 £000**	At 31 December 2015 £000
Assets			
Non-current assets			
Other non-current financial assets	*3*	**735,000**	735,000
Deferred tax assets	*4*	**1,019**	—
		736,019	735,000
Current assets			
Trade and other receivables	*5*	**144,762**	130,105
Current tax assets	*4*	**252**	—
		145,014	130,105
Total assets		**881,033**	865,105
Equity and liabilities			
Equity			
Share capital	*8*	**300,000**	300,000
Share premium	*8*	**1**	1
Capital contribution	*9*	**60,000**	60,000
Retained losses	*9*	**(94,925)**	(66,734)
Total equity		**265,076**	293,267
Non-current liabilities			
Borrowings	*7*	**495,300**	494,306
		495,300	494,306
Current liabilities			
Borrowings	*7*	**5,958**	5,992
Trade and other payables	*6*	**114,699**	71,540
		120,657	77,532
Total liabilities		**615,957**	571,838
Total equity and liabilities		**881,033**	865,105

These financial statements were approved by the board of Directors on 26 April 2017 and were signed on its behalf by:

M Mugge
Director

The notes on pages 83 to 91 form part of these financial statements.

Company statement of changes in equity

	Share capital £000	**Share premium £000**	**Capital contribution reserve £000**	**Retained losses £000**	**Total £000**
At 1 January 2016	**300,000**	**1**	**60,000**	**(66,734)**	**293,267**
Loss for the period	**—**	**—**	**—**	**(28,191)**	**(28,191)**
At 31 December 2016	**300,000**	**1**	**60,000**	**(94,925)**	**265,076**

	Share capital £000	Share premium £000	Capital contribution reserve £000	Retained losses £000	Total £000
At 5 February 2015	—	—	—	—	—
Loss for the period	—	—	—	(66,734)	(66,734)
Issue of share capital	300,000	1	—	—	300,001
Capital contribution	—	—	60,000	—	60,000
At 31 December 2015	300,000	1	60,000	(66,734)	293,267

The notes on pages 83 to 91 form part of these financial statements.

Notes to the Company statement of financial position

1 Authorisation of financial statements and statement of compliance

TIG Finco Plc (the Company) was incorporated on the 5 February 2015 as TIG Finco Limited, a private company limited by shares with registered number 09424525. On 30 March 2015 TIG Finco Limited re-registered as a public company, TIG Finco Plc. It is incorporated and domiciled in the UK. The address of its registered office is Towergate House, Eclipse Park, Sittingbourne Road, Maidstone, ME14 3EN. The financial statements for the year ended 31 December 2016 were authorised for issue by the board of directors on 26 April 2017 and the statement of financial position was signed on the board's behalf by M Mugge.

2 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and were authorised for issue by the board on 26 April 2017.

The 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.

Under s408 of the Companies Act 2006, the company is exempt from the requirement to present its own profit and loss account.

2.2 Reclassification of interest payable

The Company has reclassified interest payable of £5,992k from trade and other payables to borrowings in the statement of financial position for the comparative as at 31 December 2015. The reclassification aligns the interest payable with its nature as a consequence of borrowings. There were no changes to the recognition and measurement basis of interest payable as a result of the reclassification, the reclassification has no impact on the net assets or the profit or loss of the Company.

2.3 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 IFRS"), 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 paragraphs 45(b) and 46-52 of IFRS 2 Share-Based Payments because the arrangement concerns instruments of another Group entity;

(b) the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64 (q)(ii), B66 and B67 of IFRS 3 Business Combinations which includes among other exemptions the requirement to include a comparative period reconciliation for goodwill;

(c) the requirements of paragraph 33(c) of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the cash flows of discontinued operations;

(d) 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;

Notes to the Company statement of financial position *(continued)*

2 Accounting policies *(continued)*

2.3 Summary of disclosure exemptions *(continued)*

(e) 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;

(f) the requirements in paragraph 10(d) 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;

(g) 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;

(h) 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;

(i) 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;

(j) the requirements of paragraphs 134(d) – 134(f) and 135(c) – 135(e) of IAS 36 Impairment of Assets in respect of disclosure of assumptions on which projections used in the impairment review are based and sensitivity analysis.

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

2.4 Going concern

The financial statements of the Company set out on pages 81 to 91 have been prepared on a going concern basis. The directors believe the going concern basis to be appropriate following their assessment of the Company’s financial position and its ability to meet its obligations as and when they fall due as described below.

At 31 December 2016 the Company had net assets of £265.1m (31 December 2015: £293.3m) and net current assets of £24.4m (31 December 2015: £52.6m). The net assets include an amount owed by Group undertakings of £144.8m (31 December 2015: £130.1m) and an amount owed to Group undertakings of £114.7m (31 December 2015: £71.5m).

The Directors believe the going concern basis to be appropriate following their assessment of the Company’s financial position and its ability to meet its obligations as and when they fall due. In reaching their view on preparation of the Company’s financial statements on a going concern basis, the Directors have considered the anticipated future cash flows of the Towergate Group and these were subjected to stress testing and sensitivity analysis to ensure that the Group is able to cope with reasonably foreseeable adverse trading and cash flow outcomes. In addition, the Directors have considered the following transactions which were executed in early 2017:

The Group secured additional funding totaling up to £65m from its Madison Dearborn Partners (MDP) and HPS Investment Partners LLC (HPS). Proceeds from these initiatives will be applied towards achievement of the Group’s key strategic transformation initiatives. The additional funding comprises:

- A £40m rights issue offered by TIG Topco Limited to existing shareholders and subscribed for in its entirety by MDP and one minority shareholder.

Notes to the Company statement of financial position *(continued)*

2 Accounting policies *(continued)*

2.4 Going concern *(continued)*

- A £17m term loan facility which was made available to TIG Finco plc by MDP and HPS from 1 April 2017 and drawn down on 19 April 2017. The loan agreement provides that any amounts drawn under it can be repaid in cash or converted to equity at the option of TIG Finco plc on or before 31 December 2017.
- A further tranche of £8m that can be utilised once the £17m term loan facility has been utilised in full. The loan agreement provides that this facility is to be repaid using any amounts received in relation to the Group's recoveries in relation to certain professional indemnity insurance claims, or using amounts from the earn-out of consideration relating to the disposal of the Group's investment in The Broker Network Limited and Countrywide Insurance Management Limited (Broker Network). If the further tranche is not repaid in full by these means, then any amounts drawn under it can be converted to equity on or before 31 December 2017.

The Group expects to recover an amount from the earn-out of consideration relating to the disposal of Broker Network that completed in July 2016 (and for which the terms were amended and updated in April 2017). Under the previous terms of the sale agreement, no amounts were recognised as recoverable, but the Directors expect to receive an amount of up to £17.2m under the revised terms.

When preparing the Company's financial statements on a going concern basis, the Directors have considered uncertainties facing the Group, including the potential liabilities arising from the past business review of enhanced transfer value ("ETV") and unregulated collective investment schemes ("UCIS") products that existed at the statement of financial position date of 31 December 2016:

- a contingent liability has been disclosed in the consolidated financial statements of the Group in respect of a potential liability arising from the past business review for ETV products. There are a number of material uncertainties and it is not yet possible to make a reliable estimate of the Group's ultimate liability and related payment profile. The Directors believe any potential payments are unlikely to commence before 2018; and
- a provision of £10.7 million is recognised in the consolidated financial statements of the Group in respect of future payments of UCIS liabilities. The Group is comfortable that the quantum of this provision is adequate and the cash outflows will complete during 2017.

On the basis of the Directors' assessment of the Company's financial position and of the Group's ability to continue to provide such support as might be required, the Directors have a reasonable expectation that the Company will be able to continue to operate for at least the next twelve months. Therefore, the annual financial statements have been prepared on a going concern basis.

2.5 Financial assets

Financial assets are initially measured at fair value plus directly attributable transaction costs. The Company's financial assets include other non-current assets and trade and other receivables.

(a) Other non-current assets represent investments in subsidiary undertakings. They are stated at cost less any provision for impairment for any diminution of value.

(b) Trade and other receivables represent amounts due from related parties in the form of a subordinated loan and associated interest income. They are stated at cost less any impairment.

2.6 Financial liabilities

Financial liabilities are initially measured at fair value plus directly attributable transaction costs. The Company's financial liabilities are trade and other payables.

(a) Trade and other payables represent amounts due to related parties. They are stated at cost.

Notes to the Company statement of financial position *(continued)*

2 Accounting policies *(continued)*

2.7 Borrowings

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date. Borrowings are recognised initially at fair value, net of transaction costs incurred. They are subsequently stated at amortised cost using the effective interest rate method.

2.8 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.

2.9 Taxation

Current tax is recognised for the amount of tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, deferred tax is reversed. Deferred tax assets and deferred tax liabilities are only offset if there is a legally enforceable right to set off current tax assets against current tax liabilities. Deferred tax asset and the deferred tax liability can only be offset when they relate to income taxes levied by the same taxation authority. Where deferred tax is offset on different taxable entities this is allowed when it is intending either to settle current tax assets or liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.10 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.

3 Other non-current financial assets

Shares in Group undertakings	2016 £000	2015 £000
Cost (or valuation)		
At start of the period	**735,000**	—
Additions	**—**	735,000
At 31 December	**735,000**	735,000
Amounts provided or written off		
At 31 December	**—**	—
Net book value		
At 31 December	**735,000**	735,000

The Company's shares in Group undertakings at the period end in share capital comprise the following:

	Shareholding %	Principal activity
Towergate Insurance Limited	100	Holding company

Notes to the Company statement of financial position *(continued)*

3 Other non-current financial assets *(continued)*

The registered office address of Towergate Insurance Limited is Towergate House, Eclipse Park, Sittingbourne Road, Maidstone, Kent, ME14 3EN.

4. Current tax and deferred tax

The analysis of current tax assets is as follows:

	At 31 December 2016 £000	At 31 December 2015 £000
Corporation tax receivable – losses to be surrendered through group relief	**252**	—
	252	**—**

The analysis of deferred tax assets is as follows:

	At 31 December 2016 £000	At 31 December 2015 £000
Deferred tax assets		
- Losses	1,019	—
Deferred tax assets	**1,019**	**—**

The movement in deferred tax assets during the year is as follows:

	2016 £000
At 1 January 2016	**—**
Deferred tax asset recognised in respect of losses	**1,019**
At 31 December 2016	**1,019**

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Company did not recognise deferred income tax assets of £5.3m (2015: £Nil) in respect of an unused non-trade loan relationship deficit carried forward.

5 Trade and other receivables

	At 31 December 2016 £000	At 31 December 2015 £000
Amounts owed by related parties – subordinated loan	**122,000**	122,000
Amounts owed by related parties – interest receivable	**18,932**	8,105
Amounts owed by related parties	**3,830**	—
	144,762	130,105

The subordinated loan is to Towergate Insurance Limited, a subsidiary of the Company. The loan bears interest at a fixed rate of 8.85% per annum.

Notes to the Company statement of financial position *(continued)*

6 Trade and other payables

	At 31 December 2016 £000	At 31 December 2015 £000
Amounts owed to related parties	**114,699**	71,540
	114,699	71,540

The Company has reclassified interest payable in the comparative period, for further details see note 2.2.

7 Borrowings

	At 31 December 2016 £000	At 31 December 2015 £000
Current		
Interest payable	**5,958**	5,992
	5,958	5,992
Non-current		
Senior secured notes	**422,800**	422,431
Floating rate super senior secured notes	**72,500**	71,875
	495,300	494,306

The Company has reclassified interest payable in the comparative period, for further details see note 2.2.

On 2 April 2015, the Company issued £425.0m of 8.75% senior secured notes and £75.0m of floating rate super senior secured notes at a discount of £3.0m. The notes are guaranteed by TIG Midco Limited (the immediate parent company of Finco) and by all of its material and certain other subsidiaries. The guarantor companies are listed in note 10, Commitments. Non-current borrowings mature on 2 April 2020.

The carrying amounts of the Group's borrowings are denominated in sterling.

	At 31 December 2016 £000	At 31 December 2015 £000
Maturity of borrowings		
Between two and five years	**495,300**	494,306
	495,300	494,306

The borrowings bear average interest rates of 8.71% (2015: 8.71%) annually.

The exposure of the borrowings of the Company to interest rate changes and the contractual re-pricing dates at the end of the reporting period are as follows:

	6 months or less £000	**Fixed rate £000**	**Total £000**
At 31 December 2016	**72,500**	**422,800**	**495,300**

	6 months or less £000	Fixed rate £000	Total £000
At 31 December 2015	71,875	422,431	494,306

Notes to the Company statement of financial position *(continued)*

7 Borrowings *(continued)*

Fair value of borrowings

Non-current borrowings:

The carrying amount of the quoted £75.0m of floating rate super senior secured notes do not differ materially from their fair values, as the floating rate interest rate formula is based on LIBOR that is contractually re-priced every six months or less.

The fair values of quoted non-current borrowings at fixed rates as of 31 December based on quoted market prices are as follows:

	At 31 December 2016		At 31 December 2015	
	Carrying amount £000	**Fair value £000**	Carrying amount £000	Fair value £000
Senior secured notes	**422,800**	**393,754**	422,431	380,545
Floating rate super senior secured notes	**72,500**	**77,075**	71,875	77,187
	495,300	**470,829**	494,306	457,732

Undrawn borrowing facilities:

As at 31 December 2016, the Company has no undrawn facilities.

8 Share capital and premium

	At 31 December 2016 £000	At 31 December 2015 £000
Allotted, called up and fully paid shares		
Ordinary shares of £1 each	**300,000**	300,000

	Ordinary shares £000	**Total share capital £000**	**Share premium £000**	**Total £000**
At 1 January 20 16	**300,000**	**300,000**	**1**	**300,001**
At 31 December 2016	**300,000**	**300,000**	**1**	**300,001**

9 Reserves

	Capital contribution reserve £000	**Retained losses £000**
At 1 January 2016	**60,000**	**(66,734)**
Loss for the period	**—**	**(28,191)**
At 31 December 2016	**60,000**	**(94,925)**

10 Related party transactions

(a) Transactions and balances with entities that form part of the Group

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.

Notes to the Company statement of financial position *(continued)*

10 Related party transactions *(continued)*

(b) Remuneration of directors

	2016 £000	2015 £000
Aggregate emoluments	**2,238**	2,168
Company contributions to money purchase pension scheme	**38**	22
	2,276	2,190

The aggregate emoluments of the highest paid Director were £1.2m (2015: £1.4m) and company pension contributions of £0.002m (2015: £0.02m) were made to a money purchase scheme on their behalf.

	2016	2015
Retirement benefits are accruing to the following number of Directors under:		
Money purchase schemes	2	—

All Directors benefit from qualifying third party indemnity provisions in place during the financial period and at the date of this report.

(c) Other

There have been a number of subsequent events with related parties. Please refer to note 13.

11 Commitments

Guarantees

On 2 April 2015, TIG Finco Plc issued £425.0m of 8.75% Senior Secured Notes and £75.0m of Floating Rate Super Senior Secured Notes.

The obligations of TIG Finco Plc under the 8.75% Senior Secured Notes and the Floating Rate Super Senior Secured Notes are guaranteed by TIG Midco Limited, the immediate parent company of TIG Finco Plc and all its material and certain other subsidiaries. These companies are listed below:

Berkeley Alexander Limited
Capital & County Insurance Brokers Limited
Countrywide Insurance Management Limited
Cox Lee & Co Limited
Crawford Davis Insurance Consultants Limited
Cullum Capital Ventures Limited
Four Counties Finance Limited
Fusion Insurance Holdings Limited
Fusion Insurance Services Limited
HLI (UK) Limited
Just Insurance Brokers Limited
Managing Agents Reference Assistance Services Limited
Moffatt & Co Limited
Paymentshield Holdings Limited
Paymentshield Limited
Portishead Insurance Management Limited
Protectagroup Acquisitions Limited
Protectagroup Holdings Limited
Protectagroup Limited
Richard V Wallis & Co Limited
Roundcroft Limited
T F Bell Holdings Limited
T L Risk Solutions Limited
The Broker Network Limited
The T F Bell Group Limited
Three Counties Insurance Brokers Limited
Towergate London Market Limited
Townfrost Limited
CCV Risk Solutions Limited
Eclipse Park Acquisitions Limited
Towergate Risk Solutions Limited
Broker Network Holdings Limited
Oyster Risk Solutions Limited
Paymentshield Group Holdings Limited
Towergate Underwriting Group Limited
Towergate Insurance Limited

Notes to the Company statement of financial position *(continued)*

11 Commitments *(continued)*

Some of the companies noted above have ceased trading since 2 April 2015 and other companies in the Group have commenced trading or have become material subsidiaries. Due to these changes on 4 November 2016 the Group companies comprising the entities which guarantee and secure the obligations of TIG Finco Plc under the 8.75% Senior Secured Notes and the Floating Rate Super Senior Secured Notes were amended in order to ensure that the guarantor / chargor group reflected the material entities within the Group.

The amended list of material entities are below:

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

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

12 Ultimate parent company

At 31 December 2016, the ultimate parent company of TIG Finco Plc was Sentry Holdings Limited. On 2 April 2015, HPS Investment Partners LLC, formerly known as Highbridge Principal Strategies LLC became the Group's majority shareholder when its investment in Sentry Holdings Limited (incorporated in Jersey, registered office address 22 Grenville Street, St Helier, Jersey, JE4 8PX) acquired a direct interest in TIG Topco Limited (incorporated in Jersey, registered office address, 47 Esplanade, St Helier, Jersey, JE1 0BD). At 31 December 2016, the ultimate parent company was Sentry Holdings Limited.

These consolidated financial statements are available upon request from:

Towergate House
Eclipse Park
Sittingbourne Road
Maidstone
Kent
ME14 3EN

13 Subsequent events

Additional funding

On 29 January 2017 the Group secured additional funding totalling up to £65m from Madison Dearborn Partners (MDP) and HPS Investment Partners LLC (HPS). Proceeds from these initiatives will be applied towards achievement of the Group's key strategic transformation initiatives. The additional funding comprises:

- A £40m rights issue offered by TIG Topco Limited to existing shareholders and subscribed for in its entirety by MDP and one minority shareholder.

Notes to the Company statement of financial position *(continued)*

13 Subsequent events *(continued)*

- A £17m term loan facility which was made available to TIG Finco plc by MDP and HPS from 1 April 2017 and drawn down on 19 April 2017. The loan agreement provides that any amounts drawn under it can be repaid in cash or converted to equity at the option of TIG Finco plc on or before 31 December 2017.
- A further tranche of £8m that can be utilised once the £17m term loan facility has been utilised in full. The loan agreement provides that this facility is to be repaid using any amounts received in relation to the Group's recoveries in relation to certain professional indemnity insurance claims, or using amounts from the earn-out of consideration relating to the disposal of the Group's investment in The Broker Network Limited and Countrywide Insurance Management Limited (Broker Network). If the further tranche is not repaid in full by these means, then any amounts drawn under it can be converted to equity on or before 31 December 2017.

TIG Finco Plc

Consolidated financial statements
for the period 5 February 2015 to 31 December 2015

Registered number 09424525

Contents

Directors' report

The Directors have pleasure in presenting their Annual Report and the audited financial statements for the period 5 February 2015 to 31 December 2015.

General information and principal activities

TIG Finco Plc (the Company) was incorporated on the 5 February 2015 as a private company limited by shares with registered number 09424525. On 30 March 2015 TIG Finco Limited re-registered as a public company, TIG Finco Plc. It is incorporated and domiciled in the UK. The address of its registered office is Towergate House, Eclipse Park, Sittingbourne Road, Maidstone, ME14 3EN.

TIG Finco Plc is a holding company which delivers central functions across the Group and, through its subsidiaries, operates primarily to distribute insurance products and to act as an underwriting agent. The principal activities of the Group are insurance broking, underwriting, mortgage broking solutions and the provision of insurance network services. Information regarding parent and ultimate parent companies can be found in note 11 of the Company accounts which form part of these consolidated financial statements.

Share capital and dividends

The issued share capital of the Company, together with details of shares issued during the period is shown in note 22 to the consolidated financial statements.

The Directors have proposed a dividend of £nil to equity shareholders.

Directors

The Directors who held office during the period were as follows:

John Tiner	*(Appointed 29/06/2015)*
Mark Mugge	*(Appointed 03/11/2015)*
Philip Moore	*(Appointed 02/04/2015)*
Teresa Robson-Capps	*(Appointed 02/04/2015)*
Oliver Feix	*(Appointed 02/04/2015)*
Scot French	*(Appointed 02/04/2015)*
Dev Gopalan	*(Appointed 02/04/2015, resigned 08/03/2016)*
Alastair Lyons	*(Appointed 12/02/2015, resigned 29/06/2015)*
Scott Egan	*(Appointed 12/02/2015, resigned 14/09/2015)*
Matthieu Boulanger	*(Appointed 02/04/2015, resigned 28/08/2015)*
Fiona Wilson	*(Appointed 05/02/2015, resigned 12/02/2015)*
Ana Kekovska	*(Appointed 05/02/2015, resigned 12/02/2015)*

Directors appointed after 31 December 2015 was as follows:

Daniel Pietrzak	*(Appointed 08/03/2016)*
David Ross	*(Appointed 09/03/2016)*

All Directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Directors' report *(continued)*

Employees

Towergate actively encourages all employees to become involved in the Group's affairs. It provides them with information on matters of concern to them as employees and ensures they have a common awareness of the financial and economic factors affecting the performance of the Group.

This is achieved through the use of the Group intranet, which provides a continuous commentary on business issues relating to both Group and divisional activity. Policies and procedures which support employees in their roles are available through targeted intranet portals. Financial and business performance updates, results briefings and other important news items are provided to employees through regular senior leaders and all employee conference calls.

Employees or their representatives are consulted on a regular basis so that the views of employees can be taken into account in making decisions which are likely to affect their interests. This is achieved through Towergate Talks, a Group-wide employee feedback mechanism, which captures their thoughts on the Group, management, their own roles and their working environment. Pulse checks are conducted as required by individual divisions with a focus on local issues and matters affecting the working environment. Divisions also have a network of engagement champions who are actively engaged in supporting local teams to implement changes in direct response to employee feedback.

Employees are encouraged to be involved in the Group's performance. The management bonus scheme makes annual cash awards based on a combination of Towergate's overall performance and individual performance against agreed objectives. In addition, each area of the Group offers sales incentive plans to eligible employees which reward achievement of specific financial and non-financial measures on a quarterly, half-yearly or annual basis. Each plan is tailored to the business area and nature of the role. These plans also include measures relating to good customer outcomes where appropriate, usually through a balanced scorecard approach. All other permanent employees are eligible to be considered for an annual discretionary bonus based on their individual performance against agreed objectives; a small number of key senior managers and other key contributors are members of long term incentive plans which award a cash sum at a designated point in the future reflecting Towergate's financial performance over a prolonged period. Performance is usually measured by EBITDA growth or consistent achievement of pre-tax profit targets.

Employment of disabled persons

The Group'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.

Creditor policies

It is the Group's policy that payments to suppliers are made in accordance with terms and conditions agreed between the Group and its suppliers, provided that all trading terms and conditions have been complied with.

Political and charitable contributions

The Group made no political contributions during the year.

Donations to UK charities amounted to £0.1m.

Going concern

The financial statements of the Group set out on pages 23 to 72 have been prepared on a going concern basis. Further details of this assessment can be found in the strategic report and note 2 to these financial statements.

Directors' report *(continued)*

Post balance sheet event

Additional funding

During Q1 2016 the Company secured two sources of additional funding totalling up to £65m from Highbridge. Binding heads of terms have been signed for both of these transactions. Details are as follows:

- Disposal of the entire issued share capital of The Broker Network Limited and Countrywide Insurance Management Limited, both wholly owned subsidiaries of the Group, and the assets of Broker Network Underwriting, a trading style of Towergate Underwriting Group Limited. The consideration for the acquisition shall be satisfied in part by the allotment to Towergate of approximately 19.9% of the shares (subject to adjustment) in the acquisition vehicle; and
- A five year facility from Highbridge secured by certain legacy assets of the Group.
  Both initiatives remain subject to appropriate consents and/or approvals and will result in a cash injection to the Group.

In addition to the above, the Company secured a short term loan facility from Highbridge for an amount of up to £28m which will result in a cash injection to the Group if it is drawn.

Proceeds from these initiatives will largely be applied towards an acceleration of the strategic investments in the group transformation plan.

IT Transformation

During February 2016 the Group signed a contract with Accenture under which Accenture will become the Group's strategic partner, overseeing its IT Transformation change program. Under the contract Accenture will also manage service support across the whole IT Infrastructure estate for a period of five years.

Disclosure of information to auditors

The Directors who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Reappointment of independent auditor

Pursuant to Section 487 of the Companies Act 2006, the independent auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

M Mugge
Director
22 March 2016

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 Group and parent company 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 group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and applicable law, and have elected to prepare the parent company financial statements in accordance with Financial Reporting Standard 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 group and parent company and of their profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgments and estimates that are reasonable and prudent
- for the Group financial statements state whether they have been prepared in accordance with IFRS as adopted by the EU
- for the parent company state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and parent company transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and parent company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the group's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of TIG Finco Plc

We have audited the financial statements of TIG Finco Plc for the period 5 February 2015 to 31 December 2015 set out on pages 23 to 82. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' responsibilities statement set out on page 21, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at: www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2015 and of the group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the EU
- the parent company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from the branches not visited by us; or
- the parent company 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.

Rees Aronson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants15 Canada Square
London
E14 5GL
22 March 2016

Consolidated statement of comprehensive income
for the period 5 February 2015 to 31 December 2015

	Note	**Total for period to 31 December 2015**
Continuing operations		**£ 000**
Commission and fees	*4*	**267,236**
Investment income	*6*	**262**
Salaries and associated expenses	*8*	**(132,912)**
Other operating costs		**(172,042)**
Depreciation and amortisation charges	*5*	**(33,444)**
Impairment of goodwill	*11*	**(86,400)**
Operating loss		**(157,300)**
Analysed as:		
Operating profit before exceptional items		**11,250**
Reduction in value of contingent consideration		**1,456**
Group acquisition and financing costs	*5*	**(41,212)**
Group reorganisation costs	*5*	**(14,995)**
Regulatory costs	*5*	**(27,399)**
Impairment of goodwill	*11*	**(86,400)**
Operating loss		**(157,300)**
Finance costs	*7*	**(34,527)**
Finance income	*7*	**405**
Loss before taxation		**(191,422)**
Income tax credit	*10*	**6,958**
Total comprehensive loss for the period		**(184,464)**
Attributable to:		
Owners of the parent	*23*	**(184,425)**
Non-controlling interests	*24*	**(39)**
		(184,464)

The above results were derived from continuing operations.

The notes on pages 27 to 72 form an integral part of these consolidated financial statements.

Consolidated statement of financial position

	Note	At 31 December 2015 £000
Net assets		
Non-current assets		
Intangible assets	*11*	**700,293**
Property, plant and equipment	*12*	**9,310**
Available-for-sale financial assets	*14*	**152**
Deferred tax asset	*19*	**12,985**
		722,740
Current assets		
Cash and cash equivalents	*16*	**205,888**
Trade and other receivables	*15*	**55,718**
		261,606
Current liabilities		
Trade and other payables	*17*	**(190,077)**
Current tax liabilities	*19*	**(219)**
Borrowings	*18*	**(86)**
Provisions for other liabilities and charges	*20*	**(51,845)**
		(242,227)
Net current assets		**19,379**
Non-current liabilities		
Trade and other payables	*17*	**(11,254)**
Borrowings	*18*	**(494,399)**
Deferred tax liability	*19*	**(51,975)**
Provisions for other liabilities and charges	*20*	**(8,837)**
		(566,465)
		175,654
Total equity		
Capital and reserves attributable to the Company's shareholders		
Share capital	*22*	**300,000**
Capital reserve	*22*	**60,000**
Retained losses	*23*	**(184,425)**
Shareholders' equity		**175,575**
Non-controlling interest	*24*	**79**
		175,654

These financial statements were approved by the board of Directors on 22 March 2016 and were signed on its behalf by:

M Mugge
Director

The notes on pages 27 to 72 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	Share capital £000	Capital reserve £000	Retained Losses £000	Total shareholders equity £000	Non-controlling interests £000	Total equity £000
Balance at 5 February 2015	—	—	—	—	—	—
On acquisition	—	—	—	—	122	**122**
Loss for the period	—	—	(184,464)	**(184,464)**	—	**(184,464)**
Issue of share capital	300,000	60,000	—	**360,000**	—	**360,000**
Adjustment to non-controlling interest	—	—	39	**39**	(39)	**—**
Disposal of non-controlling interest	—	—	—	—	(4)	**(4)**
Total contributions by and distributions to owners	**300,000**	**60,000**	**(184,425)**	**175,575**	**79**	**175,654**
Balance at 31 December 2015	**300,000**	**60,000**	**(184,425)**	**175,575**	**79**	**175,654**

No dividends were paid during 2015.

The notes on pages 27 to 72 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

	Note	**2015 £000**
Cash flows from operating activities		
Net cash inflow from operations	*25.1*	**47,960**
Exceptional items		**(81,651)**
Interest paid		**(13)**
Interest received		**405**
Taxation paid		**(47)**
Investment income		**262**
Decrease in net insurance broking creditors		**(10,181)**
Net cash outflow from operating activities		**(43,265)**
Cash flows from investing activities		
Acquisition of businesses	*25.2*	**(65,028)**
Purchase of property, plant and equipment		**(1,386)**
Purchase of other intangible assets		**(4,441)**
Deferred consideration received		**1,394**
Net cash outflow from investing activities		**(69,461)**
Cash flows from financing activities		
Proceeds from issue of shares		**300,000**
Proceeds from borrowings		**52,000**
Interest paid on borrowing		**(26,579)**
Capitalised debt costs		**(3,697)**
Settlement of financial liabilities on acquisition		**(3,065)**
Capital element of finance lease rental payments		**(45)**
Net cash inflow from financing activities		**318,614**
Net increase in cash and cash equivalents		**205,888**
Cash and cash equivalents at the beginning of the period		**—**
Cash and cash equivalents at the end of the period	*16*	**205,888**

Cash and cash equivalents includes restricted cash, see note 16 for details.

The notes on pages 27 to 72 form an integral part of these consolidated financial statements.

Notes to the financial statements

1. General information

TIG Finco Plc (the Company) was incorporated on the 5 February 2015 as TIG Finco Limited a private company limited by shares with registered number 09424525. On 30 March 2015 TIG Finco Limited re-registered as a public company, TIG Finco Plc. It is incorporated and domiciled in the UK. The address of its registered office is Towergate House, Eclipse Park, Sittingbourne Road, Maidstone, Kent, ME14 3EN. The principal business activities of the Company and its subsidiaries are described in the strategic report.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

This is the first set of consolidated financial statements presented by the Group comprising TIG Finco Plc and its subsidiaries and they have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS as adopted by the EU), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The consolidated financial statements are presented in GBP sterling (£), which is also the Group's functional currency.

Amounts shown are rounded to the nearest thousand, unless stated otherwise. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

2.2 Going concern

The financial statements of the Group set out on pages 23 to 72 have been prepared on a going concern basis. At 31 December 2015 the Group had net assets of £175.7m and net current assets of £19.4m. The Group includes a number of subsidiary undertakings, which guarantee the bond debt owed by the Company.

The Directors believe the going concern basis to be appropriate following their assessment of the Group's financial position, its ability to meet its obligations as and when they fall due. The Directors have considered the anticipated future cash flows of the group and these were subjected to stress testing on specific assumptions.

In reaching their view on preparation of the Group's financial statements on a going concern basis, the Directors have considered significant uncertainties facing the Group including the potential liabilities arising from the past business review of enhanced transfer value ("ETV") and unregulated collective investment schemes ("UCIS") products that existed at the balance sheet date of 31 December 2015.

A contingent liability has been recognised in respect of ETV, as there are a number of material uncertainties and it is not yet possible to make a reliable estimate of the Group's ultimate liability and related payment profile. A provision has been recognised in respect of UCIS; however uncertainty remains over the expected profile of redress payments.

During Q1 2016 the Company secured two sources of additional funding totalling up to £65m from Highbridge. Binding heads of terms have been signed for both of these transactions. Details are as follows:

- Disposal of the entire issued share capital of The Broker Network Limited and Countrywide Insurance Management Limited, both wholly owned subsidiaries of the Group, and the assets of Broker Network Underwriting, a trading style of Towergate Underwriting Group Limited. The consideration for the acquisition shall be satisfied in part by the allotment to Towergate of approximately 19.9% of the shares (subject to adjustment) in the acquisition vehicle; and
- A five year facility from Highbridge secured by certain legacy assets of the Group. Both initiatives remain subject to appropriate consents and/or approvals and will result in a cash injection to the Group.

Notes to the financial statements *(continued)*

2. Summary of significant accounting policies *(continued)*

2.2 Going concern *(continued)*

In addition to the above, the Company secured a short term loan facility from Highbridge for an amount of up to £28m which will result in a cash injection to the Group if it is drawn.

Proceeds from these initiatives will largely be applied towards an acceleration of the strategic investments in the group transformation plan.

On the basis of their assessment of the Group's financial position and subsequent cash injection as noted above, the Directors have a reasonable expectation that the Group will be able to continue in operational existence for the foreseeable future. Hence they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.3 Changes in accounting policy and disclosures – new accounting standards

(a) New and amended standards adopted by the Group

The Group has applied accounting standards effective as at 31 December 2015 to all periods presented as required by IFRS 1. There has therefore been no impact on the Group of new or amended standards which became effective prior to this date.

(b) New standards and interpretations not yet mandatory and not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these consolidated financial statements. The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective;

	Effective for annual periods beginning on or after
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 16 Leases	1 January 2019
Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Annual Improvements to IFRS 2012-2014 Cycle	1 January 2016
Disclosure Initiative: Amendments to IAS 1	1 January 2016
Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements to IFRS 2012-2014 Cycle	1 January 2017

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

The Group intends to adopt where applicable the new and revised standards no later than the accounting period during which they become effective.

IFRS 9 Financial Instruments addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009, October 2010, November 2013 and July 2014. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The revisions to IFRS 9 issued in July 2014 mainly addressed a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a

Notes to the financial statements *(continued)*

2. Summary of significant accounting policies *(continued)*

2.3 Changes in accounting policy and disclosures – new accounting standards *(continued)*

fair value through other comprehensive income (FVTOCI) measurement category for certain simple debt instruments. The Group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2018, subject to endorsement by the EU. The Group will also consider the impact of the remaining phases of IFRS 9 when these have been finalised.

IFRS 15 Revenue from Contracts with Customers establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue when it becomes effective. The principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should recognise revenue when (or as) a performance obligation is satisfied, i.e when control of the goods or services underlying the particular performance obligation is transferred to the customer. The Group is yet to assess the potential impact of IFRS 15. It is not practicable to provide an estimate of the potential impact of IFRS 15 until the Group performs a detailed review.

IAS 16 Property, Plant and Equipment has been amended to prohibit entities from using a revenue based depreciation method. Amendments to IAS 38 Intangible Assets introduces a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in limited circumstances.

Currently the Group uses the straight line method for depreciation and amortisation for its property, plant and equipment and intangible assets respectively. The Directors believe that these are the most appropriate methods to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the Group does not anticipate that the application of the amendments to IAS 16 and IAS 38 will have a material impact on the Group's financial statements.

IFRS 16 Leases provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the underlying asset has a low value or the lease term is less than 12 months. The standard specifies how an entity should recognise, measure and disclose leases in is financial statements. The IFRS 16 approach to lessor accounting is substantially unchanged from its predecessor IAS 17. The Group has yet to perform an impact assessment and it is not practicable to provide an estimate of the potential impact until this has been completed.

The Group has yet to perform a detailed review of the impact of these amendments but initial reviews for IFRS 9 and IAS 16 suggest they will not have a significant impact on the consolidated financial statements.

2.4 Basis of consolidation

The consolidated financial statements comprise the accounts of the Company and its subsidiary undertakings. The Group consolidates those investees it is deemed to control. The Group has control over an investee if all three of the following are met: (1) it has power over an investee; (2) it is exposed to, or has rights to, variable returns from its involvement with the investee; and (3) it has ability to use its power over the investee to affect its own returns.

The acquisition method of accounting has been adopted for all acquisitions in the period. The profits and losses of subsidiary undertakings are consolidated as from the effective date of acquisition or to the effective date of disposal.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Notes to the financial statements *(continued)*

2. Summary of significant accounting policies *(continued)*

2.4 Basis of consolidation *(continued)*

At the date of this report, the Group held put and call options, constituting potential voting rights, over the non-controlling interests in certain of its subsidiaries. In assessing whether potential voting rights contribute to control (as defined by IFRS 10), a review of the respective contractual arrangements is performed by the Group to assess the substance of the contractual arrangements. The Group accounts for these options as if they have already been exercised where risks and rewards are considered to have been transferred to the Group, and includes the anticipated settlement value as part of the cost of acquisition of the relevant subsidiary. Where risks and rewards are not considered to have transferred, the minority shares are recorded within non-controlling interests as part of equity. A liability is recognised in respect of the anticipated settlement in deferred consideration.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Where the Group loses control of a subsidiary, the assets and liabilities are derecognised along with any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Accounting for business combinations

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired, and liabilities and contingent liabilities assumed, in a business combination are measured initially at their fair values at the acquisition date. On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net assets.

Acquisition related costs are expensed as incurred.

If a business combination is achieved in stages, the fair value of the acquirer’s previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date.

Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability are recognised in accordance with IAS 39 in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash generating units for the purpose of impairment testing.

Business combinations with entities under common control are accounted for using predecessor accounting. Under predecessor accounting, no assets or liabilities are restated to their fair values and the Group incorporates predecessor carrying values. No new goodwill is recognised under predecessor accounting.

Notes to the financial statements *(continued)*

2. Summary of significant accounting policies *(continued)*

2.4 Basis of consolidation *(continued)*

Deferred consideration is payable in respect of certain acquisitions based on the performance of the acquired business typically in the 24-month period following the acquisition and in connection with put and call options granted to shareholders of businesses we have acquired in respect of the remaining minority interest of such shareholders typically for the 36-month period following the acquisition.

(c) Transactions with non-controlling interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non controlling interests are also recorded in equity.

(d) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.5 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates, being its functional currency. All Group entities are based in the UK and have GBP Sterling (£) as the functional currency.

The consolidated financial statements are presented in GBP Sterling (£), its presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.6 Intangible assets

(a) Commission buy outs

Commission buy outs exist when they are purchased separately and are capitalised on the basis of the costs incurred to acquire them. Their fair value has been calculated as the sum of the present value of projected future commission savings. Amortisation is provided at a monthly rate of 3% on a reducing balance basis.

(b) Customer relationships

Customer relationship intangible assets exist through business combinations when the acquirer is able to benefit from selling future new business through existing relationships. Their fair value has been calculated as the sum of the present value of projected cash flows, in excess of returns on contributory assets over the life of the relationship with the customers. These assets are amortised over their estimated useful lives of 10 years, which is estimated by reference to the history of the relationships and levels of attrition.

Notes to the financial statements *(continued)*

2. Summary of significant accounting policies *(continued)*

2.6 Intangible assets *(continued)*

(c) Distribution network

Distribution network intangible assets exist through business combinations when the acquirer is able to benefit from already established distribution channels, mainly within underwriting and broker network. Their fair value has been calculated as the sum of the present value of projected future cash flows generated by existing distribution channels. These assets are amortised over their estimated useful lives of 10 years, which is estimated by reference to the history of the relationships and levels of attrition.

(d) Brand

Brand intangible assets exist through business combinations when they are separable or arise from contractual or other legal rights. Their fair value has been calculated as the sum of the present value of projected royalty payments that would be paid to licence the right to use the brand. These assets are amortised over their estimated useful lives of five years, which considers the Group's track record of retaining brands for a period and experience of the insurance broker market.

(e) 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 over their estimated useful lives of four years.

(f) Internally-generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated in intangible asset arising from development (or from the development phase of an internal project) is recognised if and only if all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period when it is incurred.

Subsequent to initial recognition, internally-generated intangible assets when ready for use as intended by management are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(g) 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 profit or loss when the asset is derecognised.

Notes to the financial statements *(continued)*

2. Summary of significant accounting policies *(continued)*

2.7 Property, plant and equipment

Assets are stated at their net book value (historical cost less accumulated depreciation). Depreciation is calculated to write off the cost of such assets on a straight line basis over their estimated useful lives.

The principal rates of depreciation are as follows:

Leasehold improvements	-	over the life of the lease
Fixtures and fittings	-	15% per annum or over six years
Furniture and office equipment	-	20% per annum
Computer hardware	-	25% per annum
Motor vehicles	-	25% per annum

Property, plant and equipment is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of property, plant and equipment, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

2.8 Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment at each balance sheet date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 (cash generating units).

2.9 Financial assets

The Group classifies its financial assets as loans and receivables and available for sale investments. The classification depends upon the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Trade receivables

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 Group 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.

Notes to the financial statements *(continued)*

2. Summary of significant accounting policies *(continued)*

2.9 Financial assets *(continued)*

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at banks and other short-term highly liquid investments. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(b) Available for sale financial assets

Available for sale financial assets held by the Group can all be categorised as unlisted investments; these investments are held at fair value unless a fair value cannot be accurately determined in which case they are held at cost less any provision for impairment. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

2.10 Insurance broking debtors and creditors

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 Group. Other than the receivable for fees and commissions earned on a transaction, no recognition of the insurance transaction occurs until the Group 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 Group advances premiums, refunds or claims to insurance underwriters or clients prior to collection. These advances are reflected in the consolidated statement of financial position as part of trade receivables.

2.11 Trade payables

Trade payables are initially recognised at fair value and subsequently measured at amortised cost.

2.12 Borrowings

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date. Borrowings are recognised initially at fair value, net of transaction costs incurred. They are subsequently stated at amortised cost using the effective interest rate method.

2.13 Fair value estimation

The fair value of financial instruments traded in active markets is based upon quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Group is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair values of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Notes to the financial statements *(continued)*

2. Summary of significant accounting policies *(continued)*

2.14 Taxation

(a) Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

(b) Deferred Tax

The charge for taxation is based on the result for the period at current rates of tax and takes into account deferred tax.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not recognised. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

2.15 Employee benefits

(a) Pension costs

The Group operates a number of defined contribution pension schemes.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity.

The Group 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.

The costs of the Group's defined contribution pension schemes are charged to the income statement in the period in which they fall due.

(b) Share-based compensation

For cash-settled share-based payments, a liability is recognised for the goods and services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

2.16 Provisions for liabilities and charges

A provision is recognised where there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reasonable estimate can be made of the amount of the obligation.

Notes to the financial statements *(continued)*

2. Summary of significant accounting policies *(continued)*

2.16 Provisions for liabilities and charges *(continued)*

The amount recognised as a provision is management's best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation.

Where appropriate the Group discounts provisions to their present value. The unwinding of the provision discounting is included as an interest charge within finance costs in the income statement.

2.17 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

(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 Group 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. The Group also makes a provision for the cancellation of live policies after the balance sheet date based on previous experience of the volume of these and the value of overdue debt existing at the time.

(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 at a point when they can be measured with reasonable certainty. Trading deal income includes contributions to marketing or product development, volume payments and profit commissions receivable.

2.18 Exceptional items

The Company has a formal policy and conducts a regular internal reporting process in relation to the identification, classification and review of exceptional items.

Exceptional items are separately identified to provide greater understanding of the Group's underlying performance. Items classified as exceptional items include: gains or losses arising from the sale of businesses and investments; acquisition and financing costs and regulatory costs.

Items of a non-recurring and material nature are charged or credited to operating profit and are classified to the appropriate income statement headings.

To assist in the analysis and understanding of the underlying trading position of the Group these items are summarised under the heading of exceptional items within operating loss (see note 5).

Any impairment charges arising from the review of the carrying value of goodwill and intangible assets are, where material, classified as exceptional costs.

2.19 Leases

Assets held under leasing agreements, which transfer substantially all the risks and rewards of ownership to the Group are included in property, plant and equipment. The capital elements of the related lease obligations are included in liabilities. The interest elements of the lease obligations are charged to the income statement over the period of the lease term.

Notes to the financial statements *(continued)*

2. Summary of significant accounting policies *(continued)*

2.19 Leases *(continued)*

Property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

2.20 Dividend distribution

Dividends proposed or declared after the statement of financial position date are not recognised as a liability at the statement of financial position date. Final dividends are recognised as a charge to equity once approved and interim dividends are charged once paid.

2.21 Operating segments

The Group determines and presents operating segments based on the information that is internally provided to the Group Executive Committee which is the Group's chief operating decision maker. The operating segments identified by the Group reflect the Group's operational structure, which is by division. The services provided by the Underwriting, Advisory, Retail, Paymentshield and Broker Network divisions are distinct and different to each other. Each of these divisions has adopted a unique delivery platform for their distribution of insurance products and services to customers; hence they are managed and reported on separately. Further information on the Group's operating segments is provided in note 4.

3. Critical accounting estimates and judgements

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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

3.1 Impairment of assets

The Group tests annually whether goodwill 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 costs to sell and a value in use calculation prepared on the basis of management's assumptions and estimates. This determination requires significant judgement. In making this judgement the Group 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. More specific assumptions vary between cash generating units but include the gross commission rate, net new business, expense ratio, discount rate and terminal growth rate.

The carrying amount of goodwill at the 31 December 2015 was £422.4m after an impairment loss of £86.4m was recognised during the period. Details of the impairment loss calculation are set out in note 11.

Notes to the financial statements *(continued)*

3. Critical accounting estimates and judgements *(continued)*

3.2 Revenue recognition

(a) Fees and commissions

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 Group 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 fair value of fulfilment of these obligations. The Group also makes a provision for the cancellation of live policies after the balance sheet date based on previous experience of the volume of these. Experience may vary from these estimates which are based on the Group's historic performance.

(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 at a point when they can be measured with reasonable certainty. Trading deal income includes contributions to marketing or product development, volume payments and profit commissions receivable. The amount and timing of trading deal and profit commission income is inherently uncertain and individual amounts may be material. Amounts accrued at the period 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 Group's financial performance.

(c) Loss corridor

Towergate has entered into certain trading deals with insurers which include incentives and penalties based on performance of the book of business as measured by loss ratios. Each of these deals has a set loss ratio threshold, and where loss ratios for an accident year are outside this threshold, a payment is due to the insurer up to a maximum (between 1.0% and 4.0% of the loss). For each accident year, the final results are calculated by Towergate and agreed with insurers within nine months. For the current period Towergate and the insurers have calculated a reasonable best estimate of the underwriting result which is assessed in quarterly joint update meetings.

3.3 Income taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

3.4 Deferred tax assets

Significant judgement is required in determining the asset recognised in respect of deferred tax. A deferred tax asset is recognised for temporary timing differences, managements best estimate is used to determine the extent that it is probable that taxable profit will be available in the future, against which the temporary differences can be utilised and of the amount of this taxable profit. Deferred tax assets are measured at the tax rates / laws that have been enacted or substantively enacted by the end of the reporting period.

3.5 Errors and omissions liability

During the ordinary course of business the Group can be subject to claims for errors and omissions made in connection with its broking activities. A statement of financial position provision is established in respect of such claims when it is probable that the liability has been incurred and the amount of the liability can be reasonably estimated.

The Group analyses its litigation exposures based on available information, including external legal consultation where appropriate, to assess its potential liability.

Notes to the financial statements *(continued)*

3. Critical accounting estimates and judgements *(continued)*

3.5 Errors and omissions liability *(continued)*

The outcome of the currently pending and future proceedings cannot be predicted with certainty. Thus, an adverse decision in a current or future lawsuit could result in additional costs that are not covered, either wholly or partially, under insurance policies and are in excess of the presently established provisions. It is possible therefore that the financial position, results of operations or cash flows of the Group could be materially affected by the unfavourable outcome of litigation.

3.6 Unregulated Collective Investment Schemes (UCIS) provision

Amounts have been provided for in respect of future obligations to pay redress costs and professional costs associated with independent file reviews in relation to past advice given to customers on Unregulated Collective Investment Schemes (UCIS).

The UCIS provision represents management's best estimate of the group's liability in relation to these costs. This valuation is based on actual experience and uses a calculation of average redress costs, taking into account customer contact and response rates, and allows for the deduction of income distributions and surrender values from capital losses. This initial valuation has been undertaken by an independent 3rd party and will be re-assessed on a regular basis using the most up-to-date redress payment experience. No allowance has been made for possible insurance recoveries on the basis that there is insufficient basis to provide an estimate of the likely amounts.

It is management's expectation that substantially all of the costs will be settled in the next 12 to 18 months.

3.7 Enhanced transfer values (ETV) contingent liability

A contingent liability has been disclosed in relation to future obligations to pay redress costs and professional costs associated with independent file reviews in relation to past advice given to customers on ETV. Given the number of material uncertainties that exist around ETV redress, it is not yet possible to make a reliable estimate of the Group's ultimate liability.

An internal range of possible redress costs has been derived from a set of assumptions based on currently available information. In view of the material uncertainties all such assumptions are subject to change and the Group can give no assurances as to whether its ultimate liability will be within this range or not. The ultimate liability for ETV may, therefore, be materially different.

3.8 Fair value adjustments

The acquisition of TIL group has been accounted for under IFRS 3 *"Business Combinations"* which requires that the "*identifiable assets acquired and liabilities assumed are measured at their acquisition date fair value"*. IFRS 3 allows for adjustments to the provisional values recognised provided they are identified and substantiated within a period, which does not exceed one year from the acquisition date. The acquisition was accounted for on the basis of provisional fair values for the net assets acquired. At that time, a full fair value exercise had not yet been completed and as such, adjustments to the provisional fair values were expected. The fair value adjustments are set out in note 27 *"Business combinations"*.

3.9 Estimated useful lives

Assets, other than assets with indefinite useful lives, are carried at historical cost less amortisation or depreciation calculated to write off the cost of such assets over their estimated useful lives.

Management determines the estimated useful lives and related amortisation or depreciation charges at acquisition. The estimated useful life is reviewed annually and the amortisation or depreciation charge is revised where useful lives are subsequently found to be different to those previously estimated.

Notes to the financial statements *(continued)*

4. Operating segments

The Group presents financial information in respect of its lines of business. These are based on the Group's management and internal reporting structures.

The different lines of business in the Group are as described in the strategic report.

The results, assets and liabilities include items directly attributable to a line of business as well as those that can be allocated on a reasonable basis.

Information regarding geographical areas is not presented as all businesses are located in the United Kingdom and turnover consists of sales made in the United Kingdom.

The results of the above classes of businesses can be analysed as follows:

5 February to 31 December 2015

	Advisory £000	Retail £000	Underwriting £000	Paymentshield £000	Broker Network £000	Other* £000	Total £000
Commissions and fees	98,963	64,542	55,519	38,478	9,944	(210)	**267,236**
Investment income	—	1	—	32	42	187	**262**
Staff and other operating costs	(83,736)	(46,313)	(39,496)	(12,114)	(7,034)	(32,655)	**(221,348)**
Depreciations and Amortisation	(9,646)	(6,982)	(7,630)	(7,588)	(605)	(993)	**(33,444)**
Exceptional items	(28,673)	(4,016)	(644)	—	—	(50,273)	**(83,606)**
Impairment of goodwill	—	(86,400)	—	—	—	—	**(86,400)**
Financing costs	—	—	—	—	—	(34,527)	**(34,527)**
Financing income	—	—	—	—	—	405	**405**
Loss before tax	**(23,092)**	**(79,168)**	**7,749**	**18,808**	**2,347**	**(118,066)**	**(191,422)**

At 31 December 2015

	Advisory £000	Retail £000	Underwriting £000	Paymentshield £000	Broker Network £000	Other* £000	Total £000
Net assets / (liabilities)	**153,804**	**184,641**	**185,336**	**134,927**	**17,928**	**(500,982)**	**175,654**

* *Other comprises of non allocated central support costs and debt loan notes*

Notes to the financial statements *(continued)*

5. Operating loss

The following items have been charged / (credited) in arriving at operating loss:

	2015 £000
Amortisation of intangible fixed assets	
- software costs	**5,701**
- other intangible assets	**24,743**
Depreciation on property, plant and equipment	
- owned assets	**2,876**
- leased assets under finance leases	**143**
Profit on disposal of non current assets	**(19)**
Total depreciation and amortisation charges	**33,444**
Operating lease rentals payable:	
- minimum lease payment	
- land and buildings	**10,877**
- other assets	**243**
- sublease receipts	
- land and buildings	**85**
Exceptional items:	
Group acquisition and financing costs	**41,212**
Group reorganisation costs	**14,995**
Regulatory costs	**27,399**
Other charges during the period:	
Impairment of goodwill	**86,400**

Exceptional items

Group changes programme

A number of change programmes have been continued since the acquisition of the TIL Group. These programmes were designed to improve efficiency across the business, to build regulatory resilience, to position the Group to exploit future scale advantages and to enhance the customer proposition. They have been disclosed on the face of the consolidated statement of comprehensive income as exceptional items.

Acquisition and financing costs

The Group has undergone an acquisition which completed on 2 April 2015. In the period post acquisition costs of £41.2m were incurred in relation to this acquisition. The majority of the costs incurred represent legal and professional fees on the transaction.

Group reorganisation costs

A number of change programmes have been continued since the acquisition of the TIL Group.

- In February 2014 the TIL Group began a major finance transformation with the creation of accounting centres in Leeds and Maidstone, and this was continued by the Group throughout the remainder of 2015. The majority of insurance broking accounting and client money processing was consolidated into an in-house facility in Leeds, with some ongoing support from an outsourced third party provider. In parallel, financial and management accounting was centralised in a second in-house facility in Maidstone. These two centres are developing standardised policies and procedures and will allow future investment to be focused and prioritised. They will also allow IT hardware and software used by the Group to be streamlined and re-focused with the objective, over time, of improving control while exploiting scale advantage.

Notes to the financial statements *(continued)*

5. Operating loss *(continued)*

Group reorganisation costs (continued)

- Following the acquisition of the TIL Group, the Group has continued with the creation of the new business unit in Manchester. The unit is designed to service small premium business through a dedicated contact centre with extended opening times. In addition, a site consolidation to rationalise the office network across the Advisory, Retail and Underwriting businesses was undertaken.

These initiatives had a post acquisition aggregate cost of £15.0m during the period.

Regulatory costs

The Group has incurred regulatory costs of £27.4m in the period. The cost consists primarily of a £19.8m provision for the estimated costs of redress in relation to past advice provided on Unregulated Collective Investment Schemes (UCIS). In addition, costs of £7.6m were incurred in relation to regulatory investigations into advice provided by Towergate Financial on Enhanced Transfer Values (ETV) and UCIS, client and insurer monies and a strengthening of the Group's control framework. It is management's expectation that further costs in relation to the regulatory investigation will be incurred during 2016. The amount in relation to this has yet to be quantified (refer to note 30 Contingent Liabilities).

6. Investment income

	2015 £000
Interest receivable – fiduciary funds	262

The Group's investment income arises from its holdings of cash and investments relating to fiduciary funds. Equivalent average cash and investment balances during the period amounted to £146.3m denominated principally in sterling. The average return for 2015 was 0.18%.

7. Finance income and costs

	2015 £000
Interest receivable – own funds	**405**
Other finance costs	
- unwinding of discount on provisions and financial liabilities	**(1,174)**
- amortisation of capitalised debt costs	**(555)**
Interest expense	
- bank and other borrowings	**(32,784)**
- finance leases	**(11)**
- on overdue tax	**(3)**
Net finance costs	**(34,122)**
Finance costs	**(34,527)**
Finance income	**405**
Net finance costs	**(34,122)**

During the period, the interest expense on the £425.0m of 8.75% senior secured notes and £75.0m of floating rate super senior secured notes totalled £32.8m.

Notes to the financial statements *(continued)*

8. Employee information

8.1 Salaries and associated expenses

	2015 £000
Wages and salaries	**117,444**
Social security costs	**12,749**
Other pension costs	**2,719**
Salaries and associated expenses	**132,912**

8.2 Analysis of employees

	2015
Average number of persons employed by the Group during the period:	
Administration	**2,374**
Sales	**1,821**
Management	**421**
Total	**4,616**

8.3 Key management compensation

Key management personnel are defined as the members of the Executive Team and Board for the period ended 31 December 2015.

Their compensation was as follows for the period ended 31 December 2015:

	2015 £000
Fees, salaries and other short term benefits	**7,590**
Post-employment benefits	**146**
Termination payments	**313**
	8,049

8.4 Directors' remuneration

	2015 £000
Aggregate emoluments	**2,168**
Company contributions to money purchase pension scheme	**22**
	2,190

The aggregate emoluments of the highest paid Director were £1.4m and company pension contributions of £0.02m were made to a money purchase scheme on their behalf.

	2015
Retirement benefits are accruing to the following number of Directors under:	
Money purchase schemes	**—**

All Directors benefit from qualifying third party indemnity provisions in place during the financial period and at the date of this report.

8.5 Long-term incentives

The fair value of the amount payable, including the company's liability to related social security costs was recognised as a provision as part of the acquisition transaction with the corresponding entry being goodwill.

Notes to the financial statements *(continued)*

9. Auditors' remuneration

During the period, the Group obtained the following services from the Company's auditor and its associates:

	2015 £000
Fees payable to the Group's auditor and its associates for the audit of the parent company and the consolidated financial statements	**50**
Fees payable to the Company's auditor and its associates for other services:	
- audit of financial statements of subsidiaries of the Company	**1,167**
- audit related assurance services	**188**
- other tax advisory services	**21**
	1,426

10. Income tax

	2015 £000
Total deferred tax	**6,958**
Income tax credit	**6,958**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2015 £000
Loss before taxation	**(191,422)**
Tax calculated at UK corporation tax rate of 20.0% :	**38,284**
Tax effects of:	
Expenses not deductible for tax purposes	**(2,989)**
Impairment of goodwill	**(17,280)**
Amortisation of intangibles	**214**
Short term timing difference	**(600)**
Tax losses for which no deferred income tax asset was recognised	**(11,500)**
Loss on disposal of subsidiaries	**(111)**
Effect of change in tax rates in period	**940**
Income tax credit	**6,958**

Future tax impacts

A reduction in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) was substantively enacted on 2 July 2013, and a further reduction to 20% (effective from 1 April 2015) was also substantively enacted on 2 July 2013 and further reductions to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. These reductions will reduce the Company's future current tax charge / credit accordingly.

The deferred tax asset / liability at 31 December 2015 has been calculated based on the rates disclosed in the above paragraph.

Notes to the financial statements *(continued)*

11. Intangible assets

	Goodwill £000	Commission buy outs £000	Customer relationships £000	Distribution network £000	Brand £000	Computer software – internal development £000	Computer software £000	Total £000
2015								
Cost at 5 February 2015	—	—	—	—	—	—	—	—
On acquisition of TIL	508,687	11,916	120,352	110,582	30,159	10,714	19,932	812,342
Transfer from property, plant and equipment	—	—	—	—	—	—	5	5
Additions	95	265	—	—	—	3,622	2,580	6,562
Disposals	(4)	—	—	—	—	(1,684)	(84)	(1,772)
At 31 December 2015	508,778	12,181	120,352	110,582	30,159	12,652	22,433	817,137
Amortisation at 5 February 2015	—	—	—	—	—	—	—	—
Charge for the period	—	2,899	9,026	8,294	4,524	2,109	3,592	30,444
Impairment	86,400	—	—	—	—	—	—	86,400
At 31 December 2015	86,400	2,899	9,026	8,294	4,524	2,109	3,592	116,844
At 31 December 2015								
Cost	508,778	12,181	120,352	110,582	30,159	12,652	22,433	817,137
Accumulated amortisation	(86,400)	(2,899)	(9,026)	(8,294)	(4,524)	(2,109)	(3,592)	(116,844)
Closing net book amount	422,378	9,282	111,326	102,288	25,635	10,543	18,841	700,293

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGU's) that are expected to benefit from that business combination.

Transfers from property plant and equipment represent a correction to underlying accounting records.

11.1 Impairment tests for goodwill

Goodwill has arisen on the acquisition of TIL.

Impairment of goodwill amounts to £86.4m and has been recognised as an expense in the consolidated statement of comprehensive income. This represents the reduction of the Retail business' carrying amount down to its estimated recoverable amount. This loss has been driven by a fall in expected future cash flows from the Retail Small Business Unit in Manchester.

Notes to the financial statements *(continued)*

11. Intangible assets *(continued)*

11.1 Impairment tests for goodwill *(continued)*

Management reviews business performance based on lines of business. Therefore Goodwill and intangibles with indefinite useful lives have been allocated to these operating segments, being the cash generating units ("CGU"). A summary of goodwill and intangibles with indefinite useful lives allocated to each CGU is presented below:

	On acquisition and additions £m	Intangibles £m	Impairment £m	At 31 December 2015 £m
Advisory	**87.0**	**48.9**	**—**	**135.9**
Retail	**186.4**	**100.4**	**(86.4)**	**200.4**
Underwriting	**137.5**	**70.1**	**—**	**207.6**
Paymentshield	**87.9**	**53.1**	**—**	**141.0**
Broker Network	**10.0**	**5.4**	**—**	**15.4**
	508.8	**277.9**	**(86.4)**	**700.3**

Goodwill is tested for impairing the carrying value of the CGU to which the goodwill relates to the recoverable value of that CGU. The recoverable amount has been calculated with reference to its value in use (VIU). VIU is calculated as an actuarially determined appraisal value, based on the present value of expected profits from future new business. The VIU calculations for each CGU have been based on profit projections based on the most recent five year business plans approved by management. Future new business profits for the remainder of the given period beyond the initial five years are extrapolated using estimated growth rates. Growth rates and expected future profits are set with regards to management estimates, past experience and relevant available market statistics.

11.2 Key assumptions and sensitivity analysis

The VIU is calculated using the following post-tax discount rate, pre-tax discount rate and terminal growth rates asset out in the table below:

	Post-tax discount rate	Pre-tax discount rate	Terminal growth rate
Advisory	**11.0%**	**13.0%**	**2.3%**
Retail	**11.0%**	**13.1%**	**2.3%**
Underwriting	**11.0%**	**13.1%**	**2.3%**
Paymentshield	**11.0%**	**14.0%**	**0.0%**
Broker Network	**11.4%**	**13.6%**	**2.3%**

Discount Rate

The discount rate has been based on an estimated industry beta of 0.86, a B- debt rating, expected debt to equity ratio of 84:16 and Group WACC. A different discount rate has been used for Network to reflect a higher size premium given its relative size to the other CGU's.

Terminal Growth Rate ("TGR")

The TGR has been set in line with the forecast 2.3% GDP growth for the UK, although 2% per PBR we are using 2.3% to reflect the turnaround. No TGR has been used for Paymentshield which best reflects future forecast.

The discount rate would need to increase to the following rates to trigger impairment:

	Post Tax	Pre Tax
Advisory	12.2%	14.5%
Underwriting	11.2%	13.4%
Broker Network	18.9%	23.0%
Paymentshield	13.6%	17.4%

Notes to the financial statements *(continued)*

11. Intangible assets *(continued)*

11.2 Key assumptions and sensitivity analysis *(continued)*

A lower TGR could trigger impairment in some CGU's. Reducing the TGR to 1.5% would see Underwriting impaired by £7.9m and Retail by a further £13.9m.

Retail would incur additional £22.9m impairment if the discount rate was increased by 1%.

Key profit and loss assumptions

The five year business plan as recently approved by management is built around the different streams of business and includes a number of key initiatives which commenced during 2015. There are a number of key assumptions embedded in this plan and varying growth rates have been used to reflect the experience of the existing management team and the impact of various initiatives already underway. The average growth rates during 2016 – 2020 are as follows:

CGU	Total Growth 2016-2020	Average Growth
Advisory	116.7%	16.7%
Retail	56.2%	9.3%
Underwriting	50.2%	8.5%
Broker Network	20.2%	3.7%
Paymentshield	(26.4%)	(6.0%)

A number of key initiatives have been commenced and the impact of these initiatives delivering below expectation has been tested by reducing the forecast on each by 50%. The impact on the impairment test is as follows:

CGU	Headroom / (Impairment) with 50% reduction in expected delivery of key initiative £m
Advisory	12.4
Retail	(111.3)
Underwriting	2.6

The following are also key assumptions are used in Advisory, Retail, Underwriting and Paymentshield:

Gross commission rate

The gross commission rate represents the average commission rate received by the Group from its insurance capacity providers, prior to any deductions of payaway payments to other entities.

Net new business

The net new business assumptions capture the overall movement in income from prior periods taking into account both new business values and retention of existing customers.

Expense ratio

The expense ratio shows improvement over the five year plan. This reflects the ongoing cost reduction program which began in 2015 and is expected to continue in line with initiatives.

Notes to the financial statements *(continued)*

11. Intangible assets *(continued)*

11.2 Key assumptions and sensitivity analysis *(continued)*

Change in assumption required to trigger impairment

Scenarios have been run in which each of the key sensitivities are changed independently in order to determine the degree by which they would need to change to trigger impairment. The table below shows the absolute movement in each key assumption required to trigger impairment.

	Advisory	Underwriting
Gross commission rate	1.8%	0.3%
Expense ratio	2.2%	0.8%
Net new business	2.3%	0.7%

A 1% adverse movement in any one of the key assumptions within Retail would cause further impairment of:

Gross commission rate	£7.6m
Expense ratio	£7m
Net new business	£8.4m

A reasonably possible change in assumptions within Paymentshield division would not cause an impairment of goodwill.

Broker Network

For Broker Network the key profit and loss assumptions are:

Member numbers

Broker Network receives a fee from each member and therefore the number of members drives the level of income.

Gross written premium (GWP) with insurer partners

Broker Network has a number of arrangements with insurer partners on which income is derived from the GWP written by members with the insurer partners

Commission percentage

The commission percentage is the level of income received on the GWP with the insurer partners.

A reasonable movement in assumptions within Broker Network would not cause an impairment of goodwill.

Notes to the financial statements *(continued)*

12. Property, plant and equipment

	Leasehold improvements £000	Furniture & equipment £000	Computer equipment £000	Fixtures & fittings £000	Motor vehicles £000	Total £000
2015						
Cost at 5 February 2015	—	—	—	—	—	—
On acquisition	**4,936**	**1,007**	**3,566**	**1,140**	**275**	**10,924**
Additions	**98**	**146**	**910**	**236**	**108**	**1,498**
Transfer between classes	—	**(2)**	**2**	—	—	—
Transfers to intangible assets	—	—	**(5)**	—	—	**(5)**
Disposals	**(12)**	**(2)**	**(16)**	—	**(58)**	**(88)**
At 31 December 2015	**5,022**	**1,149**	**4,457**	**1,376**	**325**	**12,329**
Depreciation at 5 February 2015						
Charge for the period	**723**	**319**	**1,540**	**330**	**107**	**3,019**
At 31 December 2015	**723**	**319**	**1,540**	**330**	**107**	**3,019**
At 31 December 2015						
Cost	**5,022**	**1,149**	**4,457**	**1,376**	**325**	**12,329**
Accumulated depreciation	**(723)**	**(319)**	**(1,540)**	**(330)**	**(107)**	**(3,019)**
Closing net book amount	**4,299**	**830**	**2,917**	**1,046**	**218**	**9,310**

Included in the above are assets held under finance leases with a net book value of £0.1m.

13. Financial assets and liabilities

13.1 Financial instruments valuation

Below is an analysis of the financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

(b) Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

(c) Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Financial liabilities acquired classified at fair value through profit and loss (relating to financial liabilities acquired and redemption liability on non-controlling interest put options) are categorised within level 3 of the fair value hierarchy. Other techniques, such as estimated discounted cash flows, are used to determine their fair value. Management consider the carrying value of assets to approximate to fair value.

	Financial liabilities acquired £000	Redemption liability on non controlling interest put options £000	Total £000
On acquisition	6,466	2,772	9,238
Credit to profit and loss	(492)	(964)	(1,456)
Adjustment to previous acquisition	(265)	—	(265)
Settlement to vendor/non controlling interest	(1,869)	(1,196)	(3,065)
Balance at 31 December 2015	**3,840**	**612**	**4,452**

The valuations of financial liabilities acquired are based on an evaluation of profit in the individual businesses in which the financial liability is based. Financial liabilities acquired will only be written back if we have had

Notes to the financial statements *(continued)*

13. Financial assets and liabilities *(continued)*

13.1 Financial instruments valuation *(continued)*

confirmation from the vendor that there is no liability remaining. The valuation of the redemption liability of non-controlling interest put options is set out in the put option contract. Current profits will be used to value the liability.

A 10% upward movement in underlying profits would cause a £0.1m increase in the liability and a 10% movement downward would cause a £0.2m reduction in the liability.

13.2 Financial instruments classification

The table below summarises the Group's financial instruments by category:

	Loans and receivables £000	Available for sale £000	Total £000
Financial assets			
Available for sale financial assets	—	152	152
Trade and other receivables, excluding prepayments	45,641	—	45,641
Cash and cash equivalents	205,888	—	205,888
As at 31 December 2015	**251,529**	**152**	**251,681**

	Liabilities at fair value through profit and loss account £000	Other financial liabilities at amortised cost £000	Total £000
Financial liabilities			
Borrowings (including finance leases)	—	(494,485)	(494,485)
Trade and other payables	(4,452)	(196,879)	(201,331)
As at 31 December 2015	**(4,452)**	**(691,364)**	**(695,816)**

13.3 Fair value of borrowings

Non-current borrowings:

The carrying amount of the quoted £75.0m of floating rate super senior secured notes do not differ materially from their fair values, as the floating rate interest rate formula is based on LIBOR that is contractually re-priced every six months or less. The fair values of quoted non-current borrowings at fixed rates as of 31 December 2015 based on quoted market prices are as follows:

	Carrying amount £000	Fair value £000
Senior secured notes	**425,000**	**380,545**
Floating rate super senior secured notes	**72,449**	**77,187**
As at 31 December 2015	**497,449**	**457,732**

14. Available for sale financial assets

	Unlisted investments £000
At 5 February 2015	**—**
On acquisition of TIL	**140**
Additions	**12**
At 31 December 2015	**152**

Notes to the financial statements *(continued)*

14. Available for sale financial assets *(continued)*

The costs of the available for sale financial assets above do not differ materially from their fair value.

15. Trade and other receivables

	At 31 December 2015 £000
Trade receivables	24,796
Less: provision for impairment of trade receivables	(3,742)
Trade receivables – net	21,054
Prepayments	10,077
Accrued income	9,307
Other debtors	9,748
Related party debtors	5,532
	55,718

As at 31 December 2015 the Group had exposures to individual trade counterparties within trade receivables. In accordance with Group policy, operating companies continually monitor exposures against credit limits and concentration of risk. No individual trade counterparty credit exposure is considered significant in the ordinary course of trading activity. Management does not expect any significant losses from non performance by trade counterparties that have not been provided for.

The creation and release of provisions for impaired receivables have been included in other operating costs in the income statement. The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

The following table sets forth details of the age of trade receivables that are not overdue as well as an analysis of overdue amounts impaired and provided for:

	Trade receivables £000	Provision for impairment £000	Net trade receivables £000
At 31 December 2015			
Not overdue	8,860	—	8,860
Past due not more than three months	9,169	—	9,169
Past due more than three months and not more than six months	2,370	—	2,370
Past due more than six months but not more than a year	1,472	(817)	655
Past more than a year	2,925	(2,925)	—
	24,796	(3,742)	21,054

16. Cash and cash equivalents

	At 31 December 2015 £000
Cash and cash equivalents	205,888
Own funds	57,148
Own funds – Solvency and claims settlement deposit (FCA)	28,581
Fiduciary	120,159
	205,888

Notes to the financial statements *(continued)*

16. Cash and cash equivalents *(continued)*

Included in the Group's own funds is £19.9m of restricted cash kept in segregated accounts for purposes of solvency and capital adequacy requirements imposed by the FCA. Also included in the Group's own funds is £8.7m of restricted cash kept in segregated accounts for the purpose of claim settlements in relation to the disposal of the Towergate Financial business by the TIL Group. Pursuant to the FCA's Threshold Condition 2.4, applicable to the insurance broking industry, the Group holds cash in the segregated accounts for the purpose of ensuring funds are available to pay any costs and expenses necessary to achieve an orderly wind down of the Group's business in the event its broking operations cease to operate or are otherwise closed down. The amount of cash required to be held is determined by management and agreed by the FCA.

Fiduciary funds represent client money used to pay premiums to underwriters, to settle claims to policyholders and to defray commissions and other income. They are not available for general corporate purposes.

17. Trade and other payables

	At 31 December 2015 £000
Current	
Insurance creditors	**108,812**
Social security and other taxes	**5,605**
Other creditors	**18,463**
Finance liabilities acquired	**3,384**
Redemption liability on non-controlling interest put options	**388**
Deferred income	**18,746**
Accruals	**34,679**
	190,077
Non current	
Finance liabilities acquired	**457**
Redemption liability on non-controlling interest put options	**223**
Deferred income	**10,574**
	11,254

Redemption liability on non-controlling put options relates to options to acquire the remaining interests in entities where the Group is the controlling party. The liability is recognised at fair value.

The directors consider the carrying amount of trade payables approximates to their fair value.

18. Borrowings

	At 31 December 2015 £000
Current	
Finance lease liabilities	**86**
	86
Non current	
Finance lease liabilities	**93**
Senior secured notes	**425,000**
Floating rate super senior secured notes	**72,449**
Capitalised borrowing costs	**(3,143)**
	494,399
Total borrowings	**494,485**

Notes to the financial statements *(continued)*

18. Borrowings *(continued)*

18.1 Borrowings – loan notes

On 2 April 2015, the Company issued £425.0m of 8.75% senior secured notes and £75.0m of floating rate super senior secured notes at a discount of £3.0m, collectively, the notes. The notes are guaranteed by TIG Midco Limited (the immediate parent company of Finco) and all its material and certain other subsidiaries. The guarantor companies are listed in note 30, Contingent liabilities. Non-current borrowings in respect of loan notes mature on 2 April 2020.

The carrying amounts of the Group's borrowings are denominated in sterling.

	At 31 December 2015 £000
Maturity of borrowings	
Between two and five years	**497,449**
Less Capitalised debt costs	**(3,143)**
	494,306

Undrawn borrowing facilities:

As at 31 December 2015, the Group has an available debt basket of £85m that can be drawn by the Group if required.

19. Current tax and deferred tax

The analysis of current tax assets and current tax liabilities is as follows:

	At 31 December 2015 £000
Corporation tax payable – satisfied by group relief	**(219)**
	(219)

The analysis of deferred tax assets and deferred tax liabilities due to maturity is as follows:

	At 31 December 2015 £000
Deferred tax assets	
- Deferred tax assets to be recovered after more than one year	**2,139**
- Deferred tax assets to be recovered within one year	**10,846**
Deferred tax assets	**12,985**
Deferred tax liabilities	
- Deferred tax liabilities to be recovered after more than one year	**(7,334)**
- Deferred tax liabilities to be recovered within one year	**(44,641)**
Deferred tax liabilities	**(51,975)**
Deferred tax liabilities (net)	**(38,990)**

Notes to the financial statements *(continued)*

19. Current tax and deferred tax *(continued)*

The movement in deferred income tax assets and liabilities during the period is as follows:

	2015 £000
At 5 February 2015	—
Deferred tax income	940
Deferred tax asset recognised in business combinations	(39,930)
At 31 December 2015	**(38,990)**

The analysis of deferred income tax assets and deferred income tax liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	At 31 December 2015 £000
Deferred tax liabilities	
Intangible assets	(51,975)
Deferred tax liabilities before offsetting	(51,975)
Set off against deferred tax assets	12,985
Deferred tax liabilities	(38,990)

	At 31 December 2015 £000
Deferred tax assets	
Property, plant and equipment	5,790
Tax losses	5,056
Other	2,139
Deferred tax assets before offsetting	12,985
Set off against deferred tax liabilities	(12,985)
Deferred tax assets	—
Deferred tax liabilities (net)	(38,990)

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of £25.4m in respect of deductable temporary differences.

20. Provisions for other liabilities and charges

	Long-term incentive £000	E&O £000	Onerous lease £000	Rents above Market value £000	Dilapidations £000	Loss corridor £000	UCIS £000	Other provisions £000	Total £000
At 5 February 2015	—	—	—	—	—	—	—	—	—
On acquisition	30,489	1,845	4,232	4,917	5,119	10,426	—	2,265	59,293
Charged / (credited) to the income statement:									
- Increase/reduction in the period	—	1,327	(1,622)	(963)	(125)	261	19,800	—	18,678
- Used during the period	(15,061)	(924)	—	—	—	(238)	(289)	(1,875)	(18,387)
- Unwind of discount	—	—	291	331	476	—	—	—	1,098
At 31 December 2015	15,428	2,248	2,901	4,285	5,470	10,449	19,511	390	60,682

Notes to the financial statements *(continued)*

20. Provisions for other liabilities and charges *(continued)*

	At 31 December 2015
Analysis of total provisions	
Non-current – to be utilised in more than one year	**8,837**
Current – be utilised within one year	**51,845**
	60,682

Where appropriate the Group discounts provisions to their present value. The unwinding of the provision discounting is included as an interest charge within finance costs in the income statement.

Long-term incentive provision – on acquisition of TIL a liability in relation to the long-term incentive plan of £30.4m was assumed.

Errors and omissions (E & O) provision – In the normal course of business the Group may receive claims in respect of errors and omissions. A provision has been made in respect of outstanding errors and omissions claims.

Onerous lease provision – provides for costs incurred on vacant properties for the full remaining term of the lease. When a property is exited before the end of the lease term, the future committed rental payments are provided for in full and will be released to the income statement over the remaining life of the lease.

Rents above market value provision – provides for the portion of rental payments above market for those properties that are leased above the property's market rental value for the full remaining term of the lease. On the acquisition of TIL an assessment of business rents greater than market value took place. The portion of rents greater then market value was provided for and will be released to the income statement over the life of the leases.

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

Loss corridor provision – provides for the estimated losses recoverable by the insurer for net premium earned to date on those schemes with loss sharing clauses.

UCIS provision – during the period £19.8m has been recognised in respect of future obligations to pay redress costs in relation to past advice given to customers on Unregulated Collective Investment Schemes (UCIS). As at the acquisition date of TIL no provision could be reliably estimated in relation to UCIS due to insufficient information available at that time. During the period redress payments amounting to £0.3m have been paid in settlement of a few initial worked cases. It is management's expectation that substantially all of the cases will be settled in the next 12-18 months.

21. Pension schemes

The Group operates defined contribution pension schemes. The pension cost charge for the period represents contributions payable by the Group to the funds and amounted to £2.7m. At the period end, outstanding pension contributions due were £0.7m.

The Group 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 years.

22. Share capital and premium

	At 31 December 2015 £000
Allotted, called up and fully paid shares	
Ordinary shares of £1 each	**300,000**

Notes to the financial statements *(continued)*

22. Share capital and premium *(continued)*

During the period, as part of the acquisition, 100 £0.01 ordinary shares were issued at a value of £1 per share. The 100 £0.01 ordinary shares were converted to 1 £1 share and an additional 299,999,998 £1 shares were issued. The fair value of the shares is based on the cash consideration received.

Ordinary share capital of £250m was issued on or just before the 2 April 2015 and formed part of the consideration for the acquisition of the TIL Group (note 27). An additional £50m of ordinary share capital was issued on or just before the 2 April 2015, the cash raised was used to provide liquidity to the newly formed group. An additional £60m was provided to the Company in the form of a capital contribution from TIG Topco Limited.

	Ordinary shares £000	Total share capital £000	Other reserve £000	Total £000
At 5 February 2015	—	—	—	—
Ordinary shares issued	**300,000**	**300,000**	—	**300,000**
Capital contribution	—	—	**60,000**	**60,000**
At 31 December 2015	**300,000**	**300,000**	**60,000**	**360,000**

23. Retained losses

	£000
At 5 February 2015	—
Loss for the period	**(184,464)**
Adjustment to non-controlling interests	**39**
At 31 December 2015	**(184,425)**

24. Non-controlling interests

	£000
At 5 February 2015	—
On acquisition	**122**
Disposals	**(4)**
Adjustment	**(39)**
At 31 December 2015	**79**

Non-controlling interests are not deemed to have a significant influence over the Group.

Notes to the financial statements *(continued)*

25. Notes to the cash flow statement

25.1 Net cash flow from operation

	2015 £000
Loss after income tax	**(184,464)**
Depreciation	**3,019**
Profit on disposal of property, plant and equipment	**(19)**
Amortisation	**30,444**
Non cash movements on financial liabilities acquired	**(1,456)**
Goodwill impairment	**86,400**
Exceptional items – Group acquisition and financing costs	**41,212**
Exceptional items – Group reorganisation costs	**14,995**
Exceptional items – Regulatory costs	**27,399**
Expenses on acquisition	**6**
Net finance costs	**34,122**
Investment Income	**(262)**
Income tax	**(6,958)**
Gain on disposal of businesses and investments	**(12)**
Decrease in trade and other receivables	**13,208**
Decrease in trade and other payables – excluding insurance broking balances	**(11,063)**
Increase in provisions for liabilities and charges	**1,389**
Net cash inflow from operations	**47,960**

25.2 Business acquisition – consideration paid

On the acquisition of the TIL Group, the Company acquired cash & non-cash items that were used against the total consideration payable. The net amount is shown below and is also shown on the face of the consolidated statement of cash flows on page 26.

	2015 £000
Consideration paid	**735,122**
Non cash proceeds from borrowings	**(425,000)**
Capital contribution	**(60,000)**
Non cash minority interest	**(122)**
Cash acquired on acquisition	**(185,602)**
Cash paid for other companies	**630**
Acquisition of businesses, net of cash acquired	**65,028**

26. Financial risk and financial instruments

26.1 Financial risk factors

Financial risk management is carried out by the Group's central treasury department (Group Treasury). Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's businesses. Financial risk mitigation includes the regular monitoring of cash flows and management of interest rate risks.

(a) Credit risk

The credit risk incurred by the Group is the risk that counterparties fail to meet their obligations arising from operating activities and from financial transactions. Credit risk arises from own cash, fiduciary funds and deposits, as well as credit exposures to customers, including outstanding receivables and committed transactions.

Notes to the financial statements *(continued)*

26. Financial risk and financial instruments *(continued)*

26.1 Financial risk factors *(continued)*

Credit risk on customers and transactions is currently managed both at a local business unit level and the accounting centre for insurance broking in Leeds. As at 31 December 2015 the Group was exposed to credit risk from trade receivables of £24.8m before provision for impairment. Due to the nature of the customer portfolio, there is no significant concentration of credit risk. Further analysis of the ageing profile of trade receivables and the provision for impairment is disclosed in note 15, Trade and other receivables.

The Group manages its own cash, fiduciary funds and deposits with investment grade banks. These balances are spread over a number of different banks and the current level of exposure is:

	At 31 December 2015 £000
Own funds	**57,148**
Own funds – Solvency and claims settlement deposit (FCA)	**28,581**
Fiduciary	**120,159**

(b) Liquidity risk

Group Treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's debt financing plans and covenant compliance.

The table below analyses the Group's non-derivative financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Less than one year £000	Between one and two years £000	Between two and five years £000
31 December 2015			
Finance lease liabilities	**(94)**	**(39)**	**(60)**
Borrowings (excluding finance lease liabilities)	**(43,528)**	**(43,562)**	**(604,108)**
Trade and other payables (excluding non-financial liabilities)	**(190,077)**	**(3,779)**	**(7,475)**
	(233,699)	**(47,380)**	**(611,643)**

(c) Leverage risk

The Group has long-term debt as a core element of its capital structure.

As a result of the acquisition, Group received a cash injection financed by £75m super senior secured notes and £425m senior secured notes. This debt is held by Finco and interest accrued on a monthly basis, and payable quarterly and 6-monthly respectively.

Towergate monitors the leverage risk through the Risk Management Framework. A tolerance level is set for leverage risk and actions taken if this level is exceeded.

Notes to the financial statements *(continued)*

26. Financial risk and financial instruments *(continued)*

26.1 Financial risk factors *(continued)*

(d) Interest rate risk

The borrowings bear average interest rates of 8.71% annually.

The exposure of the borrowings of the Group to interest rate changes and the contractual re-pricing dates at the end of the reporting period are as follows:

	6 months or less £000	Fixed rate £000	Capitalised debt costs £000	Total £000
At 31 December 2015	**72,449**	**425,000**	**(3,143)**	**494,306**

(e) Other risks

There are no material foreign exchange risks since the Group's transactions are primarily dominated in sterling. Further, the Group is neither exposed to significant equity securities price risk nor to commodity price risk. Additionally, as the Group is not exposed to any other price risks such as stock exchange prices or commodity prices.

26.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The Group is predominantly funded via debt rather than equity, as are most of its peers. Group is funded by debt financing in the form of bonds, and does not fund using any short term banking facilities. Cost of debt appears as an interest charge rather than dividends, as it would in a business that has chosen to finance itself via equity.

UK insurance broking regulation requires a minimum level of regulatory capital to be maintained. The total regulatory capital to be held by the Group is not considered significant in the context of the total available capital. In all periods presented the Group complied with all imposed regulatory capital requirements.

Notes to the financial statements *(continued)*

27. Business combinations

On 2 April 2015 the Group completed an acquisition transaction in which the Company acquired 100% of the share capital of TIL and its subsidiaries. The purpose of the acquisition was to facilitate the financing transaction. Details are included in the table below:

	Net assets acquired £000	Fair value adjustments £000	**Acquisition of TIL £000**
Non-current assets			
Customer relationships	120,352	—	**120,352**
Distribution network	110,582	—	**110,582**
Brand	30,159	—	**30,159**
Computer software	32,543	(1,897)	**30,646**
Commission buy outs	11,735	181	**11,916**
Property, plant and equipment	11,141	(217)	**10,924**
Deferred tax asset	14,403	—	**14,403**
Available for sale financial assets	140	—	**140**
Total non-current assets	331,055	(1,933)	**329,122**
Current assets			
Trade and other receivables	84,572	(14,248)	**70,324**
Cash and cash equivalents	185,511	91	**185,602**
Total current assets	270,083	(14,157)	**255,926**
Total assets	601,138	(16,090)	**585,048**
Borrowings	(20,224)	—	**(20,224)**
Trade and other payables	(179,106)	(8,019)	**(187,125)**
Deferred revenue	(18,627)	(12,725)	**(31,352)**
Deferred tax liabilities	(60,352)	—	**(60,352)**
Current tax liabilities	(267)	—	**(267)**
Provisions for liabilities and charges	(8,042)	(51,251)	**(59,293)**
Total liabilities	(286,618)	(71,995)	**(358,613)**
Net assets	314,520	(88,085)	**226,435**
Goodwill			**508,687**
Total consideration			**735,122**
Satisfied by:			
New debt issued			**425,000**
Cash transferred			**250,000**
Capital contribution			**60,000**
Non-controlling interests			**122**
			735,122
Acquisition related costs recognised in the Statement of Comprehensive Income			**41,212**

The cash transferred of £250m represents share capital issued, see note 22 for further details. The £60m capital contribution was received from TIG Topco Limited.

None of the goodwill is expected to be deductible for tax purposes.

The resulting goodwill was capitalised and its carrying value will be tested at least annually as part of the Group's impairment review. Goodwill is attributable to the workforce of the acquired business and access to the future revenue streams of the business.

Notes to the financial statements *(continued)*

27. Business combinations *(continued)*

Fair value adjustments

The assets and liabilities recognised above on the acquisition of TIL were recognised at their acquisition date at fair value.

Trade and other receivables (£14.2m)

- At the acquisition date £6.3m provision for impairment of trade receivables on the acquisition of TIL represents management's best estimate of the trade receivables for which a provision for impairment is required. The gross trade receivables at acquisition and on which this provision for impairment is based were £34.7m.
- In addition £5.0m relates to other receivables, which management believe to be uncollectable.

Deferred revenue (£12.7m)

- There are a number of contracts for which management have revised the pattern of revenue recognition and £12.7m has been recognised in relation to revenue which should be recognised in future periods. Of this £11.6m related to an upfront payment of advanced profit commissions in Paymentshield. The revenue was previously recognised over seven years ended 31 December 2013. After reviewing the legal terms and substance of the agreement, the current management team have reconsidered the best estimate of the expected life of the contract where PSL provides services to the insurance provider. As a result, the revenue recognition profile has been revised to reflect this expected life of the contract. This deferred income will now be recognised on a straight line basis over the remaining life of the agreement.

Trade and other payables (£8.0m)

- There have been a number of adjustments made in respect of trade and other payables. Of this £3.0m has been recognised in respect of holiday pay in accordance with IAS 19.

Provisions of liabilities and charges (£51.2m)

- The Board of TIL decided to make an incentive payment £30.4m which would be triggered at a result of the change of control. The acquisition of TIL triggered the recognition of this provision.
- Towergate has entered into certain trading deals with insurers that include penalties based on performance of the book of business. As at the acquisition date no provisions in relation these loss corridors had been recognised. A provision of £8.8m has been made in respect of this.
- A provision of £4.9m has been recognised in respect of leases which are on unfavourable terms relative to the market. The gross rent above market that will be paid over the lives of the leases has been recognised and has been based on a 3rd party valuation.
- The group's policy is to provide for dilapidations at the average cost incurred per square foot over the past 2 years or where we have information to produce a more reliable estimate on certain properties.

Contingent liabilities

- At the date of acquisition the ETV and UCIS liability was considered contingent. No provisions were recognised at this date since management did not have sufficient information to reliably estimate.

The following items have been recognised at their fair value on acquisition:

Customer relationships

Customer relationship intangible assets exist through business combinations when the acquirer is able to benefit from selling future new business through existing relationships. Their fair value has been calculated as the sum of the present value of projected cash flows, in excess of returns on contributory assets over the life of the relationship with the customers. These assets are amortised over their estimated useful lives of 10 years, which is estimated by reference to the history of the relationships and levels of attrition.

Notes to the financial statements *(continued)*

27. Business combinations *(continued)*

Distribution network

Distribution network intangible assets exist through business combinations when the acquirer is able to benefit from already established distribution channels, mainly within underwriting and broker network. Their fair value has been calculated as the sum of the present value of projected future cash flows generated by existing distribution channels. These assets are amortised over their estimated useful lives of 10 years, which is estimated by reference to the history of the relationships and levels of attrition.

Brand

Brand intangible assets exist through business combinations when they are separable or arise from contractual or other legal rights. Their fair value has been calculated as the sum of the present value of projected royalty payments that would be paid to licence the right to use the brand. These assets are amortised over their estimated useful lives of five years, which considers the Group's track record of retaining brands for a period and experience of the insurance broker market.

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 over their estimated useful lives of four years.

Commission buy outs

Commission buy outs exist when they purchased separately and are capitalised on the basis of the costs incurred to acquire them. Their fair value has been calculated as the sum of the present value of projected future commission savings. Amortisation is provided at a monthly rate of 3% on a reducing balance basis.

Pro forma information

The consolidated result of the Group has been adjusted as if the acquisition of TIL had been made at the beginning of the period, would include revenue from continuing operations of £322.5m (compared to reported Group revenue of £267.2m) and losses before taxation of £190.9m (compared to reported losses before taxation of £191.4m).

In preparing the pro forma results, revenue and costs have been included as if the businesses were acquired on 5 February 2015. Amortisation charges and finance costs included within the 5 February to December 2015 results for the period 5 February 2015 to 2 April 2015 are based on the expenses incurred post acquisition. This information is not necessarily indicative of the results of the combined Group that would have occurred has the purchases actually been made at the beginning of the period, or indicative of the future results of the combined Group.

28. Related party transactions

The principal shareholder of Sentry Holdings Limited at 31 December 2015 was Highbridge Principal Strategies LLC (Highbridge), a global private equity firm, which together with its co-investors held 62% of the shares with voting rights. Highbridge had significant influence through their voting rights in the company and Board positions.

(a) Sales of goods and services

There were not any related party transactions in the period.

Notes to the financial statements *(continued)*

28. Related party transactions *(continued)*

(b) Key management compensation

Key management compensation is discussed under note 8, Employee information.

(c) Directors

Directors' compensation is discussed under note 8, Employee information.

(d) Period end balances arising from sales/purchases of goods/services

There were not any related party transactions in the period.

(e) Loans to related parties

On 5 November 2015, a former director, repaid £508,363 to the Group due to contractual obligations.

(f) Other

There have been a number of post balance sheet events with related parties. Please refer to note 33.

29. Commitments

29.1 Operating lease commitments – where a group company is the lessee

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	At 31 December 2015 £000
Property	
Not later than one year	13,708
Later than one year and not later than five years	24,298
Later than five years	4,196
	42,202
Equipment	
Not later than one year	294
Later than one year and not later than five years	181
Later than five years	—
	475
Total	
Not later than one year	14,002
Later than one year and not later than five years	24,479
Later than five years	4,196
	42,677

29.2 Sub-lease – operating lease commitments – where a group company is the lessor

	At 31 December 2015 £000
Property	
Not later than one year	69
Later than one year and not later than five years	69
	138

Notes to the financial statements *(continued)*

29. Commitments *(continued)*

29.3 Legal and other loss contingencies

Guarantees

On 2 April 2015 TIG Finco Plc issued £425.0m of 8.75% Senior Secured Notes and £75.0m of Floating Rate Super Senior Secured Notes.

The obligations of TIG Finco Plc under the 8.75% Senior Secured Notes and the Floating Rate Super Senior Secured Notes are guaranteed by TIG Midco Limited, the immediate parent company of TIG Finco Plc and subsidiary of the Company, and all its material and certain other subsidiaries. These companies are listed below:

Berkeley Alexander Limited
Capital & County Insurance Brokers Limited
Countrywide Insurance Management Limited
Cox Lee & Co Limited
Crawford Davis Insurance Consultants Limited
Cullum Capital Ventures Limited
Four Counties Finance Limited
Fusion Insurance Holdings Limited
Fusion Insurance Services Limited
HLI (UK) Limited
Just Insurance Brokers Limited
Managing Agents Reference Assistance Services Limited
Moffatt & Co Limited
Paymentshield Holdings Limited
Paymentshield Limited
Portishead Insurance Management Limited
Protectagroup Acquisitions Limited
Protectagroup Holdings Limited
Protectagroup Limited
Richard V Wallis & Co Limited
Roundcroft Limited
T F Bell Holdings Limited
T L Risk Solutions Limited
The Broker Network Limited
The T F Bell Group Limited
Three Counties Insurance Brokers Limited
Towergate London Market Limited
Townfrost Limited
CCV Risk Solutions Limited
Eclipse Park Acquisitions Limited
Towergate Risk Solutions Limited
Broker Network Holdings Limited
Oyster Risk Solutions Limited
Paymentshield Group Holdings Limited
Towergate Underwriting Group Limited
Towergate Insurance Limited

30. Contingent liabilities and contingent assets

Enhanced Transfer Values (ETV) and Unregulated Collective Investment Schemes (UCIS)

The Group is in discussion with the FCA about past advice provided by the TF Group businesses on ETV. The independent file reviews for the investigation are ongoing. Customer contact, which will be a key factor in determining the extent of the Group's redress obligation, commenced in 2015 and is expected to be phased over the next two years. Payment of redress is expected to occur over similar periods of time once customers have been contacted and the redress methodology has been approved by the FCA. We expect payments to start in 2016.

Given the number of material uncertainties that exist around ETV redress, it is not yet possible to make a reliable estimate of the Group's ultimate liability. However, purely for the purposes of developing business plans and cash flow projections for the Group, it has adopted a range of £45.0m to £65.0m in potential redress costs, excluding costs and expenses. This range is consistent with previous disclosures. However during the period £19.8m has now been recognised as management's best estimate in respect of future obligations to pay redress costs. Therefore the range previously disclosed in respect of both UCIS and ETV combined (£65.0m to £85.0m) remains unchanged. For UCIS see note 20 *"Provisions for other liabilities and charges"*).

This internal range is derived from a set of assumptions based on currently available information. As explained above, in view of the material uncertainties all such assumptions are subject to change and the Group can give no assurances as to whether its ultimate liability will be within this range or not. The ultimate liability for ETV may, therefore, be materially different.

Notes to the financial statements *(continued)*

30. Contingent liabilities and contingent assets *(continued)*

Recoveries

Recoveries may be available in respect of ETV & UCIS, either from third parties or under the Group's insurance arrangements, both of which the Group continues to pursue. The maximum recoverable amount under insurance arrangements is £12m in addition to costs, although the ultimate extent and timing of any recovery remains uncertain.

31. Ultimate parent company

On 2 April 2015, Highbridge Principal Strategies LLC became the Group's majority shareholder when its investment in Sentry Holdings Limited (incorporated in Jersey) acquired a direct interest in Topco and indirect interests in the Company and Towergate Insurance Limited and its subsidiaries. At 31 December 2015, the ultimate parent company was Sentry Holdings Limited. Sentry Holdings Limited is the largest group in which the results are consolidated.

32. Subsidiary undertakings

The following were subsidiary undertakings at 31 December 2015. Unless otherwise shown, the capital of each company is wholly-owned, is in ordinary shares and the principal country of operation is the country of incorporation/registration. Except where indicated, 100% of the voting rights are held directly or indirectly by TIG Finco Plc.

Principal subsidiary undertakings	Country of incorporation	Nature of holding	Nature of principal activity
Antur Insurance Services Limited	England	Ordinary & Preference	Insurance broking
Antur (West Wales) Limited	England	Ordinary	Holding
Arista Insurance Limited	England	Ordinary	Underwriting
Berkeley Alexander Limited	England	Ordinary	Insurance broking
BIB (Darlington) Limited	England	Ordinary	Insurance broking
BIB (Darlington) Acquisitions Limited	England	Ordinary	Holding
BIB Underwriters Limited (95% owned)	England	Ordinary	Underwriting
BIBU Acquisitions Limited (95% owned)	England	Ordinary	Holding
Bishop Skinner Acquisitions Limited	England	Ordinary	Holding
Bishop Skinner Insurance Brokers Limited	England	Ordinary	Insurance broking
Bishop Skinner Insurance Brokers Holdings Limited	England	Ordinary	Insurance broking
Broker Network Holdings Limited	England	Ordinary	Holding
CCV Risk Solutions Limited	England	Ordinary	Insurance broking
Countrywide Insurance Management Limited	England	Ordinary	Insurance broking
Cullum Capital Ventures Limited	England	Ordinary	Cost centre / holding
Dawson Whyte Limited	Northern Ireland	Ordinary	Insurance broking
Execcover Limited	England	Ordinary	Insurance broking
Four Counties Finance Limited	England	Ordinary	Holding
Four Counties Insurance Brokers Limited	England	Ordinary	Insurance broking
Fusion Insurance Holdings Limited	England	Ordinary	Holding
Fusion Insurance Services Limited	England	Ordinary	Underwriting
HS 428 Limited	England	Ordinary	Holding
Managing Agents Reference Assistance Services Limited	England	Ordinary	Insurance broking
Moffatt & Co Limited	England	Ordinary	Holding
Morgan Law Limited	England	Ordinary	Insurance broking
Morgan Law (Holdings) Limited	England	Ordinary	Holding
Oak Affinity Consultancy Limited	England	Ordinary	Holding

Notes to the financial statements *(continued)*

32. Subsidiary undertakings *(continued)*

Principal subsidiary undertakings	Country of incorporation	Nature of holding	Nature of principal activity
Oyster Property Insurance Specialists Limited (75% owned)	England	Ordinary	Underwriting
Oyster Risk Solutions Limited (87.5% owned)	England	Ordinary	Insurance broking
Paymentshield Group Holdings Limited	England	Ordinary	Holding
Paymentshield Holdings Limited	England	Ordinary	Holding
Paymentshield Life Underwriting Services Limited	England	Ordinary	Life assurance & mortgage products
Paymentshield Limited	England	Ordinary	General and life insurance products
The Broker Network Limited	England	Ordinary	Insurance broking
Towergate Financial (East) Limited	England	Ordinary	In run off
Towergate Financial (East) Holdings Limited	England	Ordinary	Holding
Towergate Financial (East) Intermediate Limited	England	Ordinary	Holding
Towergate Financial (Group) Limited	England	Ordinary	In run off
Towergate Financial (London) Limited	England	Ordinary	In run off
Towergate Financial (North) Limited	England	Ordinary	In run off
Towergate Financial (North) Holdings Limited	England	Ordinary	Holding
Towergate Financial (Scotland) Limited	Scotland	Ordinary	In run off
Towergate Financial (Scotland) Holdings Limited	Scotland	Ordinary	Holding
Towergate Financial (West) Limited	England	Ordinary	In run off
Towergate Financial (West) Holdings Limited	England	Ordinary	Holding
Towergate Insurance Limited	England	Ordinary	Cost centre / holding
Towergate London Market Limited	England	Ordinary	Insurance broking
Towergate Risk Solutions Limited	England	Ordinary	Holding
Towergate Underwriting Group Limited	England	Ordinary	Insurance broking and underwriting
Agricultural Insurance Underwriting Agencies Limited	England	Ordinary	Dormant
Ainsbury (Insurance Brokers) Limited	England	Ordinary	Dormant
AIUA Holdings Limited	England	Ordinary	Dormant
Arthur Marsh & Son Limited	England	Ordinary	Dormant
Bishop Skinner Client Services Limited	England	Ordinary	Dormant
Broker Network (Trustee) Limited	England	Ordinary	Dormant
Broker Network Insurance Brokers Limited	England	Ordinary	Dormant
Canworth Commercial Limited	England	Ordinary	Dormant
Capital & County Insurance Brokers Limited	England	Ordinary	Dormant
CCG Financial Services Limited	England	Ordinary	Dormant
Chorlton Cloughley Group Limited	England	Ordinary	Dormant
Cox Lee & Co Limited	England	Ordinary	Dormant
Crawford Davis Insurance Consultants Limited	England	Ordinary	Dormant
Dawson Pennington & Company Limited	England	Ordinary	Dormant
Donaldson & Kenny Limited	Northern Ireland	Ordinary	Dormant
Duncan Pocock (Holdings) Limited	England	Ordinary	Dormant
Eclipse Park Acquisitions Limited	England	Ordinary	Dormant
Fenton Insurance Solutions Limited	England	Ordinary	Dormant
Folgate (HHHB) Limited	England	Ordinary	Dormant
Folgate Risk Solutions (Oxted) Limited	England	Ordinary	Dormant
General Insurance Brokers Limited	Northern Ireland	Ordinary	Dormant
GHBC Limited	England	Ordinary	Dormant

Notes to the financial statements *(continued)*

32. Subsidiary undertakings *(continued)*

Principal subsidiary undertakings	Country of incorporation	Nature of holding	Nature of principal activity
Hedley Davies & Co Limited	England	Ordinary	Dormant
HLI (UK) Limited	England	Ordinary	Dormant
HS 426 Limited	England	Ordinary	Dormant
J.N. Craig Limited	Northern Ireland	Ordinary	Dormant
Just Insurance Brokers Limited	England	Ordinary	Dormant
JW Group Insurance & Risk Managers Limited	Scotland	Ordinary	Dormant
JW Group Limited	Scotland	Ordinary	Dormant
LFE Group Limited	England	Ordinary	Dormant
M. Wood Insurance Services Limited	England	Ordinary	Dormant
M2 Financial Fees Limited	England	Ordinary	Dormant
McAra Associates Limited	Scotland	Ordinary	Dormant
Moray Firth Insurance Brokers Limited	Scotland	Ordinary	Dormant
Motaquote Insurance Services Limited	England	Ordinary	Dormant
Paul Scully Insurance Services Limited	England	Ordinary	Dormant
Portishead Insurance Management Limited	England	Ordinary	Dormant
Priestley & Partners (Insurance) Brokers Limited	England	Ordinary	Dormant
Protectagroup Acquisitions Limited	England	Ordinary	Dormant
Protectagroup Holdings Limited	England	Ordinary	Dormant
Protectagroup Limited	England	Ordinary	Dormant
Richard V Wallis & Co Limited	England	Ordinary	Dormant
Rixon Matthews Appleyard Limited	England	Ordinary	Dormant
Roundcroft Limited	England	Ordinary	Dormant
SMG Professional Risks Limited	England	Ordinary	Dormant
Smith & Pinching General Insurance Services Limited	England	Ordinary	Dormant
Suddards Davies & Associates Limited	England	Ordinary	Dormant
Sullivan Garrett Limited	England	Ordinary	Dormant
TF Bell Holdings Limited	England	Ordinary	Dormant
The Folgate Partnership Limited	England	Ordinary	Dormant
The TF Bell Group Limited	England	Ordinary	Dormant
Three Counties Insurance Brokers Limited	England	Ordinary	Dormant
TL Risk Solutions Limited	England	Ordinary	Dormant
Topcrest Insurance Brokers Limited	England	Ordinary	Dormant
Towergate Chase Parkinson Limited	England	Ordinary	Dormant
Towergate Financial (Edinburgh) Limited	Scotland	Ordinary	Dormant
Towergate Financial (Huddersfield) Intermediate Limited	England	Ordinary	Dormant
Towergate Financial (Huddersfield) Limited	England	Ordinary	Dormant
Towergate FJC Limited	England	Ordinary	Dormant
Towergate Holiday Homes Underwriting Agency Limited	England	Ordinary	Dormant
Towergate Management Services Limited	England	Ordinary	Dormant
Towergate Property Management Limited	England	Ordinary	Dormant
Towergate TLC Limited	England	Ordinary	Dormant
Towergate Wilsons Limited	England	Ordinary	Dormant
Townfrost Limited	England	Ordinary	Dormant
Walter Ainsbury & Son Limited	England	Ordinary	Dormant
Waveney Group Schemes Limited	England	Ordinary	Dormant
Waveney Insurance Brokers (Commercial) Limited	England	Ordinary	Dormant
Waveney Insurance Brokers Limited	England	Ordinary	Dormant
William Rogers Holding Company Limited	England	Ordinary	Dormant
William Rogers Insurance Brokers Limited	England	Ordinary	Dormant
WM Fargate Limited	England	Ordinary	Dormant

Notes to the financial statements *(continued)*

33. Post balance sheet events

Additional funding

During Q1 2016 the Company secured two sources of additional funding totalling up to £65m from Highbridge. Binding heads of terms have been signed for both of these transactions. Details are as follows:

- Disposal of the entire issued share capital of The Broker Network Limited and Countrywide Insurance Management Limited, both wholly owned subsidiaries of the Group, and the assets of Broker Network Underwriting, a trading style of Towergate Underwriting Group Limited. The consideration for the acquisition shall be satisfied in part by the allotment to Towergate of approximately 19.9% of the shares (subject to adjustment) in the acquisition vehicle; and
- A five year facility from Highbridge secured by certain legacy assets of the Group.
  Both initiatives remain subject to appropriate consents and/or approvals and will result in a cash injection to the Group.

In addition to the above, the Company secured a short term loan facility from Highbridge for an amount of up to £28m which will result in a cash injection to the Group if it is drawn.

Proceeds from these initiatives will largely be applied towards an acceleration of the strategic investments in the group transformation plan.

IT Transformation

During February 2016 the Group signed a contract with Accenture under which Accenture will become the Group's strategic partner, overseeing its IT Transformation change program. Under the contract Accenture will also manage service support across the whole IT Infrastructure estate for a period of five years.

Company balance sheet

As at 31 December 2015

	Note	At 31 December 2015 £000
Assets		
Non-current assets		
Other non-current financial assets	3	735,000
		735,000
Current assets		
Trade and other receivables	4	130,105
		130,105
Total assets		865,105
Equity and liabilities		
Equity		
Share capital	7	300,000
Share premium	7	1
Capital contribution	8	60,000
Retained losses	8	(66,734)
Total equity		293,267
Non-current liabilities		
Borrowings	6	494,306
		494,306
Current liabilities		
Trade and other payables	5	77,532
		77,532
Total liabilities		571,838
Total equity and liabilities		865,105

These financial statements were approved by the board of Directors on 22 March 2016 and were signed on its behalf by:

M Mugge
Director

The notes on pages 75 to 82 form part of these financial statements.

Company statement of changes in equity

	Share capital £000	Share premium £000	Capital contribution reserve £000	Retained losses £000	Total £000
At 5 February 2015	**—**	**—**	**—**	**—**	**—**
Loss for the period	—	—	—	(66,734)	(66,734)
Issue of share capital	300,000	1	—	—	300,001
Capital contribution	—	—	60,000	—	60,000
At 31 December 2015	300,000	1	60,000	(66,734)	293,267

The notes on pages 75 to 82 form part of these financial statements.

Notes to the Company balance sheet

1 Authorisation of financial statements and statement of compliance

TIG Finco Plc (the Company) was incorporated on the 5 February 2015 as TIG Finco Limited a private company limited by shares with registered number 09424525. It is incorporated and domiciled in the UK. The financial statements for the period ended 31 December 2015 were authorised for issue by the board of directors on 22 March 2016 and the balance sheet was signed on the board's behalf by M Mugge.

2 Accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and were authorised for issue by the board on 22 March 2016.

The 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.

Under s408 of the Companies Act 2006, the company is exempt from the requirement to present its own profit and loss account.

2.2 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 IFRS"), 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 paragraphs 45(b) and 46-52 of IFRS 2 Share-Based Payments because the arrangement concerns instruments of another group entity;

(b) the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64 (q)(ii), B66 and B67 of IFRS 3 Business Combinations which includes among other exemptions the requirement to include a comparative period reconciliation for goodwill;

(c) the requirements of paragraph 33(c) of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the cash flows of discontinued operations;

(d) 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;

(e) 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;

(f) the requirements in paragraph 10(d) 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;

(g) 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;

Notes to the Company balance sheet *(continued)*

2 Accounting policies *(continued)*

2.2 Summary of disclosure exemptions *(continued)*

(h) 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;

(i) 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;

(j) the requirements of paragraphs 134(d) – 134(f) and 135(c) – 135(e) of IAS 36 Impairment of Assets in respect of disclosure of assumptions on which projections used in the impairment review are based and sensitivity analysis.

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

2.3 Going concern

The financial statements of the Company set out on pages 73 to 82 have been prepared on a going concern basis. The directors believe the going concern basis to be appropriate following their assessment of the Company's financial position and its ability to meet its obligations as and when they fall due as described below.

At 31 December 2015 the Company had net assets of £865.1m and net current assets of £52.6m. The net assets include an amount owed by group undertakings of £130.1m and an amount owed to group undertakings of £71.5m.

In reaching their view on preparation of the Company's financial statements on a going concern basis, the Directors have therefore considered any significant uncertainties facing the Company that existed at the balance sheet date of 31 December 2015 and subsequent actions and developments in the period up to the date of approval of these financial statements.

The Group sold the Towergate Financial business on 16 March 2015. As part of the sale the potential liabilities in relation to the advice given on the sale of ETV and UCIS remain with the Group. At the year end a provision has been recognised in relation to management's best estimate of future UCIS redress payments. However given the number of material uncertainties that continue to exist for ETV, it is not yet possible to make a reliable estimate of the Group's ultimate liability in connection with the ETV investigations. No provision has been recognised in this Company for the redress cost as this issue relates to the Towergate Financial Group of businesses only.

During Q1 2016 the Group secured two sources of additional funding totalling up to £65m from Highbridge. Binding heads of terms have been signed for both of these transactions. Details are as follows:

- Disposal of the entire issued share capital of The Broker Network Limited and Countrywide Insurance Management Limited, both wholly owned subsidiaries of the Group, and the assets of Broker Network Underwriting, a trading style of Towergate Underwriting Group Limited. The consideration for the acquisition shall be satisfied in part by the allotment to Towergate of approximately 19.9% of the shares (subject to adjustment) in the acquisition vehicle; and
- A five year facility from Highbridge secured by certain legacy assets of the Group. Both initiatives remain subject to appropriate consents and/or approvals and will result in a cash injection to the Group.

In addition to the above, the Group secured a short term loan facility from Highbridge for an amount of up to £28m which will result in a cash injection to the Group if it is drawn.

Proceeds from these initiatives will largely be applied towards an acceleration of the strategic investments in the group transformation plan.

Notes to the Company balance sheet *(continued)*

2 Accounting policies *(continued)*

2.3 Going concern *(continued)*

On the basis of their assessment of the Company's financial position and of the Group's ability to continue to provide such support as might be required, the Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Hence they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.4 Financial assets

Financial assets are initially measured at fair value plus directly attributable transaction costs. The Company's financial assets include other non-current assets and trade and other receivables.

(a) Other non-current assets represent investments in subsidiary undertakings. They are stated at cost less any provision for impairment for any diminution of value.

(b) Trade and other receivables represent amounts due from related parties in the form of a subordinated loan and associated interest income. They are stated at cost less any impairment.

2.5 Financial liabilities

Financial liabilities are initially measured at fair value plus directly attributable transaction costs. The Company's financial liabilities are trade and other payables.

(a) Trade and other payables represent amounts due to related parties. They are stated at cost.

2.6 Borrowings

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date. Borrowings are recognised initially at fair value, net of transaction costs incurred. They are subsequently stated at amortised cost using the effective interest rate method.

2.7 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.

3 Other non-current financial assets

	Shares in group undertakings £000
Cost (or valuation)	
Additions	**735,000**
At end of the period	**735,000**
Amounts provided or written off	
At end of the period	—
Net book value	
At 31 December 2015	**735,000**

Notes to the Company balance sheet *(continued)*

3 Other non-current financial assets *(continued)*

The Company's shares in group undertakings at the period end in share capital comprise the following:

	Shareholding %	Principal activity
Towergate Insurance Limited	100	Holding company

4 Trade and other receivables

	At 31 December 2015 £000
Amounts owed by related parties – subordinated loan	**122,000**
Amounts owed by related parties – interest receivable	**8,105**
	130,105

The subordinated loan is to Towergate Insurance Limited, a subsidiary of the Company. The loan bears interest at a fixed rate of 8.85% per annum.

5 Trade and other payables

	At 31 December 2015 £000
Amounts owed to related parties	**71,540**
Interest payable	**5,992**
	77,532

6 Borrowings

	At 31 December 2015 £000
Non current	
Senior secured notes	**425,000**
Floating rate super senior secured notes	**72,449**
Capitalised debt costs	**(3,143)**
	494,306

On 2 April 2015, the Company issued £425.0m of 8.75% senior secured notes and £75.0m of floating rate super senior secured notes at a discount of £3.0m. The notes are guaranteed by TIG Midco Limited (the immediate parent company of Finco) and by all of its material and certain other subsidiaries. The guarantor companies are listed in note 30, Contingent liabilities and commitments. Non-current borrowings mature on 2 April 2020.

The carrying amounts of the Group's borrowings are denominated in sterling.

	At 31 December 2015 £000
Maturity of borrowings	
Between two and five years	**497,449**
Less Capitalised debt costs	**(3,143)**
	494,306

The borrowings bear average interest rates of 8.71% annually.

Notes to the Company balance sheet *(continued)*

6 Borrowings *(continued)*

The exposure of the borrowings of the Company to interest rate changes and the contractual re-pricing dates at the end of the reporting period are as follows:

	6 months or less £000	Fixed rate £000	Capitalised debt costs £000	Total £000
At 31 December 2015	**72,449**	**425,000**	**(3,143)**	**494,306**

Fair value of borrowings

Non-current borrowings:

The carrying amount of the quoted £75.0m of floating rate super senior secured notes do not differ materially from their fair values, as the floating rate interest rate formula is based on LIBOR that is contractually re-priced every six months or less.

The fair values of quoted non-current borrowings at fixed rates as of 31 December 2015 based on quoted market prices are as follows:

	At 31 December 2015	
	Carrying amount £000	Fair value £000
Senior secured notes	**425,000**	**380,545**
Floating rate super senior secured notes	**72,449**	**77,187**
	497,449	**457,732**

Undrawn borrowing facilities:

As at 31 December 2015, the Group has no undrawn facilities.

7 Share capital and premium

	At 31 December 2015 £000
Allotted, called up and fully paid shares	
Ordinary shares of £1 each	**300,000**

During the period, as part of the acquisition, 100 £0.01 ordinary shares were issued at a value of £1 per share. The 100 £0.01 ordinary shares were converted to 1 £1 share and an additional 299,999,998 £1 shares were issued.

	Ordinary shares £000	Total share capital £000	Share premium £000	Total £000
At 5 February 2015	**—**	**—**	**—**	**—**
Issue of shares	**300,000**	**300,000**	**1**	**300,001**
At 31 December 2015	**300,000**	**300,000**	**1**	**300,001**

8 Reserves

	Capital contribution reserve £000	Retained losses £000
Loss for the period	**—**	**(66,734)**
Capital contribution	**60,000**	**—**
At 31 December 2015	**60,000**	**(66,734)**

Notes to the Company balance sheet *(continued)*

9 Related party transactions

(a) Transactions and balances with entities that form part of the group

During the period 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.

(b) Remuneration of directors

	2015 £000
Aggregate emoluments	**2,168**
Company contributions to money purchase pension scheme	**22**
	2,190

The aggregate emoluments of the highest paid Director were £1.4m and company pension contributions of £0.02m were made to a money purchase scheme on their behalf.

	2015
Retirement benefits are accruing to the following number of Directors under:	
Money purchase schemes	**—**

All Directors benefit from qualifying third party indemnity provisions in place during the financial period and at the date of this report.

(c) Other

There have been a number of post balance sheet events with related parties. Please refer to note 12.

10 Contingent liabilities

Guarantees

On 2 April 2015, TIG Finco Plc issued £425.0m of 8.75% Senior Secured Notes and £75.0m of Floating Rate Super Senior Secured Notes.

Notes to the Company balance sheet *(continued)*

10 Contingent liabilities *(continued)*

The obligations of TIG Finco Plc under the 8.75% Senior Secured Notes and the Floating Rate Super Senior Secured Notes are guaranteed by TIG Midco Limited, the immediate parent company of TIG Finco Plc and all its material and certain other subsidiaries. These companies are listed below:

Berkeley Alexander Limited
Capital & County Insurance Brokers Limited
Countrywide Insurance Management Limited
Cox Lee & Co Limited
Crawford Davis Insurance Consultants Limited
Cullum Capital Ventures Limited
Four Counties Finance Limited
Fusion Insurance Holdings Limited
Fusion Insurance Services Limited
HLI (UK) Limited
Just Insurance Brokers Limited
Managing Agents Reference Assistance Services Limited
Moffatt & Co Limited
Paymentshield Holdings Limited
Paymentshield Limited
Portishead Insurance Management Limited
Protectagroup Acquisitions Limited
Protectagroup Holdings Limited
Protectagroup Limited
Richard V Wallis & Co Limited
Roundcroft Limited
T F Bell Holdings Limited
T L Risk Solutions Limited
The Broker Network Limited
The T F Bell Group Limited
Three Counties Insurance Brokers Limited
Towergate London Market Limited
Townfrost Limited
CCV Risk Solutions Limited

Eclipse Park Acquisitions Limited
Towergate Risk Solutions Limited
Broker Network Holdings Limited
Oyster Risk Solutions Limited
Paymentshield Group Holdings Limited
Towergate Underwriting Group Limited
Towergate Insurance Limited

Enhanced Transfer Values (ETV) and Unregulated Collective Investment Schemes (UCIS)

The Group is in discussion with the FCA about past advice provided by the TF Group businesses on ETV. The independent file reviews for the investigation are ongoing. Customer contact, which will be a key factor in determining the extent of the Group's redress obligation, commenced in 2015 and is expected to be phased over the next two years. Payment of redress is expected to occur over similar periods of time once customers have been contacted and the redress methodology has been approved by the FCA. We expect payments to start in 2016.

Given the number of material uncertainties that exist around ETV redress, it is not yet possible to make a reliable estimate of the Group's ultimate liability. However, purely for the purposes of developing business plans and cash flow projections for the Group, it has adopted a range of £45.0m to £65.0m in potential redress costs, excluding costs and expenses. This range is consistent with previous disclosures. However during the period £19.8m has now been recognised as management's best estimate in respect of future obligations to pay redress costs. Therefore the range previously disclosed in respect of both UCIS and ETV combined (£65.0m to £85.0m) remains unchanged. For UCIS see note 20 to the consolidated financial statements *"Provisions for other liabilities and charges"*).

This internal range is derived from a set of assumptions based on currently available information. As explained above, in view of the material uncertainties all such assumptions are subject to change and the Group can give no assurances as to whether its ultimate liability will be within this range or not. The ultimate liability for ETV may, therefore, be materially different.

Recoveries

Recoveries may be available in respect of ETV & UCIS, either from third parties or under the Group's insurance arrangements, both of which the Group continues to pursue. The maximum recoverable amount under insurance arrangements is £12m in addition to costs, although the ultimate extent and timing of any recovery remains uncertain.

Notes to the Company balance sheet *(continued)*

11 Ultimate parent company

On 2 April 2015, Highbridge Principal Strategies LLC became the Group's majority shareholder when its investment in Sentry Holdings Limited (incorporated in Jersey) acquired a direct interest in TIG Topco Limited (incorporated in Jersey). At 31 December 2015, the ultimate parent company was Sentry Holdings Limited.

These consolidated financial statements are available upon request from:

Towergate House
Eclipse Park
Sittingbourne Road
Maidstone
Kent
ME14 3EN

12 Post balance sheet events

Additional funding

During Q1 2016 the Company secured two sources of additional funding totalling up to £65m from Highbridge. Binding heads of terms have been signed for both of these transactions. Details are as follows:

- Disposal of the entire issued share capital of The Broker Network Limited and Countrywide Insurance Management Limited, both wholly owned subsidiaries of the Group, and the assets of Broker Network Underwriting, a trading style of Towergate Underwriting Group Limited. The consideration for the acquisition shall be satisfied in part by the allotment to Towergate of approximately 19.9% of the shares (subject to adjustment) in the acquisition vehicle; and
- A five year facility from Highbridge secured by certain legacy assets of the Group.
  Both initiatives remain subject to appropriate consents and/or approvals and will result in a cash injection to the Group.

In addition to the above, the Company secured a short term loan facility from Highbridge for an amount of up to £28m which will result in a cash injection to the Group if it is drawn.

Proceeds from these initiatives will largely be applied towards an acceleration of the strategic investments in the group transformation plan.

IT Transformation

During February 2016 the Group signed a contract with Accenture under which Accenture will become the Group's strategic partner, overseeing its IT Transformation change program. Under the contract Accenture will also manage service support across the whole IT Infrastructure estate for a period of five years.

Towergate Insurance Limited

Interim Report
for the three months ended 31 March 2015

Registered number 07476462

Contents

Interim Report for the three months to 31 March 2015

The following items have been noted as updates to ongoing issues or a summary of transactions to bring to the attention of the reader:

- Updates on the ongoing issues with the Financial Conduct Authority (FCA) in relation to client money and advice provided by the Towergate Financial business
- A summary of the Group financial restructuring
- Senior management changes
- A summary financial review and outlook

FCA

During Q3 2013 the Group identified that £15.0m of client and insurer monies had been misallocated to an unrestricted account between November 2007 and January 2011. As soon as the misallocation was confirmed management transferred £15.0m to the relevant client and insurer accounts. The FCA was notified and investigations into this matter are continuing.

The Group is continuing discussions with the FCA in connection with past advice provided by the Towergate Financial businesses on pension Enhanced Transfer Values (ETV) and Unregulated Collective Investment Schemes (UCIS). There remain material uncertainties over the level of redress costs as customer contact has commenced but is not significantly complete and the redress methodology has not been agreed. Purely for internal purposes a range of £65.0m-£85.0m is used in cash flow projections. Given the level of uncertainty this item remains a contingent liability in the Group's financial statements.

Acquisitions and disposals

The Group made seven acquisitions in the fifteen months to 31 March 2015 (consisting of two companies and five portfolios) for an aggregate consideration of approximately £21.9m. The Group disposed of five businesses during this period. The material transactions were:

- On 17 April 2014 the Group completed the acquisition of Arista Insurance Limited (Arista), a leading UK commercial managing general agent specialising in property, liability and motor insurance, for a consideration of £16.7m. Arista has a clearly defined regional distribution network and fits well with the Group's strategy of acquiring specialist businesses with strong growth potential
- On 29 August 2014 the Group disposed of Folgate Insurance Company Limited (FICL) to Anglo London for a consideration of £1.9m. Folgate Insurance was an insurance company in run off and as such operated outside the Group's core UK specialist lines and small and medium sized businesses (SME) markets
- On 23 December 2014 the Group disposed of The Hayward Holding Group Limited (Hayward Aviation) to Jardine Lloyd Thompson for a consideration of £27.0m. As an international aviation insurance broker, Hayward Aviation operated outside the Group's core UK specialist personal lines and SME markets
- On 16 March 2015 the Group disposed of its Towergate Financial business (TF) to Palatine Private Equity for a consideration of £8.6m. The Towergate Financial business was a provider of independent financial and mortgage advice and operated outside the Group's core UK specialist personal lines and SME markets

Group financial restructuring

On 2 April 2015 the Group completed a financial restructuring in relation to the senior secured creditors and senior unsecured creditors of Towergate Finance plc, an intermediate parent company. As part of these arrangements TIG Finco plc (a newly formed holding company) acquired the Group for consideration of £735.0m made up of the issue of £425.0m of Senior Secured Notes by TIG Finco plc and the issue of new shares in TIG Finco plc's indirect parent company, TIG Topco Limited, valued at £310.0m.

Interim Report for the three months to 31 March 2015 *(continued)*

As a result of these arrangements, in April 2015 Highbridge Principal Strategies LLC became the Group's majority shareholder.

As part of the financial restructuring, additional capital of £122.0m was received by the Group through the issue by TIG Topco Limited of new shares for £50.0m and the issue by TIG Finco plc of £75.0m of Super Senior Secured Notes at a discount of £3.0m. The additional funds provide liquidity to the Group and have enabled it to fund the costs of the restructuring of £42.0m, the vesting of long term incentive plans which have crystallised or will in the future crystallise as a result of the restructuring of £30.0m, retention bonuses of £8.0m and minority interest buy outs of £2.0m.

Senior management changes

There have been a number of senior management changes in the period since 31 December 2014 including:

- Scott Egan has changed his role from Chief Financial Officer to Interim Chief Executive Officer
- Alastair Lyons has changed his role from Executive Chairman to Non-executive Chairman
- The appointment of Mark Mugge as Chief Operating Officer and Steve Wood as Chief Executive Officer of Paymentshield
- The appointment of John Tiner as Chairman with effect from 29 June 2015

Financial review and outlook

Q1 2015 was a challenging period. Confidence in Towergate was tested with performance in all divisions affected by both the Group financial restructuring and the change programme.

However significant progress has been made in multiple areas. Towergate has attracted long term supportive shareholders in Highbridge, KKR and Sankaty. Over the last twelve months much of the comprehensive change programme has been implemented. Towergate continues to attract talent. The Board remains focussed on operational delivery in 2015 and there are some early signs of recovery as the business stabilises.

The Group is focussed on retention and new business and aims to deliver this through a concentration on customer service and operational excellence. The expectation is that expenses will fall through the completion of the change programme and continued integration of businesses. The Board will continue to invest in the business to deliver profitable growth in its chosen markets.

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Condensed consolidated statement of comprehensive income for the period ended 31 March 2015

	Unaudited Three months ended 31 March 2015 £000	Unaudited Three months ended 31 March 2014 £000	Audited Twelve months ended 31 December 2014 £000
Commissions and fees	**85,331**	92,835	375,923
Investment income	**89**	102	480
Salaries and associated expenses	**(50,487)**	(47,342)	(193,220)
Other operating costs	**(40,949)**	(24,698)	(331,423)
Depreciation and amortisation charges	**(5,303)**	(4,764)	(22,504)
Impairment of goodwill	**—**	—	(552,861)
Operating (loss) / profit	**(11,319)**	16,133	(723,605)
Analysed as:			
Operating profit before exceptional items	**7,348**	18,499	72,489
Related party bad debt provision	**—**	—	(190,534)
Reduction in value of contingent consideration	**—**	—	9,127
Loss on disposal of businesses and investments	**(340)**	—	(1,547)
Group reorganisation costs	**(4,853)**	(2,366)	(37,390)
Finance legacy review	**—**	—	(3,702)
Regulatory costs	**(1,051)**	—	(8,898)
Group financial restructuring costs	**(12,423)**	—	(10,289)
Impairment of goodwill	**—**	—	(552,861)
Operating (loss) / profit	**(11,319)**	16,133	(723,605)
Finance costs	**(238)**	(1)	(11)
Finance income	**93**	50	336
(Loss) / profit before taxation	**(11,464)**	16,182	(723,280)
Income tax (expense) / credit	**(224)**	233	883
(Loss) / profit for the year from continuing operations	**(11,688)**	16,415	(722,397)
(Loss) / profit for the year from discontinued operations, net of income tax	**(366)**	497	(23,283)
Total comprehensive (loss) / profit for the year	**(12,054)**	16,912	(745,680)
Attributable to:			
Owners of the parent	**(12,054)**	16,912	(745,723)
Non-controlling interests	**—**	—	43
	(12,054)	**16,912**	**(745,680)**

The notes on pages 9 to 19 form part of this condensed set of financial statements.

Condensed consolidated statement of financial position

	Unaudited as at 31 March 2015 £000	Unaudited as at 31 March 2014 £000	Audited as at 31 December 2014 £000
Net assets			
Non-current assets			
Intangible assets	**818,271**	1,414,385	823,561
Property, plant and equipment	**11,130**	11,104	11,993
Available-for-sale financial assets	**140**	203	140
Deferred tax asset	**11,207**	7,437	11,056
	840,748	1,433,129	846,750
Current assets			
Trade and other receivables	**76,871**	239,498	70,808
Cash and cash equivalents	**185,396**	195,483	199,018
Assets held for sale	**—**	—	7,333
	262,267	434,981	277,159
Current liabilities			
Borrowings	**(20,074)**	(92)	(80)
Trade and other payables	**(255,418)**	(229,826)	(280,712)
Liabilities held for sale	**—**	—	(2,476)
Current tax liabilities	**(2,504)**	(22,657)	(2,494)
Provisions for other liabilities and charges	**(2,389)**	(3,473)	(2,607)
	(280,385)	(256,048)	(288,369)
Net current (liabilities) / assets	**(18,118)**	178,933	(11,210)
Non-current liabilities			
Borrowings	**(150)**	(160)	(165)
Trade and other payables	**(5,136)**	(19,863)	(5,170)
Provisions for other liabilities and charges	**(4,118)**	(3,147)	(4,666)
	(9,404)	(23,170)	(10,001)
	813,226	1,588,892	825,539
Total equity			
Capital and reserves attributable to the Company's shareholders			
Share capital	**1,407,307**	1,407,307	1,407,307
Share premium	**117,979**	117,979	117,979
Share incentive plan	**—**	733	—
Retained earnings	**(712,179)**	62,510	(700,125)
Shareholders' equity	**813,107**	1,588,529	825,161
Non-controlling interest	**119**	363	378
	813,226	1,588,892	825,539

The notes on pages 9 to 19 form part of this condensed set of financial statements.

This condensed set of financial statements were approved by the board of directors on 25 June 2015 and were signed on its behalf by:

S Egan
Director

Condensed consolidated statement of changes in equity

	Share capital £000	Share premium £000	Share incentive plan £000	Retained earnings £000	Shareholder equity £000	Non-controlling interests £000	Total equity £000
Balance at 1 January 2015	**1,407,307**	**117,979**	**—**	**(700,125)**	**825,161**	**378**	**825,539**
Loss for the year	**—**	**—**	**—**	**(12,054)**	**(12,054)**	**—**	**(12,054)**
Dividend to non-controlling interest	**—**	**—**	**—**	**—**	**—**	**(259)**	**(259)**
Balance at 31 March 2015	**1,407,307**	**117,979**	**—**	**(712,179)**	**813,107**	**119**	**813,226**

	Share capital £000	Share premium £000	Share incentive plan £000	Retained earnings £000	Shareholder Equity £000	Non-controlling interests £000	Total equity £000
Balance at 1 January 2014	1,406,099	107,100	583	45,598	1,559,380	363	1,559,743
Profit for the year	—	—	—	16,912	16,912	—	16,912
Issue of share capital	1,208	10,879	—	—	12,087	—	12,087
Share based payment transaction	—	—	150	—	150	—	150
Balance at 31 March 2014	1,407,307	117,979	733	62,510	1,588,529	363	1,588,892

Condensed consolidated statement of cash flows

	Unaudited Three months ended 31 March 2015 £000	Unaudited Three months ended 31 March 2014 £000	Audited Twelve months ended 31 December 2014 £000
Cash flows from operating activities			
Cash generated from / (used in) operations	**11,157**	(742)	52,348
Exceptional items	**(18,302)**	(2,366)	(45,001)
Interest paid	**—**	(1)	(11)
Interest received	**93**	56	372
Taxation (paid) / received	**—**	16	(1)
Investment income	**89**	102	480
(Decrease) / increase in net insurance broking creditors	**(25,237)**	(14,769)	(3,135)
Net cash (used in) / generated from operating activities	**(32,200)**	(17,704)	5,052
Cash flows from investing activities			
Acquisition of businesses, net of cash acquired	**(8)**	(2,792)	(11,197)
Purchase of property, plant and equipment	**(372)**	(520)	(5,701)
Purchase of intangible fixed assets – computer software and CBO's	**(1,316)**	(2,912)	(14,873)
Disposal of businesses	**7,544**	—	24,606
Net cash disposed of with businesses	**(5,331)**	—	(11,186)
Net cash generated from / (used in) investing activities	**517**	(6,224)	(18,351)
Cash flows from financing activities			
Proceeds from issue of shares	**—**	12,088	12,088
Proceeds from borrowings	**20,000**		
Loan to / (from) investment	**10**	12	43
Net settled deferred consideration	**(3,343)**	(1,228)	(6,931)
Capital element of finance lease rental payments	**(21)**	(18)	(25)
Net cash generated from financing activities	**16,646**	10,854	5,175
Net decrease in cash and cash equivalents	**(15,037)**	(13,074)	(8,124)
Cash and cash equivalents at the beginning of the period	**200,433**	208,557	208,557
Cash and cash equivalents at the end of the period	**185,396**	195,483	200,433

Included in the Group's own funds is £17.8m (31 March 2014: £18.6m) of restricted cash kept in segregated accounts for purposes of solvency and capital adequacy requirements imposed by the FCA. Pursuant to these regulatory requirements established by the FCA applicable to the insurance broking industry, the Group holds cash in the segregated accounts for the purpose of ensuring funds are available to pay any costs and expenses necessary to achieve an orderly winding-up of the Group's business in the event its broking operations cease to operate or are otherwise closed down. The amount of cash required to be held is determined by management and agreed by the FCA.

Fiduciary funds represent client money used to pay premiums to underwriters, to settle claims to policyholders and to defray commissions and other income. They are not available for general corporate purposes. Fiduciary funds of £nil (31 March 2014: £nil) are placed at bank as deposits.

Notes to the financial statements

1 General information

Towergate Insurance Limited (the Company) was incorporated on the 22 December 2010 as a private company limited by shares with registered number 07476462. It is incorporated and domiciled in the UK. The address of its registered office is Towergate House, Eclipse Park Sittingbourne Road, Maidstone, ME14 3EN.

These condensed consolidated interim financial statements as at and for the three months ended 31 March 2015 comprise the company and its subsidiaries (Towergate or the Group).

Towergate Insurance Limited is a holding company which delivers central functions across the Group and, through its subsidiaries, operates primarily to distribute insurance products and to act as an underwriting agent. The principal activities of the Group are insurance broking, underwriting, mortgage broking solutions and the provision of insurance network services

The financial information contained in these interim results does not constitute statutory accounts of Towergate Insurance Limited within the meaning of Section 435 of the Companies Act 2006. Statutory accounts for Towergate Insurance Limited for the period ended 31 December 2014 have been reported on by the company's auditors. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these interim consolidated financial statements are the same as those applied in the Group's consolidated financial statements for the year ended 31 December 2014. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

The interim consolidated financial statements of the Group have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2014.

The consolidated financial statements are presented in GBP sterling (£), which is also the Group's functional currency.

Amounts shown are rounded to the nearest thousand, unless stated otherwise. The interim consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets. The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

2.2 Going concern

The interim financial statements of the Group set out on pages 5 to 19 have been prepared on a going concern basis. The Directors believe the going concern basis to be appropriate following their assessment of the Group's financial position and its ability to meet its obligations as and when they fall due as described below.

At 31 March 2015 the Group had net assets of £813.2m (31 March 2014: £1,588.9m) and net current liabilities of £18.lm (31 March 2014: net current assets £178.9m). The Group includes a number of subsidiary undertakings who have at various times guaranteed bank and bond debt owed by Towergate Finance plc, an intermediate holding company (note 13).

Notes to the financial statements *(continued)*

2 Summary of significant accounting policies *(continued)*

2.2 Going concern *(continued)*

In reaching their view on preparation of the Group's financial statements on a going concern basis, the Directors have therefore considered significant uncertainties facing the Group that existed at the balance sheet date of 31 March 2015 and subsequent actions and developments in the period up to the date of approval of these financial statements.

The uncertainties that existed at the balance sheet date were disclosed on 19 November 2014 in the consolidated financial statements of Towergate Holdings II Limited, an intermediate parent company, for the period ended 30 September 2014. Those consolidated financial statements highlighted uncertainties over that group's operational cash flow and liquidity requirements and respective management actions (some of which required the agreement of third parties), the successful renegotiation of that group's financial covenant attaching to a fully drawn £85.0m revolving credit facility and the quantum, timing and recoveries of customer redress payments relating to advice given by the Group's Towergate Financial businesses.

On 2 April 2015 control of the Group changed as a consequence of the financial restructuring of the senior secured creditors and senior unsecured creditors of Towergate Finance plc (an intermediate parent company). As part of this, TIG Finco plc acquired the Group for consideration of £735.0m and additional capital was made available of £122.0m through the issue by TIG Topco Limited of new shares for £50.0m and the issue by TIG Finco plc of £75.0m of super senior secured notes at a discount of £3.0m. This capital was raised to provide liquidity and to fund the costs of the restructuring.

As at the date of approval of these financial statements, on the basis of cash flow forecasts prepared under the new structure the Directors believe that this restructuring removes the uncertainties highlighted over the Group's operational cash flow and liquidity requirements. In addition, the £85.0m revolving credit facility has been repaid in full and cancelled removing the financial covenant obligations faced by the Group.

The Group sold the Towergate Financial business on 16 March 2015. As part of the sale the potential liabilities in relation to the advice given on the sale of ETV and UCIS remain with the Group. Given the number of material uncertainties that continue to exist, it is not yet possible to make a reliable estimate of the Group's ultimate liability in connection with these investigations. However, purely for the purposes of developing business plans and cash flow projections for the Group, a range of £65.0m to £85.0m has been adopted as a potential redress cost, excluding expenses.

On the basis of their assessment of the Group's financial position, the Directors have a reasonable expectation that it will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

3 Critical accounting estimates and judgements

Estimates and judgements used in preparing the interim financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2014.

3.1 Fair value estimation

Below is an analysis of the financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Notes to the financial statements *(continued)*

3 Critical accounting estimates and judgements *(continued)*

3.1 Fair value estimation *(continued)*

(b) Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
(c) Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Contingent consideration classified at fair value through profit and loss (relating to deferred consideration and redemption liability on non-controlling interest put options) are categorised within level 3 of the fair value hierarchy. Other techniques, such as estimated discounted cash flows, are used to determine their fair value. Management consider the carrying value of assets to approximate to fair value.

	Deferred consideration £000	Redemption liability on non controlling interest put options £000	Total £000
Balance at 31 December 2014	10,887	3,582	14,469
Settlement to vendor/non controlling interest	(2,545)	(798)	(3,344)
Balance at 31 March 2015	**8,342**	**2,784**	**11,126**

The valuations of contingent consideration are based on an evaluation of profit in the individual businesses in which the contingent consideration is based. Initially the full value of any deferred consideration is provided. For the redemption liability of non controlling interest put options the valuation is set out in the put option and current profits will be used to value the liability.

A 10% upward movement in underlying profits would cause a £0.2m increase in the liability and a 10% movement downward would cause a £0.6m reduction in the liability.

The table below summarises the Group's financial instruments by category:

	Loans and receivables £000	Available for sale £000	Total £000
31 March 2015			
Assets per statement of financial position			
Available for sale financial assets	**—**	**140**	**140**
Trade and other receivables, excluding prepayments	**65,949**	**—**	**65,949**
Cash and cash equivalents	**185,396**	**—**	**185,396**
	251,345	**140**	**251,485**

	Liabilities at fair value through profit and loss account £000	Other financial liabilities at amortised cost £000	Total £000
31 March 2015			
Liabilities per statement of financial position			
Finance lease liabilities	**—**	**(224)**	**(224)**
Trade and other payables, excluding non-financial liabilities	**(130,782)**	**(129,772)**	**(260,554)**
	(130,782)	**(129,996)**	**(260,778)**

Notes to the financial statements *(continued)*

3 Critical accounting estimates and judgements *(continued)*

3.1 Fair value estimation *(continued)*

	Loans and receivables £000	Available for sale £000	Total £000
31 December 2014			
Assets per statement of financial position			
Available for sale financial assets	—	140	140
Trade and other receivables, excluding prepayments	58,981	—	58,981
Cash and cash equivalents	199,018	—	199,018
	257,999	140	258,139

	Liabilities at fair value through profit and loss account £000	Other financial liabilities at amortised cost £000	Total £000
31 December 2014			
Liabilities per statement of financial position			
Finance lease liabilities	—	(245)	(245)
Trade and other payables, excluding non-financial liabilities	(126,957)	(158,925)	(285,882)
	(126,957)	(159,170)	(286,127)

4 Discontinued operations

On 23 December 2014 the Group disposed of Hayward Aviation as it operated outside the Group's core markets. The Group also disposed of its Towergate Financial business (TF) on 16 March 2015. The Towergate Financial business provides independent financial and mortgage advice and operated outside the Group's core markets.

Hayward Aviation and TF were treated as discontinued operations in the consolidated accounts for the year ended 31 December 2014. In these interim financial statements the results of TF for the three months to 31 March 2015 and for the three months to 31 March 2014 have been classed as discontinued operations. The results of Hayward Aviation have been shown as discontinued operations in the three months to 31 March 2014.

Results of the discontinued operations

	2015 Towergate Financial £000	2014 Hayward Aviation £000	2014 Towergate Financial £000
Income	**3,725**	2,127	6,567
Expenses	**(4,451)**	(1,770)	(6,291)
Results from operating activities	**(726)**	357	276
Income tax	**360**	(77)	(59)
Results from operating activities, net of tax	**(366)**	280	217
(Loss) / profit on sale of discontinued operation	—	—	—
(Loss)/profit for the year	**(366)**	280	217

Notes to the financial statements *(continued)*

5 Cash generated from operations

	Unaudited Three months ended March 2015 £000	Unaudited Three months ended March 2014 £000	Audited Twelve months ended December 2014 £000
Cash flows from operating activities (Loss) / profit after income tax including discontinued operations	**(12,054)**	16,912	(745,680)
Depreciation	**1,151**	1,293	5,501
Amortisation	**4,212**	3,577	17,159
(Gains) / Losses on disposal of non-current assets	**(4)**	1	282
Goodwill Impairment	—	—	555,914
Exceptional items – Group reorganisation costs	**4,853**	2,366	37,582
Exceptional items – Finance legacy review	—	—	3,702
Exceptional items – Regulatory costs	**1,051**	—	8,898
Exceptional items – Group Financial restructuring costs	**12,423**	—	10,289
Related party bad debt provision	—	—	191,161
Finance (income) / costs – net	**146**	(55)	(361)
Investment Income	**(89)**	(102)	(480)
Income tax (credit) / expense	**(136)**	(97)	(279)
Reduction in value of contingent consideration	—	—	(9,127)
(Gains) / losses on disposal of businesses and investments	**340**	—	23,184
(Increase) / decrease in trade and other receivables	**(2,161)**	(24,184)	(72,826)
Increase / (decrease) in trade and other payables – excluding insurance broking balances	**2,225**	(996)	29,963
Increase in provisions for liabilities and charges	**(800)**	543	(2,534)
Net cash inflow / (outflow) from operations	**11,157**	(742)	52,348

6 Goodwill

Goodwill is contained within Intangible assets on the statement of financial position. At 31 December 2014 the value of goodwill is based on the Group's financial restructuring is a Level 3 valuation based on market evidence for the value of the Group. Goodwill is attributable to the specific synergies and the workforce of the acquired business expected to arise after the Group's purchase of the above companies.

There are no impairment indicators at 31 March 2015.

The below table provides a reconciliation of the carrying amount of goodwill.

	Goodwill £000
Cost	
Balance at 1 January 2015	**1,487,532**
Acquisition through business combination	**7**
Disposal	**(402)**
Balance at 31 March 2015	**1,487,137**
Impairment	
Balance at 1 January 2015	**716,532**
Disposal	**(10)**
Balance at 31 March 2015	**716,522**
Carrying amount at 1 January 2015	**771,000**
Carrying amount at 31 March 2015	**770,615**

Notes to the financial statements *(continued)*

6 Goodwill *(continued)*

TF was treated as held for sale and re-measured to fair value less costs to sell in the statement of financial position as at 31 December 2014 therefore there is no impact on goodwill as a result of the disposal on 16 March 2015.

7 Business combinations

There were no share purchase or portfolio acquisitions were made in the three months to 31 March 2015. There were adjustments to prior year acquisitions completed in the three months to 31 March 2015 totalling £0.01m.

8 Business disposals

Disposals in the three months to 31 March 2015

During the period the Group disposed of its TF business. Further details on this disposal are provided in the table below:

Disposal date	**Towergate Financial 16 March 2015 £000**
Non-current assets	
Intangible assets	**4,648**
Property, plant and equipment	**265**
Available-for-sale financial assets	**16**
Current assets	
Trade and other receivables	**1,582**
Cash	**5,331**
Total assets	**11,842**
Trade and other payables	**(2,742)**
Net assets	**9,100**
Satisfied by:	
Proceeds	**8,135**
Costs to sell	**(791)**
Completion accounts adjustment	**1,756**
	9,100

The results of TF business are shown separately in the statement of comprehensive income as discontinued operations. The comparative period results from discontinued operations have been re-presented to include those operations classified as discontinued in the current year, in the statement of comprehensive income.

In addition to the above, in the three months to 31 March 2015 the group disposed of two portfolios resulting in a loss on disposal of £0.3m.

9 Income taxes

Income tax is recognised based on managements judgement using an effective tax rate of 20.25% for the three months to 31 March 2015 (three months to 31 March 2014: 21.49%).

Notes to the financial statements *(continued)*

10 Borrowings

	At 31 March 2015 £000	At 31 March 2014 £000
Current		
Finance lease liabilities	**74**	92
Bridging loan	**20,000**	—
	20,074	92
Non current		
Finance lease liabilities	**150**	160
	150	160
Total borrowings	**20,224**	252

11 Provisions for other liabilities and charges

As at 31 March 2015 the Group recognised the following provisions:

Share based payment provision – relates to certain individuals with a guaranteed minimum amount in their agreements. This provision has not changed value since the year ended 31 December 2014.

E & O provision – In the normal course of business the Group may receive claims in respect of errors and omissions. A provision has been made in respect of outstanding errors and omissions claims. In the three months to 31 March 2015 this provision has reduced by £0.4m.

Onerous lease provision – provides for costs incurred for the full remaining term of the lease. In the three months to 31 March 2015 this provision has reduced by £0.4m.

12 Related party disclosure

For the three months to 31 March 2015 Mr Peter Cullum ceased to be a director of the Broomco (4099) group but he continued to be a member of the key management of Towergate during this period.

The following transactions were carried out with related parties:

Purchases of services	**Three months ended 31 March 2015 £000**	Three months ended 31 March 2014 £000
- Rental services from Mr Peter Cullum	**622**	645

All purchases of services with related parties are conducted on an arm's length basis.

13 Contingent liabilities and commitments

Legal and other loss contingencies

Guarantees

On 10 May 2013 Towergate Finance plc, the immediate holding company of this Group, completed a partial refinancing of the Group's borrowings and outstanding bank debt at that date as a result of which £394.0m was repaid in full. As part of the refinancing, a new £85.0m Revolving Credit Facility with a syndicate of banks, led by Lloyds Banking Group plc (the Towergate Facilities) was put in place and Senior Secured Floating Rate Notes of £396.0m were issued by Towergate Finance plc. In addition, £14.6m of Senior Secured Notes were exchanged for additional 10.5% Senior Notes.

Notes to the financial statements *(continued)*

13 Contingent liabilities and commitments *(continued)*

Legal and other loss contingencies *(continued)*

The obligations of Towergate Finance plc under the Towergate Facilities, as well as its obligations under the Floating Rate Senior Secured Notes, the 8.5% Senior Secured Notes and the 10.5% Senior Notes, were guaranteed by Towergate Holdings II Limited, an intermediate holding company at the year end, and all its material and certain other subsidiaries. These companies are listed below:

Towergate Finance plc	Towergate Holdings II Limited
Towergate Insurance Limited	Fusion Insurance Holdings Limited
Fusion Insurance Services Limited	The Hayward Holding Group Limited
Hayward Aviation Limited	Paymentshield Group Holdings Limited
Paymentshield Holdings Limited	Paymentshield Limited
Broker Network Holdings Limited	The Broker Network Limited
The TF Bell Group Limited	TF Bell Holdings Limited
Townfrost Limited	Towergate Underwriting Group Limited
Towergate Risk Solutions Limited	Towergate London Market Limited
Oyster Risk Solutions Limited	TL Risk Solutions Limited
Cullum Capital Ventures Limited	Four Counties Finance Limited
Capital & County Insurance Brokers Limited	Three Counties Insurance Brokers Limited
CCV Risk Solutions Limited	Just Insurance Brokers Limited
Cox Lee & Co Limited	Portishead Insurance Management Limited
HLI (UK) Limited	Berkeley Alexander Limited
Protectagroup Acquisitions Limited	Protectagroup Holdings Limited
Protectagroup Limited	Crawford Davis Insurance Consultants Limited
Roundcroft Limited	Richard V Wallis & Co Limited
Moffatt & Co Limited	Countrywide Insurance Management Limited
Eclipse Park Acquisitions Limited	Managing Agents Reference Assistance Services Limited

On 2 April 2015 the Towergate Group completed a financial restructuring and recapitalisation process. At that date Towergate Finance plc sold its immediate subsidiary, Towergate Insurance Limited, to a new company, TIG Finco plc. On the same date TIG Finco plc issued £425.0m of 8.75% Senior Secured Notes and £75.0m of Floating Rate Super Senior Secured Notes.

Notes to the financial statements *(continued)*

13 Contingent liabilities and commitments *(continued)*

Legal and other loss contingencies *(continued)*

The obligations of TIG Finco plc under the 8.75% Senior Secured Notes and the Floating Rate Super Senior Secured Notes are guaranteed by TIG Midco Limited, the immediate parent company of TIG Finco plc and all its material and certain other subsidiaries. These companies are listed below:

Berkeley Alexander Limited
Capital & County Insurance Brokers Limited
Countrywide Insurance Management Limited
Cox Lee & Co Limited
Crawford Davis Insurance Consultants Limited
Cullum Capital Ventures Limited
Four Counties Finance Limited
Fusion Insurance Holdings Limited
Fusion Insurance Services Limited
HLI (UK) Limited
Just Insurance Brokers Limited
Managing Agents Reference Assistance Services Limited
Moffatt & Co Limited
Paymentshield Holdings Limited
Paymentshield Limited
Portishead Insurance Management Limited
Protectagroup Acquisitions Limited
Protectagroup Holdings Limited
Protectagroup Limited
Richard V Wallis & Co Limited
Roundcroft Limited
T F Bell Holdings Limited
T L Risk Solutions Limited
The Broker Network Limited
The T F Bell Group Limited
Three Counties Insurance Brokers Limited
Towergate London Market Limited
Townfrost Limited
CCV Risk Solutions Limited
Eclipse Park Acquisitions Limited
Towergate Risk Solutions Limited
Broker Network Holdings Limited
Oyster Risk Solutions Limited
Paymentshield Group Holdings Limited
Towergate Underwriting Group Limited
Towergate Insurance Limited

E&O provisions

In the normal course of business, the group may receive claims in respect of errors and omissions. No material adverse financial impact is expected to arise above the provision in these interim financial statements.

Contingent liabilities

Enhanced Transfer Values and Unregulated Collective Investment Schemes

The Group continues to be in discussions with the FCA in relation to past advice provided by the Towergate Financial businesses on ETV and UCIS. The independent file reviews for both investigations are ongoing. Customer contact, which will be a key factor in determining the extent of the Group's redress obligation, commenced in Q1 2015 and is to be phased over three years. Payment of any necessary redress is expected to occur over similar periods of time once the relevant customers have been contacted and the redress methodology has been agreed. Payments are expected to commence in Q3 2015.

Given the number of material uncertainties that continue to exist, it is not yet possible to make a reliable estimate of the Group's ultimate liability in connection with these investigations. However, purely for the purposes of developing business plans and cash flow projections for the Group, it has adopted a range of £65.0m to £85.0m in potential redress costs for ETV and UCIS in aggregate, excluding costs and expenses.

This internal range is derived from a set of assumptions based on currently available information. As explained above, in view of the material uncertainties all such assumptions are subject to change and the Group can give no assurances as to whether its ultimate liability will be within this range or whether it will be lower or higher. The ultimate liability for ETV and UCIS may, therefore, be materially different to this range.

Notes to the financial statements *(continued)*

13 Contingent liabilities and commitments *(continued)*

Legal and other loss contingencies *(continued)*

In addition, the foregoing does not include any recoveries that may be available either from relevant third parties or under the Group's insurance arrangements, both of which the Group continues to pursue. The maximum recoverable amount under insurance arrangements is £12.0m (subject to a deductible) in addition to costs, although the ultimate extent and timing of any recoverability remains uncertain.

Commitments

Long term incentive plan

The Group operates a cash-settled long term incentive plan for certain employees. Payments are made under the scheme on a change in control event basis and the amounts paid are calculated using performance related measures. This payment will only be made on the event of a change in control and therefore no obligation exists at the year end and no amount has been recognised in these financial statements. The maximum amount payable under the plan as at 31 March 2015 is £30.0m.

14 Post balance sheet event

On 2 April 2015 the Group completed a financial restructuring in relation to the senior secured creditors and senior unsecured creditors of Towergate Finance plc, an intermediate parent company. As part of these arrangements TIG Finco plc (a newly formed holding company) acquired the Group for consideration of £735.0m made up of the issue of £425.0m of Senior Secured Notes by TIG Finco plc and the issue of new shares in TIG Finco plc's indirect parent company, TIG Topco Limited, valued at £310.0m.

As a result of these arrangements, in April 2015 funds controlled or managed by Highbridge Principal Strategies LLC became the Group's majority shareholder.

As part of the financial restructuring, additional capital of £122.0m was received by the Group through the issue by TIG Topco Limited of new shares for £50.0m and the issue by TIG Finco plc of £75.0m of Super Senior Secured Notes at a discount of £3.0m. The additional funds, which have been passed to the Group through a loan arrangement, provide liquidity to the Group and have enabled it to fund the costs of the restructuring of £42.0m, the vesting of long term incentive plans which have crystallised (or will in the future crystallise as a result of the restructuring) of £30.0m, retention bonuses of £8.0m and minority interest buy outs of £2.0m.

Atlanta Investment Holdings 3 Limited

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016

Company Registration No. 10162225

The directors submit their report and the audited financial statements of Atlanta Investment Holdings 3 Limited ("Atlanta 3" or the "Company") for the period ended 31st December 2016.

The directors have not disclosed the following sections of the director's report "Business review, financial instruments and risks and uncertainties" as these have been included within the Strategic Report on page 2.

PRINCIPAL ACTIVITIES

The Company was established on 4 May 2016 as an investment vehicle funded by Highbridge Principal Strategies, Madison Dearborn Partners and reinvestment by the existing management team of I Donaldson and C Ball for the acquisition of Autonet Insurance Services Limited. Highbridge Principal Strategies subsequently changed its name to HPS Investment Partners.

The acquisition of Autonet Insurance Services Limited and its subsidiary companies was completed on 15 November 2016 via its subsidiary holding companies.

RESULTS AND DIVIDENDS

The results for the period 15 November 2016 to 31 December 2016 are shown in the consolidated statement of comprehensive income on page 9.

FUTURE DEVELOPMENTS

The Company will continue to act as the ultimate holding company of Autonet Insurance Services Limited.

The Group business will look to optimise its strong Price Comparison trading model, digital platform and strengthening its data analytical capabilities.

To support the continued growth of the business the Group will look to expand the collaborative underwriting schemes which are in place with a range of insurers into the car insurance market and will look to niche sectors of the motor insurance market for further growth.

The trading Group continues to target profitable growth and increases its share of the general insurance market through internal growth and targeted acquisitions.

EMPLOYEES

The trading Group operates a fair and consistent recruitment policy and process, which gives full consideration to applicants that may be disabled. Training, career development, and promotion are, as far as reasonably practical, identical for all employees according to their abilities and skills. Every effort is made to continue the employment of any staff member who becomes disabled during their employment.

In order to deliver the required service levels to all customers the Group seeks to recruit, employ and develop suitably qualified and experienced people irrespective of age, gender, religion, sexual orientation or physical ability.

Team leaders in the business are supported to encourage close monitoring and relationship building with formal feedback via monthly key performance indicator meetings. Department managers report directly to the board via monthly reports commenting on their individual departments, staff and requirements to ensure the smooth running of their areas.

Customer facing employees are internally monitored by a compliance team with additional monthly risk based monitoring being conducted. Feedback from staff is sought via regular staff lunches and quarterly staff surveys. Individual and Group performance is recognised through a monthly staff recognition scheme, which culminates in an annual awards ceremony.

EMPLOYEES (continued)

The trading company will seek to recruit additional members to the board and management team throughout 2017.

DIRECTORS

The following directors have held office since 4 May 2016:

S Babikian (appointed 4 May 2016)
MR Colwell (appointed 4 May 2016)
A Cusaro (appointed 30 January 2017)
MYA Boulanger (appointed 4 May 2016, resigned 6 January 2017)
CD Ball (appointed 10 April 2017)
IJ Donaldson appointed 10 April 2017)

JVL Devaney was also appointed company secretary on 10 April 2017 to support the board.

POST BALANCE SHEET EVENT

On 30 March 2017 the £60m debt in the subsidiary company, Atlanta Investment Holdings Limited, was listed on the Cayman Islands Stock Exchange

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

RSM UK Audit LLP were appointed auditors in the period to fill a casual vacancy. They have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

By order of the board

CD Ball
Director 20 April2017

The directors are responsible for preparing the Strategic Report and 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 period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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

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

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATLANTA INVESTMENT HOLDINGS 3 LIMITED

Opinion on financial statements

We have audited the group and parent company financial statements (the "financial statements") on pages 9 to 40. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2016 and of the group's loss for the period 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at http://www.frc.org.uk/auditscopeukprivate

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, 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 the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Respective responsibilities of directors and auditor (continued)

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.

ANNE LAKIN (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP
Statutory Auditor
Chartered Accountants
Festival Way
Stoke-on-Trent
Staffordshire
ST1 5BB

20 April 2017

Atlanta Investment Holdings 3 Limited
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the 242 day period ended 31 December 2016

	Note	Recurring Trade £	Non-recurring Trade £	242 day period ended 31 December 2016 £
TURNOVER	2	**4,691,179**	**—**	**4,691,179**
Administrative expenses	5	**(6,640,451)**	**(1,216,210)**	**(7,856,661)**
Other operating income		**1,419**	**—**	**1,419**
OPERATING LOSS		**(1,947,853)**	**(1,216,210)**	**(3,164,063)**
Interest receivable and similar income	3			**118,997**
Interest payable and similar expenses	4			**(745,368)**
LOSS BEFORE TAXATION	2-6			**(3,790,434)**
Taxation	8			**(178,941)**
LOSS AFTER TAXATION AND TOTAL COMPREHENSIVE EXPENSE				**(3,969,375)**
LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:				
Owners of the parent				**(3,977,740)**
Non-controlling interests				**8,365**
LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD				**(3,969,375)**

The turnover and operating loss for the period arises from the Group's acquired operations.

Atlanta Investment Holdings 3 Limited
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

	Note	2016 £	2016 £
FIXED ASSETS			
Goodwill	9	**88,340,017**	
Other intangible assets	10	**50,818,688**	
Total intangible assets			**139,158,705**
Tangible assets	11		**4,169,948**
			143,328,653
CURRENT ASSETS			
Stocks	14	**199,667**	
Debtors	15	**9,568,563**	
Cash at bank and in hand	16	**6,602,363**	
CURRENT LIABILITIES		**16,370,593**	
Creditors: Amounts falling due within one year	17	**(14,367,957)**	
NET CURRENT ASSETS			**2,002,636**
TOTAL ASSETS LESS CURRENT LIABILITIES			**145,331,289**
CREDITORS: Amounts falling due after more than one year	18		**(60,717,977)**
DEFERRED INCOME	20		**(410,876)**
PROVISIONS FOR LIABILITIES	21		**(9,188,428)**
NET ASSETS			**75,014,008**
EQUITY			
Called up share capital	22		**788,408**
Share premium account			**78,052,295**
Profit and loss account			**(3,977,740)**
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT			**74,862,963**
Non-Controlling Interests			**151,045**
TOTAL EQUITY			**75,014,008**

The financial statements on pages 9 to 40 were approved by the board of directors and authorised for issue on 20 April 2017 and are signed on its behalf by:

CD Ball
Director

Company Registration No. 10162225

Atlanta Investment Holdings 3 Limited
COMPANY STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

	Note	2016 £	2016 £
FIXED ASSETS			
Investments	12		**79,034,998**
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	17	**(26,757)**	
NET CURRENT LIABILITIES			**(26,757)**
NET ASSETS			**79,008,241**
CAPITAL AND RESERVES			
Called up share capital	22		**788,408**
Share premium account			**78,052,295**
Profit and loss account			**167,538**
TOTAL EQUITY			**79,008,241**

The Company's profit for the period and total comprehensive income for the period is £167,538.

The financial statements on pages 9 to 40 were approved by the board of directors and authorised for issue on 20 April 2017 and are signed on its behalf by:

CD Ball
Director

Company Registration No. 10162225

Atlanta Investment Holdings 3 Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 242 day period ended 31 December 2016

	Note	Share capital £	Share premium account £	Profit and loss account £	Total controlling interest £	Non-controlling interest £	**Total** £
Balance at 4 May 2016		—	—	—	—	—	**—**
Acquired on investment		—	—	—	—	142,680	**142,680**
(Loss)/profit for the period		—	—	(3,977,740)	(3,977,740)	8,365	**(3,969,375)**
Total comprehensive (expense)/ income for the period		—	—	(3,977,740)	(3,977,740)	8,365	**(3,969,375)**
Transactions with owners in their capacity as owners:							
Issue of shares	22	788,408	78,052,295	—	78,840,703	—	**78,840,703**
Total transactions with owners in their capacity as owners		788,408	78,052,295	—	78,840,703	—	**78,840,703**
Balance at 31 December 2016		788,408	78,052,295	(3,977,740)	74,862,963	151,045	**75,014,008**

Atlanta Investment Holdings 3 Limited
COMPANY STATEMENT OF CHANGES IN EQUITY
For the 242 day period ended 31 December 2016

	Note	Share capital £	Share premium account £	Profit and loss account £	**Total £**
Balance at 4 May 2016		—	—	—	**—**
Profit for the period		—	—	167,538	**167,538**
Total comprehensive income for the period		—	—	167,538	**167,538**
Transactions with owners in their capacity as owners:-					
Issue of shares	22	788,408	78,052,295	—	**78,840,703**
Total transactions with owners in their capacity as owners		788,408	78,052,295	—	**78,840,703**
Balance at 31 December 2016		788,408	78,052,295	167,538	**79,008,241**

Atlanta Investment Holdings 3 Limited
CONSOLIDATED STATEMENT OF CASH FLOWS
For the 242 day period ended 31 December 2016

	Note	2016 £
OPERATING ACTIVITIES		
Cash generated from operations	24	**4,000,661**
Interest paid		**(368)**
Income taxes received		**1,552**
NET CASH FROM OPERATING ACTIVITIES		**4,001,845**
INVESTING ACTIVITIES		
Acquisition of subsidiaries	13	**(121,007,409)**
Purchase of intangible fixed assets	10	**(1,269,688)**
Purchase of tangible fixed assets	11	**(38,412)**
Interest received		**3,642**
NET CASH USED IN INVESTING ACTIVITIES		**(122,311,867)**
FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	22	**63,751,828**
Proceeds of new borrowings	18	**60,833,332**
NET CASH FROM FINANCING ACTIVITIES		**124,585,160**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**6,275,138**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**—**
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**6,275,138**
Relating to:		
Bank balances and short term deposits included in cash at bank and in hand		**6,602,363**
Overdrafts included in "creditors: amounts falling due within one year"	17	**(327,225)**
		6,275,138

GENERAL INFORMATION

Atlanta Investment Holdings 3 Limited ("the Company") is a private company limited by shares and is registered, domiciled and incorporated in England.

The address of the Company's registered office and principal place of business is Devonshire House, 1 Mayfair Place, 4th Floor, London, W1J 8AJ.

The Group consists of Atlanta Investment Holdings 3 Limited and all of its company subsidiaries and Autonet Law LLP.

The Company and the Group's principal activities and nature of operations are included in the Directors' Report.

BASIS OF ACCOUNTING

These consolidated and Company financial statements have been prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the requirements of the Companies Act 2006, including the provisions of Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and under the historical cost convention.

REDUCED DISCLOSURES

The Company has taken advantage of the exemption from disclosing the following information, as permitted by the reduced disclosure regime with FRS 102:

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' – Carrying amounts of financial instruments held at amortised cost or cost
- Section 26 'Share-based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements
- Section 33 'Related Party Disclosures' – Compensation for key management personnel

The financial statements of the Company and Group are consolidated in the financial statements of Atlanta Investment Holdings 3 Limited. The consolidated financial statements of Atlanta Investment Holdings 3 Limited are available from its registered office, Devonshire House, 1 Mayfair Place, 4th Floor, London, W1J 8AJ.

COMPANY STATEMENT OF COMPREHENSIVE INCOME

As permitted by S408 Companies Act 2006, the Company has not presented its own statement of comprehensive income. The Company's profit for the period and total comprehensive income for the period is £167,538.

BUSINESS COMBINATIONS

The cost of a business combination is the fair value at the acquisition date, of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of Atlanta Investment Holdings 3 Limited and all of its Company subsidiary undertakings and Autonet Law LLP for the period. Subsidiaries acquired during the period

BASIS OF CONSOLIDATION (continued)

are consolidated using the purchase method. Their results are incorporated from the date that control passes. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is capitalised as purchased goodwill and amortised through the statement of comprehensive income over its estimated economic life. Provision is made for any impairment. All financial statements are made up to 31 December 2016.

All intra-group transactions, balances and unrealised gains on transactions between Group companies and entities are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The cost of a business combination is the fair value at the acquisition date, of the assets given, equity instruments issued and liabilities incurred or assumed, plus directly attributable costs.

The excess cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

GOING CONCERN

The Group's business activities and financial position, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report and the Strategic Report. In addition, the Group's financial risk management objectives, and its exposures to credit risk and liquidity risk are set out in these pages.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

FUNCTIONAL AND PRESENTATIONAL CURRENCIES

The financial statements are presented in sterling which is also the functional currency of the Company and the Group.

TURNOVER AND REVENUE RECOGNITION

Group revenue represents insurance brokerage fees, income received from premium financing, aggregator income, other claims related services, income from legal services and fee income generated by its medical reporting business and is measured at fair value.

Where work is performed over a period of time, revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is not recognised until the significant risks and rewards of ownership of the services have passed to the client and the amount of revenue can be measured reliably.

Insurance brokerage fees are recognised upon the completion of the sale of the policy to the client. Discounts provided to clients are deducted from brokerage and fee income.

Premium finance commission due on instalment sales is recognised upon the provision of the instalment scheme to the client less a provision for future cancellations of schemes.

Claims related income is recognised based on set annual contracts terms and is recognised in the period the service is delivered.

Aggregator income is recognised in the period the service is delivered.

TURNOVER AND REVENUE RECOGNITION (continued)

For legal services, turnover represents amounts chargeable to clients for professional services provided during the period excluding value added tax. Turnover is recognised when a right to consideration has been obtained through performance under each contract. Consideration accrues as contract activity progresses by reference to the value of the work performed.

Turnover is not recognised where the right to receive payment is contingent on events outside the control of the business.

Unbilled revenue is included in debtors as 'Amounts recoverable on contracts'. Amounts billed on account in excess of the amounts recognised as revenue are included in deferred income.

All turnover of the Group is derived in the United Kingdom.

GOVERNMENT GRANTS

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Grants are recognised as income when the associated performance conditions (such as the creation of jobs) are met.

DEFERRED INCOME

Deferred income presentation is different from that prescribed by the Companies Act 2006 'Accruals and deferred income' as the composition of these balances is such that a true and fair view of the position is presented.

OTHER INCOME

Interest income

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

RETIREMENT BENEFITS

The Group operates a defined contribution pension scheme. The amount charged to the statement of comprehensive income in respect of pension costs, and other post retirement benefits is the contributions payable in the period end. Differences between contributions payable in the period and contributions actually paid are shown as either other creditors or prepayments in the statement of financial position.

TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable loss for the period. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion

TAXATION (continued)

of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries that will be assessed to or allow for tax in a future period except where the Company is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Current and deferred tax is charged or credited in profit or loss.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

INTANGIBLE FIXED ASSETS – GOODWILL

Goodwill is capitalised and written off evenly over 10 years as in the opinion of the directors, this represents the period over which the goodwill is expected to give rise to economic benefits.

INTANGIBLE FIXED ASSETS (OTHER THAN GOODWILL)

Development costs

The Company capitalises development expenditure as an intangible asset when it is able to demonstrate all of the following:

(a) The technical feasibility of completing the development so the intangible asset will be available for use or sale.

(b) Its intention to complete the development and to use or sell the intangible asset. (c) Its ability to use or sell the intangible asset.

(d) How the intangible asset will generate probable future economic benefits.

(e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

(f) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Capitalised development expenditure is initially recognised at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

All research expenditure and development expenditure that does not meet the above conditions is expensed as incurred.

Other intangible assets

Intangible assets purchased other than in a business combination are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:-

Customer lists	-	27% reducing balance or over expected life of the list once the customers start to renew
Brand	-	20 years straight line
Intellectual property	-	6 years straight line
Development costs	-	25% on cost
Website development	-	25% on cost
Purchased computer software	-	25% on cost

INTANGIBLE FIXED ASSETS (OTHER THAN GOODWILL) *(continued)*

Included in customer lists is an amount of £1,003,000 in relation to customer lists which have not been amortised in the period as the customers have not yet started to renew.

Amortisation is revised prospectively for any significant change in useful life or residual value.

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

TANGIBLE FIXED ASSETS

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any provision for impairment.

Depreciation is provided on tangible fixed assets, other than freehold land, at rates calculated to write off the cost of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:

Freehold land	-	Not depreciated
Freehold buildings	-	2% on cost on buildings
	-	5% on cost on integral features
Short-term leasehold improvements	-	25% on cost
Fixtures, fittings and equipment	-	25% on cost
Computer equipment	-	25% on cost
Motor vehicles	-	25% on cost

Residual values are calculated on prices prevailing at the reporting date, after estimated costs of disposal for the asset as if it were at the age and in the condition expected at the end of its useful life.

LEASED ASSETS AND OBLIGATIONS

The Group as a lessee – finance leases

Where assets are financed by leasing arrangements that give rights approximating to ownership (“finance leases”), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the statement of comprehensive income in proportion to the remaining balance outstanding.

The Group as a lessee – operating leases

All other leases are “operating leases” and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

INVESTMENTS

In the separate financial statements of the Company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairments losses or reversals of impairment losses are recognised immediately in profit or loss.

The Company indirectly holds 100% of the issued share capital of Van Net Insurance Services Limited and Bike Net Insurance Services Limited. These subsidiary undertakings are dormant and have not been included within the consolidated financial statements as the directors believe their exclusion is not material.

WORK IN PROGRESS

Work in progress represents work that has been performed in relation to which revenue will be recognised in a later period in respect of Autonet Law LLP. It is recognised at the lower of cost and net realisable value. The relevant proportion of the salaried remuneration of members is included within costs but members profit allocations are not.

AMOUNTS RECOVERABLE ON CONTRACTS

Amounts recoverable on contracts represent work done at the period end where a continuing right to receive income exists and is valued at the estimated amount recoverable in excess of fees already rendered on account.

CASH AND LIQUID RESOURCES

The Group is regulated by the Financial Conduct Authority (FCA). The Group has risk transfer agreements in place with all insurance companies. As a matter of good practice the Group continues to keep insurer monies in separate insurer trust accounts. The total funds held in these accounts are included within cash at bank and in hand (see note 16).

INSURANCE CREDITORS

Autonet Insurance Services Limited acts as an agent in broking the insurance risk of its clients. Premium monies are usually accounted for by insurance intermediaries and the Group has followed generally accepted accounting practice by showing cash and creditors relating to the sale of insurance policies as assets and liabilities of Autonet Insurance Services Limited.

FINANCIAL INSTRUMENTS

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade, group and other debtors

Trade, group and other debtors (including accrued income) which are receivable within one year are initially measured at the transaction price. Trade, group and other debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

FINANCIAL INSTRUMENTS (continued)

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Trade, group and other creditors

Trade, group and other creditors (including accruals) payable within one year are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Bank overdrafts

Bank overdrafts are presented within creditors: amounts falling due within one year.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

NON-RECURRING ITEMS

Non-recurring items are material items which individually, or if of a similar type, in aggregate, need to be disclosed by virtue of their size of incidence in order to assist in understanding the Group's financial performance.

SHARE PREMIUM ACCOUNT

Consideration received for shares issued above their nominal value net of transaction costs.

PROFIT AND LOSS ACCOUNT

Cumulative profit and loss net of distributions to owners.

1 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates, assumptions and judgments

The Group makes estimates assumptions and judgments concerning the future. The resulting accounting estimates, assumptions and judgments will, by definition, seldom equal the related actual results. The estimates assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial years are discussed below.

Significant accounting estimates, assumptions and judgments

Income is recognised at policy date together with commission on financing arrangements. The Group performs detailed analysis on trends for defaults by customers of instalment plans, policies and of bad debts and their recovery. Changes to trends may occur due to changes to marketing and customer profile. Provisions are made based on this data and only the expected recoverable amount is included in the financial statements.

Income relating to the legal and medical claims made for clients, it is expected that due to the legal process, the recovery of work in progress and debtors will take a considerable time. Past experience, reviews of caseload and industry knowledge is used to judge the recoverability of current assets and provision on recoverability are based on this analysis.

Intangible assets, including goodwill, brand, tech and customers lists are amortised over their economic useful lives. The actual useful lives of assets are to be assessed annually and will vary depending on a number of factors. In assessing the lives of all assets factors such as current trading levels, customer relationships and technological advancements are taken into account.

Intangible assets are assessed for impairment by reviewing the net present value of expected future cash flows from the intangible assets. This involves a number of estimates relating to expected future cash flows and appropriate discount rates.

Determination of the valuation of goodwill and analysis between its various elements in the year of acquisition and consideration of any impairment. Factors taken into account are based on the directors' view of the key underlying factors that affect the valuation of the business including future performance levels, cost of capital and costs of replacing such assets.

The directors believe that estimates, assumptions and judgments do not have a significant risk of causing a material difference to the carrying amounts of assets and liabilities within the next financial year.

2 TURNOVER

The total turnover of the Group has been derived from work wholly undertaken in the UK in respect of the following classes of business:

	242 day period ended 31 December 2016 £
Brokerage income	**2,899,922**
Premium Finance income	**1,062,292**
Claims related income	**529,344**
Aggregator income	**175,980**
Other income	**23,641**
	4,691,179

3 INTEREST RECEIVABLE AND SIMILAR INCOME

	242 day period ended 31 December 2016 £
Bank interest	3,642
Effective interest on loans	115,355
	118,997

4 INTEREST PAYABLE AND SIMILAR EXPENSES

	242 day period ended 31 December 2016 £
Interest payable on bank loans	745,368

5 LOSS BEFORE TAXATION

	242 day period ended 31 December 2016 £
Loss before taxation is stated after charging/(crediting):	
Rentals payable under operating leases:	
Land and buildings	600
Other	360
Amortisation of other intangible fixed assets	1,543,469
Amortisation of goodwill	1,121,834
Depreciation of tangible fixed assets:	
owned assets	71,550
Loss on disposal of tangible fixed assets	1,715
Grants released	(15,396)

Non-recurring material item:

During the period the Group incurred non-recurring costs of £1,216,210 in relation to the purchase of Autonet Insurance Services Limited. These costs have been highlighted separately in the Group's consolidated statement of comprehensive income.

Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:

	242 day period ended 31 December 2016 £
Audit services:	
Statutory audit of parent and consolidated accounts	9,400
Statutory audit of subsidiaries	46,925
Taxation compliance services	9,000
All other non-audit services	13,850
	79,175

6 EMPLOYEES

	Group 242 day period ended 31 December 2016 Number	Company 242 day period ended 31 December 2016 Number
The average monthly number of persons (including directors) employed during the period was:		
Insurance advisors	352	—
Non-insurance advisors	105	—
Support services	170	3
Legal services	12	—
	639	3

Staff costs for the above persons:

	Group 242 day period ended 31 December 2016 £	Company 242 day period ended 31 December 2016 £
Wages and salaries	1,577,122	—
Social security costs	128,420	—
Other pension costs	12,878	—
	1,718,420	—

DIRECTORS' REMUNERATION

	242 day period ended 31 December 2016 £
In respect of the directors of the Group:	
Emoluments	—
Amounts paid to money purchase pension schemes	—
	—

The number of directors to whom relevant benefits are accruing under:

	242 day period ended 31 December 2016 Number
Money purchase pension schemes was:	—

REMUNERATION OF KEY MANAGEMENT PERSONNEL

The total remuneration of the directors who are considered to be the key management personnel of the Group was £122,341.

7 COMMITMENTS UNDER OPERATING LEASES

GROUP

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2016 Property £	2016 Other £
Amounts due within one year	**400**	**240**

COMPANY

No non-cancellable operating leases are held by the Company.

8 TAXATION

	242 day period ended 31 December 2016 £	£
Current tax:		
UK corporation tax	**178,941**	
Adjustments in respect of previous periods	**—**	
Total current tax		**178,941**
Deferred tax:		
Origination and reversal of timing differences	**—**	
Total deferred tax		**—**
Total tax on loss		**178,941**

	242 day period ended 31 December 2016 £
Factors affecting tax credit for the period:	
The tax assessed for the period is higher than the average standard rate of corporation tax in the UK 20% The differences are explained below:	
Loss on ordinary activities before tax	**(3,790,434)**
Loss before tax multiplied by the average standard rate of corporation tax in the UK 20%	**(758,087)**
Effects of:	
Expenses not deductible for tax purposes	**943,720**
Non-taxable income	**(6,692)**
Total tax charge for the period	**178,941**

9 INTANGIBLE FIXED ASSETS – GOODWILL

GROUP	Positive goodwill £
Cost	
Addition on acquisition of subsidiary	89,461,851
At end of period	89,461,851
Amortisation and impairment	
Amortisation recognised in profit or loss	1,121,834
At end of period	1,121,834
Carrying amount	
At 31 December 2016	**88,340,017**

10 OTHER INTANGIBLE ASSETS

GROUP	Customer List £	Brand £	Intellectual Property £	Development costs £	Website development £	Purchased computer software £	Total £
Cost							
Acquisitions through business combinations	41,312,526	5,268,794	3,427,837	100,000	136,361	2,472,743	52,718,261
Additions	1,003,000	—	—	86,585	—	333,103	1,422,688
Disposals	—	—	—	(5,184)	—	(3,320)	(8,504)
At end of period	42,315,526	5,268,794	3,427,837	181,401	136,361	2,802,526	54,132,445
Amortisation							
Acquisitions through business combinations	—	—	—	—	132,928	1,640,680	1,773,608
Charge for the period	1,394,298	32,930	71,413	2,906	988	40,934	1,543,469
On disposals	—	—	—	—	—	(3,320)	(3,320)
At end of period	1,394,298	32,930	71,413	2,906	133,916	1,678,294	3,313,757
Carrying amount							
At 31 December 2016	**40,921,228**	**5,235,864**	**3,356,424**	**178,495**	**2,445**	**1,124,232**	**50,818,688**

11 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Fixtures, fittings and equipment £	Computer equipment £	Motor vehicles £	Total £
GROUP					
Cost					
Acquisitions through business combinations	4,116,281	543,602	2,541,689	20,389	7,221,961
Additions	26,898	1,254	10,260	—	38,412
Disposals	—	—	(172,168)	—	(172,168)
At end of period	4,143,179	544,856	2,379,781	20,389	7,088,205
Depreciation					
Acquisitions through business combinations	592,165	486,807	1,925,466	12,652	3,017,090
Charge for the period	14,217	8,055	48,428	850	71,550
Disposals	—	—	(170,383)	—	(170,383)
At end of period	606,382	494,862	1,803,511	13,502	2,918,257
Carrying amount					
At 31 December 2016	**3,536,797**	**49,994**	**576,270**	**6,887**	**4,169,948**

The cost of freehold land and buildings includes £277,600 relating to freehold land which is not depreciated.

12 FIXED ASSET INVESTMENTS

COMPANY	Shares £	Loans £	Total £
Cost			
Additions during the period	63,946,123	15,088,875	79,034,998
31 December 2016	63,946,123	15,088,875	79,034,998
Impairment			
At beginning and end of period	—	—	—
Carrying amount			
At 31 December 2016	**63,946,123**	**15,088,875**	**79,034,998**

The company holds more than 20% of the equity and non equity shares of the following UK undertakings:

Subsidiary undertakings	Class and percentage of shares held: Directly held	Indirectly held	Nature of business
Atlanta Investment Holdings 2 Limited	100% ordinary	—	Holding company
Atlanta Investment Holdings Limited	—	100% ordinary	Holding company
Autonet Insurance Services Limited	—	100% ordinary	Insurance broker
KDB Medicals Limited	—	100% ordinary	Medical examinations
Van Net Insurance Services Limited	—	100% ordinary	Dormant
Bike Net Insurance Services Limited	—	100% ordinary	Dormant

The registered address of Atlanta Investment Holdings Limited and Atlanta Investment Holdings 2

Limited is Devonshire House, 1 Mayfair Place, 4th Floor, London, W1J 8AJ.

The registered address of the other companies is Nile Street, Burslem, Stoke-on-Trent, Staffordshire, ST6 2BA.

The Company indirectly holds more than 20% of the participation rights in the following Limited Liability Partnership:

Limited Liability Partnership	Proportion indirectly held	Nature of business
Autonet Law LLP	75% ordinary	Legal services

The registered address is PM House, 250 Shepcote Lane, Sheffield, S9 1TP.

13 ACQUISITIONS

Business combinations – company

On 4 May 2016, the Company acquired 100% of the issued share capital of Atlanta Investment Holdings 2 Limited, a private company limited by shares and incorporated in the UK and is an intermediary holding company. The cost of the acquisition comprised cash consideration of £1.

13 ACQUISITIONS (continued)

Turnover and loss after tax for Atlanta Investment Holdings 2 Limited between the date of acquisition and 31 December 2016 were £nil and £3,500 respectively.

Atlanta Investment Holdings 2 Limited has been accounted for using the acquisition method of accounting. At 4 May 2016 (the 'acquisition date'), the assets and liabilities of Atlanta Investment Holdings 2 Limited were considered at fair value, as set out below:

	Fair value at date of acquisition £
Investments	1
TOTAL ASSETS	1
NET ASSETS	1
Total consideration	1
Satisfied by:	
- Cash	1
	1

Business combinations – group

On 15 November 2016, the Group acquired 100% of the issued share capital of Autonet Insurance Services Limited, a private company limited by shares and incorporated in the UK and is an insurance broker. The cost of the acquisition comprised total consideration of £141,951,780.

Consolidated turnover and consolidated profit after tax comprise turnover of £4,414,943 and profit after tax of £689,462 contributed by Autonet Insurance Services Limited between the date of its acquisition and 31 December 2016.

The goodwill and intangible assets arising on acquisition of £130,469,360 analysed as follows:-

	£	Useful life
Customer list	41,312,526	27% reducing balance
Brand	5,268,794	20 years
Intellectual property	3,427,837	6 years
Goodwill	89,461,851	10 years
	139,471,008	
Deferred tax	(9,001,648)	
	130,469,360	

13 ACQUISITIONS (continued)

The acquisition of Autonet Insurance Services Limited has been accounted for using the acquisition method of accounting. At 15 November 2016 (the 'acquisition date'), the assets and liabilities of Autonet Insurance Services Limited were considered at their fair value to the Group, as set out below:

	Fair value at date of acquisition £
Intangible fixed assets	
- Acquired	935,497
- Customer Lists	41,312,526
- Brand	5,268,794
- Intellectual Property	3,427,837
Tangible fixed assets	4,204,871
Stocks	301,610
Debtors	16,144,662
Cash at bank	6,019,291
TOTAL ASSETS	77,615,088
Bank loans and overdrafts	(163,705)
Trade creditors	(12,023,265)
Other creditors	(2,430,755)
Accruals	
Provisions:	(1,329,326)
- Deferred Taxation	(33,780)
- Deferred Taxation arising on Intangible Assets	(9,001,648)
TOTAL LIABILITIES	(24,982,479)
NET ASSETS	52,632,609
Non-controlling interest	(142,680)
Goodwill and other intangible assets	89,461,851
Total consideration	141,951,780
Satisfied by:	
- Cash	121,696,481
- Loan Notes	15,088,875
- Acquisition costs	5,166,424
	141,951,780

The dormant subsidiaries, Van Net Insurance Services Limited and Bike Net Insurance Services Limited have not been included in the consolidation at date of acquisition as their inclusion is not deemed material to the group.

14 STOCKS

	Group 2016 £	Company 2016 £
Work in progress	**199,667**	—

15 DEBTORS

	Group 2016 £	Company 2016 £
Amounts falling due within one year:		
Insurance debtors	**6,399,872**	—
Trade debtors	**2,028,940**	—
Amounts due from members of subsidiary LLP	**121,227**	—
Amounts recoverable on contracts	**275,689**	—
Other debtors	**48,805**	—
Prepayments and accrued income	**694,030**	—
	9,568,563	—

GROUP

Debtors are stated net of a provision of £853,744.

COMPANY

Debtors are stated net of a provision of £nil.

16 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash held in separate insurer trust accounts in respect of balances held under risk transfer agreements and amounted to £2,975,666.

17 CREDITORS: Amounts falling due within one year

	Group 2016 £	Company 2016 £
Bank loans and overdrafts	**327,225**	—
Insurance creditors	**7,921,037**	—
Trade creditors	**1,821,608**	—
Corporation tax	**1,010,870**	—
Other tax and social security costs	**430,209**	—
Other creditors	**663,438**	—
Accruals and deferred income	**2,193,570**	3,500
Amounts due to group undertakings	**—**	23,257
	14,367,957	26,757

18 CREDITORS: Amounts falling due after more than one year

	Group 2016 £	Company 2016 £
Other loans	**1,884,645**	—
Loans due to related entities (net of finance costs of £1,166,668)	**58,833,332**	—
	60,717,977	—
Included above are the following:		
Amounts repayable other than by instalments falling due after more than five years	**58,833,332**	—

18 CREDITORS: Amounts falling due after more than one year (continued)

ANALYSIS OF DEBT MATURITY

	Group 2016	Company 2016
Other loans	£	£
Amounts payable:		
In one year or less or on demand	—	—
In more than one year but not more than two years	—	—
In more than two years but not more than five years	1,884,645	—
In five years or more	58,833,332	—
	60,717,977	—

The Close Brothers Limited loan of £1,884,645 is repayable by six monthly instalments commencing 30 April 2019. It does not incur an interest charge, therefore an effective interest of 2% has been applied to comply with FRS 102.

The loans due to related entities of £60,000,000 gross of finance costs of £1,166,668 are repayable in full on the final maturity date of 11 November 2022, and bear an interest rate of 10%. The loans are secured by a fixed and floating charge in favour of US Bank Trustees Limited over all of the assets of Autonet Insurance Services Limited.

19 FINANCIAL INSTRUMENTS

	2016
GROUP	£
Financial assets:	
Debt instruments, measured at amortised cost	11,687,456
Financial liabilities:	
Measured at amortised cost	12,294,291

20 DEFERRED INCOME

	Group and Company £
Grants:	
Acquired through business combinations	426,272
Grant – released against other operating income	(15,396)
At end of period	410,876

21 PROVISIONS FOR LIABILITIES

	Deferred taxation	
	Group £	Company £
At beginning of period	—	—
On acquisitions	9,188,428	—
At end of period	9,188,428	—

21 PROVISIONS FOR LIABILITIES (continued)

Provision for the deferred tax liability has been made as follows:

	Group 2016 £	Company 2016 £
Difference between accumulated depreciation and capital allowances	**18,031**	—
Other timing differences	**(1,484)**	—
Rollover relief provision	**17,233**	—
Provided on other intangible assets	**9,154,648**	—
	9,188,428	—

22 CALLED UP SHARE CAPITAL

	2016 £
Allotted, issued and fully paid:	
15,000,000 ordinary A shares of £0.01 each	**150,000**
63,751,927 ordinary B shares of £0.01 each	**637,519**
88,875 ordinary D shares of £0.01 each	**889**
	788,408

Ordinary share rights

The Company's ordinary A, ordinary B and ordinary D shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

Share issues

On 4 May 2016 the Company issued 1 ordinary £1 share for a consideration of £1.

On 14 November 2016 the ordinary shares were sub-divided into 100 ordinary shares of £0.01 each.

On 15 November 2016 the 100 ordinary shares were re-designated as 100 ordinary B shares.

On 15 November 2016 15,000,000 ordinary A shares, 63,751,827 ordinary B shares and 88,875 ordinary D shares, all with a nominal value of £0.01, were issued for considerations of £15,000,000, £63,751,827 and £88,875 respectively.

23 PENSION COMMITMENTS

The Group and Company operate a defined contribution pension scheme whose assets are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group and amounted to £12,878. Contributions totalling £13,468 were payable to the fund at the period end and are included in other creditors.

24 RECONCILIATION OF LOSS AFTER TAX TO NET CASH GENERATED FROM OPERATIONS

	2016 £
Loss after tax	**(3,969,375)**
Adjustments for:	
Depreciation of tangible fixed assets	**71,550**
Amortisation of goodwill	**1,121,834**
Amortisation of intangible fixed assets	**1,543,469**
Government grant released	**(15,396)**
Loss on disposal of tangible fixed assets	**1,785**
Loss on disposal of intangible fixed assets	**5,184**
Interest receivable	**(118,997)**
Interest payable	**745,368**
Taxation	**178,941**
Operating cash flows before movements in working capital	**(435,637)**
Decrease in stock	**101,943**
Decrease in trade and other debtors	**6,576,099**
Decrease in trade and other creditors	**(2,241,744)**
Cash generated from operations	**4,000,661**

25 RELATED PARTY TRANSACTIONS

Autonet Law LLP

Autonet Law LLP is controlled by Autonet Insurance Services Limited. The following balance was outstanding at the period end:

	2016 £
Payable to Autonet Insurance Services Limited	**165,328**

Autonet Insurance Services Limited's share of the profit during the period was £25,095.

Proddow Mackay Legal Limited

Proddow Mackay Legal Limited control 25% of Autonet Law LLP. During this period Group transacted with the Company as follows:

	2016 £
Recharges from Proddow Mackay Legal Limited	**5,285**
Management recharge	**22,651**
Outsourcing costs	**37,482**
Payable to Autonet Law LLP at period end	**121,117**

Proddow Mackay Legal Limited's share of the profit during the period was £8,365.

DJ MacKay

From 26 September 2016 DJ MacKay controlled 1% of Autonet Law LLP. During the period the Limited Liability Partnership transacted with DJ MacKay as follows:

	2016 £	2015 £
Members' remuneration	**3,048**	—

25 RELATED PARTY TRANSACTIONS (continued)

Other transactions

During the period the Group made purchases of £542,000 from a company in the group under common control. The balance outstanding at the period end was £nil.

26 POST BALANCE SHEET EVENT

On 30 March 2017 the £60m debt in the subsidiary company, Atlanta Investment Holdings Limited, was listed on the Cayman Islands Stock Exchange.

27 ULTIMATE PARENT COMPANY AND ULTIMATE CONTROLLING PARTY

The immediate and ultimate parent undertaking is Nevada Investments Topco Limited, a company incorporated in the Cayman Islands.

The smallest and largest Group in which the results of the Company are consolidated is that headed by Atlanta Investments Holdings 3 Limited.

The consolidated financial statements of Autonet Insurance Services Limited and Atlanta Investments Holdings 3 Limited are available to the public from Companies House, Maindy, Cardiff, CF12 3UZ.

DIRECTORS' INFORMATION

Atlanta Investment Holdings 3 Limited
COMPANY STATEMENT OF COMPREHENSIVE INCOME
for the 242 day period ended 31 December 2016

	242 day period ended 31 December 2016 £
Administrative expenses	**(26,757)**
OPERATING LOSS – CONTINUING OPERATIONS	**(26,757)**
Interest receivable and similar income	**194,295**
PROFIT BEFORE TAXATION	**167,538**
Taxation	**—**
PROFIT FOR THE FINANCIAL PERIOD	**167,538**

Approved by the board of directors on 20 April 2017 and were signed on its behalf by:

CD Ball
Director

These pages do not form part of the statutory financial statements.

Atlanta Investment Holdings 3 Limited
TRADING AND PROFIT AND LOSS ACCOUNT
For the 242 day period ended 31 December 2016

	242 day period ended 31 December 2016 £	£
ADMINISTRATIVE EXPENSES		
Legal and professional	**(1,000)**	
Accountancy	**(1,500)**	
Audit	**(1,000)**	
Management fee	**(23,257)**	
		(26,757)
INTEREST RECEIVABLE		
Loan notes		**194,295**
NET PROFIT FOR THE PERIOD		**167,538**

These pages do not form part of the statutory financial statements.

Autonet Insurance Services Limited

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31 December 2016

Company Registration No. 03642372

CONTENTS

DIRECTORS
IJ Donaldson
CD Ball
JVL Devaney

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CD Ball

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The directors have pleasure in submitting their Strategic Report for the Autonet Insurance Services Limited Group ("Autonet") for the year ended 31 December 2016.

BUSINESS AND STRATEGIC OBJECTIVES

The Group has clearly defined strategic objectives aligned to deliver sustained internal growth, by increases in the van, car, home and small and medium enterprises (SME) lines of business along with improvements to customer and staff satisfaction metrics.

REVIEW OF THE BUSINESS

The Company had an extremely strong year in 2016 with a gross written premium (GWP) of £130m, an increase of 6.6% on 2015. The group has furthered its strong competitive pricing position in the van insurance market.

Renewal performance has been extremely strong throughout 2016 despite the challenges that are posed by a Price Comparison centric distribution model.

Van, Household and SME policy levels have exceeded budgeted targets.

Overall policy count increased to 336,000 (2015: 328,000). This resulted in an operating profit before non-recurring items of £11,430,772 (2015: £11,250,730) and a profit before tax of £10,906,870 (2015: £11,182,973).

The Group was acquired in the year by the existing management team of I Donaldson and C Ball supported by an investment vehicle called Nevada Investments Topco Limited which is funded by HPS Investment Partners and Madison Dearborn Partners. This completed on 15 November 2016 with Glynn Keeling resigning from the business at that date. I Donaldson and C Ball have remained as directors of the group.

The minority stake within Autonet Law LLP was transferred from Price Partnership LLP to Proddow Mackay Legal Limited during the year.

The Directors have reviewed the Statement of Financial Position including the net debt, accessible cash, required working capital and overall net asset position. They have agreed that the financial and cash positions are suitable to meet current and forecasted requirements.

The main changes between 2015 and 2016 balance sheets are the loan to the new parent company and the increase in intangible fixed assets. A loan of £4.7m has been made to the immediate parent company, Atlanta Investment Holdings Limited, to assist it with its cashflow needs.

Intangible fixed assets have increased in the year by the purchase of a customer renewal book from another broker, investment in software and the capitalisation of internal development work on technology and systems.

During the year the Group incurred non-recurring costs of £614,977 in relation to the preparation and of the business in advance of sale. These costs have been highlighted separately in the Group's consolidated statement of comprehensive income.

RISKS AND UNCERTAINTIES

The Group implements a comprehensive risk management policy and framework that is overseen by a Risk Committee. This framework enables the business to identify internal and external risks. The principal operational and strategic risks that the business faces are recorded on the corporate risk register and the management's actions to address the risks are monitored and overseen by the Risk Committee and the Board.

The main areas addressed and monitored are:

- the competitive environment of the general insurance market place requires the Group to maintain and enhance the working relationships with insurers and aggregators. The Group manages these risks by ensuring it remains focused on delivering excellent results to all business partners by its continued focus and investment in IT and Management Information (MI) and regular communication. The rich sources of MI data available to the Group also enable it to identify any areas of potential underperformance and business improvement opportunities

- the Group is also subject to regulation from the Financial Conduct Authority (FCA) in relation to its insurance mediation activities. The risk is managed by the Group by ensuring that regular monitoring and training is given to the core areas of the business. The Group has a separate compliance and audit department which regularly reviews the FCA guidelines, press issues and reporting requirements to ensure that any changes and be implemented efficiently.

- the Group transacts over the internet and requires IT systems to create the insurance quotes and retain data. The Group continues to invest in the IT infrastructure and regularly tests it disaster recovery plan to protect the security and privacy of the information held.

- the Group requires an effective recruitment model in order to retain and recruit employees to run the business effectively. The Group constantly reviews its policies for employees in order to remain competitive and holds assessment centres and open days to attract potential employees.

FINANCIAL INSTRUMENTS

Liquidity risk

Liquidity risk is considered minimal due to good cash reserves. The risk is monitored with cash flow management and forecasting.

Credit risk

The Group provides a credit facility to its retail customers via a financing house. There is also a small level of trade debtors. Risk is reduced and managed through credit control procedures, such as the monitoring and collection of debts that are outside agreed terms. Bad debt provisions are monitored on a monthly basis, as are other credit control performance indicators.

Price risk

A reduction in insurance premiums will lead to a decrease in the income generated via commission earnings. In 2016 premiums increased by over 4%. However during periods of reducing market premiums, renewals generally perform better which assist the overall performance of the business.

Any increase in new business volumes can put pressure on earnings, however new business volumes were stable throughout 2016.

By order of the board

CD Ball
Director

2017

The directors submit their report and the consolidated financial statements of the Autonet Insurance Services Limited Group ("Autonet") for year ended 31 December 2016.

The directors have not disclosed the following sections of the director's report "Business review, financial instruments and risks and uncertainties" as these have been included within the Strategic Report on page 2.

PRINCIPAL ACTIVITIES

The Group consists of Autonet Insurance Services Limited, whose principal activity is of an insurance broker and two subsidiary businesses comprising of a legal practice (Autonet Law LLP) and a medical reporting agency (KDB Medicals Limited). There are also two dormant subsidiaries Van Net Insurance Services Limited and Bike Net Insurance Services Limited.

RESULTS AND DIVIDENDS

The results for the year are shown in the consolidated statement of comprehensive income on page 9. During the year dividends were paid totalling £2,500,000, (2015: £8,169,363) and the directors do not recommend any final dividend (2015: £nil).

FUTURE DEVELOPMENTS

Following the acquisition of the business during the year, the Group strategy remains to continue to target profitable growth and an increased share of the motor insurance market. The group will also look to increase its presence in the home insurance and SME markets whilst optimising its strong aggregator trading model, digital platform and strengthening its data analytical capability.

To support the continued growth of the business the Group will look to expand the collaborative underwriting schemes which are in place with a range of insurers in to the car insurance market and will look to niche sectors of the motor insurance market for further growth,

EMPLOYEES

The Group operates a fair and consistent recruitment policy and process, which gives full consideration to applicants that may be disabled. Training, career development and promotion are, as far as reasonably practical, identical for all employees according to their abilities and skills. Every effort is made to continue the employment of any staff member who becomes disabled during their employment.

In order to deliver the required service levels to all customers the Group seeks to recruit, employ and develop suitably qualified and experienced people irrespective of age, gender, religion, sexual orientation or physical ability.

Team leaders in the business are supported to encourage close monitoring and relationship building with formal feedback via monthly key performance indicator meetings. Department managers report directly to the board via monthly reports commenting on their individual departments, staff and requirements to ensure the smooth running of their areas.

Customer facing employees are internally monitored by a compliance team with additional monthly risk based monitoring being conducted. Feedback from staff is sought via regular staff lunches and quarterly staff surveys. Individual and team performance is recognised through a monthly staff recognition scheme, which culminates in an annual awards ceremony.

The Group will seek to recruit additional members to the board and management team throughout 2017.

DIRECTORS

The following directors have held office since 1 January 2016 and their beneficial interests in the Company's issued share capital were:

		31 December 2016 Number	1 January 2016 Number
GD Keeling (resigned 15 November 2016)	A ordinary shares	—	100,699
	D ordinary shares	—	254
	D ordinary share	—	1
IJ Donaldson	B ordinary shares	—	12,446
	D ordinary shares	—	3,289
CD Ball	C ordinary shares	—	5,955
	C ordinary shares	—	3,289
JVL Devaney	D ordinary shares	—	433

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

By order of the board

CD Ball
Director 2017

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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

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

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUTONET INSURANCE SERVICES LIMITED

Opinion on financial statements

We have audited the group and parent company financial statements (the "financial statements") on pages 9 to 39. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at http://www.frc.org.uk/auditscopeukprivate

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, 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 any material misstatements in the Strategic Report or the Directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUTONET INSURANCE SERVICES LIMITED (continued)

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.

ANNE LAKIN (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP
Statutory Auditor
Chartered Accountants
Festival Way
Stoke-on-Trent
Staffordshire
ST1 5BB

2017

Autonet Insurance Services Limited
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2016

	Note	**Recurring trade £**	**Non-recurring items £**	**2016 £**	2015 £
TURNOVER	2	**42,266,636**	**—**	**42,266,636**	41,505,926
Administrative expenses	5	**(30,848,203)**	**(614,977)**	**(31,463,180)**	(30,268,638)
Other operating income		**12,339**	**—**	**12,339**	13,442
OPERATING PROFIT		**11,430,772**	**(614,977)**	**10,815,795**	11,250,730
Interest receivable and similar income	3			**156,744**	50,910
Interest payable and similar expenses	4			**(65,669)**	(118,667)
PROFIT BEFORE TAXATION	3-6			**10,906,870**	11,182,973
Taxation	8			**(2,097,025)**	(2,314,705)
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME				**8,809,845**	8,868,268
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:					
Owners of the parent				**8,733,652**	8,761,712
Non-controlling interests				**76,193**	106,556
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR				**8,809,845**	8,868,268

Autonet Insurance Services Limited
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

	Note	**2016**		2015	
		£	**£**	£	£
FIXED ASSETS					
Intangible assets	11		**2,308,172**		565,697
Tangible assets	12		**4,169,948**		4,348,066
			6,478,120		4,913,763
CURRENT ASSETS					
Stocks	14	**199,667**		10,486	
Debtors	15	**14,302,515**		9,183,720	
Cash at bank and in hand		**6,360,363**		5,951,979	
		20,862,545		15,146,185	
CURRENT LIABILITIES					
Creditors: Amounts falling due within one year	17	**(12,606,951)**		(11,944,371)	
NET CURRENT ASSETS			**8,255,594**		3,201,814
TOTAL ASSETS LESS CURRENT LIABILITIES			14,733,714		8,115,577
CREDITORS: Amounts falling due after more than one year	18		**(1,884,646)**		(1,630,203)
DEFERRED INCOME	20		**(410,876)**		(435,750)
PROVISIONS FOR LIABILITIES	21		**(186,780)**		(97,495)
NET ASSETS			**12,251,412**		5,952,129
CAPITAL AND RESERVES					
Called up share capital	22		**128,242**		128,242
Capital redemption reserve			**3**		3
Profit and loss account			**11,972,122**		5,709,212
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			12,100,367		5,837,457
Non-Controlling Interests			151,045		114,672
TOTAL EQUITY			**12,251,412**		5,952,129

The financial statements on pages 9 to 39 were approved by the board of directors and authorised for issue on 2017 and are signed on its behalf by:

CD Ball
Director

Company Registration No. 03642372

Autonet Insurance Services Limited
COMPANY STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

	Note	**2016** £	**2016** £	2015 £	2015 £
FIXED ASSETS					
Intangible assets	11		**2,302,690**		551,969
Tangible assets	12		**4,169,948**		4,338,113
Investments	13		**76,000**		76,000
			6,548,638		4,966,082
CURRENT ASSETS					
Debtors	15	**13,537,879**		8,185,710	
Cash at bank and in hand		**6,182,378**		5,745,936	
		19,720,257		13,931,646	
CURRENT LIABILITIES					
Creditors: Amounts falling due within one year	17	**(12,127,134)**		(11,343,940)	
NET CURRENT ASSETS			**7,593,123**		2,587,706
TOTAL ASSETS LESS CURRENT LIABILITIES			**14,141,761**		7,553,788
CREDITORS: Amounts falling due after more than one year	18		**(1,884,646)**		(1,630,203)
DEFERRED INCOME	20		**(410,876)**		(435,750)
PROVISION FOR LIABILITIES	21		**(186,780)**		(97,495)
NET ASSETS			**11,659,459**		5,390,340
CAPITAL AND RESERVES					
Called up share capital	22		**128,242**		128,242
Capital redemption reserve			**3**		3
Profit and loss account			**11,531,214**		5,262,095
TOTAL EQUITY			**11,659,459**		5,390,340

The Company's profit for the year and total comprehensive income for the year is £8,739,861 (2015: £8,727,537).

The financial statements on pages 9 to 39 were approved by the board of directors and authorised for issue on 2017 and are signed on its behalf by:

CD Ball
Director

Company Registration No. 03642372

Autonet Insurance Services Limited
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2016

	Note	Share capital £	Capital redemption reserve £	Profit and loss account £	Total controlling interest £	Non-controlling interest £	**Total £**
Balance at 1 January 2015		128,242	3	5,076,258	5,204,503	46,330	**5,250,833**
Profit for the year		—	—	8,761,712	8,761,712	106,556	**8,868,268**
Total comprehensive income for the year		—	—	8,761,712	8,761,712	106,556	**8,868,268**
Transactions with owners:-							
Dividends	9	—	—	(8,169,363)	(8,169,363)	—	**(8,169,363)**
Share-based payment	23	—	—	40,605	40,605	—	**40,605**
Drawings		—	—	—	—	(38,214)	**(38,214)**
Total transactions with owners in their capacity as owners		—	—	8,128,758	8,128,758	(38,214)	**(8,166,972)**
Balance at 31 December 2015		**128,242**	**3**	**5,709,212**	**5,837,457**	**114,672**	**5,952,129**
Profit for the year		—	—	8,733,652	8,733,652	76,193	**8,8809,845**
Total comprehensive income for the year		—	—	8,733,652	8,733,652	76,193	**8,809,845**
Transactions with owners:-							
Dividends	9	—	—	(2,500,000)	(2,500,000)	—	**(2,500,000)**
Share-based payment	23	—	—	29,258	29,258	—	**29,258**
Drawings		—	—	—	—	(39,820)	**(39,820)**
Total transaction with owners in their capacity as owners		—	—	(2,470,742)	(2,470,742)	(39,820)	**(2,510,562)**
Balance at 31 December 2016		**128,242**	**3**	**11,972,122**	**12,100,367**	**151,045**	**12,251,412**

Autonet Insurance Services Limited
COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2016

	Note	Share capital £	Capital redemption reserve £	Profit and loss account £	**Total £**
Balance at 1 January 2015		128,242	3	4,663,316	**4,791,561**
Profit for the year		—	—	8,727,537	**8,727,537**
Total comprehensive income for the year		—	—	8,727,537	**8,727,537**
Transactions with owners:-					
Dividends	9	—	—	(8,169,363)	**(8,169,363)**
Share-based payment	23	—	—	40,605	**40,605**
Total transactions with owners in their capacity as owners		—	—	(8,128,758)	**(8,128,758)**
Balance at 31 December 2015		**128,242**	**3**	**5,262,095**	**5,390,340**
Profit for the year		—	—	8,739,861	**8,739,861**
Total comprehensive income for the year		—	—	8,739,861	**8,739,861**
Transactions with owners:-					
Dividends	9	—	—	(2,500,000)	**(2,500,000)**
Share-based payment	23	—	—	29,258	**29,258**
Total transaction with owners in their capacity as owners		—	—	(2,470,742)	**(2,470,742)**
Balance at 31 December 2016		**128,242**	**3**	**11,531,214**	**11,659,459**

Autonet Insurance Services Limited
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2016

	Note	**2016** **£**	2015 £
OPERATING ACTIVITIES			
Cash generated from operations	25	**11,966,465**	11,212,786
Interest paid		**(28,169)**	(37,052)
Income taxes paid		**(2,387,245)**	(2,047,501)
NET CASH FROM OPERATING ACTIVITIES		**9,551,051**	9,128,233
INVESTING ACTIVITIES			
Purchase of intangible fixed assets	11	**(1,952,705)**	(235,020)
Purchase of tangible fixed assets	12	**(282,642)**	(386,041)
Proceeds on disposal of intangible fixed assets		**5,184**	—
Proceeds on disposal of tangible fixed assets		**434**	3,866
Loans granted to group undertakings		**(4,733,952)**	—
Interest received		**41,389**	50,910
NET CASH USED IN INVESTING ACTIVITIES		**(6,922,292)**	(566,285)
FINANCING ACTIVITIES			
Proceeds of new borrowings	18	**2,000,000**	—
Repayments of borrowings	18	**(1,792,234)**	(163,475)
Dividends paid	9	**(2,537,500)**	(8,250,978)
Repayments of obligations under finance leases	18	**(6,469)**	(12,302)
NET CASH USED IN FINANCING ACTIVITIES		**(2,336,203)**	(8,426,755)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**292,556**	135,193
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**5,740,582**	5,605,389
CASH AND CASH EQUIVALENTS AT END OF YEAR		**6,033,138**	5,740,582
Relating to:			
Bank balances and short term deposits included in cash at bank and in hand		**6,360,363**	5,951,979
Overdrafts included in “creditors: amounts falling due within one year”	17	**(327,225)**	(211,397)
		6,033,138	5,740,582

GENERAL INFORMATION

Autonet Insurance Services Limited ("the Company") is a private company limited by shares, and is registered, domiciled and incorporated in England.

The address of the Company's registered office and principal place of business is Nile Street, Burslem, Stoke-on-Trent, Staffordshire, ST6 2BA.

The Group consists of Autonet Insurance Services Limited and all of its company subsidiaries and Autonet Law LLP.

The Company and the Group's principal activities and nature of operations are included in the directors' report.

BASIS OF ACCOUNTING

These consolidated and Company financial statements have been prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

REDUCED DISCLOSURES

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' – Carrying amounts of financial instruments held at amortised cost or cost.
- Section 26 'Share-based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements
- Section 33 'Related Party Disclosures' – Compensation for key management personnel

The financial statements of the company and group are consolidated in the financial statements of Atlanta Investment Holdings 3 Limited. The consolidated financial statements of Atlanta Investment Holdings 3 Limited are available from its registered office, Devonshire House, 1 Mayfair, 4th Floor, London, W1J 8AJ.

COMPANY STATEMENT OF COMPREHENSIVE INCOME

As permitted by S408 Companies Act 2006, the Company has not presented its own statement of comprehensive income. The Company's profit for the year and total comprehensive income for the year is £8,739,861 (2015: £8,727,537).

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of Autonet Insurance Services Limited and all of its Company subsidiary undertakings and Autonet Law LLP for the year. Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is capitalised as purchased goodwill and amortised through the statement of comprehensive income over its estimated economic life. Provision is made for any impairment. All financial statements are made up to 31 December 2016.

All intra-group transactions, balances and unrealised gains on transactions between Group companies and entities are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

GOING CONCERN

The Group's business activities and financial position, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report and the Strategic Report. In addition, the Group's financial risk management objectives, and its exposures to credit risk and liquidity risk are set out in these pages.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

FUNCTIONAL AND PRESENTATIONAL CURRENCIES

The financial statements are presented in sterling which is also the functional currency of the Company and the Group.

TURNOVER AND REVENUE RECOGNITION

Group revenue represents insurance brokerage fees, income received from premium financing, aggregator income, other claims related services, income from legal services and fee income generated by its medical reporting business and is measured at fair value.

Where work is performed over a period of time, revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is not recognised until the significant risks and rewards of ownership of the services have passed to the client and the amount of revenue can be measured reliably and is at fair value.

Insurance brokerage fees are recognised upon the completion of the sale of the policy to the client. Discounts provided to clients are deducted from brokerage and fee income.

Premium finance commission due on instalment sales is recognised upon the provision of the instalment scheme to the client less a provision for future cancellations of schemes.

Claims related income is recognised based on set annual contracts terms and is recognised in the period the service is delivered.

Aggregator income is recognised in the period the service is delivered.

For legal services, turnover represents amounts chargeable to clients for professional services provided during the year excluding value added tax. Turnover is recognised when a right to consideration has been obtained through performance under each contract. Consideration accrues as contract activity progresses by reference to the value of the work performed.

Turnover is not recognised where the right to receive payment is contingent on events outside the control of the business.

Unbilled revenue is included in debtors as 'Amounts recoverable on contracts'. Amounts billed on account in excess of the amounts recognised as revenue are included in deferred income.

Turnover of the Group is derived in the United Kingdom .

GOVERNMENT GRANTS

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Grants are recognised as income when the associated performance conditions (such as the creation of jobs) are met.

OTHER INCOME

Interest income

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

SHARE BASED PAYMENTS

Equity shares consisting of equity-settled share-based payments have been issued to certain employees. The equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest.

The fair value is measured by use of the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

Where the terms of an equity-settled transaction are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled transaction is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the transaction is recognised immediately. However, if a new transaction is substituted for the cancelled transaction, and designated as a replacement transaction on the date that it is granted, the cancelled and new transactions are treated as if they were a modification of the original transaction, as described in the previous paragraph.

RETIREMENT BENEFITS

The Group operates a defined contribution pension scheme. The amount charged to the statement of comprehensive income in respect of pension costs, and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either other creditors or prepayments in the statement of financial position.

TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries that will be assessed to or allow for tax in a future period except where the Company is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

TAXATION (continued)

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

INTANGIBLE FIXED ASSETS (OTHER THAN GOODWILL)

Development costs

The Company capitalises development expenditure as an intangible asset when it is able to demonstrate all of the following:

(a) The technical feasibility of completing the development so the intangible asset will be available for use or sale.

(b) Its intention to complete the development and to use or sell the intangible asset.

(c) Its ability to use or sell the intangible asset.

(d) How the intangible asset will generate probable future economic benefits.

(e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

(f) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Capitalised development expenditure is initially recognised at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

All research expenditure and development expenditure that does not meet the above conditions is expensed as incurred.

Other intangible assets

Intangible assets purchased other than in a business combination are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:-

Development costs	-	25% on cost
Purchased computer software	-	25% on cost
Website costs	-	25% on cost
Customer List	-	Over expected life of the list once the customers start to renew

Included in customer lists is an amount of £1,003,000 in relation to customer lists which have not been amortised in the period as the customers have not yet started to renew.

Amortisation is revised prospectively for any significant change in useful life or residual value.

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

TANGIBLE FIXED ASSETS

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any provision for impairment.

Depreciation is provided on tangible fixed assets, other than freehold land, at rates calculated to write off the cost of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:

Freehold land	-	Not depreciated
Freehold buildings	-	2% on cost on buildings
	-	5% on cost on integral features
Short-term leasehold improvements	-	25% on cost
Fixtures, fittings and equipment	-	25% on cost
Computer equipment	-	25% on cost
Motor vehicles	-	25% on cost

Residual values are calculated on prices prevailing at the reporting date, after estimated costs of disposal for the asset as if it were at the age and in the condition expected at the end of its useful life.

LEASED ASSETS AND OBLIGATIONS

The Group/Company as a lessee – Finance Leases

Where assets are financed by leasing arrangements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the statement of comprehensive income in proportion to the remaining balance outstanding.

The Group/Company as a lessee – Operating Leases

All other leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

INVESTMENTS

In the separate accounts of the Company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairments losses or reversals of impairment losses are recognised immediately in profit or loss.

The Company holds 100% of the issued share capital of Van Net Insurance Services Limited and Bike Net Insurance Services Limited. These subsidiary undertakings are dormant and have not been included within the consolidated financial statements as the directors believe their exclusion is not material.

WORK IN PROGRESS

Work in progress represents work that has been performed in relation to which revenue will be recognised in a later period in respect of Autonet Law LLP. It is recognised at the lower of cost and net realisable value. The relevant proportion of the salaried remuneration of members is included within costs but members profit allocations are not.

AMOUNTS RECOVERABLE ON CONTRACTS

Amounts recoverable on contracts represent work done at the year end where a continuing right to receive income exists and is valued at the estimated amount recoverable in excess of fees already rendered on account.

CASH AND LIQUID RESOURCES

The Group is regulated by the Financial Conduct Authority (FCA). The Group has risk transfer agreements in place with all insurance companies. As a matter of good practice the Group continues to keep insurer monies in separate insurer trust accounts. The total funds held in these accounts are included within cash at bank and in hand (see note 16).

INSURANCE CREDITORS

The parent Company acts as an agent in broking the insurance risk of its clients. Premium monies are usually accounted for by insurance intermediaries and the Group has followed generally accepted accounting practice by showing cash and creditors relating to the sale of insurance policies as assets and liabilities of the parent Company.

FINANCIAL INSTRUMENTS

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade, group and other debtors

Trade, group and other debtors which are receivable within one year are initially measured at the transaction price. Trade, group and other debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Trade and other creditors

Trade and other creditors payable within one year are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Bank overdrafts

Bank overdrafts are presented within creditors: amounts falling due within one year.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

NON-RECURRING ITEMS

Non-recurring items are material items which individually, or if of a similar type, in aggregate, need to be disclosed by virtue of their size of incidence in order to assist in understanding the Group's financial performance.

CAPITAL REDEMPTION RESERVE

This relates to the nominal value of shares repurchased and still held at the end of the year.

PROFIT AND LOSS RESERVE

Cumulative profit and loss net of distribution to owners.

Autonet Insurance Services Limited
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2016

1 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In particular, within Autonet Insurance Services Limited, income is recognised at policy date together with commission on financing arrangements. The Group performs detailed analysis on trends for defaults by customers of instalment plans, policies and of bad debts and their recovery. Changes to trends may occur due to changes to marketing and customer profile. Provisions are made based on this data and only the expected recoverable amount is included in the financial statements.

Within the subsidiaries, for income related to the legal and medical claims made for clients, it is expected that due to the legal process, the recovery of work in progress and debtors will take a considerable time. Past experience, reviews of caseload and industry knowledge is used to judge the recoverability of current assets and provision on recoverability are based on this analysis.

The directors believe that estimates and assumptions do not have a significant risk of causing a material difference to the carrying amounts of assets and liabilities within the next financial year.

2 TURNOVER

The total turnover of the Group has been derived from work wholly undertaken in the UK in respect of the following classes of business:

	2016	2015
	£	£
Brokerage income	**26,890,651**	25,800,097
Premium Finance income	**9,951,721**	9,554,069
Claims related income	**3,358,370**	3,627,028
Aggregator income	**1,877,645**	1,977,419
Other income	**188,249**	547,313
	42,266,636	41,505,926

3 INTEREST RECEIVABLE AND SIMILAR INCOME

	2016	2015
	£	£
Bank interest	**41,389**	50,865
Other interest	**—**	45
Effective interest on loans	**115,355**	—
	156,744	50,910

4 INTEREST PAYABLE AND SIMILAR CHARGES

	2016	2015
	£	£
Interest payable on loans	**27,450**	35,685
Dividends on non-equity share classified as debt	**37,500**	81,615
Lease finance charges	**719**	1,367
	65,669	118,667

5 PROFIT BEFORE TAXATION

	2016 **£**	2015 £
Profit before taxation is stated after charging/(crediting):		
Rentals payable under operating leases:		
Land and buildings	**21,300**	30,000
Other	**2,880**	40,600
Amortisation of intangible fixed assets	**358,046**	270,134
Depreciation and other amounts written off tangible fixed assets:		
owned assets	**450,880**	386,325
leased assets	**—**	5,766
Loss on disposal of tangible fixed assets	**9,446**	2,350
Equity-settled share-based payments	**29,258**	40,605
Grants released	**(24,874)**	(11,373)

Non-recurring material item:

During the year the Group incurred non-recurring costs of £614,977 in relation to the preparation and of the business in advance of sale. These costs have been highlighted separately in the Group's consolidated statement of comprehensive income.

Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:

	2016 **£**	2015 £
Audit services:		
Statutory audit of parent and consolidated accounts	**26,350**	24,700
Statutory audit of subsidiaries	**9,575**	9,150
Taxation compliance services	**3,975**	3,100
Tax advisory services	**3,100**	3,100
Other assurance services	**4,250**	4,250
All other non-audit services	**8,275**	4,850
	55,525	49,150

6 EMPLOYEES

The average monthly number of persons (including directors) employed during the year was:

	Group		Company	
	2016 Number	2015 Number	**2016 Number**	2015 Number
Insurance advisors	**355**	304	**355**	304
Non-insurance advisors	**107**	168	**107**	168
Support services	**163**	161	**163**	161
Legal services	**12**	16	**—**	—
	637	649	**625**	633

	Group		Company	
Staff costs for the above persons:	**2016 £**	2015 £	**2016 £**	2015 £
Wages and salaries	**12,616,975**	12,653,186	**12,397,934**	12,363,046
Social security costs	**1,027,361**	1,009,925	**1,014,292**	986,746
Other pension costs	**103,023**	100,011	**102,862**	100,011
	13,747,359	13,763,122	**13,515,088**	13,449,803

6 EMPLOYEES (continued)

DIRECTORS' REMUNERATION

	2016 £	2015 £
In respect of the directors of Autonet Insurance Services Limited:		
Emoluments	**825,339**	796,993
Amounts paid to money purchase pension schemes	**6,740**	5,596
Dividend on non-equity share classified as debt paid to a director	**37,500**	81,615
	869,579	884,204

The number of directors to whom relevant benefits are accruing under:	2016 Number	2015 Number
Money purchase pension schemes was:	**3**	3

HIGHEST PAID DIRECTOR

	2016 £	2015 £
Emoluments	**432,020**	431,282
Amounts paid to money purchase pension schemes	**370**	364
	432,390	431,646

7 REMUNERATION OF KEY MANAGEMENT PERSONNEL

The total remuneration of the directors who are considered to be the key management personnel of the Group was £978,728 (2015: £989,486).

8 TAXATION

	2016 £	2016 £	2015 £	2015 £
Current tax:				
UK corporation tax	**2,176,772**		2,286,279	
Adjustments in respect of previous periods	**(16,032)**		(6,188)	
Total current tax		**2,160,740**		2,280,091
Deferred tax:				
Origination and reversal of timing differences	**(58,138)**		40,609	
Adjustments in respect of previous periods	**(160)**		293	
Effect of decreased tax rate on opening	**(5,417)**		(6,288)	
Total deferred tax		**(63,715)**		34,614
Total tax on profit on ordinary activities		**2,097,025**		2,314,705

8 TAXATION *(continued)*

	2016 **£**	2015 £
Factors affecting tax charge for the year:		
The tax assessed for the year is lower (2015: higher) than the average standard rate of corporation tax in the UK 20% (2015: 20.25%). The differences are explained below:		
Profit on ordinary activities before tax	**10,906,870**	11,182,973
Profit on ordinary activities multiplied by the average standard rate of corporation tax in the UK 20% (2015: 20.25%)	**2,181,374**	2,264,552
Effects of:		
Expenses not deductible for tax purposes	**172,142**	65,898
Non-taxable income	**(60,955)**	—
Group relief	**(181,766)**	—
Adjustments to tax charge in respect of previous periods	**(16,192)**	(5,895)
Rate difference on deferred tax	**2,422**	(9,850)
Total tax charge for the year	**2,097,025**	2,314,705

9 DIVIDENDS

	2016 **£**	2015 £
Non equity share classified as debt – interest cost	**37,500**	81,615
Ordinary equity dividend - A shares	**2,113,750**	7,859,761
- B shares	**261,250**	182,397
- C shares	**125,000**	127,205
	2,500,000	8,169,363

The dividend per share in respect of the non equity shares was £37,500 per share (2015: £81,615).

The dividend per share in respect of the equity shares was £20.99 (2015: £78.05) per share in respect of the A shares, £20.99 (2015: £14.66) per share in respect of the B shares and £20.99 (2015: £21.36) in respect of the C shares.

10 COMMITMENTS UNDER OPERATING LEASES

GROUP

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2016 Property £	2015 Property £	**2016 Other £**	2015 Other £
Amounts due within one year	**400**	12,500	**240**	14,867

COMPANY

	2016 Property £	2015 Property £	**2016 Other £**	2015 Other £
Amounts due within one year	**—**	—	**240**	—

11 INTANGIBLE ASSETS

GROUP	Customer list £	Development costs £	Website development £	Software £	Total £
Cost					
At beginning of year	—	—	136,361	1,890,324	2,026,685
Additions	1,003,000	181,401	—	916,120	2,100,521
Disposals	—	—	—	(3,918)	(3,918)
At end of year	1,003,000	181,401	136,361	2,802,526	4,123,288
Amortisation					
At beginning of year	—	—	127,663	1,333,325	1,460,988
Charge for the year	—	2,906	6,253	348,887	358,046
On disposals	—	—	—	(3,918)	(3,918)
At end of year	—	2,906	133,916	1,678,294	1,815,116
Net book value					
At 31 December 2016	**1,003,000**	**178,495**	**2,445**	**1,124,232**	**2,308,172**
At 31 December 2015	—	—	8,698	556,999	565,697

COMPANY	Customer list £	Development costs £	Website development £	Software £	Total £
Cost					
At beginning of year	—	—	135,861	1,857,847	1,993,708
Additions	1,003,000	186,585	—	916,122	2,105,707
Disposals	—	(5,184)	—	(3,918)	(9,102)
At end of year	1,003,000	181,401	135,861	2,770,051	4,090,313
Amortisation					
At beginning of year	—	—	127,653	1,314,086	1,441,739
Charge for the year	—	2,906	6,128	340,768	349,802
On disposals	—	—	—	(3,918)	(3,918)
At end of year	—	2,906	133,781	1,650,936	1,787,623
Net book value					
At 31 December 2016	**1,003,000**	**178,495**	**2,080**	**1,119,115**	**2,302,690**
At 31 December 2015	—	—	8,208	543,761	551,969

12 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Short term leasehold improvements £	Fixtures, fittings and equipment £	Computer equipment £	Motor vehicles £	Total £
GROUP						
Cost						
At beginning of year	4,116,281	13,014	532,088	2,404,851	20,389	7,086,623
Additions	26,898	—	27,140	228,604	—	282,642
Disposals	—	(13,014)	(14,372)	(253,674)	—	(281,060)
At end of year	4,143,179	—	544,856	2,379,781	20,389	7,088,205
Depreciation						
At beginning of year	507,392	8,285	452,964	1,761,511	8,405	2,738,557
Charge for the year	98,990	2,169	53,439	291,185	5,097	450,880
Disposals	—	(10,454)	(11,541)	(249,185)	—	(271,180)
At end of year	606,382	—	494,862	1,803,511	13,502	2,918,257
Net book value						
At 31 December 2016	**3,536,797**	**—**	**49,994**	**576,270**	**6,887**	**4,169,948**
At 31 December 2015	3,608,889	4,729	79,124	643,340	11,984	4,348,066

The cost of freehold land and buildings includes £277,600 (2015: £277,600) relating to freehold land which is not depreciated.

Assets held under finance lease and similar hire purchase contracts included above, are as follows:

	Net book value **2016** £	Net book value 2015 £	Depreciation **2016** £	Depreciation 2015 £
Computer equipment	**—**	17,296	**—**	5,766

	Freehold land and buildings £	Fixtures, fittings and equipment £	Motor vehicles £	Computer equipment £	Total £
COMPANY					
Cost					
At beginning of year	4,116,281	517,716	20,389	2,404,853	7,059,239
Additions	26,898	27,140	—	228,602	282,640
Disposals	—	—	—	(253,674)	(253,674)
At end of year	4,143,179	544,856	20,389	2,379,781	7,088,205
Depreciation					
At beginning of year	507,392	443,818	8,405	1,761,511	2,721,126
Charge for year	98,990	51,044	5,097	291,185	446,316
Disposals	—	—	—	(249,185)	(249,185)
At end of year	606,382	494,862	13,502	1,803,511	2,918,257
Net book value					
At 31 December 2016	**3,536,797**	**49,994**	**6,887**	**576,270**	**4,169,948**
At 31 December 2015	3,608,889	73,898	11,984	643,342	4,338,113

The cost of freehold land and buildings includes £277,600 (2015: £277,600) relating to freehold land which is not depreciated.

Assets held under finance lease and similar hire purchase contracts included above, are as follows:

	Net book value **2016** £	Net book value 2015 £	Depreciation **2016** £	Depreciation 2015 £
Computer equipment	**—**	17,296	**—**	5,766

13 FIXED ASSET INVESTMENTS

	Shares in subsidiary undertakings	Capital in limited liability partnership	Total
COMPANY	£	£	£
Cost and carrying amount			
At beginning and end of year	1,000	75,000	76,000

The company holds more than 20% of the equity and non equity shares of the following UK undertakings:

Subsidiary undertakings	*Class and percentage of shares held Group and Company*	*Nature of business*
KDB Medicals Limited	100% Ordinary	Medical examinations
Van Net Insurance Services Limited	100% Ordinary	Dormant
Bike Net Insurance Services Limited	100% Ordinary	Dormant

The registered address of the above companies is Nile Street, Burslem, Stoke-on-Trent, Staffordshire, ST6 2BA.

The company holds more than 20% of the participation rights in the following Limited Liability Partnerships:

Limited Liability Partnership	*Proportion held directly*	*Nature of business*
Autonet Law LLP	75%	Legal services

The registered address is PM House, 250 Shepcote Lane, Sheffield, S9 1TP.

14 STOCKS

	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
Work in progress	**199,667**	10,486	**—**	—

15 DEBTORS

	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
Amounts falling due within one year:				
Insurance debtors	**6,399,872**	6,109,918	**6,399,872**	6,109,918
Trade debtors	**2,028,940**	1,859,163	**1,253,936**	1,106,078
Amounts owed by group undertakings	**4,733,952**	—	**5,274,074**	296,613
Amounts due from members of limited liability partnership	**121,227**	—	**—**	—
Amounts recoverable on contracts	**275,689**	212,400	**—**	—
Other debtors	**48,805**	17,533	**100**	500
Prepayments and accrued income	**694,030**	984,706	**609,897**	672,601
	14,302,515	9,183,720	**13,537,879**	8,185,710

GROUP

Debtors are stated net of a provision of £853,744 (2015: £972,569).

COMPANY

Debtors are stated net of a provision of £812,492 (2015: £897,492).

16 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash held in separate insurer trust accounts in respect of balances held under risk transfer agreements and amounted to £2,975,666 (2015: £2,456,249).

17 CREDITORS: Amounts falling due within one year

	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
Bank loans and overdrafts	**327,225**	376,081	**327,225**	376,081
Obligations under finance leases	**—**	3,817	**—**	3,817
Insurance creditors	**7,921,037**	7,468,896	**7,921,037**	7,468,896
Trade creditors	**837,483**	1,120,070	**499,588**	746,123
Corporation tax	**1,026,347**	1,252,852	**1,026,347**	1,227,924
Other tax and social security costs	**430,209**	418,452	**351,097**	300,799
Other creditors	**663,438**	559,217	**663,173**	559,040
Accruals and deferred income	**1,401,212**	704,987	**1,338,667**	661,260
Amounts due to related party	**—**	39,999	**—**	—
	12,606,951	11,944,371	**12,127,134**	11,343,940

18 CREDITORS: Amounts falling due after more than one year

	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
Bank loans	**—**	1,627,550	**—**	1,627,550
Other loans	**1,884,645**	—	**1,884,645**	—
Obligations under finance leases	**—**	2,652	**—**	2,652
Non-equity share	**1**	1	**1**	1
	1,884,646	1,630,203	**1,884,646**	1,630,203
Included above are the following:				
Amounts repayable by instalments falling due after more than five years	**—**	936,690	**—**	936,690

ANALYSIS OF DEBT MATURITY	Group		Company	
	2016	2015	**2016**	2015
Bank and other loans	**£**	£	**£**	£
Amounts payable:				
In one year or less or on demand	**—**	164,684	**—**	164,684
In more than one year but not more than two years	**—**	167,836	**—**	167,836
In more than two years but not more five years	**1,884,645**	523,024	**1,884,645**	523,024
In five years or more	**—**	936,690	**—**	936,690
	1,884,645	1,792,234	**1,884,645**	1,792,234

The other loan is repayable by six monthly instalments commencing 30 April 2019. It does not incur an interest charge, therefore an effective interest of 2% has been applied to comply with FRS 102.

The bank loan outstanding as at 31 December 2015 was repaid during the year. The loan was repayable by instalments and bore an interest rate of 1.9% (1.4% above base rate).

18 CREDITORS: Amounts falling due after more than one year (continued)

OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
Amounts payable:				
Within one year	**—**	3,817	**—**	3,817
Between two to five years	**—**	2,652	**—**	2,652
	—	6,469	**—**	6,469

Obligations under finance leases and hire purchase contracts are secured on the underlying assets.

19 FINANCIAL INSTRUMENTS

	2016	2015
GROUP	**£**	£
Financial assets:		
Debt instruments, measured at amortised cost	**11,687,456**	10,795,470
Total	**11,687,456**	10,795,470
Financial liabilities:		
Measured at amortised cost	**10,486,957**	9,670,035
Total	**10,486,957**	9,670,035

20 DEFERRED INCOME

	Group and Company
	£
Grants:	
At beginning of year	435,750
Grant – released against other operating income	(24,874)
At end of year	**410,876**

21 PROVISIONS FOR LIABILITIES

	Deferred taxation	
	Group	Company
	£	£
At beginning of year	97,495	97,495
Charge in the year	89,285	89,285
At end of year	**186,780**	**186,780**

Provision for the deferred tax liability has been made as follows:

	Deferred taxation			
	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
Difference between accumulated depreciation and capital allowances	**18,031**	80,711	**18,031**	80,711
Other timing differences	**(1,484)**	(1,463)	**(1,484)**	(1,463)
Rollover relief provision	**17,233**	18,247	**17,233**	18,247
Provision on customer list additions	**153,000**	—	**153,000**	—
	186,780	97,495	**186,780**	97,495

22 CALLED UP SHARE CAPITAL

	2016 £	2015 £
Allotted, issued and fully paid:		
100,699 (2015: 100,699) A Ordinary shares of £1 each	**100,699**	100,699
12,446 (2015: 12,446) B Ordinary shares of £1 each	**12,446**	12,446
5,955 (2015: 5,955) C Ordinary shares of £1 each	**5,955**	5,955
9,142 (2015: 9,142) D Ordinary shares of £1 each	**9,142**	9,142
	128,242	128,242
Shares classed as financial liabilities – E Ordinary share of £1 each	**1**	1

The D and E Ordinary shares do not carry a right to attend or vote at general meetings. The E shares carry an obligation on the Company of a set payment to the holder, thus classified as a financial liability. The D shares do not carry a right to a dividend.

On 6 March 2017 the A-E ordinary shares were re-designated as ordinary shares.

23 SHARE BASED PAYMENTS

Equity-settled share-based payments

The Company issued 9,142 D Ordinary shares to certain directors during 2012 at par. The shares attracted certain benefits if the Company was sold over a predetermined value, full details are disclosed in the Articles of Association. The right of this benefit was lost if the directors left the Group. These shares were considered equity-settled share-based payments and were valued using the Black Scholes model to establish the fair value of these shares at the date of issue. The total estimated fair value at the date of issue was £162,531 and this charge was spread over 4 years, being the deemed vesting period. The charge in the year was £29,258 (2015: £40,605).

The shares issued had a weighted effective average exercise price of £17.78 (2015: £17.78) and a weighted average remaining contractual life of nil years (2015: 1 years).

The inputs into the Black Scholes model are as follows:

	2016	2015
Effective average share price £	**524.77**	524.77
Effective average exercise price £	**587.74**	587.74
Expected volatility %	**7.00**	7.00
Risk free rate %	**1.79**	1.79

Expected volatility was determined by calculating the historical volatility of Autonet Insurance Services Limited's earnings for a period up to the date of granting of the shares.

These shares were sold on 15 November 2016 to Atlanta Investment Holdings Limited.

24 PENSION COMMITMENTS

The Group and Company operate a defined contribution pension scheme whose assets are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group and Company and amounted to £103,023 (2015: £100,011). Contributions totalling £13,468 (2015: £13,345) were payable to the fund at the year end and are included in other creditors.

25 RECONCILIATION OF PROFIT AFTER TAX TO NET CASH GENERATED FROM OPERATIONS

	2016	2015
GROUP	£	£
Profit after tax	**8,809,845**	8,868,268
Adjustments for:		
Depreciation of tangible fixed assets	**450,880**	392,091
Amortisation of intangible fixed assets	**358,046**	270,134
Share-based payment expense	**29,258**	40,605
Government grant released	**(24,874)**	(11,373)
Loss on disposal of tangible fixed assets	**9,446**	2,350
Interest receivable	**(156,744)**	(50,910)
Interest payable	**65,669**	118,667
Taxation	**2,097,025**	2,314,705
Operating cash flows before movements in working capital	**11,638,551**	11,944,537
Increase in stock	**(189,181)**	(288)
Increase in trade and other debtors	**(384,843)**	(2,204,482)
Increase in trade and other creditors	**901,938**	1,473,019
Cash generated from operations	**11,966,465**	11,212,786

26 FINANCIAL COMMITMENTS, GUARANTEES AND CONTINGENCIES

The Company has given a fixed and floating charge in favour of US Bank Trustees Limited over all of the Company's assets, as security against Atlanta Investment Holdings Limited (the Company's immediate parent) defaulting on the repayment of its loan with a total outstanding of £60,000,000 (2015: £nil) as at 31 December 2016.

The bank overdraft and bank loans were secured by first legal charges dated 23 March 2004 and 23 March 2009 over the freehold land and buildings and an unscheduled mortgage debenture dated 23 October 2008 over the current and future assets of Autonet Insurance Services Limited. These charges were satisfied on 6 December 2016.

27 RELATED PARTY TRANSACTIONS

GD Keeling, IJ Donaldson, JVL Devaney and CD Ball are all related parties by virtue of their directorships of and previous shareholdings in the Company. GD Keeling ceased being a related party on 15 November 2016.

During the year, dividends of £2,500,000 (2015: £8,169,363) were paid to directors of the Company.

GD Keeling received non-equity dividends in the sum of £37,500 (2015: £81,615) in respect of his E Ordinary shareholding.

Autonet Law LLP

Autonet Law LLP is controlled by Autonet Insurance Services Limited. During the year the Limited Liability Partnership transacted with this Company as follows:

	2016 £	2015 £
Recharged to Autonet Law LLP	**27,502**	28,459
Rent payable	**1,138**	13,650
Loan to Autonet Law LLP	**90,000**	—
Transfer of office equipment	**(2,264)**	—
Year end debtor – included within Debtors: Amounts owed by Group undertakings	**165,328**	24,052

27 RELATED PARTY TRANSACTIONS (continued)

Autonet Insurance Services Limited share of the profit during the year was £228,580 (2015: £319,668).

Price Law Limited

Price Law Limited controlled 24% of Autonet Law LLP until 26 September 2016. During the period the Group transacted with the Company as follows:

	2016 £	2015 £
Recharges from Price Law Limited	**17,616**	29,350
Recharged to Price Law Limited	**966**	2,069
Rent payable	**22,500**	30,000
Management recharge from Price Law Limited	**—**	40,000
Sales invoices	**—**	775
Year end creditor included in amounts due to related party creditor	**—**	39,999

Proddow Mackay Legal Limited

From 26 September 2016 Proddow Mackay Legal Limited controlled 24% of Autonet Law LLP. During this period Group transacted with the Company as follows:

	2016 £	2015 £
Recharges from Proddow Mackay Legal Limited	**17,305**	—
Management recharge	**48,213**	—
Outsource costs	**155,284**	—
Year end debtor	**121,227**	—

DJ MacKay

From 26 September 2016 DJ MacKay controlled 1% of Autonet Law LLP. During the period the Limited Liability Partnership transacted with DJ MacKay as follows:

	2016 £	2015 £
Members' remuneration	**3,048**	—

28 ULTIMATE PARENT COMPANY AND ULTIMATE CONTROLLING PARTY

The ultimate parent undertaking is Nevada Investments Topco Limited, a company incorporated in the Cayman Islands.

Atlanta Investment Holdings Limited is the immediate parent. The smallest group in which the results of the Company are consolidated is that headed by the Company. The largest Group in which the results of the Company are consolidated is that headed by Atlanta Investments Holdings 3 Limited.

The consolidated financial statements of Autonet Insurance Services Limited and Atlanta Investments Holdings 3 Limited are available to the public from Companies House, Maindy, Cardiff, CF12 3UZ.

DIRECTORS' INFORMATION

Autonet Insurance Services Limited
PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2016

	Recurring trade £	Non-recurring trade £	2016 £	2015 £
TURNOVER – CONTINUING OPERATIONS	**41,111,239**	**—**	**41,111,239**	39,946,350
Administrative expenses	**(29,988,853)**	**(614,977)**	**(30,603,830)**	(29,257,817)
Other operating income	**11,373**	**—**	**11,373**	11,373
OPERATING PROFIT – CONTINUING OPERATIONS	**11,133,759**	**(614,977)**	**10,518,782**	10,699,906
Interest receivable and similar income			**156,744**	50,865
Interest payable and similar charges			**(65,669)**	(118,667)
Share of profits from investments			**228,580**	385,210
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			**10,838,437**	11,017,314
Taxation			**(2,098,576)**	(2,289,777)
PROFIT FOR THE FINANCIAL YEAR			**8,739,861**	8,727,537

Approved by the board of directors on 2017 and were signed on its behalf by:

CD Ball
Director

These pages do not form part of the statutory financial statements.

Autonet Insurance Services Limited
COMPANY STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2016

	2016		2015	
	£	£	£	£
SALES				
Brokerage income		**26,890,651**		25,800,097
Instalment finance income		**9,951,721**		9,554,069
Claims related income		**2,119,000**		1,939,747
Other income		**188,249**		547,313
Aggregator service		**1,877,645**		1,977,419
Recharge income		**83,973**		127,705
		41,111,239		39,946,350
ADMINISTRATIVE EXPENSES		**(29,988,853)**		(29,257,817)
		11,122,386		10,688,533
OTHER OPERATING INCOME				
Grants released	**11,373**		11,373	
		11,373		11,373
OPERATING PROFIT		**11,133,759**		10,699,906
NON-RECURRING ITEMS	**(614,977)**		—	
		(614,977)		—
		10,518,782		10,699,906
INTEREST RECEIVABLE				
Bank deposit interest	**41,389**		50,865	
Effective interest on loans	**115,355**		—	
		156,744		50,865
INTEREST PAYABLE				
Interest on loans repayable in more than five years	**27,450**		35,685	
Dividends on non-equity shares classified as debt	**37,500**		81,615	
Lease finance charges	**719**		1,367	
		(65,669)		(118,667)
Share of profits from Autonet Law LLP		**228,580**		385,210
NET PROFIT FOR THE YEAR		**10,838,437**		11,017,314

These pages do not form part of the statutory financial statements.

Autonet Insurance Services Limited
TRADING AND PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2016

	2016 £	2015 £
ADMINISTRATIVE EXPENSES		
Wages and salaries	**11,741,405**	11,837,421
Directors' remuneration	**931,527**	898,091
Employer's NI contributions	**862,735**	850,713
Staff training and recruitment costs	**168,167**	134,311
Staff welfare	**43,526**	42,584
Rent	**1,365**	16,380
Rates, electricity and gas	**293,394**	280,975
Insurance	**79,432**	75,886
Repairs and maintenance	**113,141**	106,386
Printing, postage and stationery	**499,097**	550,863
Marketing	**9,459,421**	8,818,429
Telephone	**369,648**	304,478
Computer costs	**1,516,117**	1,464,436
Motor and travel	**118,239**	103,463
Entertaining	**31,545**	34,340
Legal and professional	**210,544**	350,838
Accountancy	**16,777**	10,277
Audit	**32,128**	29,632
Bank charges	**51,782**	51,616
Credit card charges	**250,366**	297,808
Bad and doubtful debts	**2,259,799**	2,218,248
General expenses	**125,963**	105,735
Charitable donation	**11,004**	12,806
VAT reclaimed	**(33,091)**	(28,317)
Depreciation of land and buildings	**98,990**	98,372
Depreciation of fixtures, fittings and equipment	**51,044**	52,191
Depreciation of motor vehicles	**5,097**	4,892
Loss on disposal of tangible fixed assets	**9,446**	2,350
Depreciation of computer equipment	**291,185**	229,853
Amortisation of website development	**6,128**	8,763
Amortisation of computer software	**340,768**	253,392
Amortisation of project staff time	**2,906**	—
Equity-settled share-based payments	**29,258**	40,605
	29,988,853	29,257,817

These pages do not form part of the statutory financial statements.

Autonet Insurance Services Limited

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

Company Registration No. 03642372

DIRECTORS
GD Keeling
IJ Donaldson
CD Ball
JVL Devaney

SECRETARY
CD Ball

REGISTERED OFFICE
Nile Street
Burslem
Stoke-on-Trent
Staffordshire
ST6 2BA

AUDITOR
RSM UK Audit LLP
Chartered Accountants
Festival Way
Stoke-on-Trent
Staffordshire
ST1 5BB

BANKERS
National Westminster Bank plc
Fountain Place
Burslem
Stoke-on-Trent
Staffordshire
ST6 3QA

The directors have pleasure in submitting their Strategic Report for the Autonet Insurance Services Limited Group ("Autonet") for the year ended 31 December 2015.

BUSINESS AND STRATEGIC OBJECTIVES

The Group has clearly defined strategic objectives aligned to deliver sustained internal growth, by increases in the van, car, home and small and medium enterprises (SME) lines of business along with improvements to customer and staff satisfaction metrics.

REVIEW OF THE BUSINESS

Autonet had an extremely strong year in 2015 with a gross written premium (GWP) of £122m, an increase of 5% on 2014. Existing anti-fraud measures and the ongoing investment in the development of collaborative underwriting schemes have contributed to the strong competitive pricing position of the Group.

Renewal performance has been extremely strong throughout 2015 despite the challenges that are posed by an aggregator centric distribution model.

Household policy levels have increased 98% and this has been supported by the delivery of a white labelled solution to a key comparison site partner.

Overall policy count increased to 328,000 (2014: 308,000). This resulted in a profit before taxation of £11,182,973 (2014: £9,516,589).

The Directors have reviewed the Statement of Financial Position including the net debt, accessible cash, required working capital and overall net asset position. They have agreed that the financial and cash positions are suitable to meet current and forecasted requirements.

RISKS AND UNCERTAINTIES

The Group implements a comprehensive risk management policy and framework that is overseen by a Risk Committee. This framework enables the business to identify internal and external risks. The principal operational and strategic risks that the business faces are recorded on the corporate risk register. These risks are overseen by the Risk Committee and the Board.

The competitive environment of the general insurance market place is a continuing risk to the Group, as this could result in loss of turnover. The Group manages this risk by ensuring it remains focused on delivering excellent results to all business partners including insurers by its continued focus and investment in IT and Management Information (MI). The rich sources of MI data available to the Group enable it to identify any areas of potential underperformance and business improvement opportunities.

FINANCIAL INSTRUMENTS

Liquidity risk

Liquidity risk is considered minimal due to good cash reserves. The risk is monitored with cash flow management and forecasting.

Credit risk

The Group provides a credit facility to its retail customers via a financing house. There is also a small level of trade debtors representing circa 16 days business. Risk is reduced and managed through credit control procedures, such as the monitoring and collection of debts that are outside agreed terms. Bad debt provisions are monitored on a monthly basis, as are other credit control performance indicators.

FINANCIAL INSTRUMENTS (continued)

Price risk

The risk of general market premium reductions is that some of our income is based on percentage of premiums. There has been decreasing premiums throughout the last 24 months. We have worked on improving efficiencies in our processes as well as building our business model around smaller margins. The main risk of premium increases is renewal retention rates come under pressure, but this is generally mitigated by increasing margins on policies sold.

By order of the board

IJ Donaldson
Director

4 July 2016

The directors submit their report and the consolidated financial statements of the Autonet Insurance Services Limited Group ("Autonet") for year ended 31 December 2015.

The directors have not disclosed the following sections of the director's report "Business review, financial instruments and risks and uncertainties" as these have been included within the Strategic Report on page 2.

PRINCIPAL ACTIVITIES

The Group consists of Autonet Insurance Services Limited, whose principal activity is of an insurance broker and two subsidiary businesses comprising of a legal practice (Autonet Law LLP) and a medical reporting agency (KDB Medicals Ltd). There are also two dormant subsidiaries Van Net Insurance Services Limited and Bike Net Insurance Services Limited.

RESULTS AND DIVIDENDS

The results for the year are shown in the consolidated statement of comprehensive income on page 8. During the year dividends were paid totalling £8,169,363 (2014: £6,709,561) and the directors do not recommend any final dividend (2014: £nil).

FUTURE DEVELOPMENTS

The Group continues to target profitable growth and an increased share of the motor insurance market and will also look to increase its presence in the home insurance market.

To support the continued growth of the business the Group will look to increase the footprint and premium levels of the collaborative underwriting schemes which are in place with a range of insurers.

Following the introduction of Medco by the Ministry of Justice, whilst KDB Medicals Limited can no longer receive instructions from Autonet Law LLP, Medco instructions are now received from a number of independent solicitors. Autonet Law LLP has performed well having been established since June 2013 it is now delivering anticipated profit levels.

EMPLOYEES

The Group operates a fair and consistent recruitment policy and process, which gives full consideration to applicants that may be disabled. Training, career development and promotion are, as far as reasonably practical, identical for all employees according to their abilities and skills. Every effort is made to continue the employment of any staff member who becomes disabled during their employment.

In order to deliver the required service levels to all customers the Group seeks to recruit, employ and develop suitably qualified and experienced people irrespective of age, gender, religion, sexual orientation or physical ability.

Team leaders in the business are supported to encourage close monitoring and relationship building with formal feedback via monthly key performance indicator meetings. Department managers report directly to the board via monthly reports commenting on their individual departments, staff and requirements to ensure the smooth running of their areas.

Customer facing employees are internally monitored by a compliance team with additional monthly risk based monitoring being conducted. Feedback from staff is sought via regular staff lunches and quarterly staff surveys. Individual and Group performance is recognised through a monthly staff recognition scheme, which culminates in an annual awards ceremony.

DIRECTORS

The following directors have held office since 1 January 2015 and their beneficial interests in the Company's issued share capital were:

		31 December 2015 Number	1 January 2015 Number
GD Keeling	A ordinary shares	100,699	100,699
	D ordinary shares	254	254
	E ordinary share	1	1
IJ Donaldson	B ordinary shares	12,446	12,446
	D ordinary shares	3,289	3,289
CD Ball	C ordinary shares	5,955	5,955
	D ordinary shares	3,289	3,289
JVL Devaney	D ordinary shares	433	433

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

By order of the board

IJ Donaldson
Director

4 July 2016

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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

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

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUTONET INSURANCE SERVICES LIMITED

We have audited the Group and parent Company financial statements (the "financial statements") on pages 8 to 39. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable to the UK and Ireland".

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.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statement is provided on the Financial Reporting Council's website at http://www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and parent Company's affairs as at 31 December 2015 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

ANNE LAKIN (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP
Statutory Auditor
Chartered Accountants
Festival Way
Stoke-on-Trent
Staffordshire
ST1 5BB

4 July 2016

	Note	**2015** **£**	2014 £
TURNOVER	2	**41,505,926**	37,248,406
Administrative expenses		**(30,268,638)**	(27,705,128)
Other operating income		**13,442**	20,520
OPERATING PROFIT		**11,250,730**	9,563,798
Interest receivable and similar income	3	**50,910**	76,426
Interest payable and similar expenses	4	**(118,667)**	(123,635)
PROFIT BEFORE TAXATION	3-6	**11,182,973**	9,516,589
Taxation	7	**(2,314,705)**	(2,063,238)
PROFIT AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME		**8,868,268**	7,453,351
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the parent		**8,761,712**	7,415,339
Non-controlling interests		**106,556**	38,012
PROFIT FOR THE YEAR		**8,868,268**	7,453,351

The turnover and operating profit for the year arises from the Group's continuing operations.

Autonet Insurance Services Limited
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2015

	Note	**2015** £	£	2014 £	£
FIXED ASSETS					
Intangible assets	8		**565,697**		600,811
Tangible assets	9		**4,348,066**		4,360,332
			4,913,763		4,961,143
CURRENT ASSETS					
Stocks	11	**10,486**		10,198	
Debtors due within one year	12	**9,183,720**		6,979,238	
Cash at bank and in hand		**5,951,979**		5,782,337	
CURRENT LIABILITIES		**15,146,185**		12,771,773	
Creditors: Amounts falling due within one year	14	**(11,944,371)**		(10,153,886)	
NET CURRENT ASSETS			**3,201,814**		2,617,887
TOTAL ASSETS LESS CURRENT LIABILITIES			**8,115,577**		7,579,030
CREDITORS: Amounts falling due after more than one year	15		**(1,630,203)**		(1,818,193)
DEFERRED INCOME	17		**(435,750)**		(447,123)
PROVISIONS FOR LIABILITIES	18		**(97,495)**		(62,881)
NET ASSETS			**5,952,129**		5,250,833
CAPITAL AND RESERVES					
Called up share capital	19		**128,242**		128,242
Capital redemption reserve			**3**		3
Profit and loss account			**5,709,212**		5,076,258
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT			**5,837,457**		5,204,503
Attributable to non-controlling interests			**114,672**		46,330
TOTAL EQUITY			**5,952,129**		5,250,833

The financial statements on pages 8 to 39 were approved by the board of directors and authorised for issue on 4 July 2016 and are signed on its behalf by:

CD Ball
Director

Company Registration No. 03642372

Autonet Insurance Services Limited
COMPANY STATEMENT OF FINANCIAL POSITION
As at 31 December 2015

	Note	2015 £	2015 £	2014 £	2014 £
FIXED ASSETS					
Intangible assets	8		**551,969**		583,204
Tangible assets	9		**4,338,113**		4,344,095
Investments	10		**76,000**		76,000
			4,966,082		5,003,299
CURRENT ASSETS					
Debtors due within one year	12	**8,185,710**		6,120,754	
Cash at bank and in hand		**5,745,936**		5,635,197	
CURRENT LIABILITIES		**13,931,646**		11,755,951	
Creditors: Amounts falling due within one year	14	**(11,343,940)**		(9,639,492)	
NET CURRENT ASSETS			**2,587,706**		2,116,459
TOTAL ASSETS LESS CURRENT LIABILITIES			**7,553,788**		7,119,758
CREDITORS: Amounts falling due after more than one year	15		**(1,630,203)**		(1,818,193)
DEFERRED INCOME	17		**(435,750)**		(447,123)
PROVISION FOR LIABILITIES	18		**(97,495)**		(62,881)
NET ASSETS			**5,390,340**		4,791,561
CAPITAL AND RESERVES					
Called up share capital	19		**128,242**		128,242
Capital redemption reserve			**3**		3
Profit and loss account			**5,262,095**		4,663,316
TOTAL EQUITY			**5,390,340**		4,791,561

The financial statements on pages 8 to 39 were approved by the board of directors and authorised for issue on 4 July 2016 and are signed on its behalf by:

CD Ball
Director

Company Registration No. 03642372

	Note	Share capital £	Capital redemption reserve £	Profit and loss account £	Total controlling interest £	Non-controlling interest £	**Total £**
Balance at 1 January 2014		128,242	3	4,329,875	4,458,120	19,346	**4,477,466**
Profit for the year		—	—	7,415,339	7,415,339	38,012	**7,453,351**
Total comprehensive income for the year		—	—	7,415,339	7,415,339	38,012	**7,453,351**
Transactions with owners:-							
Dividends	20	—	—	(6,709,561)	(6,709,561)	—	**(6,709,561)**
Share-based payment	21	—	—	40,605	40,605	—	**40,605**
Drawings		—	—	—	—	(11,028)	**(11,028)**
Total transactions with owners in their capacity as owners		—	—	(6,668,956)	(6,668,956)	(11,028)	**(6,679,984)**
Balance at 31 December 2014		**128,242**	**3**	**5,076,258**	**5,204,503**	**46,330**	**5,250,833**
Profit for the year		—	—	8,761,712	8,761,712	106,556	**8,868,268**
Total comprehensive income for the year		—	—	8,761,712	8,761,712	106,556	**8,868,268**
Transactions with owners:-							
Dividends	20	—	—	(8,169,363)	(8,169,363)	—	**(8,169,363)**
Share-based payment	21	—	—	40,605	40,605	—	**40,605**
Drawings		—	—	—	—	(38,214)	**(38,214)**
Total transaction with owners in their capacity as owners		—	—	(8,128,758)	(8,128,758)	(38,214)	**(8,166,972)**
Balance at 31 December 2015		**128,242**	**3**	**5,709,212**	**5,837,457**	**114,672**	**5,952,129**

	Note	Share capital £	Capital redemption reserve £	Profit and loss account £	**Total £**
Balance at 1 January 2014		128,242	3	4,322,242	**4,450,487**
Profit for the year		—	—	7,010,030	**7,010,030**
Total comprehensive income for the year		—	—	7,010,030	**7,010,030**
Transactions with owners:-					
Dividends	20	—	—	(6,709,561)	**(6,709,561)**
Share-based payment	21	—	—	40,605	**40,605**
Total transactions with owners in their capacity as owners		—	—	(6,668,956)	**(6,668,956)**
Balance at 31 December 2014		**128,242**	**3**	**4,663,316**	**4,791,561**
Profit for the year		—	—	8,727,537	**8,727,537**
Total comprehensive income for the year		—	—	8,727,537	**8,727,537**
Transactions with owners:-					
Dividends	20	—	—	(8,169,363)	**(8,169,363)**
Share-based payment	21	—	—	40,605	**40,605**
Total transaction with owners in their capacity as owners		—	—	(8,128,758)	**(8,128,758)**
Balance at 31 December 2015		**128,242**	**3**	**5,262,095**	**5,390,340**

	Note	**2015** **£**	2014 £
OPERATING ACTIVITIES			
Cash generated from operations	23	**11,212,786**	5,124,786
Interest paid		**(37,052)**	(39,355)
Income taxes paid		**(2,047,501)**	(1,975,619)
NET CASH FROM OPERATING ACTIVITIES		**9,128,233**	3,109,812
INVESTING ACTIVITIES			
Purchase of intangible fixed assets		**(235,020)**	(192,706)
Purchase of tangible fixed assets		**(386,041)**	(315,590)
Proceeds on disposal of tangible fixed assets		**3,866**	3,238
Interest received		**50,910**	76,426
NET CASH USED IN INVESTING ACTIVITIES		**(566,285)**	(428,632)
FINANCING ACTIVITIES			
Repayments of borrowings		**(163,475)**	(168,748)
Dividends paid		**(8,250,978)**	(6,793,841)
Repayments of obligations under finance leases		**(12,302)**	—
NET CASH USED IN FINANCING ACTIVITIES		**(8,426,755)**	(6,962,589)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**135,193**	(4,281,409)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**5,605,389**	9,886,798
CASH AND CASH EQUIVALENTS AT END OF YEAR		**5,740,582**	5,605,389
Relating to:			
Bank balances and short term deposits included in cash at bank and in hand		**5,951,979**	5,782,337
Overdrafts included in “creditors: amounts falling due within one year”		**(211,397)**	(176,948)
		5,740,582	5,605,389

GENERAL INFORMATION

Autonet Insurance Services Limited ("the Company") is a limited company domiciled and incorporated in England.

The address of the Company's registered office and principal place of business is Nile Street, Burslem, Stoke-on-Trent, Staffordshire, ST6 2BA.

The Group consists of Autonet Insurance Services Limited and all of its company subsidiaries and Autonet Law LLP.

The Company and the Group's principal activities are included in the directors' report.

BASIS OF ACCOUNTING

These consolidated and Company financial statements are the first consolidated and Company financial statements of Autonet Insurance Services Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the requirements of the Companies Act 2006. The consolidated and Company financial statements of Autonet Insurance Services Limited for the year ended 31 December 2014 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102. The directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the directors have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'. Adjustments are recognised directly in retained earnings at the transition date.

REDUCED DISCLOSURES

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' – Carrying amounts of financial instruments held at amortised cost or cost.
- Section 26 'Share-based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements
- Section 33 'Related Party Disclosures' – Compensation for key management personnel

GOING CONCERN

The Group's business activities and financial position, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report and the Strategic Report. In addition, the Group's financial risk management objectives, and its exposures to credit risk and liquidity risk are set out in these pages.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of Autonet Insurance Services Limited and all of its Company subsidiary undertakings and Autonet Law LLP for the year. Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is capitalised as purchased goodwill and amortised through the statement of comprehensive income over its estimated economic life. Provision is made for any impairment. All financial statements are made up to 31 December 2015.

All intra-group transactions, balances and unrealised gains on transactions between Group companies and entities are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

As permitted by S408 Companies Act 2006, the Company has not presented its own statement of comprehensive income. The Company's profit for the year and total comprehensive income for the year is £8,727,537 (2014: £7,010,030).

FUNCTIONAL AND PRESENTATIONAL CURRENCIES

The financial statements are presented in sterling which is also the functional currency of the Company and the Group.

INTANGIBLE FIXED ASSETS (OTHER THAN GOODWILL)

Intangible assets purchased other than in a business combination are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:-

Purchased computer software	-	25% on cost
Website costs	-	25% on cost

Amortisation is revised prospectively for any significant change in useful life or residual value.

On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on tangible fixed assets, other than freehold land, at rates calculated to write off the cost of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:

Freehold land	-	Not depreciated
Freehold buildings	-	2% on cost on buildings
	-	5% on cost on integral features
Short-term leasehold improvements	-	25% on cost
Fixtures, fittings and equipment	-	25% on cost
Computer equipment	-	25% on cost
Motor vehicles	-	25% on cost

Residual values are calculated on prices prevailing at the reporting date, after estimated costs of disposal for the asset as if it were at the age and in the condition expected at the end of its useful life.

INVESTMENTS

In the separate accounts of the Company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairments losses or reversals of impairment losses are recognised immediately in profit or loss.

The Company holds 100% of the issued share capital of Van Net Insurance Services Limited and Bike Net Insurance Services Limited. These subsidiary undertakings are dormant and have not been included within the consolidated financial statements as the directors believe their exclusion is not material.

WORK IN PROGRESS

Work in progress represents work that has been performed in relation to which revenue will be recognised in a later period in respect of Autonet Law LLP. It is recognised at the lower of cost and net realisable value. The relevant proportion of the salaried remuneration of members is included within costs but members profit allocations are not.

AMOUNTS RECOVERABLE ON CONTRACTS

Amounts recoverable on contracts represent work done at the year end where a continuing right to receive income exists and is valued at the estimated amount recoverable in excess of fees already rendered on account.

TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries that will be assessed to or allow for tax in a future period except where the Company is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

RETIREMENT BENEFITS

The Group operates a defined contribution pension scheme. The amount charged to the statement of comprehensive income in respect of pension costs, and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either other creditors or prepayments in the statement of financial position.

LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing arrangements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the statement of comprehensive income in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

TURNOVER AND REVENUE RECOGNITION

Group revenue represents insurance brokerage fees, income received from premium financing, aggregator income, other claims related services, income from legal services and fee income generated by its medical reporting business.

Where work is performed over a period of time, revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is not recognised until the significant risks and rewards of ownership of the services have passed to the client and the amount of revenue can be measured reliably.

Insurance brokerage fees are recognised upon the completion of the sale of the policy to the client. Discounts provided to clients are deducted from brokerage and fee income.

Premium finance commission due on instalment sales is recognised upon the provision of the instalment scheme to the client less a provision for future cancellations of schemes.

Claims related income is recognised based on set annual contracts terms and is recognised in the period the service is delivered.

Aggregator income is recognised in the period the service is delivered.

For legal services, turnover represents amounts chargeable to clients for professional services provided during the year excluding value added tax. Turnover is recognised when a right to consideration has been obtained through performance under each contract. Consideration accrues as contract activity progresses by reference to the value of the work performed.

Turnover is not recognised where the right to receive payment is contingent on events outside the control of the business.

Unbilled revenue is included in debtors as 'Amounts recoverable on contracts'. Amounts billed on account in excess of the amounts recognised as revenue are included in deferred income.

All turnover of the Group is derived in the United Kingdom.

CASH AND LIQUID RESOURCES

The Group is regulated by the Financial Conduct Authority (FCA). The Group has risk transfer agreements in place with all insurance companies. As a matter of good practice the Group continues to keep insurer monies in separate insurer trust accounts. The total funds held in these accounts are included within cash at bank and in hand (see note 13).

SHARE BASED PAYMENTS

Equity shares consisting of equity-settled share-based payments have been issued to certain employees. The equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest.

The fair value is measured by use of the Black-Scholes option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

Where the terms of an equity-settled transaction are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled transaction is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the transaction is recognised immediately. However, if a new transaction is substituted for the cancelled transaction, and designated as a replacement transaction on the date that it is granted, the cancelled and new transactions are treated as if they were a modification of the original transaction, as described in the previous paragraph.

GOVERNMENT GRANTS

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Grants are recognised as income when the associated performance conditions (such as the creation of jobs) are met.

DEFERRED INCOME

Deferred income presentation is different from that prescribed by the Companies Act 2006 'Accruals and deferred income' as the composition of these balances is such that a true and fair view of the position is presented.

INSURANCE CREDITORS

The parent Company acts as an agent in broking the insurance risk of its clients. Premium monies are usually accounted for by insurance intermediaries and the Group has followed generally accepted accounting practice by showing cash and creditors relating to the sale of insurance policies as assets and liabilities of the parent Company.

FINANCIAL INSTRUMENTS

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

FINANCIAL INSTRUMENTS (continued)

Financial assets

Trade debtors

Trade debtors which are receivable within one year are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Trade creditors

Trade creditors payable within one year are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Bank overdrafts

Bank overdrafts are presented within creditors: amounts falling due within one year.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

CAPITAL REDEMPTION RESERVE

This relates to the nominal value of shares repurchased and still held at the end of the year.

PROFIT AND LOSS RESERVE

Cumulative profit and loss net of distribution to owners.

1 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In particular, within Autonet Insurance Services Limited. Income is recognised at policy date together with commission on financing arrangements. The Group performs detailed analysis on trends for defaults by customers of instalment plans, policies and of bad debts and their recovery. Changes to trends may occur due to changes to marketing and customer profile. Provisions are made based on this data and only the expected recoverable amount is included in the financial statements.

Within the subsidiaries, for income related to the legal and medical claims made for clients, it is expected that due to the legal process, the recovery of work in progress and debtors will take a considerable time. Past experience, reviews of caseload and industry knowledge is used to judge the recoverability of current assets and provision on recoverability are based on this analysis.

The directors believe that estimates and assumptions do not have a significant risk of causing a material difference to the carrying amounts of assets and liabilities within the next financial year.

2 TURNOVER

The total turnover of the Group has been derived from work wholly undertaken in the UK in respect of the following classes of business:

	2015	2014
	£	£
Brokerage income	**25,800,097**	25,507,513
Premium Finance income	**9,554,069**	6,327,724
Claims related income	**3,627,028**	2,870,366
Aggregator income	**1,977,419**	1,950,045
Other income	**547,313**	592,758
	41,505,926	37,248,406

3 INTEREST RECEIVABLE AND SIMILAR INCOME

	2015	2014
	£	£
Bank interest	**50,865**	76,245
Other interest	**45**	181
	50,910	76,426

4 INTEREST PAYABLE AND SIMILAR CHARGES

	2015	2014
	£	£
Interest payable on loans	**35,685**	38,441
Dividends on non-equity share classified as debt	**81,615**	84,280
Lease finance charges	**1,367**	914
	118,667	123,635

5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2015	2014
	£	£
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Rentals payable under operating leases:		
Land and buildings	**30,000**	51,384
Other	**40,600**	44,600
Amortisation of intangible fixed assets	**270,134**	234,712
Depreciation and other amounts written off tangible fixed assets:		
owned assets	**386,325**	377,385
leased assets	**5,766**	3,938
Loss on disposal of fixed assets	**2,350**	7,096
Equity-settled share-based payments	**40,605**	40,605
Grants released	**(11,373)**	(35,330)

Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:

	2015	2014
	£	£
Audit services:		
Statutory audit of parent and consolidated accounts	**24,700**	22,850
Statutory audit of subsidiaries	**9,150**	6,350
Taxation compliance services	**3,100**	5,300
Tax advisory services	**3,100**	3,000
Other assurance services	**4,250**	2,950
All other non-audit services	**4,850**	4,850
	49,150	45,300

6 EMPLOYEES

	2015	2014
	Number	Number
The average monthly number of persons (including directors) employed by the Group during the year was:		
Insurance advisors	**304**	391
Non-insurance advisors	**168**	160
Support services	**161**	142
Legal services	**16**	20
	649	713

Staff costs for the above persons:	**2015**	2014
	£	£
Wages and salaries	**12,653,186**	11,946,020
Social security costs	**1,009,925**	969,791
Other pension costs	**100,011**	85,786
	13,763,122	13,001,597

6 EMPLOYEES (continued)

DIRECTORS' REMUNERATION

	2015 £	2014 £
In respect of the directors of Autonet Insurance Services Limited:		
Emoluments	**796,993**	723,946
Amounts paid to money purchase pension schemes	**5,596**	5,400
Dividend on non-equity share classified as debt paid to a director	**81,615**	84,280
	884,204	813,626

	2015 Number	2014 Number
The number of directors to whom relevant benefits are accruing under:		
Money purchase pension schemes was:	**3**	3

HIGHEST PAID DIRECTOR

	2015 £	2014 £
Emoluments	**431,282**	383,022
Amounts paid to money purchase pension schemes	**364**	360
	431,646	383,382

7 TAXATION

	2015 £	2015 £	2014 £	2014 £
Current tax:				
UK corporation tax	**2,286,279**		2,035,693	
Adjustments in respect of previous periods	**(6,188)**		(20,033)	
Total current tax		**2,280,091**		2,015,660
Deferred tax:				
Origination and reversal of timing differences	**40,609**		44,279	
Adjustments in respect of previous periods	**293**		3,299	
Effect of decreased tax rate on opening	**(6,288)**		—	
Total deferred tax		**34,614**		47,578
Total tax on profit on ordinary activities		**2,314,705**		2,063,238

	2015 £	2014 £
Factors affecting tax charge for the year:		
The tax assessed for the year is higher (2014: higher) than the average standard rate of corporation tax in the UK 20.25% (2014: 21.5%). The differences are explained below:		
Profit on ordinary activities before tax	**11,182,973**	9,516,589
Profit on ordinary activities multiplied by the average standard rate of corporation tax in the UK 20.25% (2014: 21.5%)	**2,264,552**	2,046,067
Effects of:		
Expenses not deductible for tax purposes	**65,898**	37,567
Non-taxable income	**—**	(2,435)
Marginal relief	**—**	(1,422)
Adjustments to tax charge in respect of previous periods	**(5,895)**	(16,734)
Rate difference on deferred tax	**(9,850)**	195
Total tax charge for the year	**2,314,705**	2,063,238

8 INTANGIBLE ASSETS

GROUP	Website development £	Software £	Total £
Cost			
At beginning of year	135,861	1,660,479	1,796,340
Additions	500	234,520	235,020
Disposals	—	(4,675)	(4,675)
At end of year	136,361	1,890,324	2,026,685
Amortisation			
At beginning of year	118,890	1,076,639	1,195,529
Charge for the year	8,773	261,361	270,134
On disposals	—	(4,675)	(4,675)
At end of year	127,663	1,333,325	1,460,988
Net book value			
At 31 December 2015	**8,698**	**556,999**	**565,697**
At 31 December 2014	16,971	583,840	600,811

COMPANY	Website development £	Software £	Total £
Cost			
At beginning of year	135,861	1,631,602	1,767,463
Additions	—	230,920	230,920
Disposals	—	(4,675)	(4,675)
At end of year	135,861	1,857,847	1,993,708
Amortisation			
At beginning of year	118,890	1,065,369	1,184,259
Charge for the year	8,763	253,392	262,155
On disposals	—	(4,675)	(4,675)
At end of year	127,653	1,314,086	1,441,739
Net book value			
At 31 December 2015	**8,208**	**543,761**	**551,969**
At 31 December 2014	16,971	566,233	583,204

9 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Short term leasehold improvements £	Fixtures, fittings and equipment £	Computer equipment £	Motor vehicles £	Total £
GROUP						
Cost						
At beginning of year	4,119,543	13,014	517,764	2,153,844	20,344	6,824,509
Additions	—	—	14,524	361,667	9,850	386,041
Disposals	(3,262)	—	(200)	(110,660)	(9,805)	(123,927)
At end of year	4,116,281	13,014	532,088	2,404,851	20,389	7,086,623
Depreciation						
At beginning of year	409,020	5,031	397,444	1,639,364	13,318	2,464,177
Charge for the year	98,372	3,254	55,720	229,853	4,892	392,091
Disposals	—	—	(200)	(107,706)	(9,805)	(117,711)
At end of year	507,392	8,285	452,964	1,761,511	8,405	2,738,557
Net book value						
At 31 December 2015	**3,608,889**	**4,729**	**79,124**	**643,340**	**11,984**	**4,348,066**
At 31 December 2014	3,710,523	7,983	120,320	514,480	7,026	4,360,332

The cost of freehold land and buildings includes £277,600 (2014: £277,600) relating to freehold land which is not depreciated.

Assets held under finance lease and similar hire purchase contracts included above, are as follows:

	Net book value		Depreciation	
	2015 £	2014 £	**2015 £**	2014 £
Computer equipment	**17,296**	23,062	**5,766**	3,938

9 TANGIBLE FIXED ASSETS (continued)

	Freehold land and buildings £	Fixtures, fittings and equipment £	Motor vehicles £	Computer equipment £	Total £
COMPANY					
Cost					
At beginning of year	4,119,543	503,891	20,344	2,153,846	6,797,624
Additions	—	14,183	9,850	365,024	389,057
Disposals	(3,262)	(358)	(9,805)	(114,017)	(127,442)
At end of year	4,116,281	517,716	20,389	2,404,853	7,059,239
Depreciation					
At beginning of year	409,020	391,827	13,318	1,639,364	2,453,529
Charge for year	98,372	52,191	4,892	229,853	385,308
Disposals	—	(200)	(9,805)	(107,706)	(117,711)
At end of year	507,392	443,818	8,405	1,761,511	2,721,126
Net book value					
At 31 December 2015	**3,608,889**	**73,898**	**11,984**	**643,342**	**4,338,113**
At 31 December 2014	3,710,523	112,064	7,026	514,482	4,344,095

The cost of freehold land and buildings includes £277,600 (2014: £277,600) relating to freehold land which is not depreciated.

Assets held under finance lease and similar hire purchase contracts included above, are as follows:

	Net book value		Depreciation	
	2015 £	2014 £	**2015 £**	2014 £
Computer equipment	**17,296**	23,062	**5,766**	3,938

10 FIXED ASSET INVESTMENTS

	Shares in subsidiary undertakings	Capital in limited liability partnership	Total
COMPANY	£	£	£
Cost			
At beginning and end of year	1,000	75,000	76,000

The company holds more than 20% of the equity and non equity shares of the following UK undertakings:

Subsidiary undertakings	*Class and percentage of shares held Group and Company*	*Nature of business*
KDB Medicals Limited	100% Ordinary	Medical examinations
Van Net Insurance Services Limited	100% Ordinary	Dormant
Bike Net Insurance Services Limited	100% Ordinary	Dormant

The company holds more than 20% of the participation rights in the following Limited Liability Partnerships:

Limited Liability Partnership	*Proportion held directly*	*Nature of business*
Autonet Law LLP	75%	Legal services

11 STOCKS

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Work in progress	10,486	10,198	—	—

Stocks are stated net of a provision of £nil (2014: £nil).

12 DEBTORS

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Amounts falling due within one year:				
Insurance debtors	**6,109,918**	4,443,830	**6,109,918**	4,443,830
Trade debtors	**1,859,163**	1,447,032	**1,106,078**	850,956
Amounts owed by group undertakings	**—**	—	**296,613**	179,450
Amounts recoverable on contracts	**212,400**	272,768	**—**	—
Other debtors	**17,533**	19,000	**500**	500
Prepayments and accrued income	**984,706**	796,608	**672,601**	646,018
	9,183,720	6,979,238	**8,185,710**	6,120,754

GROUP

Debtors are stated net of a provision of £972,569 (2014: £522,660).

COMPANY

Debtors are stated net of a provision of £897,492 (2014; £478,502).

13 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash held in separate insurer trust accounts in respect of balances held under risk transfer agreements and amounted to £2,456,249 (2014: £2,877,371).

14 CREDITORS: Amounts falling due within one year

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Bank loans and overdrafts	**376,081**	329,418	**376,081**	329,418
Obligations under finance leases	**3,817**	3,817	**3,817**	3,817
Insurance creditors	**7,468,896**	6,222,033	**7,468,896**	6,222,033
Trade creditors	**1,120,070**	773,086	**746,123**	496,974
Corporation tax	**1,252,852**	1,020,262	**1,227,924**	942,330
Other tax and social security costs	**418,452**	403,208	**300,799**	325,149
Other creditors	**559,217**	430,596	**559,040**	430,596
Accruals and deferred income	**704,987**	750,500	**661,260**	670,175
Grant received and repayable	**—**	219,000	**—**	219,000
Amounts due to related party	**39,999**	1,966	**—**	—
	11,944,371	10,153,886	**11,343,940**	9,639,492

The bank overdraft and bank loans are secured by first legal charges dated 23 March 2004 and 23 March 2009 over the freehold land and buildings and an unscheduled mortgage debenture dated 23 October 2008 over the current and future assets of Autonet Insurance Services Limited.

15 CREDITORS: Amounts falling due after more than one year

	Group		Company	
	2015	2014	**2015**	2014
	£	£	**£**	£
Bank loans	**1,627,550**	1,803,238	**1,627,550**	1,803,238
Obligations under finance leases	**2,652**	14,954	**2,652**	14,954
Non-equity share	**1**	1	**1**	1
	1,630,203	1,818,193	**1,630,203**	1,818,193
Included above are the following:				
Amounts repayable by instalments falling due after more than five years	**936,690**	1,118,528	**936,690**	1,118,528

ANALYSIS OF DEBT MATURITY

	Group		Company	
	2015	2014	**2015**	2014
Bank loans	**£**	£	**£**	£
Amounts payable:				
In one year or less or on demand	**164,684**	152,470	**164,684**	152,470
In more than one year but not more than two years	**167,836**	166,334	**167,836**	166,334
In more than two years but not more five years	**523,024**	518,376	**523,024**	518,376
In five years or more	**936,690**	1,118,528	**936,690**	1,118,528
	1,792,234	1,955,708	**1,792,234**	1,955,708

OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	Group		Company	
	2015	2014	**2015**	2014
	£	£	**£**	£
Amounts payable:				
Within one year	**3,817**	3,817	**3,817**	3,817
Between two to five years	**2,652**	14,954	**2,652**	14,954
	6,469	18,771	**6,469**	18,771

The bank loans are repayable by monthly instalments and bear interest at a rate of 1.4% above base rate. At the year end the rate was 1.9%.

Obligations under finance leases and hire purchase contracts are secured on the underlying assets.

16 FINANCIAL INSTRUMENTS

	2015	2014
GROUP	**£**	£
Financial assets:		
Debt instruments, measured at amortised cost	**10,908,943**	9,259,596
Total	**10,908,943**	9,259,596
Financial liabilities:		
Measured at amortised cost	**11,298,546**	9,786,781
Total	**11,298,546**	9,786,781

17 DEFERRED INCOME

	Group and Company £
Grants:	
At beginning of year	447,123
Grant – released against other operating income	(11,373)
At end of year	**435,750**

18 PROVISIONS FOR LIABILITIES

	Deferred taxation	
	Group £	Company £
At beginning of year	62,881	62,881
Charge in the year	34,614	34,614
At end of year	**97,495**	**97,495**

Provision for the deferred tax liability has been made as follows:

	Deferred taxation			
	Group		Company	
	2015 £	2014 £	**2015 £**	2014 £
Difference between accumulated depreciation and capital allowances	**80,711**	45,015	**80,711**	45,015
Other timing differences	**(1,463)**	(2,134)	**(1,463)**	(2,134)
Rollover relief provision	**18,247**	20,000	**18,247**	20,000
	97,495	62,881	**97,495**	62,881

19 CALLED UP SHARE CAPITAL

	2015 £	2014 £
Allotted, issued and fully paid:		
100,699 (2014: 100,699) A Ordinary shares of £1 each	**100,699**	100,699
12,446 (2014: 12,446) B Ordinary shares of £1 each	**12,446**	12,446
5,955 (2014: 5,955) C Ordinary shares of £1 each	**5,955**	5,955
9,142 (2014: 9,142) D Ordinary shares of £1 each	**9,142**	9,142
	128,242	128,242
Shares classed as financial liabilities – E Ordinary share of £1 each	**1**	1

The D and E Ordinary shares do not carry a right to attend or vote at general meetings. The E shares carry an obligation on the Company of a set payment to the holder, thus classified as a financial liability. The D shares do not carry a right to a dividend.

20 DIVIDENDS

	2015 £	2014 £
Non equity share classified as debt – interest cost	**81,615**	84,280
Ordinary equity dividend - A shares	**7,859,761**	4,896,114
- B shares	**182,397**	1,333,762
- C shares	**127,205**	479,685
	8,169,363	6,709,561

20 DIVIDENDS (continued)

The dividend per share in respect of the non equity shares was £81,615 per share (2014: £84,280).

The dividend per share in respect of the equity shares was £78.05 (2014: £48.62) per share in respect of the A shares, £14.66 (2014: £107.16) per share in respect of the B shares and £21.36 (2014: £80.55) in respect of the C shares.

21 SHARE BASED PAYMENTS

Equity-settled share-based payments

The Company issued 9,142 D Ordinary shares to certain directors during 2012 at par. The shares attract certain benefits if the Company is sold in the future over a predetermined value, full details are disclosed in the Articles of Association. The right of this benefit is lost if the directors leave the Group. These shares are considered equity-settled share-based payments and have been valued using the Black Scholes model to establish the fair value of these shares at the date of issue. The total estimated fair value at the date of issue was £162,531 and this charge is being spread over 4 years, being the deemed vesting period. The charge in the year was £40,605 (2014: £40,605).

The shares issued had a weighted effective average exercise price of £17.78 (2014: £17.78) and a weighted average remaining contractual life of 1 year (2014: 2 years).

The inputs into the Black Scholes model are as follows:

	2015	2014
Effective average share price £	**524.77**	524.77
Effective average exercise price £	**587.74**	587.74
Expected volatility %	**7.00**	7.00
Risk free rate %	**1.79**	1.79

Expected volatility was determined by calculating the historical volatility of Autonet Insurance Services Limited's earnings for a period up to the date of granting of the shares.

22 PENSION COMMITMENTS

The Group and Company operate a defined contribution pension scheme whose assets are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group and Company and amounted to £100,011 (2014: £85,786). Contributions totalling £13,345 (2014: £13,182) were payable to the fund at the year end and are included in other creditors.

23 RECONCILIATION OF PROFIT AFTER TAX TO NET CASH GENERATED FROM OPERATIONS

	2015 **£**	2014 £
Profit after tax	**8,868,268**	7,453,351
Adjustments for:		
Depreciation of tangible fixed assets	**392,091**	381,323
Amortisation of intangible fixed assets	**270,134**	234,712
Share-based payment expense	**40,605**	40,605
Government grant released	**(11,373)**	(11,330)
Loss on disposal of tangible fixed assets	**2,350**	7,096
Interest receivable	**(50,910)**	(76,426)
Interest payable	**118,667**	123,635
Taxation	**2,314,705**	2,063,238
Operating cash flows before movements in working capital	**11,944,537**	10,216,204
(Increase)/decrease in stock	**(288)**	16,976
Increase in trade and other debtors	**(2,204,482)**	(1,210,671)
Increase/(decrease) in trade and other creditors	**1,473,019**	(3,897,723)
Cash generated from operations	**11,212,786**	5,124,786

24 COMMITMENTS UNDER OPERATING LEASES

GROUP

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2015 Property £	2014 Property £	**2015 Other £**	2014 Other £
Amounts due within one year	**12,500**	30,000	**14,867**	44,600
Amounts due between one and two years	**—**	12,500	**—**	14,867
	12,500	42,500	**14,867**	59,467

COMPANY

No non-cancellable operating leases are held by the Company.

25 RELATED PARTY TRANSACTIONS

GD Keeling, IJ Donaldson, JVL Devaney and CD Ball are all related parties by virtue of their directorships of and shareholdings in the Company.

During the year, dividends of £8,169,363 (2014: £6,709,561) were paid to directors of the Company.

GD Keeling received non-equity dividends in the sum of £81,615 (2014: £84,280) in respect of his E Ordinary shareholding.

25 RELATED PARTY TRANSACTIONS (continued)

Autonet Law LLP

Autonet Law LLP is controlled by Autonet Insurance Services Limited. During the year the Limited Liability Partnership transacted with this Company as follows:

	2015 £	2014 £
Amounts loaned to Autonet Law LLP	**—**	50,864
Recharged to Autonet Law LLP	**28,459**	56,807
Rent payable	**13,650**	13,650
Year end debtor – included within Debtors: Amounts owed by Group undertakings	**24,052**	170,678

During the year ended 31 December 2015, Autonet Insurance Services Limited introduced capital of £nil (2014: £75,000). The share of the profit during the year was £315,322 (2014: £114,037).

Price Law Limited controls 24% of Autonet Law LLP. During the year the Group transacted with the Company as follows:

	2015 £	2014 £
Recharges from Price Law Limited	**29,350**	23,484
Recharged to Price Law Limited	**2,069**	9,190
Rent payable	**30,000**	30,000
Management recharge from Price Law Limited	**40,000**	—
Sales invoices	**775**	—
Year end creditor included in amounts due to related party creditor	**39,999**	1,966

26 REMUNERATION OF KEY MANAGEMENT PERSONNEL

The total remuneration of the directors who are considered to be the key management personnel of the Group was £989,486 (2014: £908,470).

27 ULTIMATE CONTROLLING PARTY

GD Keeling is the ultimate controlling party by virtue of his majority shareholding.

28 FIRST TIME ADOPTION OF FRS 102

Reconciliations and descriptions of the effect of the transition to FRS 102 on;

(i) the consolidated equity at the date of transition to FRS 102;

(ii) the consolidated equity at the end of the comparative period;

(iii) the consolidated profit or loss for the comparative period reported under previous UK GAAP;

(iv) the Company equity at the date of transition to FRS 102;

(v) the Company equity at the end of the comparative period; and

(vii) the Company profit or loss for the comparative period reported under previous UK GAAP are given below.

Under FRS 102, the Consolidated Statement of Cash Flows presents changes in cash and cash equivalents (which include cash in hand, deposits repayable on demand and overdrafts and short-term, highly liquid investments), showing changes arising from operating activities, investing activities and financing activities

28 FIRST TIME ADOPTION OF FRS 102 (continued)

separately. Under previous UK GAAP, the Consolidated Cash Flow Statement presented changes in cash (which includes cash in hand, deposits repayable on demand and overdrafts) under the headings of operating activities, returns on investments and servicing of finance, taxation, capital expenditure and financial investment, acquisitions and disposals, equity dividends paid, management of liquid resources, and financing.

RECONCILIATIONS OF CONSOLIDATED EQUITY

	Notes	1 January 2014 £	31 December 2014 £
Consolidated equity as previously reported under previous UK GAAP		4,477,466	5,250,833
Intangible fixed assets – cost	A	1,796,339	—
Intangible fixed assets – amortisation	A	(953,105)	242,424
Tangible fixed assets – cost	A	(1,796,339)	—
Tangible fixed assets – depreciation	A	953,105	(242,424)
Adjustments to deferred tax	B	(20,000)	—
Consolidated equity reported under FRS 102		4,457,466	5,250,833

RECONCILIATION OF CONSOLIDATED PROFIT OR LOSS

	Notes	Year ended 31 December 2014 £
Consolidated profit or loss as previously reported under previous UK GAAP		7,453,351
Depreciation of computer equipment	A	234,712
Amortisation of website development	A	(7,712)
Depreciation of computer equipment	A	7,712
Amortisation of computer software	A	(234,712)
Consolidated profit reported under FRS 102		7,453,351

A - Under former UK GAAP website development and computer software was treated as tangible fixed assets and depreciated accordingly. Under FRS 102 these have been transferred to intangible assets and the depreciation moved to amortisation.

B - Under former UK GAAP no amount of deferred tax in relation to the capital gain rollover was required to be recognised. Under FRS 102 an amount of £20,000 has been recognised in respect of a previous capital gain rolled-over into assets.

28 FIRST TIME ADOPTION OF FRS 102 (continued)

RECONCILIATION OF COMPANY EQUITY

	Notes	1 January 2014 £	31 December 2014 £
Company equity as previously reported under previous UK GAAP		4,470,487	4,791,561
Intangible fixed assets – cost	A	1,767,463	—
Intangible fixed assets – amortisation	A	(941,835)	242,424
Tangible fixed assets – cost	A	(1,767,463)	—
Tangible fixed assets – depreciation	A	941,835	(242,424)
Adjustments to deferred tax	B	(20,000)	—
Company equity reported under FRS 102		4,450,487	4,791,561

RECONCILIATION OF COMPANY PROFIT OR LOSS

	Notes	Year ended 31 December 2014 £
Company profit or loss as previously reported under previous GAAP		7,010,030
Depreciation of computer equipment	A	(7,712)
Amortisation of website development	A	7,712
Depreciation of computer equipment	A	(234,712)
Amortisation of computer software	A	234,712
Company profit reported under FRS 102		7,010,030

A - Under former UK GAAP website development and computer software was treated as tangible fixed assets and depreciated accordingly. In line with FRS 102 these have been transferred to intangible assets and the depreciation moved to amortisation.

B - Under former UK GAAP no amount of deferred tax in relation to the capital gain rollover was required to be recognised. Under FRS 102 an amount of £20,000 has been recognised in respect of a previous capital gain rolled over into assets.

Price Forbes Holdings Limited

Strategic report, directors' report

and financial statements

For the period 10 September 2015
to 31 December 2016

Registered Number FC032811

PRICE FORBES HOLDINGS LIMITED

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PRICE FORBES HOLDINGS LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS:	M P Donegan	(appointed 21 December 2015)
	A G G Forman	(appointed 21 December 2015)
	O Feix (Non Executive Director)	(appointed 8 October 2015)
	M Khaled (Non Executive Director)	(appointed 20 January 2016) (resigned 21 December 2016)
	S French (Non Executive Director)	(appointed 20 March 2017)
	B J Hurst-Bannister (Independent Non Executive Director) *	(appointed 20 January 2016)
	N S L Lyons (Independent Non Executive Chairman) **	(appointed 26 January 2017)

* B J Hurst-Bannister served as Chairman from 20 January 2016 to 19 April 2017

** N S L Lyons was appointed Chairman on 19 April 2017

SECRETARY: A Walking (appointed 20 January 2016)

REGISTERED OFFICE:
Maples Corporate Services Limited
PO BOX 309 Ugland House
Grand Cayman
Ky11104, Cayman Islands

BANKERS:
The Royal Bank of Scotland
280 Bishopsgate
London
EC2M 4RB

SOLICITORS:
Freshfields
65 Fleet Street
London
EC4Y 1HS

INDEPENDENT AUDITORS:
PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

PRICE FORBES HOLDINGS LIMITED

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

The Company's principal activity is that of parent for its principal subsidiaries which traded in the year:
Price Forbes & Partners Limited, authorised and regulated by the Financial Conduct Authority,
Price Forbes & Partners (Bermuda) Limited, authorised and regulated by the Bermudan Monetary Authority,
Price Forbes (PTY) Limited, authorised and regulated by the South African Financial Service Board
Price Forbes Labuan Limited, licensed under the Labuan Financial and Securities Act 2010 and
Price Forbes DMCC, licensed by the DMCC Authority.

All subsidiaries act as a broker in insurance and reinsurance markets.

Financial Risk Management

A review of the Group's principal risks and uncertainties is included below.

Legal and Regulatory Risk

The Group is exposed to potential claims and litigation arising out of the ordinary course of business relating to alleged errors and omissions, or non-compliance with laws and regulations. The directors are satisfied that the Group has adequate insurance to meet such claims and that the level of the deductible is appropriate. However, were the claim experience to deteriorate it could have an adverse effect on the Group's results and reputation.

Financial Risk

The Group is exposed to financial risk through its financial assets and liabilities. The components of financial risk are currency, liquidity, interest rate and counter party credit risk. The extent of the exposure to each of these components varies:

Foreign Currency Risk

The Group's main exposure to foreign currency risk arises from the settlement in foreign currency, principally US Dollars, of brokerage and fees relating to insurance business originating overseas. Transactions denominated in US Dollars form approximately 83% of the Group's revenues. The Group manages this exposure through active treasury management processes, including hedging operations where appropriate.

Liquidity Risk

Fees and commissions are received and withdrawn from insurance trust accounts based on a client money calculation performed in accordance with the Financial Conduct Authority's client money rules (CASS 5). Insurance and Corporate funds are monitored and maintained so as to enable the Group to meet cash settlement requirements as they fall due. Client money is held with approved banks and cleared funds have to be available before payment is made.

Interest Rate Risk

The prevailing low interest rates and limited shareholder loans means that the extent of any adverse variance on the Group's results is immaterial.

Counter Party Credit Risk

To minimise this risk the Group has a general policy of not funding payment of claims on behalf of insurers or premiums on behalf of its clients. However, the Group has established a strict authorisation policy whereby management may in certain circumstances authorise funding. Consequently, there is not a significant exposure to credit risk deriving from insurers and clients in this respect. At the same time, the Group has appointed a Market Security Committee which monitors the financial condition of insurers and reinsurers through the use of professional rating agency reports on an ongoing basis. Client money is spread over a number of approved banks with a minimum required credit rating to mitigate the bank counter party risk.

Operational Risk

Operational risk is the risk of loss due to factors such as inadequate systems, management failure, inadequate internal controls, fraud and human error. The Group mitigates these risks through a Key Risks and Controls framework, systems of internal controls, internal audit and compliance functions and other measures such as back-up procedures, contingency planning and insurance.

The Board has ultimate responsibility for the system of internal control maintained by the Group to manage operational, regulatory and financial risks. The Board through the Audit Committee reviews the effectiveness of internal controls across the Group.

Audit Committee

In addition to the above, the Audit Committee monitors both the performance and value for money obtained from the auditors and their independence. Their appointment is kept under regular review.

The Audit Committee sets and controls the work programme for the internal audit function and also reviews the financial statements and the disclosures therein.

Results & Dividend

The Group's EBITDA for the period is £3.852m. The Group's loss for the financial period is £(4.0)m and an equivalent amount has been transferred to reserves. During the period no dividends were paid.

Directors

The directors of the company who were in office during the period and up to the date of signing were:

M P Donegan	(appointed 21 December 2015)
A G G Forman	(appointed 21 December 2015)
O Feix (Non Executive Director)	(appointed 8 October 2015)
M Khaled (Non Executive Director)	(appointed 20 January 2016)
	(resigned 21 December 2016)
S French (Non Executive Director)	(appointed 20 March 2017)
B J Hurst-Bannister (Independent Non Executive Director) *	
	(appointed 20 January 2016)
N S L Lyons (Independent Non Executive Chairman) **	
	(appointed 26 January 2017)

* B J Hurst-Bannister served as Chairman from 20 January 2016 to 19 April 2017

** N S L Lyons was appointed Chairman on 19 April 2017

Directors' Indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report

Disclosure of Information to Auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditor

The auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

Disabled employees

The Group is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The Group gives full and fair consideration to applications for employment for disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Group. If members of staff become disabled the Group continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

Employee Involvement

The Group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Group is encouraged. This achieves a common awareness of the financial and economic factors affecting the Group and plays a major role in maintaining its competitive positioning and corporate culture. The Group encourages the involvement of employees by means of regular staff forums with management.

The financial statements on pages 10 to 30 were approved by the Board of Directors on 23rd May 2017 and signed on behalf of the Board by

M P Donegan
Director

PRICE FORBES HOLDINGS LIMITED

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic report, Directors' Report and the financial statements.

The directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102)).

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 comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of 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. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved that:

(a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(b) each of the directors have taken all the steps that ought to have been taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

PRICE FORBES HOLDINGS LIMITED

CONSOLIDATED INCOME STATEMENT
For the period ended 31 December 2016

	Notes	2016 £'000
TURNOVER	2	69,117
Administrative expenses		(65,658)
Other operating income	3	393
EBITDA		3,852
Amortisation and depreciation		(5,546)
OPERATING LOSS	4	(1,694)
Interest payable and similar charges	5	(575)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,269)
Tax on loss on ordinary activities	9	(1,732)
LOSS FOR THE FINANCIAL PERIOD	19	(4,001)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period ended 31 December 2016

		2016 £'000
Loss for the financial year		(4,001)
Cash flow hedges		
- change in value of hedging instrument		(19,972)
- reclassification to profit and loss		5,677
Foreign exchange translation differences	19	(114)
Total tax on components of other comprehensive income		2,667
Total comprehensive expense		(15,743)

Notes from pages 15-30 forms part of the financial statements.

Activities are derived from continuing operations.

PRICE FORBES HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

	Notes		31 December 2016 £'000
FIXED ASSETS			
Intangible assets	11		93,498
Tangible assets	12		4,694
CURRENT ASSETS			
Debtors	14	24,156	
Cash at bank and in hand	23	12,173	
		36,329	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	(31,655)	
NET CURRENT ASSETS			4,674
TOTAL ASSETS LESS CURRENT LIABILITIES			102,866
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	16		(22,131)
PROVISIONS FOR LIABILITIES	17		(301)
NET ASSETS			80,434
CAPITAL AND RESERVES			
Called up share capital	18		102
Share premium account	19		95,968
Other reserves	19		107
Capital redemption reserve	19		—
Fair value and hedging reserves	19		(11,628)
Profit and loss account	19		(4,115)
TOTAL SHAREHOLDERS' FUNDS	19		80,434

Notes from pages 15-30 forms part of the financial statements.

The financial statements were approved by the board of directors on 23rd May 2017 and were signed on its behalf by:

A G G Forman

M P Donegan

Registered Number FC032811

PRICE FORBES HOLDINGS LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

	Notes		31 December 2016 £'000
FIXED ASSETS			
Investments	13		111,581
CURRENT ASSETS			
Debtors	14	26	
Cash at bank and in hand		—	
		26	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	(6,285)	
NET CURRENT LIABILITIES			(6,259)
TOTAL ASSETS LESS CURRENT LIABILITIES			105,322
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	16		(11,975)
NET ASSETS			93,347
CAPITAL AND RESERVES			
Called up share capital	18		102
Share premium account	19		95,968
Other reserves	19		107
Capital redemption reserve	19		—
Profit and loss account	19		(2,830)
TOTAL SHAREHOLDERS' FUNDS	19		93,347

Notes from pages 15-30 forms part of the financial statements.

The financial statements were approved by the board of directors on 23rd May 2017 and were signed on its behalf by:

A G G Forman

M P Donegan

Registered Number FC032811

PRICE FORBES HOLDINGS LIMITED

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY
For the period ended 31 December 2016

GROUP	Called up Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Fair value and hedging reserves £'000	Other reserves £'000	Total share-holders' funds £'000
Unrealised losses on hedging derivative	—	—	—	—	(11,628)	—	(11,628)
Loss for the financial period	—	—	—	(4,001)	—	—	(4,001)
Share options	—	—	—	—	—	107	107
Shares Issued	102	95,968	—	—	—	—	96,070
Shares Redeemed	—	—	—	—	—	—	—
Foreign Exchange Translation	—	—	—	(114)	—	—	(114)
At 31 December 2016	102	95,968	—	(4,115)	(11,628)	107	80,434

COMPANY	Called up Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Other reserves £'000	Total share-holders' funds £'000
Loss for the financial period	—	—	—	(2,830)	—	(2,830)
Share options	—	—	—	—	107	107
Shares Issued	102	95,968	—	—	—	96,070
Shares Redeemed	—	—	—	—	—	—
At 31 December 2016	102	95,968	—	(2,830)	107	93,347

Notes from pages 15-30 forms part of the financial statements.

PRICE FORBES HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOW
For the period ended 31 December 2016

	Note		2016 £'000
Operating activities			
Net cash inflow from operating activities	22		3,282
Corporation tax paid			(1,024)
Net cash generated on operating activities			**2,258**
Cashflow from investing activities			
Purchase of intangible fixed assets		(165)	
Purchase of tangible fixed assets		(3,262)	
Issue of ordinary share capital		96,070	
Net cash generated from investing activities			**92,643**
Cashflow from financing activities			
Interest paid		(248)	
Equity Dividends Paid		—	
Purchase of ordinary share capital		(111,474)	
Drawdown of RBS facility		7,874	
Loan notes issued		9,127	
Net cash used in financing activities			**(94,721)**
Net Increase in cash and cash equivalents	23		180
Reconciliation of net cash flow to movement in net funds			
Increase in cash in the period			180
Exchange Gains on cash			911
Net funds acquired			11,082
Net funds at the end of the year			12,173

The Groups reconciliation of net cash flow to movement in net debt is shown in note 23.

1. ACCOUNTING POLICIES

Price Forbes Holdings Limited ("the Company") acts as parent for its subsidiaries which act as brokers in insurance and reinsurance markets.

The Company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is 2 Minster Court, Mincing Lane, London. EC3R 7PD.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

(a) Basis of preparation

The financial statements have been prepared in accordance with UK applicable accounting standards under the historical cost convention.

The directors have a reasonable expectation that the Company and Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

There are no critical accounting judgements made in applying the Group's accounting policies. However, the Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The area of greatest judgement is the deferral of revenue for post placement services which is discussed in the accounting policies.

(b) Basis of consolidation

The financial statements of the Group consolidate those of the parent Company and its subsidiaries made up to 31 December 2016. All subsidiaries have been consolidated using acquisition accounting.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

(c) Turnover

Revenue from brokerage and fees derived from insurance and reinsurance contracts and programmes is recognised at the later of the policy inception date or when the policy placement has been completed. Revenues from binding authorities and treaties are recognised on a periodic basis when the consideration due is confirmed by third parties.

Profit commission, which the company earns on facilities it operates on behalf of insurers, is recognised on either a cash settlement basis or when the amount can be determined and insurers make an irrevocable commitment to pay that amount.

Due to the long term nature of some of the services provided by the Group to its clients, obligations can arise for the performance of post-placement activities. Where these are not covered by additional income, a relevant portion of brokerage is deferred and recognised in the periods in which these activities take place.

Alterations to brokerage income arising from premium adjustments are taken into account as and when such adjustments are made. Adjustment to brokerage has been made where a return of premium and brokerage is made, or may be made, subsequent to the end of the financial year.

(d) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange differences arising on translation are taken directly to the profit and loss account.

Exchange differences arising from trading activities are calculated at the prevailing rate and dealt with in the profit and loss account. Profits or losses arising from forward foreign exchange contracts taken

1. **ACCOUNTING POLICIES (continued)**

(d) Foreign currencies (continued)

out to hedge the currency exposure arising from future income are recognised in the profit and loss account as they are realised.

The Group's consolidated financial statements are presented in pounds sterling, the Group's presentation currency, and rounded to thousands. Accordingly, the results and financial position of foreign subsidiaries must be translated into the presentation currency of the Group from their functional currencies, ie the currency of the primary economic environment in which the entity operates. All assets and liabilities of foreign subsidiaries are converted at year end exchange rates whilst all income and expenses are converted at average exchange rates. The impact of these currency translations is recorded as a separate component in the consolidated statement of comprehensive income.

(e) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. The Group invested in new Portal and Broking system software which will be depreciated over the expected period of usage. Tangible assets are depreciated on the following basis:

- Office fixtures . . . . 10.0% per annum straight line basis (2015 - 10.0%)
- Leasehold improvements . . . . 10.0% per annum straight line basis (2015 - 10.0%)
- Computer hardware . . . . 20.0% per annum straight line basis (2015 - 20.0%)
- Computer software . . . . 33.3% per annum straight line basis (2015 - 33.3%)
- Computer software - Portals . . . . 20.0% per annum straight line basis
- Computer software - Broking system . . . 10.0% per annum straight line basis

(f) Intangible assets

Goodwill represents the excess of the cost of acquisition over the fair value of the net identifiable assets acquired. Goodwill is amortised over its estimated useful economic life which is deemed to be 20 years.

(g) Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations shown in creditors.

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the lease after adjusting for any rent free period which is apportioned over the period of the lease.

In the case of the premises leases relating to the Group's principle trading location at 2 Minster Court in London the directors do not expect to invoke the break clause contained therein except in exceptional circumstances and so the costs associated with the premiums have been allocated over the full life of the lease.

(h) Insurance debtors and creditors

The Group acts as an agent in broking the insurable risks of clients and normally is not liable as a principal for premiums due to underwriters, or for claims payable to clients. In recognition of this relationship, the insurance debtors, creditors and cash balances ("fiduciary assets") relating to insurance business are not included as assets and liabilities of the Group itself. Notwithstanding the above policy the Group is entitled to retain the investment income on any cash flows arising from these transactions.

In the ordinary course of insurance broking business, settlement is required to be made with certain market settlement bureaux, insurance intermediaries or insurance companies on the basis of the net

1. **ACCOUNTING POLICIES (continued)**

(h) Insurance debtors and creditors (continued)

balance due to or from them rather than the amount due to or from the individual third parties which it represents.

Net fiduciary assets representing brokerage earned by the Group and not taken to its own funds is included in the balance sheet debtors as an amount falling due within one year.

(i) Pensions

The Group's principle subsidiary Price Forbes & Partners operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group, in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund during the year.

(j) Other operating income

Other operating income represents interest earned and is accounted for on an accruals basis.

(k) Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(l) Share-based payments

The share option and restrictive stock programme allows employees to acquire shares of the parent company. The fair value of options and restricted stock granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value is measured using an option pricing model, taking into account the terms and conditions upon which the options and restricted stock were granted. The amount recognised as an expense is adjusted to reflect the actual number that vest except where variations are due only to share prices not achieving the threshold for vesting.

(m) Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

(n) Investments

Investments in subsidiary undertakings are stated at cost less provision for impairments.

1. ACCOUNTING POLICIES (continued)

(o) Hedging and derivative financial instruments

Derivative financial instruments, being currency forward contracts, are recognised at fair value which is calculated on the year end forward rate, with any gains or losses being reported in the statement of comprehensive income. Outstanding derivatives at the reporting date are included under the appropriate format heading depending on the nature of the derivative.

The Group applies hedge accounting for transactions entered into to manage the cash flow exposures of future revenue transactions denominated in USD using foreign exchange forwards which are designated as cash flow hedges.

Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the income statement.

The gain or loss recognised in other comprehensive income is reclassified to the income statement when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised or the hedging instrument is terminated.

2. TURNOVER

All turnover arises from insurance broking activities.

	2016 £'000
Turnover by location of client is split as follows:	
United Kingdom	6,002
Continental Europe	3,880
North America	37,648
Other	21,587
	69,117

3. OTHER OPERATING INCOME

	2016 £'000
Bank interest receivable	393

Income earned on monies held as an integral part of the operations of the Company is disclosed within operating income.

4. OPERATING LOSS

	2016 £'000
Operating loss is stated after charging:	
Depreciation of tangible assets (note 12)	454
Amounts receivable by the auditors and their associates in respect of:	
Fees payable to the company's auditors for the audit of the parent and consolidated financial statements	5
The audit of the company's subsidiaries	103
Total audit fees	**108**
Fees payable to the company's auditors and their associates for other services including:	
Audit-related assurance services	21
Tax compliance services	10
Tax advisory services	46
Total fees payable to the company's auditors	**185**
Amortisation of goodwill (note 11)	5,128
Rentals under operating lease - land and buildings	1,981
Realised loss on fair value movement on outstanding derivatives	5,677

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2016 £'000
Loan Interest	575

6. EMPLOYEES AND STAFF COSTS

	2016 Number
The monthly average number of persons employed by the Group, which includes directors, was:	
Broking & underwriting services	277
Claims	24
Finance and operations	28
Management	13
	342

The costs incurred in respect of employees were:

	2016 £'000
Wages and salaries	37,551
Social security costs	3,649
Other pension costs	3,487
	44,687

7. DIRECTORS

	2016 £'000
Remuneration of directors of the Company included in staff cost was as follows:	
Emoluments payable	1,025
Company contributions payable to defined contribution pension scheme	—

	Number
Number of directors who are members of defined contribution scheme	2
Number of directors who exercised options/restricted stock	—

8. DIVIDENDS

	2016 £'000
Interim paid for current period nil per share	—

9. TAX ON LOSS ON ORDINARY ACTIVITES

	2016 £'000
(a) Analysis of charge for the year	
United Kingdom corporation tax on loss for the year	1,586
Adjustments in respect of prior year	(119)
Deferred taxation	265
Tax charge for the year	1,732

The tax assessed for the year is higher than the standard rate of corporation tax in the UK 20.00%

	2016 £'000
(b) Factors affecting tax charge for year	
Loss on ordinary activities before tax	(2,269)
Loss on ordinary activities multiplied by standard rates of corporation tax in the UK 20.00%	(454)
Effect of:	
Adjustments in respect of prior year	(119)
Expenses not deductible for tax purposes	3,967
Share-based remuneration	21
Depreciation in excess of capital allowances	(89)
Other timing differences	(10)
Deferred tax movements:	
Accelerated depreciation	266
Pension accrual	—
Derivatives	(2,667)
Share-based remuneration	—
Bonuses	483
Unpaid interest on shareholder loan	67
Difference in tax rate overseas	267
Charge as in (a) above	1,732

A reduction of 1% to the corporation tax rate (reducing the rate to 19%) for the year commencing 1 April 2017, was enacted by Royal Assent on 26 October 2015. A further reduction of 1% to the corporation tax rate (reducing the rate to 18%) for the year commencing 1 April 2020, was enacted by Royal Assent on the same date. Accordingly, the relevant deferred tax balances have been measured at 18%.

10. PROFIT ATTRIBUTABLE TO THE COMPANY

The loss for the year dealt with in the financial statements of Price Forbes Holdings Limited was £(2,830,165).

11. INTANGIBLE ASSETS - GOODWILL

GROUP	2016 Acquired PFIH £'000	2016 Acquired PFP £'000	2016 Goodwill £'000	2016 GROUP £'000
Cost				
Intangible acquired/impaired	101	765	—	866
Additions (note 27)	—	165	97,595	97,760
	101	930	97,595	98,626
Accumulated Amortisation				
Charge for the period	26	221	4,881	5,128
	26	221	4,881	5,128
Net Book Value	75	709	92,714	93,498

Consolidated goodwill was generated by Price Forbes Holdings Limited when the assets and liabilities of PFIH Limited were acquired on 21 December 2015. See note 27 for details of acquisition accounting.

Additions include acquisition costs for books of business for Price Forbes & Partners.

The amortisation basis on the remaining goodwill is straight line and reflects the expected useful economic life of the asset which is 20 years.

12. TANGIBLE ASSETS

GROUP	Leasehold Improvements £'000	Office Fixtures £'000	Computer Hardware £'000	Computer Software £'000	Total £'000
COST					
Acquired	1,103	416	195	172	1,886
Additions	1,703	562	152	845	3,262
At 31 December 2016	2,806	978	347	1,017	5,148
ACCUMULATED DEPRECIATION					
Charge for the period	259	92	93	10	454
At 31 December 2016	259	92	93	10	454
NET BOOK VALUE					
At 31 December 2016	2,547	886	254	1,007	4,694

No tangible fixed assets are held by the Company.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period ended 31 December 2016

13. INVESTMENTS

COMPANY

Shares in subsidiary undertakings	2016 £'000
COST	
Additions during year (note 27)	111,474
Share based payment adjustment	107
At 31 December	111,581

The subsidiary companies that traded during the period, together with their principal activities are set out below:

	Principal activity	Country of incorporation/ registration	Percentage of ordinary shares held Group	Percentage of ordinary shares held Company
Price Forbes and Partners Limited	Insurance Broking	United Kingdom	100%	100%
Price Forbes and Partners (Bermuda) Limited	Insurance Broking	Bermuda	100%	0%
Price Forbes (Pty) Limited	Insurance Broking	South Africa	100%	0%
Price Forbes DMCC Limited	Insurance Broking	Dubai	100%	0%
Price Forbes Labuan Limited	Insurance Broking	Labuan	100%	100%

14. DEBTORS

	GROUP 2016 £'000	COMPANY 2016 £'000
Net fiduciary assets (note 25)	16,587	—
Other debtors	716	18
Deferred tax asset	3,628	—
Prepayments and accrued income	1,458	—
	22,389	18
Amount due after one year		
Other Debtors	1,255	—
Net fiduciary assets (note 25)	512	—
	24,156	18

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP 2016 £'000	COMPANY 2016 £'000
Other creditors including taxation and social security	1,827	—
Accruals and deferred income	10,275	1,762
Hedging derivatives	10,079	—
Intercompany	—	4,523
RBS Facility (GBP LIBOR +3.25%)	9,474	—
	31,655	6,285

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	GROUP 2016 £'000	COMPANY 2016 £'000
Shareholder loan notes	9,463	9,463
Accruals and deferred income	2,513	2,512
Hedging derivatives	10,155	—
	22,131	11,975

The maturity of the group's and company's debt obligations are as follows:

2016	Shareholder Loans £'000	Derivatives £'000	Accruals £'000	Total £'000
Two to five years	9,463	10,155	2,513	22,131
	9,463	10,155	2,513	22,131

17. PROVISIONS FOR LIABILITIES

	Errors & Omissions £'000	Holiday Provision £'000	Total £'000
Acquired	—	313	313
Increase for the year	—	(12)	(12)
At 31 December 2016	—	301	301

Provisions are made up of two components;

- The Group is subject to claims and litigation in the ordinary course of business resulting principally from alleged errors and omissions. Although all claims are defended vigorously, a charge is made within the accounts, net of any anticipated insurance recoveries, in respect of provisions made for potential liabilities including expenses that are deemed more likely than not to arise in respect of potential claims and litigation notified to the Group at the date of these financial statements. Claims may arise several years after the original events which could be the subject of dispute. At the end of 2016 no provision was required.
- Following the transition to FRS 102 the Group now recognises a provision for the estimated cost of holiday entitlement carried forward into the next financial period.

18. CALLED UP SHARE CAPITAL

	2016 £'000
Allotted, called up and fully paid 8,409,117 ordinary shares of 1p each	84
1,750 ordinary shares of £10 each	18
	102

Allotted, called up and fully paid shares are split between 'A', 'B', 'Cl', 'C2', 'D' and 'E' shares.

At 31 December 2016 the company has 6,294,288 A shares, 1,756,253 B shares, 5,000 C1 shares, 1,750 C2 shares, 347,500 D Shares and 6,076 E Shares in issue.

A, B, C1, C2, D and E shares rank pari passu with the following exceptions;

- A, B and C2 shares carry voting rights.
- A, B and vested E shares carry participation rights.
- D are hurdle shares.

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

GROUP	Called up Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Fair value and hedging reserves £'000	Other reserves £'000	Total share-holders' funds £'000
Loss for the financial period	—	—	—	(4,001)	—	—	(4,001)
Share options	—	—	—	—	—	107	107
Shares Issued	102	95,968	—	—	—	—	96,070
Unrealised losses on hedging derivative	—	—	—		(11,628)	—	(11,628)
Foreign Exchange Translation	—	—	—	(114)	—	—	(114)
At 31 December 2016	102	95,968	—	(4,115)	(11,628)	107	80,434

COMPANY	Called up Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Other reserves £'000	Total share-holders' funds £'000
Loss for the financial period	—	—	—	(2,830)	—	(2,830)
Share options		—	—	—	107	107
Shares issued	102	95,968	—	—	—	96,070
At 31 December 2016	102	95,968	—	(2,830)	107	93,347

20. PENSION SCHEME

The Group's principle subsidiary Price Forbes & Partners operates a defined contribution scheme on a money purchase basis for all employees. The assets of the scheme are held separately from those of the group companies in independently administered funds. The Company's contributions are charged to the profit and loss account in the year in which they are made and are set out in note 6 above. At 31 December 2016 Nil was owed to the scheme.

21. FINANCIAL COMMITMENTS

(a) Future financial commitments

Forward sale of currency

At the year end the Group has entered into foreign exchange contracts to sell forward future USD denominated brokerage for 2017 to 2019 inclusive as set out below.

The gain or loss arising will depend on the spot rates prevailing at the time the forward contracts mature.

The table below shows the breakdown of the contracts

Year	Contract Rate	Contract Amount
2017	1.3056 to 1.6832	$59.7 million
2018	1.4707 to 1.5972	$50.3 million
2019	1.2890 to 1.4766	$44.9 million

The fair value of these contracts is required to be recognised in these financial statements. As at 31 December 2016 the unrealised loss/liability was £20.2m.

21. FINANCIAL COMMITMENTS *(continued)*

(b) Operating lease commitments

The Group signed new lease agreements in 2015 and committed to making the following payments during this period in respect of non-cancellable operating leases:

	Land and buildings 2016 £'000
Within one year	2,221
Two to five years	7,218
Over five years	6,663

22. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2016 £'000
Operating loss	(1,694)
Depreciation charge	454
Goodwill & finance cost amortisation charge	5,128
Increase in insurance debtors	(3,469)
Decrease in other debtors	865
Increase in other creditors	2,909
Increase/decrease in other non-cash changes	(911)
Net cash inflow from operating activities	3,282

23. ANALYSIS OF NET DEBT

	Acquired £'000	Cash flows £'000	Other changes £'000	31 December 2016 £'000
Cash at bank	11,082	1,091	—	12,173
Debt due within 1 year	(1,600)	(8,122)	248	(9,474)
Debt due after 1 year	—	(9,127)	(336)	(9,463)
Total Debt for the year	(1,600)	(17,249)	(88)	(18,937)
Net Cash at year end	9,482	(16,158)	(88)	(6,764)

24. CONTINGENT LIABILITIES

The Group is subject to potential claims and litigation arising out of the ordinary course of business. Any such claims are vigorously defended. On the facts known to the directors, the directors do not believe that any material losses will be incurred.

25. INSURANCE BALANCES

Insurance Balances are shown net of Insurance Creditors and NST Bank Balances, which are summarised as follows:

	2016 £'000
Gross insurance debtors	212,521
Fiduciary cash balance	86,586
Gross insurance creditors	(282,008)
Net fiduciary assets	17,099

25. **INSURANCE BALANCES** *(continued)*

The net fiduciary assets represent the brokerage earned by the Group and not taken to its own funds. Brokerage is drawn when a client money calculation is performed.

26. **SHARE INCENTIVE PLANS**

During the period ending 31 December 2016, the Group operated a Share Incentive Plan, under which share options have been granted to employees of the Group which on exercise are equity settled. These options were granted to replace unvested options which existed on the closing of the purchase of PFIH Limited on 21 December 2015 by the Company.

During the year the vesting requirements of the scheme were based on performance targets exercisable at a range of times as disclosed in the following table.

As at 31 December 2016, 182,430 options were outstanding with a maximum term of 3 years and a weighted average of 1.5 years.

	2016	
	Number of options 000's	Weighted Average Exercise Price £
Outstanding at 21 December 2015	255	£0.90
Granted	—	—
Exercised	—	—
Expired	(73)	£0.90
Outstanding at 31 December 2016	182	£0.90

Exercisable options at year end were 58,785

The options outstanding at 31 December 2016 had an exercise price of 90p.

Under FRS102 this scheme is accounted for as equity settled.

Fair Value of options

Inputs to the Valuation model

The fair values of awards granted under the PFH Share Incentive Plan have been calculated using the Black-Scholes option pricing model that takes into account the specific features of this Share Incentive Plan. The following principal assumptions were used in the valuation.

	2016
Weighted average exercise price	£0.90
Expected dividend	£0.00
Expected volatility	28.3%
Risk-free interest rate	1.2%
Employee turnover	0%
Expected life (years)	1.5

Volatility has been based on the comparability of a listed company adjusted for the private company status of Price Forbes Holdings Limited. Based on the above information, a figure of 28.3% has been used for the volitality over the course of the lives of the options.

Based on the above assumptions, and after allowing for the effects of the performance criteria, the fair values of the outstanding options granted are estimated to be:

	Weighted average fair value
PFH Share Incentive Plan	£1.97

26. SHARE INCENTIVE PLANS *(continued)*

Expense arising from share-based payments

Based on the above fair values and the Company's expectations of employee turnover, the expense arising from share options and restricted stock granted to employees was £106,649.

27. BUSINESS COMBINATIONS

On 21 December 2015 Price Forbes Holdings Limited acquired 100% of the shares of PFIH Limited.

	£000's
Consideration	
Cash	75,091
Other assets	30,079
Contingent consideration	2,763
Transaction costs	3,541
Consideration transferred	**111,474**
Assets acquired	
Intangible Assets	866
Tangible Assets	1,886
Debtors	20,061
Creditors	(16,267)
Bank	11,082
Creditors over 1 year	(3,436)
Provisions	(313)
Net Assets acquired	**13,879**
Goodwill arising on acquisition	**97,595**

28. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent company and controlling entity is Nevada Investments Topco Limited, a company incorporated in the Cayman Islands.

PFIH Limited

Strategic report, directors' report

and financial statements

For the year ended 31 December 2016

Registered Number 05574861

PFIH LIMITED

CONTENTS

PFIH LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS:	M P Donegan (Chairman) A G G Forman B J Hurst-Bannister (Non Executive Director) N S L Lyons (Non Executive Director) (appointed 27th February 2017) J A Masterton R L Peers
REGISTERED OFFICE:	2 Minster Court Mincing Lane London EC3R 7PD
BANKERS:	The Royal Bank of Scotland 280 Bishopsgate London EC2M 4RB
SOLICITORS:	Freshfields 65 Fleet Street London EC4Y 1HS
INDEPENDENT AUDITORS:	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT

PFIH LIMITED

STRATEGIC REPORT

The directors present their strategic report on the Group for the year ended 31 December 2016

Review of the Business

The Group's turnover grew by £5.7m, an increase of 9% over prior year. This growth was particularly strong in North America and the United Kingdom and was achieved despite continuing premium rate reductions from a soft market and the difficulties in the energy sector, a key segment for the group. The business showed its resilience to these adverse headwinds.

The long term effect on the Group of the result of the UK referendum on membership of the EU is unclear. However the Group's income is primarily sourced from countries outside Continental Europe and whilst its insurance markets are predominantly UK based the board does not envisage a material shift in access to this capacity post Brexit. If this situation changes, contingency plans will be developed as the position becomes clearer.

Corporate Reorganisation

Following the acquisition of the Company by Price Forbes Holdings Limited, the Company transferred its subsidiary Purely Insurance Limited to Price Forbes Holdings Limited. It is the intention that all of the MGA operations of the group will operate as subsidiaries of Purely Insurance Limited.

Investment

As part of the Group's continued investment in the future of its business and people, further new product lines were added to those already offered including Cyber, Real Estate and Healthcare. In addition the Group hired talented individuals and teams into existing departments to further their growth. Larger investments during 2015 to augment Construction and Mining performed well despite the difficult economic environment for these sectors.

The Group embarked in 2015 on a major investment in its core broking and MGA underwriting systems and is on track to deliver within the Board's expectations. The project is expected to conclude in 2017.

Refinancing

Since the year end the Company's revolving credit facility was repaid and a new facility put in place with Price Forbes Holdings Limited from which growth in both the broking and underwriting business streams will be financed.

Rebranding

The Group relaunched itself under the title of Independent, Connected, Committed reflecting the values that the Company brings to its clients. These values helped underpin the continued growth in 2016.

Impact of Hedging

The Group hedges USD receipts. The Group hedging policy is to sell 70% of expected Price Forbes & Partners Limited receipts for the following twelve months and 50% of expected receipts for the twenty four months thereafter. The fall in the value of GBP in the year has strengthened the trading outlook of the Group but the Group is required to mark to market all hedges outstanding at the year end. This created an unrealised loss of £(11.2)m on the year end financial position and the hedges maturing in the year, at an average rate of 1.574, generated a charge to the Consolidated Income Statement of £(5.7)m in the year. The Group is currently entering into forward sales at much more favourable rates.

Financial Performance and Key Performance Indicators

The Group's turnover growth of £5.7m resulted in an increase in operating profit of £0.7m and EBITDA of £6.9m up from £5.9m last year. The bridge to underlying EBITDA which adjusts out investment in the future growth of the business can be shown as follows:

Reported EBITDA	£ 6.9m
Investment in people	£ 3.3m
Investment in infrastructure	£ 0.3m
Adjusted underlying EBITDA	£10.5m

In addition, and as noted above, foreign exchange derivatives taken out in prior years and maturing in 2016 generated a loss of £(5.7)m

The key financial performance indicators for the Group are set out below:

	2016 Reported £'m	**2015 Reported £'m**
Turnover	67.3	61.6
EBITDA	6.9	5.9
Profit Before Taxation	5.2	4.6
Net Assets	6.7	14.8

Financial Position at the Reporting Date

Net assets for the Group stood at £6.7m as at 31 December 2016 down £8.lm on last year end. No dividend was declared. Own cash stood at £12.2m at the reporting date.

Principal Risks & Uncertainties

The principal risks and uncertainties are detailed in the directors' report.

The directors do not anticipate any significant change in the Company's activities in the foreseeable future as it will continue to be an immediate parent for its principal subsidiaries.

Approved by the Board of Directors on 3rd May 2017

and signed on behalf of the Board by

M P Donegan
Chairman

PFIH LIMITED

DIRECTORS' REPORT

PRINCIPAL ACTIVITY

The Company's principal activity is that of immediate parent for its principal subsidiaries:

Price Forbes & Partners Limited, authorised and regulated by the Financial Conduct Authority,
Price Forbes & Partners (Bermuda) Limited, authorised and regulated by the Bermudan Monetary Authority,
Price Forbes (PTY) Limited, authorised and regulated by the South African Financial Service Board
Price Forbes Labuan Limited, licensed under the Labuan Financial and Securities Act 2010 and
Price Forbes DMCC, licensed by the DMCC Authority.

All subsidiaries act as a broker in insurance and reinsurance markets.

Financial Risk Management

A review of the Group's principal risks and uncertainties is included below.

Legal and Regulatory Risk

The Group is exposed to potential claims and litigation arising out of the ordinary course of business relating to alleged errors and omissions, or non-compliance with laws and regulations. The directors are satisfied that the Group has adequate insurance to meet such claims and that the level of the deductible is appropriate. However, were the claim experience to deteriorate it could have an adverse effect on the Group's results and reputation.

Financial Risk

The Group is exposed to financial risk through its financial assets and liabilities. The components of financial risk are currency, liquidity, interest rate and counter party credit risk. The extent of the exposure to each of these components varies:

Foreign Currency Risk

The Group's main exposure to foreign currency risk arises from the settlement in foreign currency, principally US Dollars, of brokerage and fees relating to insurance business originating overseas. Transactions denominated in US Dollars form approximately 83% of the Group's revenues. The Group manages this exposure through active treasury management processes, including hedging operations where appropriate.

Liquidity Risk

Fees and commissions are received and withdrawn from insurance trust accounts based on a client money calculation performed in accordance with the Financial Conduct Authority's client money rules (CASS 5). Insurance and Corporate funds are monitored and maintained so as to enable the Group to meet cash settlement requirements as they fall due. Client money is held with approved banks and cleared funds have to be available before payment is made.

Interest Rate Risk

The prevailing low interest rates and limited shareholder loans means that the extent of any adverse variance on the Group's results is immaterial.

Counter Party Credit Risk

To minimise this risk the Group has a general policy of not funding payment of claims on behalf of insurers or premiums on behalf of its clients. However, the Group has established a strict authorisation policy whereby management may in certain circumstances authorise funding. Consequently, there is not a significant exposure to credit risk deriving from insurers and clients in this respect. At the same time, the Group has appointed a Market Security Committee which monitors the financial condition of insurers and reinsurers through the use of professional rating agency reports on an ongoing basis. Client money is spread over a number of approved banks with a minimum required credit rating to mitigate the bank counter party risk.

Operational Risk

Operational risk is the risk of loss due to factors such as inadequate systems, management failure, inadequate internal controls, fraud and human error. The Group mitigates these risks through a Key Risks and Controls framework, systems of internal controls, internal audit and compliance functions and other measures such as back-up procedures, contingency planning and insurance.

The Board has ultimate responsibility for the system of internal control maintained by the Group to manage operational, regulatory and financial risks. The Board through the Audit Committee reviews the effectiveness of internal controls across the Group.

Audit Committee

In addition to the above, the Audit Committee monitors both the performance and value for money obtained from the auditors and their independence. Their appointment is kept under regular review.

The Audit Committee sets and controls the work programme for the internal audit function and also reviews the financial statements and the disclosures therein.

Results & Dividend

The Group's EBITDA for the year is £6.9m (2015: £5.9m). The Group's post tax profit for the financial year is £3.6m (2015: £3.4m) and an equivalent amount has been transferred to reserves. During the year no dividends were paid (2015: nil).

Directors

The directors of the company who were in office during the year and up to the date of signing were:

M P Donegan (Chairman)
A G G Forman
B J Hurst-Bannister (Non Executive Director)
N S L Lyons (Non Executive Director) (appointed 27th February 2017)
J A Masterton
R L Peers

Directors' Indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report

Disclosure of lnformation to Auditors

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors is unaware, and each director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

Disabled employees

The Group is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The Group gives full and fair consideration to applications for employment for disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Group. If members of staff become disabled the Group continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

Employee Involvement

The Group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Group is encouraged. This achieves a common awareness of the financial and economic factors affecting the Group and plays a major role in maintaining its competitive positioning and corporate culture. The Group encourages the involvement of employees by means of regular staff forums with management.

The financial statements on pages 10 to 29 were approved by the Board of Directors on 3rd May 2017 and signed on behalf of the Board by

M P Donegan
Chairman

PFIH LIMITED

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic report, 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), and applicable law). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved that:

(a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(b) each of the directors have taken all the steps that ought to have been taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

PFIH LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

PFIH LIMITED

Report on the financial statements

Our opinion

In our opinion, PFIH Limited's group financial statements and parent company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2016 and of the group's and the parent company's loss and cash flows for the period 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.

What we have audited

The financial statements, included within the Strategic report, directors report and financial statements (the "Annual Report"), comprise:

- the Consolidated Statement of Financial Position as at 31 December 2016;
- the Consolidated Income Statement for the year then ended;
- the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Statement of Cash Flow for the year then ended;
- the Consolidated Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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.

In addition, in light of the knowledge and understanding of the group, the parent company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK & Ireland) ("ISA's (UK & Ireland)").

Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed.
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors'judgements against available evidence, forming our own judgements and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware or any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Director's Report, we consider whether those reports include the disclosures required by applicable legal requirements.

James Pearson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
London

Chartered Accountants and Statutory Auditors
3rd May 2017

PFIH LIMITED

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2016

	Notes	2016 £'000	2015 £'000
TURNOVER	2	67,326	61,582
Administrative expenses		(62,233)	(57,023)
Other operating income	3	385	188
OPERATING PROFIT	4	5,478	4,747
Interest payable and similar expenses	5	(239)	(103)
PROFIT BEFORE TAXATION		5,239	4,644
Tax on profit	9	(1,676)	(1,222)
PROFIT FOR THE FINANCIAL YEAR	19	3,563	3,422

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2016

		2016 £'000	2015 £'000
Profit for the financial year		3,563	3,422
Cash flow hedges			
- change in value of hedging instrument		(19,972)	(4,356)
- reclassification to profit and loss		5,677	1,662
Foreign exchange translation differences	19	(114)	105
Total tax on components of other comprehensive income		2,667	546
Total comprehensive (expenses)/income		(8,179)	1,379

Notes from pages 15-29 forms part of the financial statements.

Activities are derived from continuing operations.

PFIH LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

	Notes		31 December 2016 £'000		31 December 2015 £'000
FIXED ASSETS					
Intangible assets	11		784		1,567
Tangible assets	12		4,694		2,150
CURRENT ASSETS					
Debtors	14	29,396		21,060	
Cash at bank and in hand	23	12,169		9,708	
		41,565		30,768	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	(29,894)		(15,971)	
NET CURRENT ASSETS			11,671		14,797
TOTAL ASSETS LESS CURRENT LIABILITIES			17,149		18,514
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	16		(10,155)		(3,436)
PROVISIONS FOR LIABILITIES	17		(301)		(313)
NET ASSETS			6,693		14,765
CAPITAL AND RESERVES					
Called up share capital	18		881		881
Share premium account	19		642		642
Other reserves	19		567		460
Capital redemption reserve	19		50		50
Fair value and hedging reserves	19		(16,364)		(4,736)
Profit and loss account	19		20,917		17,468
TOTAL SHAREHOLDERS' FUNDS	19		6,693		14,765

Notes from pages 15-29 forms part of the financial statements.

The financial statements were approved by the board of directors on 3rd May 2017 and were signed on its behalf by:

A G G Forman

M P Donegan

Registered Number 05574861

PFIH LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

	Notes		31 December 2016 £'000		31 December 2015 £'000
FIXED ASSETS					
Intangible assets	11		76		828
Investments	13		6,884		6,884
CURRENT ASSETS					
Debtors	14	23,340		12,404	
Cash at bank and in hand		48		81	
		23,388		12,485	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	(19,841)		(5,840)	
NET CURRENT ASSETS			3,547		6,645
TOTAL ASSETS LESS CURRENT LIABILITIES			10,507		14,357
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	16		(10,155)		(3,436)
NET ASSETS			352		10,921
CAPITAL AND RESERVES					
Called up share capital	18		881		881
Share premium account	19		642		642
Other reserves	19		460		460
Capital redemption reserve	19		50		50
Profit and loss account	19		(1,681)		8,888
TOTAL SHAREHOLDERS' FUNDS	19		352		10,921

Notes from pages 15-29 forms part of the financial statements.

The financial statements were approved by the board of directors on 3rd May 2017 and were signed on its behalf by:

A G G Forman

M P Donegan

Registered Number 05574861

PFIH LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2016

GROUP	Called up Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Fair value and hedging reserves £'000	Other reserves £'000	Total share-holders' funds £'000
At 1 January 2016	881	642	50	17,468	(4,736)	460	14,765
Unrealised losses on hedging derivative	—	—	—	—	(11,628)	—	(11,628)
Profit for the financial year	—	—	—	3,563	—	—	3,563
Share options	—	—	—	—	—	107	107
Shares Issued	—	—	—	—	—	—	—
Shares Redeemed	—	—	—	—	—	—	—
Foreign Exchange Translation	—	—	—	(114)	—	—	(114)
At 31 December 2016	881	642	50	20,917	(16,364)	567	6,693
At 1 January 2015	872	574	36	13,955	(2,588)	640	13,489
Unrealised losses on hedging derivative	—	—	—	—	(2,148)	—	(2,148)
Profit for the financial year	—	—	—	3,422	—	—	3,422
Share options credit	—	—	—	—	—	(180)	(180)
Shares Issued	23	122	—	—	—	—	145
Shares Redeemed	(14)	(54)	14	(14)	—	—	(68)
Foreign Exchange Translation	—	—	—	105	—	—	105
At 31 December 2015	881	642	50	17,468	(4,736)	460	14,765

COMPANY	Called up Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Other reserves £'000	Total share-holders' funds £'000
At 1 January 2016	881	642	50	8,888	460	10,921
Loss for the financial year	—	—	—	(10,569)	—	(10,569)
Options granted during year	—	—	—	—	—	—
Shares Issued	—	—	—	—	—	—
Shares Redeemed	—	—	—	—	—	—
At 31 December 2016	881	642	50	(1,681)	460	352
At 1 January 2015	872	574	36	7,248	640	9,370
Profit for the financial year	—	—	—	1,654	—	1,654
Options granted during year	—	—	—	—	(180)	(180)
Shares Issued	23	122	—	—	—	145
Shares Redeemed	(14)	(54)	14	(14)	—	(68)
At 31 December 2015	881	642	50	8,888	460	10,921

Notes from pages 15-29 forms part of the financial statements.

PFIH LIMITED

CONSOLIDATED STATEMENT OF CASH FLOW
For the year ending 31 December 2016

	Notes		2016 £'000		2015 £'000
Operating activities					
Net cash inflow from operating activities	22		2,557		1,583
Corporation tax paid			(1,024)		(1,751)
Net cash generated from/(used in) operating activities			**1,533**		**(168)**
Cash flow from investing activities					
Purchase of intangible fixed assets		(165)		(543)	
Purchase of tangible fixed assets		(2,987)		(2,096)	
Issue of ordinary share capital		—		145	
Net cash used in investing activities			**(3,152)**		**(2,494)**
Cash flow from financing activities					
Interest paid		(248)		(1,501)	
Transaction cost incurred on behalf of parent company		(3,057)		—	
Purchase of ordinary share capital		—		(68)	
Drawdown of RBS facility		6,474		3,000	
Repayments of loan notes		—		(2,224)	
Net cash from/(used in) financing activities			**3,169**		**(793)**
Net increase/(decrease) in cash and cash equivalents	23		1,550		(3,455)
Reconciliation of net cash flow to movement in net funds					
Increase/(decrease) in cash and cash equivalents			1,550		(3,455)
Exchange Gains/(losses) on cash			911		(1,662)
Cash and cash equivalents at start of the year			9,708		14,825
Cash and cash equivalents at the end of the year			12,169		9,708

The Group's reconciliation of net cash flow to movement in net debt is shown in note 23.

1. ACCOUNTING POLICIES

PFIH Limited ("the Company") acts as an immediate parent for its subsidiaries which act as brokers in insurance and reinsurance markets.

The Company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is 2 Minster Court, Mincing Lane, London. EC3R 7PD.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

(a) Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006 and UK applicable accounting standards under the historical cost convention.

The directors have a reasonable expectation that the Company and Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

There are no critical accounting judgements made in applying the Group's accounting policies. However, the Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The area of greatest judgement is the deferral of revenue for post placement services which is discussed in the accounting policies

(b) Basis of consolidation

The financial statements of the Group consolidate those of the parent Company and its subsidiaries made up to 31 December 2016. All subsidiaries have been consolidated using acquisition accounting.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(c) Turnover

Revenue from brokerage and fees derived from insurance and reinsurance contracts and programmes is recognised at the later of the policy inception date or when the policy placement has been completed. Revenues from binding authorities and treaties are recognised on a periodic basis when the consideration due is confirmed by third parties.

Profit commission, which the company earns on facilities it operates on behalf of insurers, is recognised on either a cash settlement basis or when the amount can be determined and insurers make an irrevocable commitment to pay that amount.

Due to the long term nature of some of the services provided by the Group to its clients, obligations can arise for the performance of post-placement activities. Where these are not covered by additional income, a relevant portion of brokerage is deferred and recognised in the periods in which these activities take place.

Alterations to brokerage income arising from premium adjustments are taken into account as and when such adjustments are made. Adjustment to brokerage has been made where a return of premium and brokerage is made, or may be made, subsequent to the end of the financial year.

(d) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange differences arising on translation are taken directly to the profit and loss account.

1. **ACCOUNTING POLICIES (continued)**

(d) Foreign currencies (continued)

Exchange differences arising from trading activities are calculated at the prevailing rate and dealt with in the profit and loss account. Profits or losses arising from forward foreign exchange contracts taken out to hedge the currency exposure arising from future income are recognised in the profit and loss account as they are realised.

The Group's consolidated financial statements are presented in pounds sterling, the Group's presentation currency, and rounded to thousands. Accordingly, the results and financial position of foreign subsidiaries must be translated into the presentation currency of the Group from their functional currencies, ie the currency of the primary economic environment in which the entity operates. All assets and liabilities of foreign subsidiaries are converted at year end exchange rates whilst all income and expenses are converted at average exchange rates. The impact of these currency translations is recorded as a separate component in the consolidated statement of comprehensive income.

(e) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. The Group invested in new Portal and Broking system software which will be depreciated over the expected period of usage. Tangible assets are depreciated on the following basis:

- Office fixtures . . . . 10.0% per annum straight line basis (2015 - 10.0%)
- Leasehold improvements . . . . 10.0% per annum straight line basis (2015 - 10.0%)
- Computer hardware . . . . 20.0% per annum straight line basis (2015 - 20.0%)
- Computer software . . . . 33.3% per annum straight line basis (2015 - 33.3%)
- Computer software - Portals . . . . 20.0% per annum straight line basis
- Computer software - Broking system . . . 10.0% per annum straight line basis

(f) Intangible assets

Goodwill represents the excess of the cost of acquisition over the fair value of the net identifiable assets acquired. Goodwill is amortised over its estimated useful economic life.

The amortisation basis on the intangible is straight line over five years and reflects the expected useful economic life of the asset.

The intangible asset represents acquisition costs for books of business which transferred in 2015.

(g) Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations shown in creditors.

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the lease after adjusting for any rent free period which is apportioned over the period of the lease.

In the case of the premises leases relating to the Groups' principle trading location at 2 Minster Court in London the directors do not expect to invoke the break clause contained therein except in exceptional circumstances and so the costs associated with the premiums have been allocated over the full life of the lease.

1. ACCOUNTING POLICIES (continued)

(h) Insurance debtors and creditors

The Group acts as an agent in broking the insurable risks of clients and normally is not liable as a principal for premiums due to underwriters, or for claims payable to clients. In recognition of this relationship, the insurance debtors, creditors and cash balances ("fiduciary assets") relating to insurance business are not included as assets and liabilities of the Group itself. Notwithstanding the above policy the Group is entitled to retain the investment income on any cash flows arising from these transactions.

In the ordinary course of insurance broking business, settlement is required to be made with certain market settlement bureaux, insurance intermediaries or insurance companies on the basis of the net balance due to or from them rather than the amount due to or from the individual third parties which it represents.

Net fiduciary assets representing brokerage earned by the Group and not taken to its own funds is included in the balance sheet debtors as an amount falling due within one year.

(i) Pensions

The Group participates in a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group, in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund during the year.

(j) Other operating income

Other operating income represents interest earned and is accounted for on an accruals basis.

(k) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(l) Share-based payments

The share option and restrictive stock programme allows employees to acquire shares of the parent company. The fair value of options and restricted stock granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value is measured using an option pricing model, taking into account the terms and conditions upon which the options and restricted stock were granted. The amount recognised as an expense is adjusted to reflect the actual number that vest except where variations are due only to share prices not achieving the threshold for vesting.

(m) Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

1. **ACCOUNTING POLICIES (continued)**

(n) Investments

Investments in subsidiary undertakings are stated at cost less provision for impairments.

(o) Hedging and derivative financial instruments

Derivative financial instruments, being currency forward contracts, are recognised at fair value which is calculated on the year end forward rate, with any gains or losses being reported in the statement of comprehensive income. Outstanding derivatives at the reporting date are included under the appropriate format heading depending on the nature of the derivative.

The Group applies hedge accounting for transactions entered into to manage the cash flow exposures of future revenue transactions denominated in USD using foreign exchange forwards which are designated as cash flow hedges.

Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the income statement.

The gain or loss recognised in other comprehensive income is reclassified to the income statement when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised or the hedging instrument is terminated.

2. **TURNOVER**

All turnover arises from insurance broking activities.

	2016 £'000	2015 £'000
Turnover by location of client is split as follows:		
United Kingdom	6,002	4,436
Continental Europe	3,880	3,937
North America	35,857	31,918
Other	21,587	21,291
	67,326	61,582

3. **OTHER OPERATING INCOME**

	2016 £'000	2015 £'000
Bank interest receivable	385	188

Income earned on monies held as an integral part of the operations of the Company is disclosed within operating income.

4. OPERATING PROFIT

	2016 £'000	2015 £'000
Operating profit is stated after charging:		
Depreciation of tangible assets (note 12)	443	211
Amounts receivable by the auditors and their associates in respect of:		
Fees payable to the company's auditors for the audit of the parent and consolidated financial statements	15	20
The audit of the company's subsidiaries	88	88
Total audit fees	**103**	**108**
Fees payable to the company's auditors and their associates for other services including:		
Audit-related assurance services	21	15
Tax compliance services	10	12
Tax advisory services	46	26
Total fees payable to the company's auditors	**180**	**161**
Amortisation of goodwill (note 11)	948	860
Rentals under operating lease - land and buildings	1,981	1,659
Realised loss on fair value movement on outstanding derivatives	5,677	1,662

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2016 £'000	2015 £'000
Loan Interest	239	103

6. EMPLOYEES AND STAFF COSTS

	2016 Number	2015 Number
The monthly average number of persons employed by the Group, which includes directors, was:		
Broking & underwriting services	277	261
Claims	24	22
Finance and operations	28	26
Management	13	11
	342	320

The costs incurred in respect of employees were:

	2016 £'000	2015 £'000
Wages and salaries	37,657	33,262
Social security costs	3,649	3,203
Other pension costs	3,487	3,411
	44,793	39,876

7. DIRECTORS

	2016 £'000	2015 £'000
Remuneration of directors of the Company included in staff cost was as follows:		
Emoluments payable	1,843	1,866
Company contributions payable to defined contribution pension scheme	—	—

	2016 Number	2015 Number
Number of directors who are members of defined contribution scheme	4	4
Number of directors who exercised options/restricted stock	—	—

	2016 £'000	2015 £'000
In respect of highest paid director:		
Emoluments	603	747
Company contributions payable to defined contribution pension scheme	—	—

8. DIVIDENDS

	2016 £'000	2015 £'000
Interim paid for current year nil per share (2015 - nil)	—	—

9. TAX ON PROFIT

(a) Analysis of charge for the year

	2016 £'000	2015 £'000
United Kingdom corporation tax on profits of the year	1,530	1,408
Adjustments in respect of prior year	(119)	(90)
Deferred taxation	265	(96)
Tax charge for the year	1,676	1,222

The tax assessed for the year is higher (2015: higher) than the standard rate of corporation tax in the UK 20.00% (2015 20.25%)

(b) Factors affecting tax charge for year

	2016 £'000	2015 £'000
Profit before taxation	5,239	4,644
Profit before taxation multiplied by standard rates of corporation tax in the UK 20.00% (2015 20.25%)	1,048	940
Effect of:		
Adjustments in respect of prior year	(119)	(90)
Expenses not deductible for tax purposes	2,962	796
Share-based remuneration	21	(32)
Depreciation in excess of capital allowances	(89)	(124)
Other timing differences	(12)	(252)
Deferred tax movements:		
Accelerated depreciation	266	122
Pension accrual	—	52
Derivatives	(2,667)	(547)
Share-based remuneration	—	2
Bonuses	(1)	(6)
Unpaid interest on shareholder loan	—	281
Difference in tax rate overseas	267	80
Charge as in (a) above	1,676	1,222

A reduction of 1% to the corporation tax rate (reducing the rate to 19%) for the year commencing 1 April 2017, was enacted by Royal Assent on 26 October 2015. A further reduction of 1% to the corporation tax rate (reducing the rate to 18%) for the year commencing 1 April 2020, was enacted by Royal Assent on the same date. Accordingly, the relevant deferred tax balances have been measured at 18%.

10. LOSS ATTRIBUTABLE TO THE COMPANY

The loss for the year dealt with in the financial statements of PFIH Limited was £(10,569,096) of which £(11,628,030) relates to the unrealised losses from derivatives used to hedge foreign exchange expenses.

Under s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

11. INTANGIBLE ASSETS – GOODWILL

GROUP & COMPANY	GROUP 2016 £'000	GROUP 2015 £'000	COMPANY 2016 £'000	COMPANY 2015 £'000
Cost				
Brought Forward	15,618	15,075	14,766	14,766
Additions	165	543	—	—
	15,783	15,618	14,766	14,766
Accumulated Amortisation				
Brought Forward	14,051	13,191	13,938	13,186
Charge for the year	948	860	752	752
	14,999	14,051	14,690	13,938
Net Book Value	784	1,567	76	828

Goodwill was originally acquired by Price Forbes and Partners Limited when the assets and liabilities of Price Forbes Limited were acquired on 21st September 2006. As at 31 December 2006, the goodwill and accumulated amortisation was acquired by PFIH Limited.

Additions include acquisition costs for books of business and the purchase of the Price Forbes name in South Africa.

The amortisation basis on the remaining goodwill is straight line and reflects the expected useful economic life of the asset.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 December 2016

12. TANGIBLE ASSETS

GROUP

	Leasehold Improvements £'000	Office Fixtures £'000	Computer Hardware £'000	Computer Software £'000	Total £'000
COST					
At 1 January 2016	1,411	457	251	916	3,035
Additions	1,428	562	152	845	2,987
Disposals	—	—	—	—	—
At 31 December 2016	2,839	1,019	403	1,761	6,022
ACCUMULATED DEPRECIATION					
At 1 January 2015	44	41	56	744	885
Charge for the year	248	92	93	10	443
Eliminated on disposal	—	—	—	—	—
At 31 December 2016	292	133	149	754	1,328
NET BOOK VALUE					
At 31 December 2016	2,547	886	254	1,007	4,694
At 31 December 2015	1,367	416	195	172	2,150

No tangible fixed assets are held by the Company.

13. INVESTMENTS

COMPANY

Shares in subsidiary undertakings	2016 £'000	2015 £'000
COST		
At 1 January	6,884	6,972
Additions during year	—	92
Share based payment adjustment	—	(180)
At 31 December	6,884	6,884

The subsidiary companies, together with their principal activities are set out below:

	Principal activity	Country of incorporation/ registration	Percentage of ordinary shares held Group	Percentage of ordinary shares held Company
Price Forbes and Partners Limited	Insurance Broking	United Kingdom	100%	100%
Price Forbes and Partners (Bermuda) Limited	Insurance Broking	Bermuda	100%	0%
Price Forbes (Pty) Limited	Insurance Broking	South Africa	100%	0%
Price Forbes DMCC Limited	Insurance Broking	Dubai	100%	0%
Price Forbes Group Limited	Intermediary Holding	United Kingdom	100%	100%
Price Forbes Labuan Limited	Insurance Broking	Labuan	100%	100%

14. DEBTORS

	GROUP 2016 £'000	GROUP 2015 £'000	COMPANY 2016 £'000	COMPANY 2015 £'000
Net fiduciary assets (note 25)	16,587	11,738	—	—
Other debtors	5,986	5,411	—	—
Intercompany	—	—	19,470	11,201
Deferred tax asset	3,628	1,226	3,870	1,203
Prepayments and accrued income	1,428	1,348	—	—
	27,629	19,723	23,340	12,404
Amount due after one year				
Other Debtors	1,255	299	—	—
Net fiduciary assets (note 25)	512	1,038	—	—
	29,396	21,060	23,340	12,404

15. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP 2016 £'000	GROUP 2015 £'000	COMPANY 2016 £'000	COMPANY 2015 £'000
Other creditors including taxation and social security	1,827	1,548	274	322
Accruals and deferred income	8,514	8,920	14	15
Hedging derivatives	10,079	2,503	10,079	2,503
RBS Facility (GBP LIBOR +3.25%)	9,474	3,000	9,474	3,000
	29,894	15,971	19,841	5,840

16. CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	GROUP 2016 £'000	GROUP 2015 £'000	COMPANY 2016 £'000	COMPANY 2015 £'000
Hedging derivatives	10,155	3,436	10,155	3,436
	10,155	3,436	10,155	3,436

The maturity of the Group's and Company's debt obligations are as follows:

2016	Derivatives £'000	Total £'000
Two to five years	10,155	10,155
Over five years	—	—
	10,155	10,155

2015	Derivatives £'000	Total £'000
Two to five years	3,436	3,436
Over five years	—	—
	3,436	3,436

The Company and its subsidiary Price Forbes and Partners Ltd are original guarantors for the loans between PFIH Limited and the Royal Bank of Scotland Plc.

17. PROVISIONS FOR LIABILITIES

	Errors & Omissions £'000	Holiday Provision £'000	Total £'000
At 1 January 2016	—	313	313
Increase for the year	—	(12)	(12)
At 31 December 2016	—	301	301

Provisions are made up of two components;

- The Group is subject to claims and litigation in the ordinary course of business resulting principally from alleged errors and omissions. Although all claims are defended vigorously, a charge is made within the accounts, net of any anticipated insurance recoveries, in respect of provisions made for potential liabilities including expenses that are deemed more likely than not to arise in respect of potential claims and litigation notified to the Group at the date of these financial statements. Claims may arise several years after the original events which could be the subject of dispute. At the end of 2016 no provision was required.
- Following the transition to FRS 102 the Group now recognises a provision for the estimated cost of holiday entitlement carried forward into the next financial year.

18. CALLED UP SHARE CAPITAL

	2016 £'000	2015 £'000
Allotted, called up and fully paid 8,814,899 (2015: 8,814,899) ordinary shares of 10p each	881	881

Allotted, called up and fully paid shares are split between 'A' and 'B' shares.

At 31 December 2016 the company has 5,795,483 A shares and 3,019,416 B shares (2015 - 5,795,483 A shares and 3,019,416 B shares) in issue. A & B shares rank pari passu except that B shares carry restricted voting rights.

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

GROUP

	Called up Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Fair value and hedging reserves £'000	Other reserves £'000	Total share-holders' funds £'000
At 1 January 2016	881	642	50	17,468	(4,736)	460	14,765
Profit for the financial year	—	—	—	3,563	—	—	3,563
Share options credit	—	—	—	—	—	107	107
Shares Issued	—	—	—	—	—	—	—
Shares Redeemed	—	—	—	—	—	—	—
Unrealised losses on hedging derivative	—	—	—	—	(11,628)	—	(11,628)
Foreign Exchange Translation	—	—	—	(114)	—	—	(114)
At 31 December 2016	881	642	50	20,917	(16,364)	567	6,693
At 31 December 2015	881	642	50	17,468	(4,736)	460	14,765

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS (continued)

COMPANY

	Called up Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Other reserves £'000	Total share-holders' funds £'000
At 1 January 2016	881	642	50	8,888	460	10,921
Profit for the financial year	—	—	—	1,059	—	1,059
Options granted during year	—	—	—	—	—	—
Shares Issued	—	—	—	—	—	—
Shares Redeemed	—	—	—	—	—	—
Unrealised losses on hedging derivative	—	—	—	(11,628)	—	(11,628)
At 31 December 2016	881	642	50	(1,681)	460	352
At 31 December 2015	881	642	50	8,888	460	10,921

20. PENSION SCHEME

The Group operates a defined contribution scheme on a money purchase basis for all employees. The assets of the scheme are held separately from those of the group companies in independently administered funds. The Company's contributions are charged to the profit and loss account in the year in which they are made and are set out in note 6 above. At 31 December 2016: Nil (2015: Nil) was owed to the scheme.

21. FINANCIAL COMMITMENTS

(a) Future financial commitments

Forward sale of currency

At the year end the Group has entered into foreign exchange contracts to sell forward future USD denominated brokerage for 2017 to 2019 inclusive as set out below.

The gain or loss arising will depend on the spot rates prevailing at the time the forward contracts mature.

The table below shows the breakdown of the contracts

Year	Contract Rate	Contract Amount
2017	1.3056 to 1.6832	$59.7 million
2018	1.4707 to 1.5972	$50.3 million
2019	1.2890 to 1.4766	$44.9 million

The fair value of these contracts is required to be recognised in these financial statements.

As at 31 December 2016 the unrealised loss/liability was £20.2m (2015 - loss/liability of £5.9m).

(b) Operating lease commitments

The Group signed new lease agreements in 2015 and committed to making the following payments during this year in respect of non-cancellable operating leases:

	Land and buildings 2016 £'000	Land and buildings 2015 £'000
Within one year	2,221	2,221
Two to five years	7,218	7,218
Over five years	6,663	8,883

22. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2016 £'000	2015 £'000
Operating profit	5,478	4,747
Depreciation charge	443	211
Goodwill & finance cost amortisation charge	948	860
Increase in insurance debtors	(4,323)	(2,719)
Decrease/(increase) in other debtors	1,446	(4,739)
(Decrease)/increase in other creditors	(526)	1,634
(Decrease)/increase in other non-cash changes	(909)	1,589
Net cash inflow from operating activities	2,557	1,583

23. ANALYSIS OF NET DEBT

	1 January 2016 £'000	Cash flows £'000	Other changes £'000	31 December 2016 £'000
Cash at bank	9,708	2,461	—	12,169
Debt due within 1 year	(3,000)	(6,722)	248	(9,474)
Debt due after 1 year	—	—	—	—
Total Debt for the year	(3,000)	(6,722)	248	(9,474)
Net Cash at year end	6,708	(4,261)	248	2,695

24. CONTINGENT LIABILITIES

The Group is subject to potential claims and litigation arising out of the ordinary course of business. Any such claims are vigorously defended. On the facts known to the directors, the directors do not believe that any material losses will be incurred.

25. INSURANCE BALANCES

Insurance Balances are shown net of Insurance Creditors and NST Bank Balances, which are summarised as follows:

	2016 £'000	2015 £'000
Gross insurance debtors	212,521	176,925
Fiduciary cash balance	86,586	66,944
Gross insurance creditors	(282,008)	(231,093)
Net fiduciary assets	17,099	12,776

The net fiduciary assets represent the brokerage earned by the Group and not taken to its own funds. Brokerage is drawn when a client money calculation is performed.

26. SHARE INCENTIVE PLANS

Price Forbes Holdings Limited, the parent company of Price Forbes & Partners Limited, operated a Share Incentive Plan, under which share options are granted to employees of the Company which on exercise are equity settled.

The vesting requirements of the scheme are based on a mixture of years of service and performance targets exercisable at a range of times and prices.

26. SHARE INCENTIVE PLANS (continued)

Details of the scheme operated by that company can be found in its statutory financial statements, copies of which can be obtained by writing to the company secretary.

27. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent company and controlling entity is Nevada Investments Topco Limited, a company incorporated in the Cayman Islands.

PFIH Limited

Strategic report, directors report

and financial statements

For the year ended 31 December 2015

Registered Number 05574861

PFIH LIMITED

CONTENTS

PFIH LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS:	M P Donegan (Chairman) A G G Forman B J Hurst-Bannister (Non Executive Director) J A Masterton R L Peers
REGISTERED OFFICE:	2 Minster Court Mincing Lane London EC3R 7PD
BANKERS:	The Royal Bank of Scotland 280 Bishopsgate London EC2M 4RB
SOLICITORS:	Freshfields 65 Fleet Street London EC4Y 1HS
INDEPENDENT AUDITORS:	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT

PFIH LIMITED

STRATEGIC REPORT

The directors present their strategic report on the Company for the year ended 31 December 2015

Review of the Business

Change of Ownership

On the 21 December 2015 PFIH Limited was sold to Price Forbes Holdings Limited. This new holding company is owned indirectly by Highbridge Capital Management together with management and staff.

Business Reorganisation

During the year Price Forbes & Partners Limited reorganised its activities into two trading divisions namely Non Marine and Marine, Energy and Natural Resources (MENR). These two divisions each comprise of a US and International sub division. This split along geographic lines reflects the continued focus on international growth which has been and remains part of the Company's strategy to create a geographically diversified client base. It also recognises the importance of the US to the growth and success of the business. This realignment helps the Company to promote its resources and expertise to its clients and future clients through common management and production structures.

In addition Price Forbes DMCC was licensed to trade in Dubai in 2015 adding to our existing international operations in Bermuda, South Africa and Labuan.

Investment

During the year the Group benefited from growth in investments made in Price Forbes & Partners Limited in the latter half of 2014 with Accident & Health, Specie and Financial Products all growing well along with the investment made in existing products lines. In 2016 further investment will promote the Group's geographic and product offerings.

The Group's principal lease expired in March 2015 and a new ten year lease in London was entered into at the same property with additional space on an adjacent floor. The company embarked in 2015 on a significant refurbishment programme. Whilst the leases have a five year tenant break clause, the cost of refurbishment and the landlord incentives means that this is unlikely to be exercised and all costs are therefore being spread over ten years.

In addition the Group initiated a review of its main IT system as the current broking system is nearing the end of its supported life. As a result the Group will be investing in a new broking platform in 2016 and 2017. This is in addition to investment commenced in 2015 on a new platform to support its MGA and facilities business.

The Group continues to make significant investment in its future both in people as well as infrastructure to support this growth. The impact on EBITDA of all these investments is summarised below.

Financing

The Group's revolving credit facility was extended in March 2016 from £3m to £10m with an expiry of 31 December 2016 to support the investment noted above. As part of the change of ownership noted above the shareholder loans in PFIH were repaid in November 2015 prior to completion of the sale to PFHL.

Financial Performance and Key Performance Indicators

This is the first year in which the financial statements have been prepared under FRS 102

Overall the company grew its turnover by £6.6m (12%) generating a result of £61.6m. Business emanating from North America grew 7% and International grew 18% representing excellent growth. This growth has been achieved against a backdrop of a long and sustained soft market with premium rates having fallen again in 2015 across all classes of business.

PFIH LIMITED

STRATEGIC REPORT (continued)

Investment in the business resulted in EBITDA of £5.9m down from £8.6m last time. The bridge to underlying EBITDA can be shown as follows:

Investment in people	£ 3.5m
Investment in infrastructure	£ 0.7m
Adjusted underlying EBITDA	£10.1m

The key financial performance indicators for the Group are set out below:

	2015 Reported £'m	2014 Reported £'m
Turnover	61.6	55.0
EBITDA	5.9	8.6
Profit Before Tax	4.6	7.3
Net Assets	14.8	13.4

Financial Position at the Reporting Date

Net assets stood at £14.8m as at 31 December 2015 up £1.4m on last year end (restated to FRS 102). Cash reduced as the Group commenced its programme of investment in infrastructure, repaid its shareholder loans and invested in business opportunities.

Principal Risks & Uncertainties

The principal risks and uncertainties are detailed in the directors' report.

The directors do not anticipate any significant change in the Company's activities in the foreseeable future as it will continue to be an immediate parent for its principal subsidiaries.

Approved by the Board of Directors on 26th April 2016

and signed on behalf of the Board by

M P Donegan
Chairman

PFIH LIMITED

DIRECTORS' REPORT

PRINCIPAL ACTIVITY

The Company's principal activity is that of immediate parent for its principal subsidiaries:

Price Forbes & Partners Limited, authorised and regulated by the Financial Conduct Authority,
Price Forbes & Partners (Bermuda) Limited, authorised and regulated by the Bermudan Monetary Authority,
Price Forbes (PTY) Limited, authorised and regulated by the South African Financial Service Board
Price Forbes Labuan Limited, licensed under the Labuan Financial and Securities Act 2010 and
Price Forbes DMCC, licensed by the DMCC Authority.

All subsidiaries act as a broker in insurance and reinsurance markets.

Financial Risk Management

A review of the Group's principal risks and uncertainties is included below.

Legal and Regulatory Risk

The Group is exposed to potential claims and litigation arising out of the ordinary course of business relating to alleged errors and omissions, or non-compliance with laws and regulations. The directors are satisfied that the Group has adequate insurance to meet such claims and that the level of the deductible is appropriate. However, were the claim experience to deteriorate it could have an adverse effect on the Group's results and reputation.

Financial Risk

The Group is exposed to financial risk through its financial assets and liabilities. The components of financial risk are currency, liquidity, interest rate and counter party credit risk. The extent of the exposure to each of these components varies:

Foreign Currency Risk

The Group's main exposure to foreign currency risk arises from the settlement in foreign currency, principally US Dollars, of brokerage and fees relating to insurance business originating overseas. Transactions denominated in US Dollars form approximately 82% of the Group's revenues. The Group manages this exposure through active treasury management processes, including hedging operations where appropriate.

Liquidity Risk

Fees and commissions are received and withdrawn from insurance trust accounts based on a client money calculation performed in accordance with the Financial Conduct Authority's client money rules (CASS 5). Insurance and Corporate funds are monitored and maintained so as to enable the Group to meet cash settlement requirements as they fall due. Client money is held with approved banks and cleared funds have to be available before payment is made.

Interest Rate Risk

The prevailing low interest rates and limited shareholder loans means that the extent of any adverse variance on the Group's results is immaterial.

Counter Party Credit Risk

To minimise this risk the Group has a general policy of not funding payment of claims on behalf of insurers or premiums on behalf of its clients. However, the Group has established a strict authorisation policy whereby management may in certain circumstances authorise funding. Consequently, there is not a significant exposure to credit risk deriving from insurers and clients in this respect. At the same time, the Group maintains a Market Security Committee which monitors the financial condition of insurers and reinsurers through the use of professional rating agency reports on an ongoing basis. Client money is spread over a number of approved banks with a minimum required credit rating to mitigate the bank counter party risk.

Operational Risk

Operational risk is the risk of loss due to factors such as inadequate systems, management failure, inadequate internal controls, fraud and human error. The Group mitigates these risks through a Key Risks and Controls framework, systems of internal controls, internal audit and compliance functions and other measures such as back-up procedures, contingency planning and insurance.

The Board has ultimate responsibility for the system of internal control maintained by the Group to manage operational, regulatory and financial risks. The Board through the Audit Committee reviews the effectiveness of internal controls across the Group.

Audit Committee

In addition to the above, the Audit Committee monitors both the performance and value for money obtained from the auditors and their independence. Their appointment is kept under regular review.

The Audit Committee sets and controls the work programme for the internal audit function and also reviews the financial statements and the disclosures therein.

Results & Dividend

The Group's EBITDA for the year is £5.9m (2014: £8.6m). The Group's post tax profit for the financial year is £3.4m (2014: £5.3m) and an equivalent amount has been transferred to reserves. During the year no dividends were paid (2014: £2.1m).

Directors

The directors of the company who were in office during the year and up to the date of signing were:

M P Donegan (Chairman)
A G G Forman
B J Hurst-Bannister (Non Executive Director)
J A Masterton
R L Peers

Directors' Indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report

Disclosure of Information to Auditors

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

Disabled employees

The Group is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The Group gives full and fair consideration to applications for employment for disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Group. If members of staff become disabled the Group continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

PFIH LIMITED

DIRECTORS' REPORT (continued)

Employee Involvement

The Group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Group is encouraged. This achieves a common awareness of the financial and economic factors affecting the Group and plays a major role in maintaining its competitive positioning and corporate culture. The Group encourages the involvement of employees by means of regular staff forums with management.

The financial statements on pages 10 to 31 were approved by the Board of Directors on 26th April 2016 and signed on behalf of the Board by

M P Donegan
Chairman

PFIH LIMITED

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual 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 prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the group 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 the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved that:

(a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

PFIH LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

PFIH LIMITED

Report on the financial statements

Our opinion

In our opinion, PFIH Limited's group financial statements and parent company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2015 and of the group's profit and cash flows 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.

What we have audited

The financial statements, included within the Strategic report, directors report and financial statements (the "Annual Report"), comprise:

- the Consolidated Statement of Financial Position as at 31 December 2015;
- the Consolidated Statement of Comprehensive Income for the year the ended;
- the Consolidated Statement of Cash Flow for the year then ended;
- the Consolidated Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

PFIH LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

PFIH LIMITED (CONTINUED)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK & Ireland) ("ISA's (UK & Ireland)").

Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed.
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware or any apparent material misstatements or inconsistencies we consider the implications for our report.

James Pearson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
London

Chartered Accountants and Statutory Auditors
29th April 2016

PFIH LIMITED

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2015

	Notes	2015 £'000	2014 £'000
TURNOVER	2	61,582	55,026
Administrative expenses		(57,023)	(47,734)
Other operating income	3	188	141
OPERATING PROFIT	4	4,747	7,433
Interest payable and similar charges	5	(103)	(111)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,644	7,322
Tax on profit on ordinary activities	9	(1,222)	(1,988)
PROFIT FOR THE FINANCIAL YEAR	19	3,422	5,334

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2015

		2015 £'000	2014 £'000
Profit for the financial year		3,422	5,334
Cash flow hedges			
- change in value of hedging instrument		(1,032)	(6,800)
- reclassification to profit and loss		(1,662)	1,282
Foreign exchange translation differences	19	105	19
Total tax on components of other comprehensive income		546	1,117
Total recognised (losses)/gains relating to the financial year, net of tax		1,379	952

Notes from pages 15-31 forms part of the financial statements.

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

Activities are derived from continuing operations.

PFIH LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2015

	Notes		31st December 2015 £'000		31st December 2014 £'000
FIXED ASSETS					
Intangible assets	11		1,567		1,884
Tangible assets	12		2,150		265
CURRENT ASSETS					
Debtors	14	21,060		13,509	
Cash at bank and in hand	23	9,708		14,825	
		30,768		28,334	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	(15,971)		(11,081)	
NET CURRENT ASSETS			14,797		17,253
TOTAL ASSETS LESS CURRENT LIABILITIES			18,514		19,402
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	16		(3,436)		(5,680)
PROVISIONS FOR LIABILITIES	17		(313)		(233)
NET ASSETS			14,765		13,489
CAPITAL AND RESERVES					
Called up share capital	18		881		872
Share premium account	19		642		574
Other reserves	19		460		640
Capital redemption reserve	19		50		36
Fair value and hedging reserves	19		(4,736)		(2,588)
Profit and loss account	19		17,468		13,955
TOTAL SHAREHOLDERS' FUNDS	19		14,765		13,489

Notes from pages 15-31 forms part of the financial statements.

The financial statements were approved by the board of directors on 26th April 2016 and were signed on its behalf by:


A G G Forman


M P Donegan

Registered Number 05574861

PFIH LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION
As at 31 December 2015

	Notes		31st December 2015 £'000		31st December 2014 £'000
FIXED ASSETS					
Intangible assets	11		828		1,580
Investments	13		6,884		6,972
CURRENT ASSETS					
Debtors	14	12,404		8,046	
Cash at bank and in hand		81		56	
		12,485		8,102	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	(5,840)		(1,604)	
NET CURRENT ASSETS			6,645		6,498
TOTAL ASSETS LESS CURRENT LIABILITIES			14,357		15,050
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	16		(3,436)		(5,680)
NET ASSETS			10,921		9,370
CAPITAL AND RESERVES					
Called up share capital	18		881		872
Share premium account	19		642		574
Other reserves	19		460		640
Capital redemption reserve	19		50		36
Profit and loss account	19		8,888		7,248
TOTAL SHAREHOLDERS' FUNDS	19		10,921		9,370

Notes from pages 15-31 forms part of the financial statements.

The financial statements were approved by the board of directors on 26th April 2016 and were signed on its behalf by:

A G G Forman

M P Donegan

Registered Number 05574861

PFIH LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2015

GROUP	Called up Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Fair value and hedging reserves £'000	Other reserves £'000	Total share-holders' funds £'000
At 1 January 2015	872	574	36	13,955	(2,588)	640	13,489
Recognised losses for the year	—	—	—	—	(2,148)	—	(2,148)
Profit for the financial year	—	—	—	3,422	—	—	3,422
Share options credit	—	—	—	—	—	(180)	(180)
Shares Issued	23	122	—	—	—	—	145
Shares Redeemed	(14)	(54)	14	(14)	—	—	(68)
Foreign Exchange Translation	—	—	—	105	—	—	105
At 31 December 2015	881	642	50	17,468	(4,736)	460	14,765
At 1 January 2014	867	550	36	10,688	(1,813)	631	10,959
Recognised losses for the year	—	—	—	—	(775)	—	(775)
Profit for the financial year	—	—	—	5,334	—	—	5,334
Share options charge	—	—	—	—	—	9	9
Shares Issued	5	24	—	—	—	—	29
Dividends paid for current year	—	—	—	(2,086)	—	—	(2,086)
Foreign Exchange Translation	—	—	—	19	—	—	19
At 31 December 2014	872	574	36	13,955	(2,588)	640	13,489

COMPANY	Called up Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Other reserves £'000	Total share-holders' funds £'000
At 1 January 2015	872	574	36	7,248	640	9,370
Profit for the year	—	—	—	1,654	—	1,654
Options granted during year	—	—	—	—	(180)	(180)
Shares Issued	23	122	—	—	—	145
Shares Redeemed	(14)	(54)	14	(14)	—	(68)
At 31 December 2015	881	642	50	8,888	460	10,921
At 1 January 2014	867	550	36	6,027	631	8,111
Profit for the year	—	—	—	3,307	—	3,307
Options granted during year	—	—	—	—	9	9
Shares Issued	5	24	—	—	—	29
Dividends paid for current year	—	—	—	(2,086)	—	(2,086)
At 31 December 2014	872	574	36	7,248	640	9,370

Notes from pages 15-31 forms part of the financial statements.

PFIH LIMITED

CONSOLIDATED STATEMENT OF CASH FLOW
For the year ending 31 December 2015

	Notes		2015 £'000		2014 £'000
Operating activities					
Net cash inflow from operating activities	22		1,583		4,875
Corporation tax paid			(1,751)		(2,061)
Net cash generated on operating activities			**(168)**		**2,814**
Cashflow from investing activities					
Purchase of intangible fixed assets		(543)		(445)	
Purchase of tangible fixed assets		(2,096)		(114)	
Issue of ordinary share capital		145		29	
Net cash used in investing activities			**(2,494)**		**(530)**
Cashflow from financing activities					
Interest paid		(1,501)		—	
Equity Dividends Paid		—		(2,086)	
Purchase of ordinary share capital		(68)		—	
Drawdown of RBS facility		3,000		—	
Repayments of loan notes		(2,224)		—	
Net cash used in financing activities			**(793)**		**(2,086)**
Net (Decrease)/increase in cash and cash equivalents	23		(3,455)		198
Reconciliation of net cash flow to movement in net funds					
(Decrease)/increase in cash in the period			(3,455)		198
Exchange (Losses)/Gains on cash			(1,662)		1,282
Net funds at start of the year			14,825		13,345
Net funds at the end of the year			9,708		14,825

The Groups reconciliation of net cash flow to movement in net debt is shown in note 23.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

1. ACCOUNTING POLICIES

PFIH ("the Company") acts as an immediate parent for its subsidiaries which act as brokers in insurance and reinsurance markets.

The Company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is 2 Minster Court, Mincing Lane, London. EC3R 7PD.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

(a) Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006 and UK applicable accounting standards under the historical cost convention.

This is the first year in which the financial statements have been prepared under FRS 102 and note 29 provides a reconciliation between the preparation of the financial statements under UK GAAP and under FRS 102.

The directors have a reasonable expectation that the Company and Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

There are no critical accounting judgements made in applying the Group's accounting policies. However, the Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results, the area of greatest judgement is the deferral of revenue for post placement services which is discussed in the accounting policies

(b) Basis of consolidation

The financial statements of the Group consolidate those of the parent Company and its subsidiaries made up to 31 December 2015. All subsidiaries have been consolidated using acquisition accounting.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

(c) Turnover

Revenue from brokerage and fees derived from insurance and reinsurance contracts and programmes is recognised at the later of the policy inception date or when the policy placement has been completed. Revenues from binding authorities and treaties are recognised on a periodic basis when the consideration due is confirmed by third parties.

Profit commission, which the company earns on facilities it operates on behalf of insurers, is recognised on either a cash settlement basis or when the amount can be determined and insurers make an irrevocable commitment to pay that amount.

Due to the long term nature of some of the services provided by the Group to its clients, obligations can arise for the performance of post-placement activities. Where these are not covered by additional income, a relevant portion of brokerage is deferred and recognised in the periods in which these activities take place.

Alterations to brokerage income arising from premium adjustments are taken into account as and when such adjustments are made. Adjustment to brokerage has been made where a return of premium and brokerage is made, or may be made, subsequent to the end of the financial year.

(d) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange differences arising on translation are taken directly to the profit and loss account.

1. **ACCOUNTING POLICIES (continued)**

(d) Foreign currencies (continued)

Exchange differences arising from trading activities are calculated at the prevailing rate and dealt with in the profit and loss account. Profits or losses arising from forward foreign exchange contracts taken out to hedge the currency exposure arising from future income are recognised in the profit and loss account as they are realised.

The Group's consolidated financial statements are presented in pounds sterling, the Group's presentation currency, and rounded to thousands. Accordingly, the results and financial position of foreign subsidiaries must be translated into the presentation currency of the Group from their functional currencies, ie the currency of the primary economic environment in which the entity operates. All assets and liabilities of foreign subsidiaries are converted at year end exchange rates whilst all income and expenses are converted at average exchange rates. The impact of these currency translations is recorded as a separate component in the consolidated statement of comprehensive income.

(e) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Following the renewal of the Group's lease in 2015, leasehold improvements and fixtures are now amortised on a straight line basis over the expected period of the lease. All other tangible assets are depreciated on the following basis:

- Office fixtures	10.0% per annum straight line basis (2014 - 20.0%)
- Leasehold improvements	10.0% per annum straight line basis (2014 - 20.0%)
- Computer hardware	20.0% per annum straight line basis (2014 - 20.0%)
- Computer software	33.3% per annum straight line basis (2014 - 33.3%)

As a result of the change of basis, the depreciation charge for the year has reduced by £70k.

(f) Intangible assets

Goodwill represents the excess of the cost of acquisition over the fair value of the net identifiable assets acquired. Goodwill is amortised over its estimated useful economic life.

The intangible asset represents acquisition costs for books of business which transferred in 2015.

The amortisation basis on the intangible is straight line over five years and reflects the expected useful economic life of the asset.

(g) Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations shown in creditors.

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the lease after adjusting for any rent free period which is apportioned over the period of the lease.

The directors do not expect to invoke the break clause unless in exceptional circumstances and so the costs noted above have been allocated over the full life of the lease.

(h) Insurance debtors and creditors

The Group acts as an agent in broking the insurable risks of clients and normally is not liable as a principal for premiums due to underwriters, or for claims payable to clients. In recognition of this relationship, the insurance debtors, creditors and cash balances ("fiduciary assets") relating to insurance business are not included as assets and liabilities of the Group itself. Notwithstanding the above policy the Group is entitled to retain the investment income on any cash flows arising from these transactions.

1. **ACCOUNTING POLICIES (continued)**

(h) Insurance debtors and creditors (continued)

In the ordinary course of insurance broking business, settlement is required to be made with certain market settlement bureaux, insurance intermediaries or insurance companies on the basis of the net balance due to or from them rather than the amount due to or from the individual third parties which it represents.

Net fiduciary assets representing brokerage earned by the Group and not taken to its own funds is included in the balance sheet debtors as an amount falling due within one year.

(i) Pensions

The Group participates in a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group, in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund during the year.

(j) Other operating income

Other operating income represents interest earned and is accounted for on an accruals basis.

(k) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(l) Share-based payments

The share option and restrictive stock programme allows employees to acquire shares of the parent company. The fair value of options and restricted stock granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value is measured using an option pricing model, taking into account the terms and conditions upon which the options and restricted stock were granted. The amount recognised as an expense is adjusted to reflect the actual number that vest except where variations are due only to share prices not achieving the threshold for vesting.

(m) Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

(n) Investments

Investments in subsidiary undertakings are stated at cost less provision for impairments.

1. **ACCOUNTING POLICIES (continued)**

(o) Hedging and derivative financial instruments

Derivative financial instruments, being currency forward contracts, are recognised at fair value which is calculated on the year end forward rate, with any gains or losses being reported in the statement of comprehensive income. Outstanding derivatives at the reporting date are included under the appropriate format heading depending on the nature of the derivative.

The Group applies hedge accounting for transactions entered into to manage the cash flow exposures of future revenue transactions denominated in USD using foreign exchange forwards which are designated as cash flow hedges.

Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the income statement.

The gain or loss recognised in other comprehensive income is reclassified to the income statement when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised or the hedging instrument is terminated.

2. **TURNOVER**

All turnover arises from insurance broking activities.

	2015 £'000	2014 £'000
Turnover by location of client is split as follows:		
United Kingdom	4,436	3,807
Continental Europe	3,937	2,602
North America	31,918	29,770
Other	21,291	18,847
	61,582	55,026

3. **OTHER OPERATING INCOME**

	2015 £'000	2014 £'000
Bank interest receivable	188	141

Income earned on monies held as an integral part of the operations of the Company is disclosed within operating income.

4. OPERATING PROFIT

	2015 £'000	2014 £'000
Operating profit is stated after charging:		
Depreciation of tangible assets (note 12)	211	418
Amounts receivable by the auditors and their associates in respect of:		
Fees payable to the company's auditors for the audit of the parent and consolidated financial statements	20	20
The audit of the company's subsidiaries	88	74
Total audit fees	**108**	**94**
Fees payable to the company's auditors and their associates for other services including:		
Audit-related assurance services	15	15
Tax compliance services	12	10
Tax advisory services	26	34
Total fees payable to the company's auditors	**161**	**153**
Amortisation of goodwill (note 11)	860	737
Rentals under operating lease - land and buildings	1,659	742
Realised loss on fair value movement on outstanding derivatives	2,148	775

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2015 £'000	2014 £'000
Loan Interest	103	111

6. EMPLOYEES AND STAFF COSTS

	2015 Number	2014 Number
The monthly average number of persons employed by the Group, which includes directors, was:		
Broking & underwriting services	261	221
Claims	22	22
Finance and administration	26	24
Management	11	10
	320	277

The costs incurred in respect of employees were:

	2015 £'000	2014 £'000
Wages and salaries	33,262	28,902
Social security costs	3,203	2,627
Other pension costs	3,411	2,696
	39,876	34,225

7. DIRECTORS

	2015 £'000	2014 £'000
Remuneration of directors of the Company included in staff cost was as follows:		
Emoluments payable	1,866	2,081
Company contributions payable to defined contribution pension scheme	—	26

	Number	Number
Number of directors who are members of defined contribution scheme	4	4
Number of directors who exercised options/restricted stock	—	—

	2015 £'000	2014 £'000
In respect of highest paid director:		
Emoluments	747	807
Company contributions payable to defined contribution pension scheme	—	7

8. DIVIDENDS

	2015 £'000	2014 £'000
Interim paid for current year nil per share (2014 - 25p)	—	2,086

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge for the year

	2015 £'000	2014 £'000
United Kingdom corporation tax on profits of the year	1,408	1,989
Adjustments in respect of prior year	(90)	5
Deferred taxation	(96)	(6)
Tax charge for the year	1,222	1,988

The tax assessed for the year is higher (2014: higher) than the standard rate of corporation tax in the UK 20.25% (2014 21.5%)

(b) Factors affecting tax charge for year

	2015 £'000	2014 £'000
Profit on ordinary activities before tax	4,644	7,368
Profit on ordinary activities multiplied by standard rates of corporation tax in the UK 20.25% (2014 21.5%)	940	1,584
Effect of:		
Adjustments in respect of prior year	(90)	5
Expenses not deductible for tax purposes	796	245
Share-based remuneration	(32)	(1)
Depreciation in excess of capital allowances	(124)	35
Other timing differences	(252)	87
Deferred tax movements:		
Accelerated depreciation	122	(29)
Pension accrual	52	(52)
Derivatives	(547)	74
Share-based remuneration	2	18
Bonuses	(6)	(8)
Unpaid interest on shareholder loan	281	(9)
Difference in tax rate overseas	80	38
Charge as in (a) above	1,222	1,988

9. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

A reduction of 1% to the corporation tax rate (reducing the rate to 19%) for the year commencing 1 April 2017, was enacted by Royal Assent on 26 October 2015. A further reduction of 1% to the corporation tax rate (reducing the rate to 18%) for the year commencing 1 April 2020, was enacted by Royal Assent on the same date. Accordingly, the relevant deferred tax balances have been measured at 18%.

10. PROFIT ATTRIBUTABLE TO THE COMPANY

The profit for the year dealt with in the financial statements of PFIH Limited was £1,653,731 Under s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

11. INTANGIBLE ASSETS – GOODWILL

GROUP & COMPANY	GROUP 2015 £'000	GROUP 2014 £'000	COMPANY 2015 £'000	COMPANY 2014 £'000
Cost				
Brought Forward	15,075	14,630	14,766	14,630
Additions	543	445	—	136
	15,618	15,075	14,766	14,766
Accumulated Amortisation				
Brought Forward	13,191	12,454	13,186	12,454
Charge for the year	860	737	752	732
	14,051	13,191	13,938	13,186
Net Book Value	1,567	1,884	828	1,580

Goodwill was originally acquired by Price Forbes and Partners Limited when the assets and liabilities of Price Forbes Limited were acquired on 21st September 2006. As at 31 December 2006, the goodwill and accumulated amortisation was acquired by PFIH Limited.

Additions include acquisition costs for books of business and the purchase of the Price Forbes name in South Africa.

The amortisation basis on the remaining goodwill is straight line and reflects the expected useful economic life of the asset.

12. TANGIBLE FIXED ASSETS

GROUP

	Leasehold Improvements £'000	Office Fixtures £'000	Computer Hardware £'000	Computer Software £'000	Total £'000
COST					
At 1 January 2015	1,886	678	591	757	3,912
Additions	1,388	349	200	159	2,096
Disposals	(1,863)	(570)	(540)	—	(2,973)
At 31 December 2015	1,411	457	251	916	3,035
ACCUMULATED DEPRECIATION					
At 1 January 2015	1,793	570	557	727	3,647
Charge for the year	114	41	39	17	211
Eliminated on disposal	(1,863)	(570)	(540)	—	(2,973)
At 31 December 2015	44	41	56	744	885
NET BOOK VALUE					
At 31 December 2015	1,367	416	195	172	2,150
At 31 December 2014	93	108	34	30	265

12. **TANGIBLE FIXED ASSETS (continued)**

No tangible fixed assets are held by the Company.

13. **INVESTMENTS**

COMPANY

Shares in subsidiary undertakings	**2015 £'000**	**2014 £'000**
COST		
At 1 January 2015	6,972	6,901
Additions during year	92	62
Share based payment adjustment	(180)	9
At 31 December	6,884	6,972

The subsidiary companies, together with their principal activities are set out below:

	Principal activity	**Country of incorporation/ registration**	**Percentage of ordinary shares held Group**	**Percentage of ordinary shares held Company**
Price Forbes and Partners Limited	Insurance Broking	United Kingdom	100%	100%
Price Forbes and Partners (Bermuda) Limited	Insurance Broking	Bermuda	100%	0%
Price Forbes (Pty) Limited	Insurance Broking	South Africa	100%	0%
Price Forbes DMCC Limited	Insurance Broking	Dubai	100%	0%
Price Forbes Group Limited	Intermediary Holding	United Kingdom	100%	100%
Purely Insurance Limited	Non Trading	United Kingdom	100%	100%
Price Forbes Labuan Limited	Insurance Broking	Labuan	100%	100%

14. **DEBTORS**

	GROUP 2015 £'000	**GROUP 2014 £'000**	**COMPANY 2015 £'000**	**COMPANY 2014 £'000**
Net fiduciary assets (note 26)	11,738	9,309	—	—
Other debtors	5,411	1,258	—	—
Intercompany	—	—	11,201	7,108
Deferred tax asset	1,226	1,132	1,203	955
Prepayments and accrued income	1,348	1,062	—	—
	19,723	12,761	12,404	8,063
Amount due after one year				
Other Debtors	299	—	—	—
Net fiduciary assets (note 26)	1,038	748	—	—
	21,060	13,509	12,404	8,063

15. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP 2015 £'000	GROUP 2014 £'000	COMPANY 2015 £'000	COMPANY 2014 £'000
Other creditors including taxation and social security	1,548	2,025	322	395
Accruals and deferred income	8,920	7,860	15	13
Hedging derivatives	2,503	1,196	2,503	1,196
RBS Facility (GBP LIBOR +3.25%)	3,000	—	3,000	—
	15,971	11,081	5,840	1,604

16. CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	GROUP 2015 £'000	GROUP 2014 £'000	COMPANY 2015 £'000	COMPANY 2014 £'000
Shareholders loan notes	—	3,631	—	3,631
Hedging derivatives	3,436	2,049	3,436	2,049
	3,436	5,680	3,436	6,876

The maturity of the group's and company's debt obligations are as follows:

2015	Derivatives £'000	Total £'000
Two to five years	3,436	3,436
Over five years	—	—
	3,436	3,436

2014	Derivatives £'000	Shareholder Loan Notes £'000	Total £'000
Two to five years	2,049	—	2,049
Over five years	—	3,631	3,631
	2,049	3,631	5,680

The Shareholder Loan Notes had a fixed coupon of 4.5% over base rate.

The Company and its subsidiary Price Forbes and Partners Ltd are original guarantors for the loans between PFIH and the Royal Bank of Scotland Pic.

17. PROVISIONS FOR LIABILITIES

	Errors & Omissions £'000	Holiday Provision £'000	Total £'000
At 1 January 2015	—	233	233
Increase for the year	—	80	80
At 31 December 2015	—	313	313

Provisions are made up of two components;

- The Group is subject to claims and litigation in the ordinary course of business resulting principally from alleged errors and omissions. Although all claims are defended vigorously, a charge is made within the accounts, net of any anticipated insurance recoveries, in respect of provisions made for

17. **PROVISIONS FOR LIABILITIES (continued)**

potential liabilities including expenses that are deemed more likely than not to arise in respect of potential claims and litigation notified to the Group at the date of these financial statements. Claims may arise several years after the original events which could be the subject of dispute. At the end of 2015 no provision was required.

- Following the transition to FRS 102 the Company now recognises a provision for the estimated cost of holiday entitlement carried forward into the next financial period.

18. **CALLED UP SHARE CAPITAL**

	2015 £'000	2014 £'000
Allotted, called up and fully paid 8,814,899 (2014: 8,720,237) ordinary shares of l0p each	881	872

Allotted, called up and fully paid shares are split between 'A' and 'B' shares.

At 31 December 2015 the company has 5,795,483 A shares and 3,019,416 B shares (2014 - 5,795,483 A shares and 2,924,754 B shares) in issue. A & B shares rank pari passu except that B shares carry restricted voting rights.

19. **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

GROUP

	Called up Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Fair value and hedging reserves £'000	Other reserves £'000	Total share-holders' funds £'000
At 31 December 2014	872	574	36	13,955	(2,588)	640	13,489
Profit for the year	—	—	—	3,422	—	—	3,422
Share options charge	—	—	—	—	—	(180)	(180)
Shares Issued	23	122	—	—	—	—	145
Shares Redeemed	(14)	(54)	14	(14)	—	—	(68)
Recognised losses for the year	—	—	—	—	(2,148)	—	(2,148)
Foreign Exchange Translation	—	—	—	105	—	—	105
At 31 December 2015	881	642	50	17,468	(4,736)	460	14,765
At 31 December 2014	872	574	36	13,955	(2,588)	640	13,489

COMPANY

	Called up Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Other reserves £'000	Total share-holders' funds £'000
At 31 December 2014	872	574	36	7,248	640	9,370
Profit for the year	—	—	—	3,802	—	3,802
Options granted during year	—	—	—	—	(180)	(180)
Shares Issued	23	122	—	—	—	145
Shares Redeemed	(14)	(54)	14	(14)	—	(68)
Recognised losses for the year	—	—	—	(2,148)	—	(2,148)
At 31 December 2015	881	642	50	8,888	460	10,921
At 31 December 2014	872	574	36	7,248	640	9,370

20. PENSION SCHEME

The Group operates a defined contribution scheme on a money purchase basis for all employees. The assets of the scheme are held separately from those of the group companies in independently administered funds. The Company's contributions are charged to the profit and loss account in the year in which they are made and are set out in note 6 above. At 31 December 2015 £ NIL (2014: £258,950) was owed to the scheme.

21. FINANCIAL COMMITMENTS

(a) Future financial commitments

Forward sale of currency

At the year end the Group has entered into foreign exchange contracts to sell forward future USD denominated brokerage for 2016 to 2018 inclusive as set out below.

The gain or loss arising will depend on the spot rates prevailing at the time the forward contracts mature.

The table below shows the breakdown of the contracts

Year	Contract Rate	Contract Amount
2016	1.4902 to 1.6880	$59.1 million
2017	1.4981 to 1.6832	$46.3 million
2018	1.5056 to 1.5972	$42.6 million

The fair value of these contracts is required to be recognised in these financial statements.

As at 31 December 2015 the unrealised loss/liability was £5.9m (2014 - loss/liability of £3.2m).

(b) Operating lease commitments

In 2015 the Group has signed new lease agreements and has committed to making the following payments during this period in respect of non-cancellable operating leases:

	Land and buildings 2015 £'000	Land and buildings 2014 £'000
Within one year	2,221	781
Two to five years	7,218	—
Over five years	8,883	—

22. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2015 £'000	2014 £'000
Operating profit	4,747	7,479
Depreciation charge	211	418
Goodwill & finance cost amortisation charge	860	737
Increase in insurance debtors	(2,719)	(590)
Increase in other debtors	(4,739)	(713)
Increase/decrease in other creditors	1,634	(1,199)
Increase/decrease in other non-cash changes	1,589	(1,257)
Net cash inflow from operating activities	1,583	4,875

23. ANALYSIS OF NET DEBT

	1 January 2015 £'000	Cash flows £'000	Other changes £'000	31 December 2015 £'000
Cash at bank	14,825	(5,117)	—	9,708
Debt due within 1 year	—	(3,000)	—	(3,000)
Debt due after 1 year	(3,631)	3,725	(94)	—
Total Debt for the year	(3,631)	725	(94)	(3,000)
Net Cash at year end	11,194	(4,392)	(94)	6,708

24. RELATED PARTY TRANSACTIONS

The directors loan notes in the company are shown below

	Loan Notes 2015 £'000	Interest Accrued 2015 £'000	Loan Notes 2014 £'000	Interest Accrued 2014 £'000
M P Donegan	—	—	745	548
J A Masterton	—	—	508	415

During the year the directors received dividends totalling £nil (2014: £1,054,352)

In November 2015 the loan notes were repaid.

25. CONTINGENT LIABILITIES

The Group is subject to potential claims and litigation arising out of the ordinary course of business. Any such claims are vigorously defended. On the facts known to the directors, the directors do not believe that any material losses will be incurred.

26. INSURANCE BALANCES

Insurance Balances are shown net of Insurance Creditors and NST Bank Balances, which are summarised as follows:

	2015 £'000	2014 £'000
Gross insurance debtors	176,925	162,096
Fiduciary cash balance	66,944	41,381
Gross insurance creditors	(231,093)	(193,420)
Net fiduciary assets (note 1)	12,776	10,057

The net fiduciary assets represent the brokerage earned by the Group and not taken to its own funds. Brokerage is drawn when a client money calculation is performed.

27. SHARE INCENTIVE PLANS

During the year ending 31 December 2015, the Group operated a Share Incentive Plan, the PFIH Limited Enterprise Management Incentive Scheme, under which share options are granted to employees of the Company which on exercise are equity settled.

The Company also grants restricted stock.

With the acquisition of PFIH Limited on 21st December 2015 all options and restricted stock were either cancelled or vested and the schemes wound up.

27. **SHARE INCENTIVE PLANS (continued)**

The vesting requirements of the scheme are based on a mixture of years of service and performance targets exercisable at a range of times and prices as disclosed in the following tables. As at 31 December 2015, nil options were outstanding.

	2015		2014	
	Number of options 000s	Weighted Average Exercise Price £	Number of options 000s	Weighted Average Exercise Price £
Outstanding at 1 January	180	£0.62	305	£0.52
Granted	100	£0.90	—	—
Exercised	(25)	£0.62	(75)	£0.39
Forfeited or not taken up	—	—	(50)	£0.37
Expired	(255)	£0.73	—	—
Outstanding at 31 December	—	—	180	£0.62

Exercisable options at year end were nil (2014 - nil)

This scheme is accounted for as equity settled.

Fair Value of options

Inputs to the Valuation model

The fair values of awards granted under the PFIH Limited Enterprise Management Incentive Scheme have been calculated using the Black-Scholes option pricing model that takes into account the specific features of this Share Incentive Plan. The following principal assumptions were used in the valuation.

	2015	2014
Weighted average exercise price	£0.90	£0.57
Expected dividend	£0.00	£0.25
Expected volatility	26.2%	20.0%
Risk-free interest rate	1.0%	1.0%
Employee turnover	0%	0%
Expected life (years)	3.4	1.2

Volatility has been based on the comparability of a listed company adjusted for the private company status of PFIH. Based on the above information, a figure of 26.2% has been used for volatility over the course of the lives of the options.

Based on the above assumptions, and after allowing for the effects of the performance criteria, the fair values of the options granted are estimated to be:

	Weighted average fair value
PFIH Limited Enterprise Management Incentive Scheme	£0.66 (2014 - £0.54)

27. **SHARE INCENTIVE PLANS (continued)**

A summary of restricted stock unit activity under the plans at 31 December 2015, and changes during the year then ended is presented below

	2015		2014	
	Number of shares 000s	Weighted Average grant date fair value £	Number of shares 000s	Weighted Average grant date fair value £
Outstanding at 1 January	150	£0.42	510	£0.40
Granted	25	£0.66	—	—
Vested	—	—	(216)	£0.40
Lapsed	—	—	(144)	£0.38
Expired or cancelled	(175)	£0.44	—	—
Outstanding at 31 December	—	—	150	£0.42

Expense arising front share-based payments

Based on the above fair values and the company's expectations of employee turnover, the expense arising from share options and restricted stock granted to employees was £(180,560) for the year ended 31 December 2015 (2014 - £9,227).

28. **ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The ultimate parent company and controlling entity is Nevada Investments Topco Limited, a company incorporated in the Cayman Islands.

29. **TRANSITION TO FRS 102**

The Group has adopted FRS 102 for the year ended 31st December 2015 and has restated the comparative prior year amounts. All figures below are shown in £000.

The changes for FRS 102 adoption are as follows:

1. A holiday provision has now been recognised for holiday entitlement owed but not yet taken at year end.

29. **TRANSITION TO FRS 102 (continued)**

2. Unrealised gains or losses on foreign exchange forward contracts are now recognised at fair value at the end of the year with changes in fair value recognised in the consolidated statement of total recognised gains and losses. Previously unrealised foreign exchange contracts were not recognised in the statement of financial position.

GROUP - Restated statement of financial position

		2014	2013
Original shareholders' funds		16,310	12,959
Holiday provision	1	(233)	(187)
Financial Instruments at fair value	2	(3,245)	2,273
Deferred tax on financial instruments at fair value	2	657	(460)
Restated shareholders' funds		13,489	14,585

GROUP - Restated profit for the year ended 31st December 2014

Original profit on ordinary activities before tax	7,368
Holiday provision movement	(46)
Financial Instruments at fair value	(5,518)
Restated profit on ordinary activities before tax	1,804
Original tax on ordinary activities	(1,988)
Original translation reserve movement	19
Restated deferred tax	1,117
Restated profit for the financial year	952

COMPANY - Restated statement of financial position

	2014	2013
Original shareholders' funds	11,958	9,924
Financial Instruments at fair value	(3,245)	2,273
Deferred tax on financial instruments at fair value	657	(460)
Restated shareholders' funds	9,370	11,737

COMPANY - Restated profit for the year ended 31st December 2014

Original profit on ordinary activities before tax	4,468
Financial Instruments at fair value	(5,518)
Restated loss on ordinary activities before tax	(1,050)
Original tax on ordinary activities	(386)
Restated deferred tax	1,117
Restated loss after tax for the financial year	(319)

“Amended”

Ryan Direct Group Limited

Annual report and financial statements
Registered number 08183121
31 December 2016

Contents

Directors' Report

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2016.

Political and charitable contributions

The Group made no political donations (2015: £nil) or charitable contributions (2015: £15,000) during the year.

Directors

The directors who served throughout the year and to the date of this report are as follows:

DJ Coles

SW Hough

JGM Verhagen (appointed 30 August 2016)

Nonexecutive directors

NGP Donaldson (appointed 1 December 2016)

MD Rice (resigned 1 October 2015)

JH Hoffmann (resigned 1 October 2015)

FL Phillips (resigned 1 October 2015)

Directors' indemnities

The Group has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Dividends

The directors did not recommend the payment of a dividend (2015: £nil)

Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware; and each director has taken all the steps that be ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

By order of the board

Scott Hough
Director

19 May 2017

Quay Point
Lakeside Boulevard
Doncaster
South Yorkshire
DN4 5PL

Statement of directors' responsibilities in respect of the directors' report and the consolidated financial statements

The directors are responsible for preparing the Annual Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare consolidated financial statements for each financial year. Under that law the directors have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards and applicable United Kingdom law. Under company law the directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these consolidated 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 International Financial Reporting Standards have been followed; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the consolidated financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RYAN DIRECT GROUP LIMITED

We have audited the revised financial statements of Ryan Direct Group Limited for the year ended 31 December 2016 which comprise the Group and Parent Company Consolidated Statement of Profit and Loss and Other Comprehensive Income, the Group and Parent Company Consolidated Statement of Financial Position, the Group and Parent Company Statement of Changes in Equity, the Group and Parent Company Statement of Cash Flows and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

These revised financial statements replace the original financial statements approved by the directors on 30 March 2017. The revised financial statements have been prepared under the Companies (Revision of Defective Accounts and Reports) Regulations 2008 and accordingly do not take account of events which have taken place after the date on which the original financial statements were approved.

This report is made solely to the company's members, as a body, in accordance with the Companies (Revision of Defective Accounts and Reports) Regulations 2008. 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 under those regulations 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the revised financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the revised financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the revised financial statements

An audit involves obtaining evidence about the amounts and disclosures in the revised financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the revised financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the revised audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

The audit of revised financial statements includes the performance of procedures to assess whether the revisions made by the directors are appropriate and have been properly made.

Opinion on financial statements

In our opinion:

- the revised financial statements give a true and fair view, seen as at the date the original financial statements were approved, of the state of the group's and of the parent company's affairs as at 31 December 2016 and of the group's loss for the year then ended;
- the revised group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union, seen as at the date the original financial statements were approved;

- the revised parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, seen as at the date the original financial statements were approved; and
- the revised financial statements have been prepared in accordance with the provisions of the Companies Act 2006 as they have effect under the Companies (Revision of Defective Accounts and Reports) Regulations 2008.

Emphasis of matter – revision of the consolidated and parent financial statements of Ryan Direct Group Limited for the year ended 31 December 2016

In forming our opinion on the revised financial statements, which is not modified, we have considered the adequacy of the disclosures made in Note 1.2 to these revised financial statements concerning the need to revise the consolidated and parent financial statements of Ryan Direct Group Limited for the year ended 31 December 2016, specifically:

- the consolidated statement of financial position and related notes due to the misclassification of loan notes between current and non-current liabilities;
- the consolidated and parent statement of cash flows due to misclassifications between operating, investing and financing activities;
- the consolidated statement of comprehensive income to eliminate the difference between the carrying amount and transfer value arising on a “common control transaction” previously included in other comprehensive income; and
- disclosure note 2 and 24 for a correction relating to the disclosure of the split of revenues and additional disclosures required for the acquisition of subsidiary.

The original financial statements were approved on 30th March 2017 and our previous report was signed on that date. We have not performed a subsequent events review for the period from the date of our previous report to the date of this report.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the original financial statements for the year ended 31 December 2016 failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors in the statement contained in Note 1.2 to these revised financial statements;
- the information given in the revised Strategic Report and Directors’ Report for the financial year for which the revised financial statements are prepared is consistent with the revised financial statements;
- the revised Strategic Report and Directors’ Report have been prepared in accordance with applicable legal requirements; and
- in the light of the knowledge and understanding of the group and the company and their environment obtained in the course of the audit, we have not identified any material misstatements in the revised Strategic Report and the Directors’ Report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the revised parent company 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.

Mark McIlquham (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
19 May 2017

Consolidated statement of profit and loss and other comprehensive income (revised)

in GBP 000's	*Note*	For the year ended 31 December, 2016	2015
REVENUE			
Distribution service fees		16,236	13,452
Claims management fees		9,738	8,106
Profit commissions		2,450	2,103
Total operating revenue	2	**28,424**	**23,661**
Related party revenue	*	—	648
Total revenue		**28,424**	**24,309**
EXPENSES			
Staff costs	4	14,125	11,093
Other general & administrative expenses	3	6,713	5,638
Restructuring & transaction related overheads		1,083	1,578
Depreciation & amortisation		5,369	4,291
Related party expenses		—	648
Total operating expenses		**(27,290)**	**(23,248)**
OPERATING PROFIT		**1,134**	**1,061**
Finance income	6	11	—
Finance costs	5	(4,774)	(4,185)
NET FINANCE COST		**(4,763)**	**(4,185)**
LOSS BEFORE TAX		**(3,629)**	**(3,124)**
Tax benefit	7	312	665
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(3,317)**	**(2,459)**

* Ryan Specialty Group Underwriting Managers Europe Limited established a number of underwriting agencies in 2015 for which the Group incurred a number of charges on behalf of these new start-ups. In addition the Group incurred legal and professional fees in respect of a number of acquisition and restructuring on behalf of Ryan Specialty Group Europe Limited. The related party revenue reflects the recharge of these incurred expenses to Ryan Specialty Group Underwriting Managers Europe Limited and Ryan Specialty Group Limited.

The notes to the consolidated financial statements on pages 24 to 58 are an integral part of consolidated financial statements.

Consolidated statement of financial position (revised)

in GBP 000's		As of 31 December 2016	2015
ASSETS			
CURRENT ASSETS			
Cash	13	25,647	24,130
Trade and other receivables	12	18,665	9,275
Due from related parties	22	—	7,998
Prepayments and accrued income		3,094	3,602
Total current assets		**47,406**	**45,005**
NON-CURRENT ASSETS			
Property and equipment	8	4,572	4,138
Intangible assets and goodwill	9	56,211	45,030
Contract costs	2	308	577
Total non-current assets		**61,091**	**49,745**
TOTAL ASSETS		**108,497**	**94,750**
LIABILITIES AND MEMBERS' EQUITY			
CURRENT OPERATING LIABILITIES			
Trade and other payables	14	40,990	30,027
Unsecured loan notes	14	4,490	—
Due to related parties	22	4,612	12,602
Accruals and deferred income		3,944	5,572
Provisions	16	1,631	1,455
Total current operating liabilities		**55,667**	**49,656**
NON-CURRENT OPERATING LIABILITIES			
Preference share capital	18	36,535	36,535
10% dividend due on redeemable shares	18	16,485	12,834
Deferred tax liabilities	11	90	188
Unsecured loan notes	14	7,500	—
Total non-current operating liabilities		**60,610**	**49,557**
TOTAL LIABILITIES		**116,277**	**99,213**
MEMBERS' EQUITY			
Share capital	17	2	2
Accumulated profit (loss)		(7,782)	(4,465)
Total members' equity		**(7,780)**	**(4,463)**
TOTAL LIABILITIES AND EQUITY		**108,497**	**94,750**

The notes to the consolidated financial statements on pages 24 to 58 are an integral part of consolidated financial statements.

These consolidated financial statements were approved by the board of directors on and were signed on its behalf by:

Scott Hough
Director

Registered number: 08183121

Company statement of financial position

in GBP 000's	Note	As of 31 December 2016	As of 31 December 2015
ASSETS			
CURRENT ASSETS			
Cash	13	14	4
Trade and other receivables	12	29	79
Due from related parties	22	9,206	3,465
Prepayments and accrued income		23	58
Total current assets		**9,272**	**3,606**
NON-CURRENT ASSETS			
Investments	9	35,839	35,839
Deferred tax		28	35
Total non-current assets		**35,867**	**35,874**
TOTAL ASSETS		**45,139**	**39,480**
LIABILITIES AND MEMBERS' EQUITY			
CURRENT OPERATING LIABILITIES			
Trade and other payables	14	123	231
Due to related parties	22	39,248	32,620
Accruals and deferred income		—	195
Total current operating liabilities		**39,371**	**33,046**
NON-CURRENT OPERATING LIABILITIES			
Preference share capital	18	36,535	36,535
10% dividend due on redeemable shares	18	16,485	12,834
Total non-current operating liabilities		**53,020**	**49,369**
TOTAL LIABILITIES		**92,391**	**82,415**
MEMBERS' EQUITY			
Share capital	17	2	2
Accumulated (loss)		(47,254)	(42,937)
Total members' equity		**(47,252)**	**(42,935)**
TOTAL LIABILITIES AND EQUITY		**45,139**	**39,480**

The notes to the Company financial statements on pages 24 to 58 are an integral part of consolidated financial statements.

These Company financial statements were approved by the board of directors on and were signed on its behalf by:

Scott Hough
Director

Registered number: 08183121

Consolidated statement of changes in equity (revised)

in GBP 000's		Share capital	Merger Reserve	Accumulated profit/(loss)	Total equity
Balance at 31 December 2014 – Equity/(Deficit)		**2**	—	**(2,504)**	**(2,502)**
Loss for the year		—	—	(2,459)	(2,459)
Merger Reserve	*	—	498	—	498
Total Comprehensive Loss for the Year		—	498	(2,459)	(1,961)
Balance at 31 December 2015 – Equity/(Deficit)		**2**	**498**	**(4,963)**	**(4,463)**
Total comprehensive loss for the year		**—**	**—**	(3,317)	**(3,317)**
Balance at 31 December 2016 – Equity/(Deficit)		**2**	**498**	**(7,782)**	**(7,780)**

* On 27 November 2015, Cassidy Davis Underwriting Agency Limited was acquired from Jubilee Group Holdings Limited, a fellow member of the Ryan Specialty Group Europe Limited, by Direct Group Limited and became a wholly owned subsidiary within the Group. The acquisition was completed at an acquisition value of £3,000 compared to a carrying amount of £501,000, accordingly the difference of £498,000 is presented as a separate reserve within the consolidated statements of changes in equity, in line within "common control transaction" guidance.

The notes to the consolidated financial statements on pages 24 to 58 are an integral part of consolidated financial statements.

Company statement of changes in equity

in GBP 000's	Share capital	Accumulated profit/(loss)	Total equity
Balance at 31 December 2014 – Equity/(Deficit)	**2**	**(8,158)**	**(8,156)**
Total comprehensive loss for the year	—	(34,779)	(34,779)
Balance at 31 December 2015 – Equity/(Deficit)	**2**	**(42,937)**	**(42,935)**
Total comprehensive loss for the year	**—**	(4,317)	**(4,317)**
Balance at 31 December 2016 – Equity/(Deficit)	**2**	**(47,254)**	**(47,252)**

The notes to the Company financial statements on pages 24 to 58 are an integral part of Company financial statements.

Consolidated statement of cash flows (revised)

in GBP 000's	For the year ended 31 December, 2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax for the year	(3,629)	(3,124)
Adjustments to reconcile net income (loss) from continuing operations to cash flows from (used for) operating activities:		
Loss on sale of fixed assets	—	477
Depreciation and amortisation	5,369	4,291
Finance income	(11)	—
Finance cost	4,774	4,185
Tax paid	(862)	—
Change in:		
Prepayments and accrued income	589	(964)
Trade and other receivables	(7,263)	(1,986)
Trade and other payables	5,290	3,076
Due from related parties	7,998	3,724
Due to related parties	(4,339)	(3,611)
Provisions	(154)	557
Accruals and deferred income	(2,494)	390
Net cash from operating activities	**5,268**	**7,015**
CASH FLOWS USED FOR INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(1,443)	(1,559)
Acquisition of intangible assets	(1,056)	(554)
Acquisition of subsidiary	(4,111)	
Acquisition of contract assets	(39)	(309)
Finance income	11	—
Net cash used in investing activities	**(6,638)**	**(2,422)**
CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES		
Unsecured loan Notes	7,500	—
Finance cost	(4,613)	(4,185)
Net cash from/ (used in) financing activities	**2,887**	**(4,185)**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**1,517**	**408**
CASH AND CASH EQUIVALENTS – Beginning balance	**24,130**	**23,722**
CASH AND CASH EQUIVALENTS – Ending balance	**25,647**	**24,130**

The notes to the consolidated financial statements on pages 24 to 58 are an integral part of consolidated financial statements.

Company statement of cash flows (revised)

in GBP 000's	For the year ended 31 December, 2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax for the year	(4,317)	(34,779)
Adjustments to reconcile loss from continuing operations to cash flows used for operating activities:		
Deferred tax credit	7	—
Change in:		
Prepayments and accrued income	35	(23)
Trade and other receivables	50	(79)
Trade and other payables	(108)	231
Due from/to related parties	4,538	37,411
Accruals and deferred income	(195)	(203)
Total cash flows used in operating activities	**10**	**2,558**
CASH FLOWS USED FOR INVESTING ACTIVITIES		
Acquisition of investments	—	(2,609)
Total cash flows used for investing activities	**—**	**(2,609)**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**10**	**(51)**
CASH AND CASH EQUIVALENTS – Beginning balance	**4**	**55**
CASH AND CASH EQUIVALENTS – Ending balance	**14**	**4**

The notes to the Company financial statements on pages 24 to 58 are an integral part of Company financial statements.

Notes to the consolidated financial statements

1.1 Reporting Entity

Ryan Direct Group Limited (the “Company”) is a company incorporated and domiciled in the United Kingdom. The registered office is located at Quay Point, Lakeside Boulevard, Doncaster, South Yorkshire, DN4 5PL. The consolidated financial statements of the Company for the year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”). The Company’s ultimate controlling parent company is Ryan Specialty Group, LLC, Chicago, Illinois, U.S.A (“RSG”).

The Group is principally engaged in the provision of end-to-end insurance claims processing and distribution services (see Note 2). Information on the Group’s ultimate parent is presented in Note 22. Information on other related party relationships of the Group is provided in Note 22.

1.2 Basis of Presentation

Group

The consolidated financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”).

The Company was exempt from the requirement to prepare group financial statements by virtue of s400 of the Companies Act 2006.

In November 2015, the Group underwent a corporate restructuring in order to simplify the legal structure of the Group, align it with its service lines and facilitate intercompany distributions. The restructuring did not have an impact on the Group’s tax positions or those of its subsidiaries. Upon consolidation, all restructuring related transactions were eliminated. The impact of the restructuring on the consolidated entities is disclosed in Note 23.

Revision to Consolidated and Company Financial Statements for the year ended 31 December 2016

The revised consolidated financial statements were authorised for issue in accordance with a resolution of the directors on 19 May 2017.

These revised financial statements replace the original financial statements for the year ended 31 December 2016 which were approved by the board on 30 March 2017. They are now the statutory financial statements of the company for that financial year. In accordance with the Companies Act 2006 (‘the Act’), the financial statements have been revised as at the date of the original financial statements and not as at the date of this revision. Accordingly they do not deal with events between those dates.

- The loan notes were incorrectly classified between current and non-current liabilities within the statement of financial position and were missing the related notes. The impact of the revision on the consolidated statement of financial position is a reduction in current liabilities by £2.85m and an increase in non-current liabilities by the same amount. There is no effect on the profit for the year or the net assets of the Group;
- Errors were identified in the consolidated and company cash flow statements due to misclassifications between operating, investing and financing activities which have been revised. This had no impact on the reported cash balances;
- Elimination of the difference between the carrying amount and transfer value arising on a “common control transaction” previously included within other comprehensive income; and
- Amendments to the following disclosure notes were made:
  - Note 2: Revenue. Amendment to the split between services transferred over time and at a point in time; and
  - Note 24: Acquisition of Subsidiary. This disclosure note has been added to meet the disclosure requirement in IFRS 3.

Notes to the consolidated financial statements

1.2 Basis of Presentation *(continued)*

The Act requires that where revised financial statements are issued, a revised auditor's report is issued and this is attached.

Under s454 of the Act the directors have authority to revise annual financial statements, the strategic report, or the directors' report if they do not comply with the Act. The revised financial statements or report must be amended in accordance with The Companies (Revision of Defective Accounts and Report) Regulations 2008 and in accordance therewith do not take account of events which have taken place after the date on which the original financial statements were approved. The Regulations require that the revised financial statements show a true and fair view as if they were prepared and approved by the directors as at the date of the original financial statements.

Company

The individual Company financials as presented in these financials statements and related notes follow the reporting framework under IFRS. Under section 408 of the Companies Act the Company is exempt from the requirement to present its own profit and loss account and the related notes.

1.3 Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

1.1.1. Transition to EU-IFRS

This will be the second year the Group has reported in accordance with IFRS as the Group prepared its consolidated financial statements in accordance with IFRS for the first time for the year ended 31 December 2015 and consequently has applied IFRS 1. Accordingly, the Group has prepared consolidated financial statements that comply with IFRS applicable as at 31 December 2016, together with the consolidated comparative financial information for the year ended 31 December 2015, as described in the summary of significant accounting policies.

IFRS 1 grants certain exemptions from the full requirements of IFRS in the transition period. The following exemptions have been applied in these consolidated financial statements:

- The Group measures property and equipment at 'deemed cost' in accordance with IFRS 1;
- The Group has applied the transitional provision in IFRIC 4 Determining whether an Arrangement Contains a Lease and has assessed all arrangements based upon the conditions in place as at the date of transition;
- The Group has also decided, on first time adoption, to early adopt IFRS 15 on transition to IFRS, on a retrospective basis, and elected to apply the following expedients:
    - For completed contracts, the Group is not restating contracts that begin and end within the same annual reporting period;
    - For completed contracts with variable consideration, the Group uses transaction price at the date the contract was completed, instead of estimating variable consideration amounts in the comparative reporting periods;
    - The Group is not disclosing the amount of the transaction price allocated to the remaining performance obligations and an explanation of when it expects to recognise that amount as revenue for all reporting periods presented before the beginning of the first IFRS reporting period;
    - The Group will not reassess business combinations which occurred prior to the transition date;

Notes to the consolidated financial statements

1.3 Accounting Policies *(continued)*

1.1.2. Use of Estimates and Judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may be different from these estimates.

Information about judgements made and applying accounting policies that have the most significant effects on amounts recognised in the consolidated financial statements is included in the following notes:

- Note 1.3.5 – consolidation: whether the Group has the power to control without having majority ownership;
- Note 1.3.3 – insurance balances: whether the Group acts as an agent in the insurance related transactions rather than as a principal;
- Note 1.3.6 – revenue recognition:
    - commission revenue: whether the Group acts as an agent in the transaction rather than as a principal;
    - pattern of recognition: the point in time where the Group recognises revenue from its distribution services and claims handling.

Information about assumptions and estimation uncertainty that have significant risk of resulting in a material adjustment in the year ending 31 December 2016 is included in the following notes:

- Note 9 – impairment test: key assumptions underlying recoverable amounts, including the recoverability of development technology;
- Note 11 – recognition of deferred tax assets: availability of future taxable income against which tax losses carried forward can be used;
- Note 16 – recognition and measurement of provisions: key assumptions about the likelihood and magnitude of an outflow of resources.

1.1.3. Measurement convention

The consolidated financial statements have been prepared on the historical cost basis.

1.1.4. Going concern

The Company's and Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The strategic report and Note 19 of the financial statements describe the liquidity position and borrowing facilities, its financial risk management objectives, and its exposure to credit risk and liquidity risk.

The financial statements have been prepared on a going concern basis, notwithstanding the net current liability position of the Company's balance sheet, which the directors believe to be appropriate for the reasons set out below.

The Company and Group closely monitor the financial performance and cash flows throughout the year. Regular forecasts and analysis are carried out to facilitate current business opportunities have enabled the directors to confirm (using the principles contained in the Financial Reporting Council Paper entitled "Going Concern and Liquidity Risk.")

1.1.5. Basis of consolidation

Business combinations

Subject to the transitional relief in IFRS 1, all business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

Notes to the consolidated financial statements

1.3 Accounting Policies *(continued)*

1.1.5. Basis of consolidation *(continued)*

Acquisitions on or after 1 January 2013

For acquisitions on or after 1 January 2013, the consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (refer to Note 9). Any gain on a bargain purchase is recognized in profit or loss immediately. Transactions costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payments awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

Acquisitions prior to 1 January 2013

As part of its transition to IFRSs, the Group elected to restate only those business combinations that occurred on or after 1 January 2013. In respect of acquisitions prior to 1 January 2013, goodwill represents the amount recognised under the Group's previous accounting framework, UK GAAP.

Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements.

The components of equity of the acquired entities are added to the same components within Group equity except that any share capital of the acquired entities is recognised as part of share premium. Any cash paid for the acquisition is recognised directly in equity.

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Notes to the consolidated financial statements

1.3 Accounting Policies *(continued)*

1.1.7. Revenue

A. Early adoption of IFRS 15

The Group has early adopted IFRS 15 Revenue from Contracts with Customers with a date of initial application of 1 January 2015.

B. Significant accounting policy

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it satisfies a performance obligation.

Taxes assessed by a governmental authority that are both imposed on and concurrent with handling insurance policies; are collected by the Group from a customer, are excluded from revenue.

C. Nature of the services

The Group provides two main type of services: distribution services and claims management services to insurance policyholders on behalf of insurers, syndicates of insurers, or underwriters. For each contract with customers, the Group identifies the related performance obligations and evaluates the revenue recognition method applicable for each of them. The following is a description of principal performance obligations identified in the Group's contracts with customers.

Distribution Services

Distribution services include brokerage services and policy administration services that the Group provides to policyholders on behalf of the insurer, syndicate of insurers or underwriter. Distribution fees are recognised over time as the Group satisfies its stand-ready obligation on an ongoing basis over the contract term.

As a practical expedient in paragraph B16 of IFRS 15, the Group determines that the amount billed to the customers corresponds directly with its performance to date. Revenue is recognised after providing for cancellations and making allowance for post placement obligations.

Claims fees

The Group provides claims services associated with the claims life cycle, such as first notification, claims investigation, decision and settlement, supply chain management, fraud investigation, field/loss adjusting services and management information. The Group determines that its stand-ready obligation to provide claim management services represents a single performance obligation in the contract. Visit services, validation services, surveys, and loss adjusting services are additional services within the claims management business, each of which is identified as a distinct performance obligation. Fees related to these services are recognised over the period of the claim based on the progress made towards the processing and management of each claim.

D. Variable consideration

The Group only includes variable consideration in the transaction price if it is highly probable that a significant reversal in the amount of cumulative revenue will not occur. Certain contracts with customers contain an element of 'profit commission' which is a commission paid by an insurer based on the overall profitability of the business placed during a particular period. The amount of the profit commission is determined after this period. Where it is possible to reasonably estimate the profit commission revenue, revenue is recognised on an earned basis after making allowances for future and ongoing claims based on the terms of the profit commission arrangements net of any associated profit commission paid by the Group to a third party. Where it is not possible to reasonably estimate the profit commission revenue, revenue is deferred until fully earned.

Notes to the consolidated financial statements

1.3 Accounting Policies *(continued)*

1.1.7. Revenue *(continued)*

E. Costs to fulfil a contract

For specific contracts for distribution and claims management services, the Group incurs set-up costs to enable it to perform the services to satisfy its obligations under the contracts. These set-up costs are expected to be recovered. If the costs incurred in fulfilling a contract with a customer are not within the scope of another IFRS standard, then the costs are recognised as an asset under IFRS 15 and subsequently amortised over the term of the associated contract.

1.1.8. Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

The Group maintains a number of contracted-out defined contribution pension schemes and contributions are charged to the consolidated statement of profit or loss in the period as the related service is provided. These schemes are funded and the payments of contributions are made to an independently administered fund and the assets of these schemes are held separately from the Group in an independently administrated fund. Any unpaid contributions at the period end are accrued for in the accounts of the Group.

Long-term compensation plans and share-based awards

The Company has cash-settled (1) common awards, (2) phantom preferred awards and (3) guaranteed cash payment plans that vest over a specified service period. Additionally, the company has contingent equity awards that will be granted upon a market event.

The Company records compensation cost for share-based compensation awards by expensing each tranche separately. The expense associated with each tranche is recognised over the requisite service period using the straight-line method. There is a limited number of individuals with awards, therefore no adjustment has been made for forfeitures. For equity-classified share-based compensation awards, expense is recognized based on the grant-date fair value. For liability-classified share-based compensation awards, expense is recognized for those awards expected to ultimately be paid. The amount of expense reported for liability-classified awards is adjusted for fair-value changes so that the expense recognized for each award is equivalent to the amount to be paid.

1.3.8 Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

1.3.9 Finance income and finance cost

Finance income and finance costs include interest income and interest payable which is recognised in the consolidated statement of profit or loss as it accrues, using the effective interest method. Furthermore finance costs include transactional bank charges.

Notes to the consolidated financial statements

1.3 Accounting Policies *(continued)*

1.3.10 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the consolidated statement of profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using the tax rates and tax laws that are enacted, or substantively enacted at the reporting date.

Current tax assets and liabilities are only offset if the Group has the intention and is legally entitled to settle the position on a net basis.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

1.3.11 Property and equipment

Plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. The cost of certain items of property, plant and equipment at 1 January 2013, the Group’s date of transition to IFRS, was determined with reference to its fair value at that date using the ‘deemed cost’ exemption.

Notes to the consolidated financial statements

1.3 Accounting Policies *(continued)*

1.3.11 Property and equipment *(continued)*

Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent expenditure is capitalised only if it's probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives are as follows:

- Leasehold property improvements period of the lease
- Computer hardware 3-5 years
- Computer software 3-5 years
- Motor vehicles 3 years
- Fixtures and fittings 6 ⅔ years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.3.12 Intangible assets and goodwill

Developed technology

Recognition and measurement

For our major software systems, such as accounting, claims, budget and customer relationship management systems, capitalized costs may include some internal or external costs to configure, install and test the software during the application development stage. We do not formally track or capitalize preliminary project costs or concepts and these are expensed as incurred. Further, we do not capitalize training, data conversion, maintenance, or post-development stage costs.

When concepts and preliminary projects have reached the point of technical, commercial and financial viability they are put forth to internal committees to be approved as a project for design of specifications and completion of development. At the point in time in which the project is no longer preliminary and is formally approved for development, the company begins tracking and capitalizing the portion of individual's time spent on these projects as work in progress. Capitalization is done by estimating time spent with corroborating objective evidence. Costs incurred during this application development phase are capitalized as work-in-process until the development project is complete. Once completed the project is then amortized over the estimated useful life, which does not exceed five years. In the event that software functionality is expected to retire prior to the initially estimated amortisation period, the useful life would be accelerated to ensure full amortisation by the cease-use date. All training costs are expensed as incurred.

Notes to the consolidated financial statements

1.3 Accounting Policies *(continued)*

1.3.12 Intangible assets and goodwill *(continued)*

The Group identified the following phases in its technology development process:

• Phase 0 – Award	Costs are expensed as incurred
• Phase 1 – Project Validation	Costs are expensed as incurred
• Phase 2 – Project Development	Costs are capitalized
• Phase 3 – Implementation	Costs are capitalized
• Phase 4 – Post Development	Costs are expensed as incurred

The capitalised expenditure includes cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditures are recognised in profit or loss as and when incurred.

Capitalised costs associated with developed technology are measured at cost less accumulated amortisation and accumulated impairment losses.

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Amortisation

Amortisation is calculated to write-off the cost of intangible assets less their estimated residual value using the straight-line method over their economic useful lives, and is recognized in profit or loss. Goodwill is not amortised.

The estimated useful lives are as follows:

• Developed technology	5 years
• Customer relationships	10 years
• Trade names	5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

1.3.12 Insurance balances

Insurance intermediaries act as agents in placing the insurable risks of their clients with insurers and, as such, generally are not liable as principals for amounts arising from such transactions. Notwithstanding these legal relationships, cash balances, debtors and creditors arising from insurance intermediary transactions are shown as assets and liabilities. The position of the insurance intermediary as agent means that the credit risk is generally borne by the principals. There can be circumstances where the insurance intermediary acquires credit risk through statute, or through the act or omission of the insurance intermediary or one of the principals.

1.3.13 Financial instruments

The Group generally does not acquire, or hold, derivative financial instruments. Financial instruments mostly relate to non-derivative financial instruments such as ordinary trade and other receivables, cash, trade and other payables and preferred share capital hold by the Group's parent company. As such, the Group generally does not acquire or hold financial assets categorised as fair value through profit or loss, held-to-maturity or available-for-sale.

Notes to the consolidated financial statements

1.3 Accounting Policies *(continued)*

1.3.13 Financial instruments *(continued)*

Non-derivative financial assets and liabilities – Recognition and derecognition

The group initially recognises receivables issued at the date when they are originated. All other financial assets and liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the group is recognised as a separate asset or liability.

The group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when the Group has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial assets – Measurement

Receivables are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. Considering the short term character of insurance, trade and other receivables and are non-interest bearing, the impact of the effective interest method is not significant. As such these receivables are measured at their nominal amount.

Non-derivative financial liabilities – Measurement

Financial liabilities are initially measured at fair value less any directly attributable transaction costs.

Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

1.3.12 Share Capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with IAS 12.

Preference shares

The Group's redeemable preference shares are classified as financial liabilities, because they bear non-discretionary dividends and are redeemable in cash by the holders. Non-discretionary dividends thereon are recognised as interest expense in profit or loss as accrued.

1.3.13 Impairment excluding deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the asset's original effective interest rate. Interest on

Notes to the consolidated financial statements

1.3 Accounting Policies *(continued)*

1.3.13 Impairment excluding deferred tax assets *(continued)*

the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable 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.

1.3.12 Provisions

Provisions are recognised when the Group has a financial obligation as a result of a past event and it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Group holds provisions for various obligations, which include dilapidations and policy cancellations.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes to the consolidated financial statements

1.3 Accounting Policies *(continued)*

1.3.13 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the Group has the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

Leases where the Group does not have substantially all of the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are charged to the consolidated statement of profit or loss on a straight-line basis over the period of the lease.

Assets held under other leases are classified as operating leases and are not recognised in the Group's consolidated statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance cost is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.3.14 IFRS not yet applied

The following IFRS have been issued but have not been applied in these consolidated financial statements. The Group intends to adopt these standards, if applicable, when they become effective:

- IFRS 9 Financial Instruments – the standard becomes mandatory for the Group's 2018 consolidated financial statements and is expected to impact the classification and measurement of financial assets. The extent of the impact has not been determined.
- IFRS 16 Leases – the standard becomes mandatory for the Group's 2019 consolidated financial statements and is expected to impact the classification and measurement of leases. The extent of the impact has not been determined.

The Group acknowledged the forthcoming amendments to IAS 1, IAS 16, IAS 27, IAS 28, IAS 38, IFRS 10 and IFRS 11 effective for accounting periods beginning 1 January 2017. The impact, if any, is yet to be determined.

Notes to the consolidated financial statements

2. Revenue (revised)

Group

Disaggregation

The tables below disaggregate revenue by major services lines and timing of revenue recognition.

in GBP 000's	2016	2015
Distribution service fees	16,236	13,452
Claims management fees	9,738	8,106
Profit commissions	2,450	2,103
Total operating revenue	**28,424**	**23,661**

in GBP 000's	2016	2015
Services transferred over time	22,389	17,982
Services transferred at point in time	6,035	5,679
Total operating revenue	**28,424**	**23,661**

Contract balances

Insurance related receivables, payables and cash positions from contracts with customers are separately disclosed in Notes 12, 13, 14 and 19b. The following table includes contract assets and contract liabilities from contracts with customers:

in GBP 000's	2016	2015
Receivables included in "Trade and other receivables"	15,798	9,275
Contract assets	3,119	2,553
Total contract balances	**18,917**	**11,828**

The contract assets primarily relate to the Group's rights to consideration for services completed but not billed at the reporting date. The contract assets are transferred to receivables when the right to bill becomes unconditional. The contract liabilities primarily relate to the advance consideration received from customers for which revenue is recognised on completion of the related performance obligation.

Contract assets and liabilities relate to the Group's performance obligations with respect to distribution and claims services, which are generally satisfied within twelve months. Accordingly, contract liabilities as at the reporting date are recognized as revenue during the twelve-month period following the reporting date. Similarly, performance obligations fully or partially satisfied but not yet billed as at the reporting date, are transferred to receivables during the twelve-month period following the reporting date as the Group bills the customer. The Group recognized £259,000 of revenue in 2016 which originated from deferred income recorded in 2015 and transferred £2,225,000 of accrued income to "Trade and other receivables".

There were no cumulative catch up adjustments or modifications of contracts that would have materially affected the contract assets and liabilities balances as at the reporting date.

No impairment was recorded for contract assets during 2016 (2015: £nil). The Group's customers are usually well established insurers, syndicates of insurers or brokers in the U.K. and do not present collectability issues. As part of its credit risk management, reference is made to Note 19.

In adopting IFRS 15, the Group made several adjustments to revenue from customers' contracts. For profit commissions, the Group applied the constraint under IFRS 15.56-57 in its estimation of the related variable consideration and determined the amount of the profit commissions to be reversed and deferred is £2,450,000 at 31 December 2016 (2015: £2,103,000).

Notes to the consolidated financial statements

2. Revenue (revised) *(continued)*

Transaction price allocated to the remaining performance obligations

The Group engages in long term master agreements with insurance partners and other brokers which include (semi)annual reset of specified terms in the agreement. Generally these contracts with customers do not contain a level of promised or committed policies and/or claims to be handled under the agreement.

As such, the Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

Contract costs

For specific contracts, the Group recognised an asset in relation to costs related to enhancement of IT system(s) placed in service or general implementation work to enable it to perform the distribution and/or claims services under the contracts. These set-up costs are expected to be recovered and are not within the scope of another IFRS standard. As such, the Group capitalized these costs under IFRS 15. The Group has capitalised them as contract costs in the amount of £39,000 at 31 December 2016 (2015: £309,000).

These set-up costs are amortized on a straight-line over the life of the related contract, consistent with the pattern of recognition of the associated revenue. The amortisation amount recognised is £308,000 at 31 December 2016 (2015: £224,000). The Group determined that there was no impairment on set-up costs as of 31 December 2016, and 31 December 2015.

Applying the practical expedient in paragraph 94 of IFRS 15, the Group recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

in GBP 000's	**2016**
Cost	
Balance at 31 December 2015	**974**
Other acquisitions – internally developed	39
Balance at 31 December 2016	**1,013**
Balance at 31 December 2015	**397**
Amortisation for the year	308
Balance at 31 December 2016	**705**
Net book value	
At 31 December 2015	577
At 31 December 2016	**308**

Company

Standalone Company Profit & Loss notes are not disclosed due to the exemption taken under section 408 of Companies Act 2006.

3. Expenses and auditor's remuneration

Group

Included in the consolidated statement of profit or loss are the following:

in GBP 000's	**2016**	**2015**
Auditor's remuneration		
Audit of subsidiary financial statements	131	112
Total audit expenses	**131**	**112**

Notes to the consolidated financial statements

3. Expenses and auditor's remuneration *(continued)*

Audit services fees in relation to these consolidated financial statements were £46,400. These audit fees were borne by Ryan Direct Group Europe Limited, the parent entity of RDG.

Company

Standalone Company Profit & Loss notes are not disclosed due to the exemption taken under section 408 of Companies Act 2006.

4. Staff numbers and costs

Group

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

in GBP 000's	2016	2015
Directors	2	2
Administrators	527	435
Total directors and administrators	**529**	**437**

The aggregate payroll costs of these persons were as follows:

in GBP 000's	2016	2015
Wages and salaries	12,381	9,955
Social security costs	1,094	886
Contributions to defined contribution plans	650	252
Total gross payroll costs	**14,125**	**11,093**

Company

Standalone Company Profit & Loss notes are not disclosed due to the exemption taken under section 408 of Companies Act 2006.

5. Finance cost

Group

Amounts recognised in the consolidated statement of profit or loss:

in GBP 000's	2016	2015
Bank charges	395	528
Interest expense – related parties	4,379	3,655
Other interest expense	—	2
Total finance cost	**4,774**	**4,185**

Company

Standalone Company Profit & Loss notes are not disclosed due to the exemption taken under section 408 of Companies Act 2006.

Notes to the consolidated financial statements

6. Finance income

Group

Amounts recognised in the consolidated statement of profit or loss:

in GBP 000's	2016	2015
Interest income – related party loans	11	—
Total finance income	**11**	**—**

Company

Standalone Company Profit & Loss notes are not disclosed due to the exemption taken under section 408 of Companies Act 2006.

7. Taxation

Group

Amounts recognised in the consolidated statement of profit or loss:

in GBP 000's	2016	2015
CORPORATION TAX		
Current year charge	34	—
DEFERRED TAX		
Origination and reversal of temporary differences	(407)	(585)
Effect of changes in tax rates	105	(56)
Adjustment in respect of prior years	(44)	(24)
TOTAL DEFERRED TAX	**(346)**	**(665)**
TOTAL TAX (CREDIT) IN INCOME STATEMENT	**(312)**	**(665)**

in GBP 000's	2016	2015
Loss for the year	(3,317)	(2,459)
Total charge / (credit)	(312)	(665)
Loss excluding taxation	**(3,629)**	**(3,124)**
Tax using the UK corporation tax rate of 20.00% (2015: 20.25%)	(726)	(633)
Effect of :		
Non-deductible expenses for tax purposes	772	898
Deferred tax not recognised	(12)	(11)
Rate change	105	(56)
Group relief received	(407)	(839)
Adjustments in respect of prior years	(44)	(24)
Total tax (credit) (see above)	**(312)**	**(665)**

Reductions in the UK corporation tax rate from 20.25% to 20.00% (effective from 1 April 2016). The deferred tax balance at 31 December 2016 has been calculated based on these rates.

Company

Standalone Company Profit & Loss notes are not disclosed due to the exemption taken under section 408 of Companies Act 2006.

Notes to the consolidated financial statements

8. Property and equipment

Group

in GBP 000's	Computer	Fixtures	Asset in development	Total
Cost				
Balance at 31 December 2015	**7,204**	**2,380**	**570**	**10,154**
Additions	1,354	1	89	1,444
Additions on acquisition during year	122	—	—	122
Reclassification	(252)	—	252	—
Balance at 31 December 2016	**8,428**	**2,381**	**911**	**11,720**
Accumulated depreciation				
Balance at 31 December 2015	**5,341**	**675**	**—**	**6,016**
Depreciation charge for the year	927	208	—	1,135
Additions on acquisition during year	20	—	—	20
Reclassification	(23)	—	—	(23)
Balance at 31 December 2016	**6,265**	**883**	**—**	**7,148**
Net book value				
At 31 December 2015	1,863	1,705	570	**4,138**
At 31 December 2016	**2,163**	**1,498**	**911**	**4,572**

The assets in development relate to acquired hardware and related consultancy fees associated with an on-line platform and supporting IT system.

The property and equipment has not been pledged nor has any part been financed through a finance lease.

Company

Not applicable to the standalone Company for the years presented.

9. Intangible assets and goodwill

Group

in GBP 000's	Goodwill	Customer relationship	Developed technology	Trade names	Total
Cost					
Balance at 31 December 2015	**37,420**	**14,001**	**2,982**	**527**	**54,930**
Internally developed	—	—	1,056	—	1,056
Other acquisitions – externally purchased	9,092	3,984	997	—	14,073
Balance at 31 December 2016	**46,512**	**17,985**	**5,035**	**527**	**70,059**
Accumulated amortisation					
Balance at 31 December 2015	**—**	**7,951**	**1,616**	**333**	**9,900**
Amortisation for the year	—	2,992	851	105	3,948
Balance at 31 December 2016	**—**	**10,943**	**2,467**	**438**	**13,848**
Net book value					
At 31 December 2015	37,420	6,050	1,366	194	**45,030**
At 31 December 2016	**46,512**	**7,042**	**2,568**	**89**	**56,211**

Notes to the consolidated financial statements

9. Intangible assets and goodwill *(continued)*

Amortisation

The amortisation charge is recognised in profit or loss within Depreciation and Amortisation and amounts to £5,369,000 (2015: £3,225,000). No impairment charge was recognised in the periods presented.

Impairment

Goodwill balances are assessed for impairment on an annual basis by comparing the carrying value of goodwill to the estimated fair value of the underlying operations. Fair value was calculated using discounted cash flow estimation for on-going operations using a pre-tax discount rate of 13%, budgeted EBITDA growth assumptions, and a terminal growth rate of 3%.

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

Company

in GBP 000's	**2016**	**2015**
Cost and net book value		
At beginning of period	35,839	33,230
Addition in the year	—	2,159
At end of period	**35,839**	**35,839**

10. Deferred Income

Group

Government grants received that are yet to be recognised as income have conditions attached to them that may require monies to be returned that are included within deferred income. As at 31 December 2016 these balances amounted to £nil (2015: £nil).

Company

Not applicable to the standalone Company for the years presented.

11. Deferred tax assets and liabilities

Group

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

in GBP 000's	**2016**	**2015**
Property, plant and equipment	802	947
Short term timing	471	480
Losses	757	47
Intangibles	(2,120)	(1,662)
Net deferred (liability)	**(90)**	**(188)**

Notes to the consolidated financial statements

11. Deferred tax assets and liabilities *(continued)*

Movement in deferred tax account

in GBP 000's	**2016**	**2015**
Brought forward	(188)	(852)
Acquired	(248)	—
Current year	407	586
Change in rate	(105)	54
Prior year	44	24
Liability carried forward	**(90)**	**(188)**

Company

Deferred tax assets and liabilities are attributable to the following:

in GBP 000's	**2016**	**2015**
Origin of timing differences	—	—
Effect of change in tax rates	—	—
Net deferred tax (liability)	**—**	**—**

Movement in deferred tax account

in GBP 000's	**2016**	**2015**
Brought forward	35	35
Current year	(7)	—
Liability carried forward	**28**	**35**

12. Trade and other receivables

Trade and other receivables are expected to be recovered within 12 months. Trade receivables are non-interest bearing and are generally on terms of 30 days.

See Note 19 on credit risk of trade receivables, which discusses how the Group manages and measures credit quality of trade receivables that are impaired.

Group

in GBP 000's	**2016**	**2015**
Current Trade Debtors		
Insurance trade debtors	16,573	6,266
Other trade receivables	2,092	3,009
Total current trade debtors	**18,665**	**9,275**

Company

in GBP 000's	**2016**	**2015**
Current Trade Debtors		
Other trade receivables	29	79
Total current trade debtors	**29**	**79**

Notes to the consolidated financial statements

13. Cash

Group

in GBP 000's	**2016**	**2015**
Insurance cash balances	23,973	21,822
Unrestricted cash balances	1,674	2,308
Cash as per cash flow statements	**25,647**	**24,130**

Company

in GBP 000's	**2016**	**2015**
Unrestricted cash balances	14	4
Total Cash	**14**	**4**

14. Trade and other payables (revised)

Trade and other payables are expected to be settled within 12 months. For terms and conditions related to trade payables due to related parties, refer to Note 22.

For explanations on the Group's liquidity risk management process, refer to Note 19.

Group

in GBP 000's	**2016**	**2015**
Current Trade Creditors		
Insurance trade creditors	39,127	23,126
Other trade payables	912	6,151
Taxation and social security	951	750
Total current trade creditors	**40,990**	**30,027**

Unsecured Loan Notes

The unsecured loan note of £4,650,000 repayable to related parties of the Group carry interest of 5 per cent per annum charged on the outstanding loan balances and is accounted for within Accruals and deferred income. The loan notes are fixed rate guaranteed unsecured loan notes in favor of the Directors of Midas Underwriting Limited.

The unsecured loan note of £7,500,000 repayable to related parties of the Group carry interest of 10 per cent per annum charged on the outstanding loan balances and is accounted for within amounts due to related parties. The loan note is a fixed rate guaranteed unsecured loan note in favor of Ryan Specialty Group Europe Limited.

Company

in GBP 000's	**2016**	**2015**
Current Trade Creditors		
Other trade payables	123	195
Taxation and social security	—	36
Total current trade creditors	**123**	**231**

Notes to the consolidated financial statements

15. Employee benefits & Long-term Compensation Arrangements (revised)

Group

Liability Classified Awards

Three forms of long-term compensation were granted in connection with the Company's acquisition of Direct Newco Limited on 7 November 2012:

1.1 Fixed cash payments, payable in four equal £125,000 tranches in 1 May 2013, 2014, 2015, and 2016;

1.2 Phantom preferred awards, paid in a single £1,000,000 payment on 30 June 2018;

1.3 Common equity awards, which vest in 30 June 2016, 2017, and 2018 that are subject to a put exercisable by the employee based on a market formula.

Each of these awards are mandatorily redeemable in cash and are all accounted for using the liability method of accounting. The liability method of accounting for awards requires they be expensed over their respective service periods. Further, to the extent applicable, liability classified awards are subject to applicable mark-to-market adjustments for the unsettled vested portion of the awards.

Both the fixed cash and preferred debt tranches were modified in exchange for increased salaries in December of 2015. The impact of those modifications is discussed below.

Fixed Cash Award

Pursuant to the Holders' employment agreements, each Holder is entitled to £500,000 in cash payable in four equal tranches of £125,000, paid in May 2013, 2014, 2015, and 2016. Any applicable withholding taxes will be deducted from these payments. If the holder ceases employment prior to the vesting date for cause the unpaid benefit is fully forfeited. If the Holder is terminated without cause prior to redemption he will receive an amount proportional to the time served for the annual tranche. Future tranches will be fully forfeited.

In December of 2015 the fixed cash and common award were modified, resulting in acceleration of fixed cash and a cancellation of the preferred equity awards. Below is a summary of the expense associated with the fixed cash awards since their grant date and the incremental cost of the fixed cash award modification, which resulted in an acceleration of the expense.

	Annual Expense of Fixed Cash Award			
in GBP 000's	**Total**	**2016**	**2015**	**Prior to 2015**
Fixed cash tranche I	250	—	—	250
Fixed cash tranche II	250	—	—	250
Fixed cash tranche III as granted	250	—	46	204
Fixed cash tranche IV as granted	216	—	69	147
Incremental cost of modification	34	—	34	—
Cash expense in year	**1,000**	**—**	**149**	**851**

Below is a summary of the liability associated with the fixed cash award.

in GBP 000's	**2016**	**2015**
Beginning liability	—	351
Annual expense	—	149
Amounts cancelled/ settled	—	(250)
Remaining liability	**—**	**250**

Notes to the consolidated financial statements

15. Employee benefits & Long-term Compensation Arrangements (revised) _(continued)_

Phantom Preferred Award

In November 2012, £1,000,000 of phantom preferred equity was granted to certain employees. Each recipient held a stated amount of phantom preferred equity in the Company, with a yield of 10% per annum redeemable on 30 June 2018. These awards are not included in share capital and are accounted for as cash liabilities. These phantom preferred equity grants were designed to encourage alignment of objectives to generate enough cash flow to pay the preferred interest. If preferred interest is paid to the parent company then each holder receives a 10% cash return, or phantom preference dividend, on their holding. The interest does not compound. If the holder leaves prior to redemption date for cause the unredeemed preferred equity will be cancelled with no consideration. If the executive is terminated without cause prior to redemption he will receive a payment proportional to the time served. In December of 2015, the phantom equity awards were cancelled in exchange for a renegotiation of annual compensation and the liability balance is nil as of 31 December 2016 (2015: £nil). The modification resulted in an incremental benefit of £nil for the year ended 31 December 2016 (2015: £382,000).

Below is a summary of the expense associated with the phantom preferred plan and the incremental benefit from the modification.

in GBP 000's	2016	2015
Annual expense as granted	—	178
Incremental cost of modification	—	(560)
Total annual expense of award	**—**	**(382)**

Below is a summary of the liability associated with the phantom preferred award.

in GBP 000's	2016	2015
Beginning liability	—	382
Annual expense	—	178
Amounts cancelled/ settled	—	(560)
Remaining liability	**—**	**—**

Common Award

In November of 2012, two directors were granted common equity grants of 6.25% each or 12.5% of total share capital of the Company. The Common Award vests in three equal tranches on 30 June of 2016, 2017, and 2018. The shares issued under this award are subject to the Put and Call Options. In summary, upon vesting, the holder has a put option which, if exercised, requires the shareholder to repurchase these shares based on an enterprise value derived from a formula that equals 7 times EBITDA less debt (preferred debt, intercompany, and bank debt) plus positive working capital. The cost of the equity awards is included in the EBITDA calculation. However, in the event of the sale of the Company the Holder receives their portion of the enterprise value. If the holder leaves prior to the vesting date for cause, the unvested preferred equity will be cancelled with no consideration. Since these awards contain a cash settled put option, they are accounted for using the liability method of accounting under IFRS 2. Liability accounting requires the cost of the award to be recognized as compensation expense. The expense is recognized over the service period using the tranche method. The vested portion of the award is marked to the current market value with adjustments being recognized as compensation expense. If the holder is terminated without cause prior to redemption the individual will receive pro-rata vesting. As of and for the years ended 31 December 2015 and 2016 these common equity awards had no value because the formula to determine enterprise value was less than zero given the EBITDA and debt balances at the end of these years. Therefore no expense has been recognized in the income statement.

Notes to the consolidated financial statements

15. Employee benefits & Long-term Compensation Arrangements (revised) *(continued)*

Equity-Classified Awards

In November of 2012, £500,000 of common equity rights in RSG were granted to key executives. These awards vest in two equal tranches on 30 June 2018 and 2019. The aggregate of £500,000 of equity rights will convert into an amount of RSG common shares based on the fair value of RSG at the date of an initial public offering (using then prevailing exchange rates). If an initial public offering does not occur prior to 30 June 2017, then these shares will convert into the Company shares equivalent to 2.0% of its total outstanding common shares at the date of conversion. If the holder leaves prior to the vesting date for cause the unvested preferred equity will be cancelled with no consideration. If the holder is terminated without cause prior to redemption he will receive pro-rata vesting. To the extent an IPO becomes probable, RSG would begin recognizing an expense over the remaining service period and it would be charged back to the Company. As of 31 December 2015 and 2016 an RSG IPO has not been deemed probable and no expense has been recognized in either RSG or the Company's financial statements. If an IPO does not occur then the fair market value of the additional 2% of the Company will be recognized as an expense beginning on 30 June 2017 using the grant date fair value. The expense would be recognized over the remaining service period. As of 31 December 2015 and 2016 such a contingent grant in the Company would have no value given the enterprise value calculation.

Defined contribution plans

The Group operates defined contributions schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the consolidated statement of financial position. The pension cost and charge represents contributions payable by the Group to the funds and amounted to £499,000 (2015: £280,000). At 31 December 2016 contributions amounting to £121,000 (2015: £112,000) were payable to the funds and were included in creditors.

Company

Not applicable to the standalone Company for the years presented.

16. Provisions

Group

in GBP 000's	2016	2015
Provisions for dilapidations & cancellations		
Balance at 1 January	1,455	898
Provisions made during the year	408	784
Provisions used during the year	(232)	(227)
Total provisions for dilapidations & cancellations	**1,631**	**1,455**

The provisions relate to costs for dilapidations and cancellations of policies which represent as of 31 December 2016 of £1,556,000 and £75,000, respectively:

- The provision for dilapidations is based on the future expected repair costs required to restore the Group's leased buildings. Contractual amounts are due to be incurred at the end of the respective lease terms. Most of the leases expire by 2030, as such the Group accounts for the time value of money at a 1.9% discount rate.
- The cancellation provision is calculated based on historical data and the Group's experience. Cancelled policies are known within the twelve months following their respective inception date.

Notes to the consolidated financial statements

16. Provisions *(continued)*

Company

Not applicable to the standalone Company for the years presented.

17. Share capital

Total share capital consisted of A, B and C ordinary shares are as follows:

Amounts presented in actual GBPs	2016	2015
Allotted, called up and fully paid		
8,750 A ordinary shares of £0.01 each	9	9
625 B ordinary shares of £1.50 each	937	937
625 C ordinary shares of £1.50 each	937	937
Total share capital	**1,883**	**1,883**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Group. No dividends were paid during the year (2015: £nil).

18. Preference shares

Group & Company

On 7 November 2012, 36,535,440 cumulative redeemable preference shares were issued to Jubilee Group Holdings Limited, each for £0.01 at a premium of £0.99. These shares carry a cumulative dividend of 10% interest per annum. Accrued interest for the year was £3,654,000 (2015: £3,654,000). Accumulated interest at December 31, 2016 was £16,485,000 (2015: £12,835,000).

19. Financial instruments

Group & Company

19(a) Fair values of financial instruments

The Group believes that fair values of all financial assets and financial liabilities, except for preference share capital, is approximated by their carrying amount as presented in the statement of financial position. These include:

- Trade and other receivable including insurance balances — Note 12
- Cash — Note 13
- Trade and other payables — Note 14
- Amounts due to and due from related parties — Note 22

On 7 November 2012, the Company issued £36,535,440 of cumulative non-redeemable preference shares to Jubilee Group Holding Limited. These preferred shares carry a cumulative dividend of 10% per annum. The preferred shares are classified within Level 3, using the expected cash flows and risk-adjusted discount rates based on the probability weighted average of the Group's ranges of possible outcomes. Key inputs used in the model include the risk-free interest rate, company-specific inputs including the incremental cost of capital and budgeted EBITDA. At issuance, the terms of the instrument were considered to be at market and therefore the issuance cost equated to fair value. The preferred shares are not remeasured, rather the Company evaluates the preferred shares for impairment on an annual basis. No impairment was recorded during the year (2015: £nil).

During the periods presented no transfers were made between levels 1 and 2 in the fair value of hierarchy since the Group does not hold any financial instrument fair valued as per either level 1 or 2.

Notes to the consolidated financial statements

19. Financial instruments _(continued)_

19(b) Risk management framework

The group foresees exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk

Risk management framework

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group developed a risk management policy and monitors adherence to it through periodic reporting on the Group's risk management activities and incidents.

The Group's risk management policies are established to identify and analyse the risks faced by the Group when providing distribution and claims services to/for policyholders, other brokers and insurance partners. This is set to appropriate risk limits and controls and to monitor risks and adherence to these limits. Risk management policies and systems are reviewed regularly to reflect changes in insurance market conditions, relevant laws and regulations and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Group if a policyholder, broker or insurance partner fails to meet its contractual obligations, and arises principally from the Group's receivables from these parties. However, generally, the Group does not bear any credit risk on transactions processed in its fiduciary capacity to other brokers and insurance partners. The carrying amount of these debtors (as disclosed in Note 12) is off-set by the associated creditor and cash collected that is payable to brokers and insurance partners. The Group's exposure to credit risk is therefore limited as it is generally assumed by the insurance partner who insures the risk requested by the policyholder.

Payment terms vary depending on the arrangement with the underwriter or insurer, but generally payment is made within 30 days of policy issuance, or settlement of a claim. As at the reporting date, the amount of receivables past due, managed on behalf of insurance partners, is limited to £5,834,000. No receivables were considered impaired. The amount recognized in profit or loss associated with uncollectible receivables is limited to £76,000 (2015: £662,000).

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's contractual financial liabilities can be disaggregated into:

- Short term: Insurance and Other payables;
- Longer term: Preference share capital and Amounts due to related parties.

Short term cash out flows

The Group's short term financial liabilities are reflected in Insurance and Other payables (Note 14) which get matured and are settled in within approximately three months. The majority is directly associated with the

Notes to the consolidated financial statements

19. Financial instruments *(continued)*

19(b) Risk management framework *(continued)*

Insurance and Other receivables (Note 12) and Cash at bank (Note 13) due to the Group acting in its fiduciary capacity. As such, the Group does not foresee a significant level of liquidity risk related to its day-to-day insurance activities.

Longer term cash out flows

The Group is mainly funded through preference share capital held by its direct parent entity (Note 18) and other intercompany accounts with other related parties (Note 22). The preference shares mature on 30 June 2018 in an amount at least equal to its nominal amount of £36,535,000. Any accumulated dividend over the term of the preference shares are only contractually payable if the Group has sufficient accumulated profits to do so. If the Group is unable to redeem the preference shares on 30 June 2018, the Company may elect a new date.

Other intercompany accounts with other related parties in the amount of £12,112,000 as at 31 December 2016, including accrued interest. These positions are treated as current accounts and do not have a specified maturity date.

The Group relies on the continuous financial support of its direct and indirect parent companies to serve the Group’s liquidity needs in both the short and longer term (Note 1.3.4 – Going concern).

20. Operating leases

Group

Non-cancellable operating lease rentals are payable as follows:

in GBP 000’s	**2017**	**2018**	**2019**	**2020**	**2021**	**There-after**	**Total**
Property leases	456	422	388	277	257	1,731	3,531
Other obligations	147	116	66	—	—	—	329
Total obligations	**603**	**538**	**454**	**277**	**257**	**1,731**	**3,860**

The Group leases its office locations under operating leases. The leases run for periods of 5, 10, and 15 years, with an option to renew the lease upon expiry. Lease payments are periodically renegotiated to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices.

The rent paid to the landlord is based on market rentals, and the Group does not have an interest in the residual value of the land and buildings. As a result, it was determined that substantially all of the risks and rewards of the land and buildings are with the landlord.

Two of the leased properties are not currently occupied, and have not been sublet by the Group. The Group has recognised provisions of £548,000 in respect of these leases (see Note 16).

The Group has entered into leases of cars on behalf of certain senior managers. These leases typically are for two year terms, and include an option to extend. A portion of the lease cost is provided as part of the employee’s compensation package, and any costs in excess of the agreed amount are borne by the employee.

During the year, £937,000 (2015: £978,000) was recognized as an expense in the income statement in respect of operating leases.

Company

Not applicable to the standalone Company for the years presented.

Notes to the consolidated financial statements

21. Commitments

Pension commitments (Refer to note 15 for further detail).

The Group operates defined contributions schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the consolidated statement of financial position. The pension cost and charge represents contributions payable by the Group to the funds.

Financial guarantees (Refer to note 22 for further detail).

The Group's ultimate parent company, RSG, entered into a group wide banking facility on 16 October 2013, which was amended on 2 December 2013, 14 July 2014, and 19 December 2016. This facility is provided by a syndicate of lenders with the borrowers being RSG, and Ryan Specialty Group Europe Limited, the ultimate UK parent of the Group. As part of this facility the Group act as guarantors of the borrowers.

22. Related parties (revised)

Group

Parent and ultimate controlling entity

The Group's direct controlling parent is Jubilee Group Holdings Limited ("JGHL") which holds 87.5% of the voting rights in the Group. The remaining 12.5% is held by the executive directors as disclosed in Note 15.

JGHL is wholly owned by Ryan Group Europe Limited, domiciled in the United Kingdom, which is ultimate owned by Ryan Speciality Group, LLC, company domiciled in Delaware, USA.

Amounts due from/to related parties

All amounts due from/to related parties as presented on the balance sheet represents amounts due from/to the Group's direct controlling parent. Amounts due from the parent were £nil (2015: £7,998,000). Amounts due to parent were £12,112,000 (2015: £12,602,000).

As disclosed in Note 14, the Group has been provided an unsecured loan note at arm's length by the UK ultimate parent company for £7,500,000. The annual interest rate is fixed at 10% per annum, and are redeemable in 2022.

Transactions with key management personnel

Key management personnel compensation comprised the following:

in GBP 000's	**2016**	**2015**
Short-term employee benefits	657	1,018
Post-employment benefits	57	—
Total transactions with key management	**714**	**1,018**

Compensation of the Group's key management personnel includes salaries, social securities, non-cash benefits and contributions to post-employment defined contribution plans (as disclosed in Note 15). The executive directors are also party to certain share-based payments arrangements as disclosed in Note 15.

Furthermore, Group contributions to money purchase pension schemes were made on behalf of 2 Directors in the year of £57,000 (2015: £nil). None of the other directors receive any remuneration in respect of their service to the Group in the current year or preceding period.

As disclosed in Note 14, the Group has issued unsecured loan notes at arm's length in favour of the Directors of Midas Underwriting Limited for £4,650,000. The annual interest rate is fixed at 5% per annum, and are redeemable in 2017.

Notes to the consolidated financial statements

22. Related parties (revised) *(continued)*

Transactions with key management personnel *(continued)*

The emoluments of the highest paid director was £339,000 (2015: £532,000) and Group pension contributions of £29,000 (2015: £nil) were made on his behalf.

Other related party transactions

Transactions and services within the Group are made on commercial terms. Amounts outstanding between Group companies are unsecured, are not subject to guarantees, and will be settled in cash. No provisions have been made in respect of amounts due from related parties.

The amounts due to and due from these related parties are separately classified in the consolidated statement of financial position. Also, the Group's direct parent company holds the preference shares as disclosed in Note 19.

Guarantee given to group undertakings

The Group's ultimate parent company, RSG, entered into a group wide banking facility on 16 October 2013, which was amended on 2 December 2013, 14 July 2014 and 19 December 2016. This facility is provided by a syndicate of lenders with the borrowers being RSG, and Ryan Specialty Group Europe Limited, the ultimate UK parent of the Group. As part of this facility the Group act as guarantors of the borrowers.

Company

Amounts due from the Parent Company were £8,481,000 (2015: £2,740,000). Amounts due from Group Undertakings were £725,000 (2015: £725,000).

Amounts due to the Parent Company were £10,082,000 (2015: £211,000). Amounts due to Group Undertakings were £29,166,000 (2015: £32,409,000).

23. List of subsidiaries

Group

Company	Status	Ownership (%) as per 31 December 2016	2015
Direct Newco Limited	Intermediate holding company	100	100
Direct Group Investment Limited	Intermediate holding company	100	100
Direct Group Holdings Limited	Intermediate holding company	100	100
Direct Group Limited	Trading	100	100
Direct Group Property Services Limited	Trading	100	100
Millennium Insurance Brokers Limited	Trading	100	100
Direct Validation Services Limited	Trading	100	100
Direct Creditor Administration Limited	Dormant	100	100
Direct Warranty Administration Limited	Dormant	100	100
Direct Inspection Solutions Limited	Trading	100	100
Lutine Assurance Services Limited*	Trading	100	100
Cassidy Davis Underwriting Agency Limited*	Trading	100	100
Jubilee Service Solutions Limited*	Trading	100	100
Midas Holdings (NI) Limited	Intermediate holding company	100	—
Midas Underwriting Limited	Trading	100	—

Notes to the consolidated financial statements

23. List of subsidiaries *(continued)*

* With respect to Lutine Assurance Services Limited ("LASL"), Cassidy Davis Underwriting Agency Limited ("CDUAL"), and Jubilee Service Solutions Limited ("JSSL") the Group did not own 100% of the voting rights during all periods presented:

- LASL and JSSL: although the Group did not own majority of the voting rights of both entities prior to the organizational restructuring on 27 November 2015, management determined that the Group controls both LASL and JSSL. The Group controls the two entities during all periods presented by virtue of management agreements since the Group's directors hold board membership in both entities. In addition, both entities entered into an outsourcing agreement with the wholly owned subsidiaries of the Group which transferred all full management and service delivery in control of the Group.
- CDUAL: prior to the aforementioned restructuring, the Group did not own majority voting rights in this entity but did so post-restructuring. As such, the Group consolidates CDUAL as per the date of the restructuring.

Company

Not applicable to the standalone Company for the years presented.

24. Acquisition of Subsidiary

On 31 March 2016 RDG Midas Holdings (NI) Limited (MHL), a 100 per cent owned subsidiary of Ryan Direct Group Limited (RDGL), acquired 100 per cent of the share capital in Midas Underwriting Limited (MUL), obtaining control of MUL. MUL is an independently owned underwriting agency specialising in the provision of insurance products to intermediaries. They are authorised and regulated by the Financial Conduct Authority.

	£000
Purchase Consideration	
Cash consideration	8,493
Loan note consideration	4,490
Share capital	14
Deferred consideration at NPV	1,890
Gross Consideration	**14,887**
Intangible Assets acquired	
Broker relationships	3,984
Developed technology	997
Total acquired intangibles	**4,981**
Net Investment	**9,906**
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	103
Trade and other receivables	4,224
Trade and other payables	(6,538)
Loans and provisions	(330)
Cash and Cash Equivalents	4,382
Net Assets acquired	**1,841**
Deferred tax on intangible assets	(1,027)
Goodwill	**9,092**

Goodwill of £9.1m arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of RDGL's Group and MUL, mainly comprising of in-house developed software for insurance products and new broker relationships.

Notes to the consolidated financial statements

24. Acquisition of Subsidiary *(continued)*

None of the goodwill recognised is expected to be deductible for income tax purposes. The following table summarises the consideration paid for MHL and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

Midas Underwriting Limited contributed £2.5 million revenue and £126 thousand to the Group's loss for the period between the date of acquisition and the balance sheet date.

If the acquisition of Midas Underwriting Limited had been completed on the first day of the financial year, group revenues for the period would have been increased by £2.9 million and group profit would have been decreased by £84 thousand.

Ryan Direct Group Limited

Annual report and financial statements
Registered number 08183121
31 December 2015

Contents

Directors' Report

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2015.

Political and charitable contributions

The Group made no political donations (2014: £nil; 2013: £nil) and charitable contributions of £15,000 (2014: £3,000; 2013: £3,000) during the year.

Directors

The directors who served throughout the year and to the date of this report are as follows:

DJ Coles

SW Hough

JGM Verhagen (appointed 30 August 2016)

Nonexecutive directors

MD Rice (resigned 1 October 2015)

JH Hoffmann (resigned 1 October 2015)

FL Phillips (resigned 1 October 2015)

NGP Donaldson

Directors' indemnities

The Group has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Dividends

The directors do not recommend the payment of a dividend (2014: £nil; 2013: £nil)

Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware; and each director has taken all the steps that be ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

By order of the board

Scott Hough
Director

19 May 2017

Quay Point
Lakeside Boulevard
Doncaster
South Yorkshire
DN4 5PL

Statement of directors' responsibilities in respect of the directors' report and the consolidated financial statements

The directors are responsible for preparing the Annual Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare consolidated financial statements for each financial year. Under that law the directors have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards and applicable United Kingdom law. Under company law the directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these consolidated 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 International Financial Reporting Standards have been followed; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the consolidated financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RYAN DIRECT GROUP LIMITED

We have audited the revised financial statements of Ryan Direct Group Limited for the year ended 31 December 2015 which comprise the Group and Parent Company Consolidated Statement of Profit and Loss and Other Comprehensive Income, the Group and Parent Company Consolidated Statement of Financial Position, the Group and Parent Company Statement of Changes in Equity, the Group and Parent Company Statement of Cash Flows and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

These revised financial statements replace the original financial statements approved by the directors on 17 January 2017. The revised financial statements have been prepared under the Companies (Revision of Defective Accounts and Reports) Regulations 2008 and accordingly do not take account of events which have taken place after the date on which the original financial statements were approved.

This report is made solely to the company's members, as a body, in accordance with the Companies (Revision of Defective Accounts and Reports) Regulations 2008. 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 under those regulations 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the revised financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the revised financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the revised financial statements

An audit involves obtaining evidence about the amounts and disclosures in the revised financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the revised financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the revised audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

The audit of revised financial statements includes the performance of procedures to assess whether the revisions made by the directors are appropriate and have been properly made.

Opinion on financial statements

In our opinion:

- the revised financial statements give a true and fair view, seen as at the date the original financial statements were approved, of the state of the group's and of the parent company's affairs as at 31 December 2015 and of the group's loss for the year then ended;
- the revised group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union, seen as at the date the original financial statements were approved;
- the revised parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, seen as at the date the original financial statements were approved; and

- the revised financial statements have been prepared in accordance with the provisions of the Companies Act 2006 as they have effect under the Companies (Revision of Defective Accounts and Reports) Regulations 2008.

Emphasis of matter – revision of the consolidated and parent financial statements of Ryan Direct Group Limited for the year ended 31 December 2015

In forming our opinion on the revised financial statements, which is not modified, we have considered the adequacy of the disclosures made in Note 1.2 to these revised financial statements concerning the need to revise the consolidated and parent financial statements of Ryan Direct Group Limited for the year ended 31 December 2015, specifically:

- the consolidated and parent company statement of cash flows due to misclassifications between operating, investing and financing activities;
- the consolidated statement of comprehensive income to eliminate the difference between the carrying amount and transfer value arising on a "common control transaction" previously included in other comprehensive income; and
- The amendment to Note 2: Revenue. A correction relating to the disclosure of the split of revenues.

The original financial statements were approved on 17 January 2017 and our previous report was signed on that date. We have not performed a subsequent events review for the period from the date of our previous report to the date of this report.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the original financial statements for the year ended 31 December 2015 failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors in the statement contained in Note 1.2 to these revised financial statements; and
- the information given in the revised Strategic Report and the Directors' Report for the financial year for which the revised financial statements are prepared is consistent with the revised financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the revised 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.

Mark McIlquham (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
19 May 2017

Consolidated statement of profit and loss and other comprehensive income (revised)

in GBP 000's	*Note*	For the year ended 31 December, 2015	2014	2013
REVENUE				
Distribution service fees		13,452	12,562	13,147
Claims management fees		8,106	9,420	10,533
Profit commissions		2,103	1,308	74
Total operating revenue	2	**23,661**	**23,290**	**23,754**
Related party revenue	*	648	—	—
Total revenue		**24,309**	**23,290**	**23,754**
EXPENSES				
Staff costs	4	11,093	12,876	11,517
Other general & administrative expenses	3	5,638	4,676	7,681
Restructuring & transaction related overheads		1,578	1,303	640
Depreciation & amortisation		4,291	4,418	4,132
Related party expenses		648	—	—
Total operating expenses		**(23,248)**	**(23,273)**	**(23,970)**
OPERATING PROFIT/(LOSS)		**1,061**	**17**	**(216)**
Finance income	6	—	2	291
Finance costs	5	(4,185)	(3,917)	(4,406)
NET FINANCE COST		**(4,185)**	**(3,915)**	**(4,115)**
Other non-operating income		—	197	1,445
LOSS BEFORE TAX		**(3,124)**	**(3,701)**	**(2,886)**
Tax benefit	7	665	1,204	1,205
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(2,459)**	**(2,497)**	**(1,681)**

* Ryan Specialty Group Underwriting Managers Europe Limited established a number of underwriting agencies in 2015 for which the Group incurred a number of charges on behalf of these new start-ups. In addition the Group incurred legal and professional fees in respect of a number of acquisition and restructuring on behalf of Ryan Specialty Group Europe Limited. The related party revenue reflects the recharge of these incurred expenses to Ryan Specialty Group Underwriting Managers Europe Limited and Ryan Specialty Group Limited.

The notes to the consolidated financial statements on pages 22 to 62 are an integral part of consolidated financial statements.

Consolidated statement of financial position

in GBP 000's		As of 31 December 2015	2014	2013	1 January 2013
ASSETS					
CURRENT ASSETS					
Cash	13	24,130	23,722	20,868	23,847
Trade and other receivables	12	9,275	7,289	17,700	15,125
Due from related parties	22	7,998	4,387	2,169	1,887
Prepayments and accrued income		3,602	2,638	2,300	1,218
Total current assets		**45,005**	**38,036**	**43,037**	**42,077**
NON-CURRENT ASSETS					
Property and equipment	8	4,138	4,122	3,999	2,146
Intangible assets and goodwill	9	45,030	47,477	50,388	52,913
Contract costs		577	492	140	—
Total non-current assets		**49,745**	**52,091**	**54,527**	**55,059**
TOTAL ASSETS		**94,750**	**90,127**	**97,564**	**97,136**
LIABILITIES AND MEMBERS' EQUITY					
CURRENT OPERATING LIABILITIES					
Trade and other payables	14	30,027	26,951	35,028	37,455
Due to related parties	22	12,602	14,351	14,458	849
Accruals and deferred income		5,572	5,182	4,772	3,518
Borrowings		—	—	—	14,311
Provisions	16	1,455	898	708	—
Total current operating liabilities		**49,656**	**47,382**	**54,966**	**56,133**
NON-CURRENT OPERATING LIABILITIES					
Preference share capital	18	36,535	36,535	36,535	36,535
10% dividend due on redeemable shares	18	12,834	7,860	3,861	75
Deferred tax liabilities	11	188	852	1,667	2,717
Total non-current operating liabilities		**49,557**	**45,247**	**42,603**	**39,327**
TOTAL LIABILITIES		**99,213**	**92,629**	**97,569**	**95,460**
MEMBERS' EQUITY					
Share capital	17	2	2	2	2
Accumulated profit (loss)		(4,465)	(2,504)	(7)	1,674
Total members' equity		**(4,463)**	**(2,502)**	**(5)**	**1,676**
TOTAL LIABILITIES AND EQUITY		**94,750**	**90,127**	**97,564**	**97,136**

The notes to the consolidated financial statements on pages 22 to 62 are an integral part of consolidated financial statements.

These consolidated financial statements were approved by the board of directors on and were signed on its behalf by:

Scott Hough

Director

Registered number: 08183121

Company statement of financial position

in GBP 000's	Note	2015	2014	2013	1 January 2013
		As of 31 December			
ASSETS					
CURRENT ASSETS					
Cash	13	4	55	40	89
Trade and other receivables	12	79	—	—	—
Due from related parties	22	3,465	12,156	12,250	3,044
Prepayments and accrued income		58	35	—	—
Total current assets		**3,606**	**12,246**	**12,290**	**3,133**
NON-CURRENT ASSETS					
Investments	9	35,839	33,230	33,168	32,717
Deferred tax		35	35	—	—
Total non-current assets		**35,874**	**33,265**	**33,168**	**32,717**
TOTAL ASSETS		**39,480**	**45,511**	**45,458**	**35,850**
LIABILITIES AND MEMBERS' EQUITY					
CURRENT OPERATING LIABILITIES					
Trade and other payables	14	231	—	—	—
Due to related parties	22	32,620	8,874	8,383	—
Accruals and deferred income		195	398	306	—
Total current operating liabilities		**33,046**	**9,272**	**8,689**	**—**
NON-CURRENT OPERATING LIABILITIES					
Preference share capital	18	36,535	36,535	36,535	36,535
10% dividend due on redeemable shares	18	12,834	7,860	3,861	75
Total non-current operating liabilities		**49,369**	**44,395**	**40,936**	**36,610**
TOTAL LIABILITIES		**82,415**	**53,667**	**49,625**	**36,610**
MEMBERS' EQUITY					
Share capital	17	2	2	2	2
Accumulated (loss)		(42,937)	(8,158)	(4,169)	(762)
Total members' equity		**(42,935)**	**(8,156)**	**(4,167)**	**(760)**
TOTAL LIABILITIES AND EQUITY		**39,480**	**45,511**	**45,458**	**35,850**

The notes to the Company financial statements on pages 22 to 62 are an integral part of consolidated financial statements.

These Company financial statements were approved by the board of directors on and were signed on its behalf by:

Scott Hough

Director

Registered number: 08183121

Consolidated statement of changes in equity

in GBP 000's		**Share capital**	**Merger Reserve**	**Accumulated profit/(loss)**	**Total equity**
Balance at 1 January 2013 – Equity		**2**	**—**	**1,674**	**1,676**
Total Comprehensive Loss for the Year		—	—	(1,681)	(1,681)
Balance at 31 December 2013 – Equity/(Deficit)		**2**	**—**	**(7)**	**(5)**
Total Comprehensive Loss for the Year		—	—	(2,497)	(2,497)
Balance at 31 December 2014 – Equity/(Deficit)		**2**	**—**	**(2,504)**	**(2,502)**
Loss for the year		—	—	(2,459)	(2,459)
Merger Reserve		—	498	—	498
Total Comprehensive Loss for the Year	*	—	**498**	(2,459)	(1,961)
Balance at 31 December 2015 – Equity/(Deficit)		**2**	**498**	**(4,963)**	**(4,463)**

* On 27 November 2015, Cassidy Davis Underwriting Agency Limited was acquired from Jubilee Group Holdings Limited, a fellow member of the Ryan Specialty Group Europe Limited, by Direct Group Limited and became a wholly owned subsidiary within the Group. The acquisition was completed at an acquisition value of £3,000 compared to a carrying amount of £501,000, accordingly the difference of £498,000 is presented as a separate reserve within the consolidated statements of changes in equity, in line within "common control transaction" guidance.

The notes to the consolidated financial statements on pages 22 to 62 are an integral part of consolidated financial statements.

Company statement of changes in equity

in GBP 000's	Share capital	Accumulated profit/(loss)	Total equity
Balance at 1 January 2013 – Equity	**2**	**(762)**	**(760)**
Total Comprehensive Loss for the Year	**—**	(3,407)	(3,407)
Balance at 31 December 2013 – Equity/(Deficit)	**2**	**(4,169)**	**(4,167)**
Total Comprehensive Loss for the Year	—	(3,989)	(3,989)
Balance at 31 December 2014 – Equity/(Deficit)	**2**	**(8,158)**	**(8,156)**
Total Comprehensive Loss for the Year	—	(34,779)	(34,779)
Balance at 31 December 2015 – Equity/(Deficit)	**2**	**(42,937)**	**(42,935)**

The notes to the Company financial statements on pages 22 to 62 are an integral part of Company financial statements.

Consolidated statement of cash flows (revised)

in GBP 000's	For the year ended 31 December, 2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax for the year	(3,124)	(3,701)	(2,886)
Adjustments to reconcile net income (loss) from continuing operations to cash flows from (used for) operating activities:			
Loss on sale of fixed assets	477	—	110
Depreciation and amortisation	4,291	4,418	4,132
Finance income	—	(2)	(291)
Finance cost	4,185	3,917	4,406
Taxes paid	—	—	200
Change in:			
Prepayments and accrued income	(964)	(338)	(1,082)
Trade and other receivables	(1,986)	10,411	(2,575)
Trade and other payables	3,076	(8,077)	(2,427)
Due from related parties	3,724	2,218	282
Due to related parties	(3,611)	(3,745)	(17,441)
Provisions	557	190	708
Accruals and deferred income	390	410	1,254
Total cash flows from operating activities	**7,015**	**8,755**	**18,708**
CASH FLOWS USED IN INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	(1,559)	(1,422)	(3,093)
Acquisition of intangible assets	(554)	(63)	—
Acquisition of contract assets	(309)	(497)	(168)
Finance income	—	2	291
Total cash flows used in investing activities	**(2,422)**	**(1,984)**	**(2,970)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance cost	(4,185)	(3,917)	(4,406)
Repayment of bank loan	—	—	(14,311)
Total cash flows from financing activities	**(4,185)**	**(3,917)**	**(18,717)**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**408**	**2,854**	**(2,979)**
CASH AND CASH EQUIVALENTS – Beginning balance	**23,722**	**20,868**	**23,847**
CASH AND CASH EQUIVALENTS – Ending balance	**24,130**	**23,722**	**20,868**

The notes to the consolidated financial statements on pages 22 to 62 are an integral part of consolidated financial statements.

Company statement of cash flows

in GBP 000's	For the year ended 31 December, 2015	2014	2013
CASH FLOWS USED IN OPERATING ACTIVITIES			
Loss before tax for the year	(34,779)	(3,989)	(3,407)
Adjustments to reconcile loss from continuing operations to cash flows used for operating activities:			
Deferred tax expense credit	—	(35)	—
Change in:			
Prepayments and accrued income	(23)	(35)	—
Trade and other receivables	(79)	—	—
Trade and other payables	231	—	—
Due from/to related parties	37,411	4,044	3,503
Accruals and deferred income	(203)	92	306
Total cash flows used in operating activities	**2,558**	**77**	**402**
CASH FLOWS USED IN INVESTING ACTIVITIES			
Acquisition of investments	(2,609)	(62)	(451)
Total cash flows used in investing activities	**(2,609)**	**(62)**	**(451)**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(51)**	**15**	**(49)**
CASH AND CASH EQUIVALENTS – Beginning balance	**55**	**40**	**89**
CASH AND CASH EQUIVALENTS – Ending balance	**4**	**55**	**40**

The notes to the Company financial statements on pages 22 to 62 are an integral part of Company financial statements.

Notes to the consolidated financial statements

1.1 Reporting Entity

Ryan Direct Group Limited (the "Company") is a company incorporated and domiciled in the United Kingdom. The registered office is located at Quay Point, Lakeside Boulevard, Doncaster, South Yorkshire, DN4 5PL. The consolidated financial statements of the Company for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Company's ultimate controlling parent company is Ryan Specialty Group, LLC, Chicago, Illinois, U.S.A ("RSG").

The Group is principally engaged in the provision of end-to-end insurance claims processing and distribution services (see Note 2). Information on the Group's ultimate parent is presented in Note 22. Information on other related party relationships of the Group is provided in Note 22.

1.2 Basis of Presentation

Group

The consolidated financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). These Consolidated financial statements for the year ended 31 December 2015 are the first the Group has prepared in accordance with IFRS and IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied.

Refer to note 25 for information on how the Group adopted IFRS.

For all periods up to and including the year ended 31 December 2014, the Company prepared its financial statements in accordance with local generally accepted accounting principles (Local GAAP). The Company was exempt from the requirement to prepare group financial statements by virtue of s400 of the Companies Act 2006.

In November 2015, the Group underwent a corporate restructuring in order to simplify the legal structure of the Group, align it with its service lines and facilitate intercompany distributions. The restructuring did not have an impact on the Group's tax positions or those of its subsidiaries. Upon consolidation, all restructuring related transactions were eliminated. The impact of the restructuring on the consolidated entities is disclosed in Note 23.

Revision to Consolidated and Company Financial Statements for the year ended 31 December 2015

The revised consolidated financial statements were authorised for issue in accordance with a resolution of the directors on 19 May 2017.

These revised financial statements replace the original financial statements for the year ended 31 December 2015 which were approved by the board on 17 January 2017. They are now the statutory financial statements of the company for that financial year. In accordance with the Companies Act 2006 ('the Act'), the financial statements have been revised as at the date of the original financial statements and not as at the date of this revision. Accordingly they do not deal with events between those dates.

The original financial statements did not comply with the Act in the following respects:

- Errors were identified in the consolidated and company cash flow statements due to misclassifications between operating, investing and financing activities which has been revised and had no impact on the cash balances;
- Elimination of the difference between the carrying amount and transfer value arising on a "common control transaction" previously included within other comprehensive income; and
- Amendment to Note 2: Revenue in order to show the split between services transferred over time and at a point in time.

Notes to the consolidated financial statements

1.2 Basis of Presentation *(continued)*

Revision to Consolidated and Company Financial Statements for the year ended 31 December 2015 *(continued)*

Under s454 of the Act the directors have authority to revise annual financial statements, the strategic report or the directors' report if they do not comply with the Act. The revised financial statements or report must be amended in accordance with The Companies (Revision of Defective Accounts and Report) Regulations 2008 and in accordance therewith do not take account of events which have taken place after the date on which the original financial statements were approved. The Regulations require that the revised financial statements show a true and fair view as if they were prepared and approved by the directors as at the date of the original financial statements.

Company

The individual Company financials as presented in these financials statements and related notes follow the reporting framework under IFRS. Under section 408 of the Companies Act the Company is exempt from the requirement to present its own profit and loss account and the related notes.

1.3 Accounting Policies

Group

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and in preparing an opening IFRS statement of financial position as of 1 January 2013 for the purposes of transition to IFRS.

1.3.1. Transition to EU-IFRS

The Group prepared its consolidated financial statements in accordance with IFRS for the first time and consequently has applied IFRS 1. Accordingly, the Group has prepared consolidated financial statements that comply with IFRS applicable as at 31 December 2015, together with the consolidated comparative financial information for the years ended 31 December 2014 and 2013, as described in the summary of significant accounting policies. In preparing the consolidated financial statements, the Group's opening consolidated statement of financial position was prepared as at 1 January 2013, the Group's date of transition to IFRS.

An explanation of how the transition to IFRS has affected the reported consolidated statement of financial position, consolidated statement of profit and loss and other comprehensive income and consolidated statement of cash flows of the Group is provided in Note 25.

IFRS 1 grants certain exemptions from the full requirements of IFRS in the transition period. The following exemptions have been applied in these consolidated financial statements:

- The Group measures property and equipment at 'deemed cost' in accordance with IFRS 1;
- The Group has applied the transitional provision in IFRIC 4 Determining whether an Arrangement Contains a Lease and has assessed all arrangements based upon the conditions in place as at the date of transition;
- The Group has also decided, on first time adoption, to early adopt IFRS 15 on transition to IFRS, on a retrospective basis, and elected to apply the following expedients:
- For completed contracts, the Group is not restating contracts that begin and end within the same annual reporting period;
- For completed contracts with variable consideration, the Group uses transaction price at the date the contract was completed, instead of estimating variable consideration amounts in the comparative reporting periods;

Notes to the consolidated financial statements

1.3 Accounting Policies *(continued)*

1.3.1. Transition to EU-IFRS *(continued)*

- The Group is not disclosing the amount of the transaction price allocated to the remaining performance obligations and an explanation of when it expects to recognise that amount as revenue for all reporting periods presented before the beginning of the first IFRS reporting period;
- The Group will not reassess business combinations which occurred prior to the transition date;

1.3.2. Use of Estimates and Judgements

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may be different from these estimates.

Information about judgements made and applying accounting policies that have the most significant effects on amounts recognised in the consolidated financial statements is included in the following notes:

- Note 1.3.5 – consolidation: whether the Group has the power to control without having majority ownership;
- Note 1.3.3 – insurance balances: whether the Group acts as an agent in the insurance related transactions rather than as a principal;
- Note 1.3.6 – revenue recognition:
    - commission revenue: whether the Group acts as an agent in the transaction rather than as a principal;
    - pattern of recognition: the point in time where the Group recognises revenue from its distribution services and claims handling.

Information about assumptions and estimation uncertainty that have significant risk of resulting in a material adjustment in the year ending 31 December 2015 is included in the following notes:

- Note 9 – impairment test: key assumptions underlying recoverable amounts, including the recoverability of development technology;
- Note 11 – recognition of deferred tax assets: availability of future taxable income against which tax losses carried forward can be used;
- Note 16 – recognition and measurement of provisions: key assumptions about the likelihood and magnitude of an outflow of resources.

1.3.3. Measurement convention

The consolidated financial statements have been prepared on the historical cost basis.

1.3.4. Going concern

The Company's and Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The strategic report also describes the liquidity position and borrowing facilities, its financial risk management objectives, and its exposure to credit risk and liquidity risk.

The consolidated financial statements have been prepared on a going concern basis, which the directors believe to be appropriate for the reasons set out below.

The Company and Group are dependent for its working capital on funds provided to it by RSG and its subsidiaries. RSG has directed its subsidiaries to each make available such funds as needed by the Company and

Notes to the consolidated financial statements

1.3 Accounting Policies *(continued)*

1.3.4. Going concern *(continued)*

Group for the foreseeable future from the date of approval of these consolidated financial statements, and in particular will not seek repayment of the amounts currently made available. The directors consider that this should enable the Company and Group to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

As with any Company and Group placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these consolidated financial statements, they have no reason to believe that it will not do so.

1.3.5. Basis of consolidation

Business combinations

Subject to the transitional relief in IFRS 1, all business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

Acquisitions on or after 1 January 2013

For acquisitions on or after 1 January 2013, the consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (refer to Note 9). Any gain on a bargain purchase is recognized in profit or loss immediately. Transactions costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payments awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

Acquisitions prior to 1 January 2013

As part of its transition to IFRSs, the Group elected to restate only those business combinations that occurred on or after 1 January 2013. In respect of acquisitions prior to 1 January 2013, goodwill represents the amount recognised under the Group's previous accounting framework, UK GAAP.

Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements.

Notes to the consolidated financial statements

1.3 Accounting Policies *(continued)*

1.3.5. Basis of consolidation *(continued)*

The components of equity of the acquired entities are added to the same components within Group equity except that any share capital of the acquired entities is recognised as part of share premium. Any cash paid for the acquisition is recognised directly in equity.

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.3.6. Revenue

A. Early adoption of IFRS 15

The Group has early adopted IFRS 15 Revenue from Contracts with Customers with a date of initial application of 1 January 2015.

The Group applied IFRS 15 retrospectively using the practical expedient in paragraph C5 (d) of IFRS 15, under which the Group does not disclose the amount of consideration allocated to the remaining performance obligations or an explanation of when the Group expects to recognise that amount as revenue for all reporting periods presented before the date of the initial application – i.e. 1 January 2015. The Group is also using the practical expedient in paragraph C5 (c) of IFRS 15, under which the Group presents the aggregate effect of all of the modifications prior to the earliest reporting period – i.e. 1 January 2013. Further, since the Group is transitioning to IFRS for the first time, no separate disclosure of the impact of application of IFRS is being provided separately; instead, the details and quantitative impact of the changes in accounting policies as a result of early adoption of IFRS 15 are disclosed in Note 25 along with other impacts on first time transition to IFRS.

B. Significant accounting policy

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it satisfies a performance obligation.

Taxes assessed by a governmental authority that are both imposed on and concurrent with handling insurance policies; are collected by the Group from a customer, are excluded from revenue.

C. Nature of the services

The Group provides two main type of services: distribution services and claims management services to insurance policyholders on behalf of insurers, syndicates of insurers, or underwriters. For each contract with customers, the Group identifies the related performance obligations and evaluates the revenue recognition method applicable for each of them. The following is a description of principal performance obligations identified in the Group's contracts with customers.

Notes to the consolidated financial statements

1.3 Accounting Policies *(continued)*

1.3.6. Revenue *(continued)*

Distribution Services

Distribution services include brokerage services and policy administration services that the Group provides to policyholders on behalf of the insurer, syndicate of insurers or underwriter. Distribution fees are recognised over time as the Group satisfies its stand-ready obligation on an ongoing basis over the contract term.

As a practical expedient in paragraph B16 of IFRS 15, the Group determines that the amount billed to the customers corresponds directly with its performance to date. Revenue is recognised after providing for cancellations and making allowance for post placement obligations.

Claims fees

The Group provides claims services associated with the claims life cycle, such as first notification, claims investigation, decision and settlement, supply chain management, fraud investigation, field/loss adjusting services and management information. The Group determines that its stand-ready obligation to provide claim management services represents a single performance obligation in the contract. Visit services, validation services, surveys, and loss adjusting services are additional services within the claims management business, each of which is identified as a distinct performance obligation. Fees related to these services are recognised over the period of the claim based on the progress made towards the processing and management of each claim.

D. Variable consideration

The Group only includes variable consideration in the transaction price if it is highly probable that a significant reversal in the amount of cumulative revenue will not occur. Certain contracts with customers contain an element of 'profit commission' which is a commission paid by an insurer based on the overall profitability of the business placed during a particular period. The amount of the profit commission is determined after this period. Where it is possible to reasonably estimate the profit commission revenue, revenue is recognised on an earned basis after making allowances for future and ongoing claims based on the terms of the profit commission arrangements net of any associated profit commission paid by the Group to a third party. Where it is not possible to reasonably estimate the profit commission revenue, revenue is deferred until fully earned.

E. Costs to fulfil a contract

For specific contracts for distribution and claims management services, the Group incurs set-up costs to enable it to perform the services to satisfy its obligations under the contracts. These set-up costs are expected to be recovered. If the costs incurred in fulfilling a contract with a customer are not within the scope of another IFRS standard, then the costs are recognised as an asset under IFRS 15 and subsequently amortised over the term of the associated contract.

1.3.7. Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

The Group maintains a number of contracted-out defined contribution pension schemes and contributions are charged to the consolidated statement of profit or loss in the period as the related service is provided. These schemes are funded and the payments of contributions are made to an independently administered fund and the assets of these schemes are held separately from the Group in an independently administrated fund. Any unpaid contributions at the period end are accrued for in the accounts of the Group.

Notes to the consolidated financial statements

1.3 Accounting Policies *(continued)*

1.3.7. Employee benefits *(continued)*

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

The Group maintains a number of contracted-out defined contribution pension schemes and contributions are charged to the consolidated statement of profit or loss in the period as the related service is provided. These schemes are funded and the payments of contributions are made to an independently administered fund and the assets of these schemes are held separately from the Group in an independently administrated fund. Any unpaid contributions at the period end are accrued for in the accounts of the Group.

Long-term compensation plans and share-based awards

The Company has cash-settled (1) common awards, (2) phantom preferred awards and (3) guaranteed cash payment plans that vest over a specified service period. Additionally, the company has contingent equity awards that will be granted upon a market event.

The Company records compensation cost for share-based compensation awards by expensing each tranche separately. The expense associated with each tranche is recognised over the requisite service period using the straight-line method. There is a limited number of individuals with awards, therefore no adjustment has been made for forfeitures. For equity-classified share-based compensation awards, expense is recognized based on the grant-date fair value. For liability-classified share-based compensation awards, expense is recognized for those awards expected to ultimately be paid. The amount of expense reported for liability-classified awards is adjusted for fair-value changes so that the expense recognized for each award is equivalent to the amount to be paid.

1.3.8 Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

1.3.9 Finance income and finance cost

Finance income and finance costs include interest income and interest payable which is recognised in the consolidated statement of profit or loss as it accrues, using the effective interest method. Furthermore finance costs include transactional bank charges.

1.3.10 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the consolidated statement of profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using the tax rates and tax laws that are enacted, or substantively enacted at the reporting date.

Notes to the consolidated financial statements

1.3 Accounting Policies *(continued)*

1.3.10 Income tax *(continued)*

Current tax assets and liabilities are only offset if the Group has the intention and is legally entitled to settle the position on a net basis.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

1.3.11 Property and equipment

Plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. The cost of certain items of property, plant and equipment at 1 January 2013, the Group’s date of transition to IFRS, was determined with reference to its fair value at that date using the ‘deemed cost’ exemption.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent expenditure is capitalised only if it’s probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Notes to the consolidated financial statements

1.3 Accounting Policies *(continued)*

1.3.11 Property and equipment *(continued)*

The estimated useful lives are as follows:

• Leasehold property improvements	period of the lease
• Computer hardware	3-5 years
• Computer software	3-5 years
• Motor vehicles	3 years
• Fixtures and fittings	6 ⅔ years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.3.12 Intangible assets and goodwill

Developed technology

Recognition and measurement

For our major software systems, such as accounting, claims, budget and customer relationship management systems, capitalized costs may include some internal or external costs to configure, install and test the software during the application development stage. We do not formally track or capitalize preliminary project costs or concepts and these are expensed as incurred. Further, we do not capitalize training, data conversion, maintenance, or post-development stage costs.

When concepts and preliminary projects have reached the point of technical, commercial and financial viability they are put forth to internal committees to be approved as a project for design of specifications and completion of development. At the point in time in which the project is no longer preliminary and is formally approved for development, the company begins tracking and capitalizing the portion of individual's time spent on these projects as work in progress. Capitalization is done by estimating time spent with corroborating objective evidence. Costs incurred during this application development phase are capitalized as work-in-process until the development project is complete. Once completed the project is then amortized over the estimated useful life, which does not exceed five years. In the event that software functionality is expected to retire prior to the initially estimated amortization period, the useful life would be accelerated to ensure full amortization by the cease-use date. All training costs are expensed as incurred.

The Group identified the following phases in its technology development process:

• Phase 0 – Award	Costs are expensed as incurred
• Phase 1 – Project Validation	Costs are expensed as incurred
• Phase 2 – Project Development	Costs are capitalized
• Phase 3 – Implementation	Costs are capitalized
• Phase 4 – Post Development	Costs are expensed as incurred

The capitalised expenditure includes cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditures are recognised in profit or loss as and when incurred.

Capitalised costs associated with developed technology are measured at cost less accumulated amortisation and accumulated impairment losses.

Notes to the consolidated financial statements

1.3 Accounting Policies *(continued)*

1.3.12 Intangible assets and goodwill *(continued)*

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Amortization

Amortization is calculated to write-off the cost of intangible assets less their estimated residual value using the straight-line method over their economic useful lives, and is recognized in profit or loss. Goodwill is not amortised.

The estimated useful lives are as follows:

- Developed technology 5 years
- Customer relationships 10 years
- Trade names 5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

1.3.13 Insurance balances

Insurance intermediaries act as agents in placing the insurable risks of their clients with insurers and, as such, generally are not liable as principals for amounts arising from such transactions. Notwithstanding these legal relationships, cash balances, debtors and creditors arising from insurance intermediary transactions are shown as assets and liabilities. The position of the insurance intermediary as agent means that the credit risk is generally borne by the principals. There can be circumstances where the insurance intermediary acquires credit risk through statute, or through the act or omission of the insurance intermediary or one of the principals.

1.3.14 Financial instruments

The Group generally does not acquire, or hold, derivative financial instruments. Financial instruments mostly relate to non-derivative financial instruments such as ordinary trade and other receivables, cash, trade and other payables and preferred share capital hold by the Group's parent company. As such, the Group generally does not acquire or hold financial assets categorised as fair value through profit or loss, held-to-maturity or available-for-sale.

Non-derivative financial assets and liabilities – Recognition and derecognition

The group initially recognises receivables issued at the date when they are originated. All other financial assets and liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the group is recognised as a separate asset or liability.

The group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when the Group has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the consolidated financial statements

1.3 Accounting Policies *(continued)*

1.3.14 Financial instruments *(continued)*

Non-derivative financial assets – Measurement

Receivables are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. Considering the short term character of insurance, trade and other receivables and are non-interest bearing, the impact of the effective interest method is not significant. As such these receivables are measured at their nominal amount.

Non-derivative financial liabilities – Measurement

Financial liabilities are initially measured at fair value less any directly attributable transaction costs.

Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

1.3.15 Share Capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with IAS 12.

Preference shares

The Group's redeemable preference shares are classified as financial liabilities, because they bear non-discretionary dividends and are redeemable in cash by the holders. Non-discretionary dividends thereon are recognised as interest expense in profit or loss as accrued.

1.3.16 Impairment excluding deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using

Notes to the consolidated financial statements

1.3 Accounting Policies *(continued)*

1.3.16 Impairment excluding deferred tax assets *(continued)*

a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable 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.

1.3.17 Provisions

Provisions are recognised when the Group has a financial obligation as a result of a past event and it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Group holds provisions for various obligations, which include dilapidations and policy cancellations.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

1.3.18 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the Group has the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

Leases where the Group does not have substantially all of the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are charged to the consolidated statement of profit or loss on a straight-line basis over the period of the lease.

Notes to the consolidated financial statements

1.3 Accounting Policies *(continued)*

1.3.18 Leases *(continued)*

Assets held under other leases are classified as operating leases and are not recognised in the Group's consolidated statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance cost is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.3.19 IFRS not yet applied

The following IFRS have been issued but have not been applied in these consolidated financial statements. The Group intends to adopt these standards, if applicable, when they become effective:

- IFRS 9 Financial Instruments – the standard becomes mandatory for the Group's 2018 consolidated financial statements and is expected to impact the classification and measurement of financial assets. The extent of the impact has not been determined.
- IFRS 14 Regulatory deferral accounts – the standard becomes mandatory for the Group's 2016 consolidated financial statements. However, due to the nature of the Group's activities, this IFRS is expected not to have a significant impact.
- IFRS 16 Leases – the standard becomes mandatory for the Group's 2019 consolidated financial statements and is expected to impact the classification and measurement of leases. The extent of the impact has not been determined.

The Group acknowledged the forthcoming amendments to IAS 1, IAS 16, IAS 27, IAS 28, IAS 38, IFRS 10 and IFRS 11 effective for accounting periods beginning 1 January 2016. The impact, if any, is yet to be determined.

Company

All Company accounting policies are consistent with that of the Group's accounting policies presented within Footnote 1.3.

2. Revenue (revised)

Group

Disaggregation

The tables below disaggregate revenue by major services lines and timing of revenue recognition.

in GBP 000's	**2015**	**2014**	**2013**
Distribution service fees	13,452	12,562	13,147
Claims management fees	8,106	9,420	10,533
Profit commissions	2,103	1,308	74
Total operating revenue	**23,661**	**23,290**	**23,754**

in GBP 000's	**2015**	**2014**	**2013**
Services transferred over time	17,982	18,468	18,969
Services transferred at point in time	5,679	4,822	4,785
Total operating revenue	**23,661**	**23,290**	**23,754**

Notes to the consolidated financial statements

2. Revenue (revised) *(continued)*

Contract balances

Insurance related receivables, payables and cash positions from contracts with customers are separately disclosed in Notes 12, 13, 14 and 19b. The following table includes contract assets and contract liabilities from contracts with customers:

in GBP 000's	2015	2014	2013
Receivables included in "Trade and other receivables"	9,275	7,289	17,700
Contract assets	2,553	860	—
Contract liabilities	—	(94)	(449)
Total contract balances	**11,828**	**8,055**	**17,251**

The contract assets primarily relate to the Group's rights to consideration for services completed but not billed at the reporting date. The contract assets are transferred to receivables when the right to bill becomes unconditional. The contract liabilities primarily relate to the advance consideration received from customers for which revenue is recognised on completion of the related performance obligation.

Contract assets and liabilities relate to the Group's performance obligations with respect to distribution and claims services, which are generally satisfied within twelve months. Accordingly, contract liabilities as at the reporting date are recognized as revenue during the twelve-month period following the reporting date. Similarly, performance obligations fully or partially satisfied but not yet billed as at the reporting date, are transferred to receivables during the twelve-month period following the reporting date as the Group bills the customer. The Group recognized £1,537,000 of revenue in 2015 which originated from deferred income recorded in 2014 and transferred £860,000 of accrued income to "Trade and other receivables".

There were no cumulative catch up adjustments or modifications of contracts that would have materially affected the contract assets and liabilities balances as at the reporting date.

No impairment was recorded for contract assets during 2015 (2014: £nil; 2013: £nil). The Group's customers are usually well established insurers, syndicates of insurers or brokers in the U.K. and do not present collectability issues. As part of its credit risk management, reference is made to Note 19.

In adopting IFRS 15, the Group made several adjustments to revenue from customers' contracts. For profit commissions, the Group applied the constraint under IFRS 15.56-57 in its estimation of the related variable consideration and determined the amount of the profit commissions to be reversed and deferred is £2,103,000 at 31 December 2015 (2014: £1,308,000; 2013: £74,000).

Transaction price allocated to the remaining performance obligations

The Group engages in long term master agreements with insurance partners and other brokers which include (semi)annual reset of specified terms in the agreement. Generally these contracts with customers do not contain a level of promised or committed policies and/or claims to be handled under the agreement.

As such, the Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

The Group applies the practical expedient in paragraph C5(c) of IFRS 15 and does not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Group expects to recognise that amount as revenue for the year ended 31 December 2014 and 31 December 2013.

Notes to the consolidated financial statements

2. Revenue (revised) *(continued)*

Contract costs

For specific contracts, the Group recognised an asset in relation to costs related to enhancement of IT system(s) placed in service or general implementation work to enable it to perform the distribution and/or claims services under the contracts. These set-up costs are expected to be recovered and are not within the scope of another IFRS standard. As such, the Group capitalized these costs under IFRS 15. The Group has capitalised them as contract costs in the amount of £309,000 at 31 December 2015 (2014: £497,000; 2013: £168,000).

These set-up costs are amortized on a straight-line over the life of the related contract, consistent with the pattern of recognition of the associated revenue. The amortisation amount recognised is £224,000 at 31 December 2015 (2014: £145,000; 2013: £28,000). The Group determined that there was no impairment on set-up costs as of 31 December 2015, 31 December 2014 and 31 December 2013.

Applying the practical expedient in paragraph 94 of IFRS 15, the Group recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

in GBP 000's	**2015**	**2014**	**2013**
Cost			
Balance at 1 January	665	168	—
Other acquisitions – internally developed	309	497	168
Balance at 31 December	**974**	**665**	**168**

in GBP 000's	**2015**	**2014**	**2013**
Amortisation and impairment			
Balance at 1 January	173	28	—
Amortisation for the year	224	145	28
Balance at 31 December	**397**	**173**	**28**

in GBP 000's	**2015**	**2014**	**2013**
Net Book value			
Balance at 31 December	**577**	**492**	**140**

Company

Standalone Company Profit & Loss notes are not disclosed due to the exemption taken under section 408 of Companies Act 2006.

3. Expenses and auditor's remuneration

Group

Included in the consolidated statement of profit or loss are the following:

in GBP 000's	**2015**	**2014**	**2013**
Auditor's remuneration			
Audit of subsidiary financial statements	112	134	151
Total audit expenses	**112**	**134**	**151**

Audit services fees in relation to these consolidated financial statements were £100,000 during the year, which are a first time IFRS conversion cost. These audit fees were borne by Ryan Direct Group Europe Limited, the parent entity of RDG.

Notes to the consolidated financial statements

3. Expenses and auditor's remuneration *(continued)*

Company

Standalone Company Profit & Loss notes are not disclosed due to the exemption taken under section 408 of Companies Act 2006.

4. Staff numbers and costs

Group

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

	2015	2014	2013
Directors (amounts disclosed in Note 22)	2	2	2
Administrators	435	453	456
Total directors and administrators	**437**	**455**	**458**

The aggregate payroll costs of these persons were as follows:

in GBP 000's	2015	2014	2013
Wages and salaries	9,955	11,944	10,724
Social security costs	886	809	759
Contributions to defined contribution plans	252	123	34
Total gross payroll costs	**11,093**	**12,876**	**11,517**

Company

Standalone Company Profit & Loss notes are not disclosed due to the exemption taken under section 408 of Companies Act 2006.

5. Finance cost

Group

Amounts recognised in the consolidated statement of profit or loss:

in GBP 000's	2015	2014	2013
Bank charges	528	222	187
Interest expense – bank loans	—	—	515
Interest expense – related parties	3,655	3,695	3,704
Other interest expense	2	—	—
Total finance cost	**4,185**	**3,917**	**4,406**

Company

Standalone Company Profit & Loss notes are not disclosed due to the exemption taken under section 408 of Companies Act 2006.

Notes to the consolidated financial statements

6. Finance income

Group

Amounts recognised in the consolidated statement of profit or loss:

in GBP 000's	2015	2014	2013
Interest income – related parties	—	2	5
Other interest income	—	—	286
Total finance income	**—**	**2**	**291**

Company

Standalone Company Profit & Loss notes are not disclosed due to the exemption taken under section 408 of Companies Act 2006.

7. Taxation

Group

Amounts recognised in the consolidated statement of profit or loss:

in GBP 000's	2015	2014	2013
CURRENT TAX CREDIT			
Adjustments for prior years	—	389	157
Total current tax expense	**—**	**389**	**157**
DEFERRED TAX CREDIT			
Origination and reversal of temporary differences	585	972	908
Effect of changes in tax rates	56	(62)	218
Adjustment in respect of prior years	24	(95)	(78)
Total deferred tax credit	**665**	**815**	**1,048**
TOTAL TAX CREDIT RECOGNISED IN INCOME STATEMENT	**665**	**1,204**	**1,205**

in GBP 000's	2015	2014	2013
Loss for the year	(2,459)	(2,497)	(1,681)
Total tax credit	665	1,204	1,205
Loss excluding taxation	**(3,124)**	**(3,701)**	**(2,886)**
Tax using the UK corporation tax rate of 20.25% (2014: 21.5% and 2013: 23.3%)	633	795	671
Effect of :			
Non-deductible expenses for tax purposes	(898)	(775)	(1,134)
Deferred tax not recognised	11	453	464
Rate change	56	(62)	208
Group relief received	839	499	926
Adjustments in respect of prior years	24	294	70
Total tax credit (see above)	**665**	**1,204**	**1,205**

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. An additional

Notes to the consolidated financial statements

7. Taxation *(continued)*

reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the Group's future current tax charge accordingly. The deferred tax balance at 31 December 2015 has been calculated based on these rates.

Company

Standalone Company Profit & Loss notes are not disclosed due to the exemption taken under section 408 of Companies Act 2006.

8. Property and equipment

Group

in GBP 000's	Computer	Fixtures	Asset in development	Total
Cost				
Balance at 1 January 2013	**6,068**	**547**	**856**	**7,471**
Additions	1,903	1,190	—	3,093
Transfers	—	725	(725)	—
Disposals	(2,628)	(237)	—	(2,865)
Balance at 31 December 2013	**5,343**	**2,225**	**131**	**7,699**
Additions	1,172	250	—	1,422
Transfers	131	—	(131)	—
Balance at 31 December 2014	**6,646**	**2,475**	**—**	**9,121**
Additions	965	24	570	1,559
Disposals	(407)	(119)	—	(526)
Balance at 31 December 2015	**7,204**	**2,380**	**570**	**10,154**
Accumulated depreciation				
Balance at 1 January 2013	**5,025**	**300**	**—**	**5,325**
Depreciation charge for the year	964	166	—	1,130
Disposals	(2,555)	(200)	—	(2,755)
Balance at 31 December 2013	**3,434**	**266**	**—**	**3,700**
Depreciation charge for the year	1,060	239	—	1,299
Balance at 31 December 2014	**4,494**	**505**	**—**	**4,999**
Depreciation charge for the year	855	211	—	1,066
Disposals	(8)	(41)	—	(49)
Balance at 31 December 2015	**5,341**	**675**	**—**	**6,016**
Net book value				
At 1 January 2013	1,043	247	856	**2,146**
At 31 December 2013	1,909	1,959	131	**3,999**
At 31 December 2014	2,152	1,970	—	**4,122**
At 31 December 2015	**1,863**	**1,705**	**570**	**4,138**

The assets in development relate to acquired hardware and related consultancy fees associated with an on-line platform and supporting IT system.

The property and equipment has not been pledged nor has any part been financed through a finance lease.

Company

Not applicable to the standalone Company for the years presented.

Notes to the consolidated financial statements

9. Intangible assets and goodwill

Group

in GBP 000's	Goodwill	Customer relationship	Developed technology	Trade names	Total
Cost					
Balance at 1 January 2013	**36,890**	**13,935**	**2,512**	**527**	**53,864**
Other acquisitions – externally purchased	449	—	—	—	449
Balance at 31 December 2013	**37,339**	**13,935**	**2,512**	**527**	**54,313**
Other acquisitions – externally purchased	63	—	—	—	63
Balance at 31 December 2014	**37,402**	**13,935**	**2,512**	**527**	**54,376**
Other acquisitions – externally purchased	—	66	470	—	536
Reclassification	18	—	—	—	18
Balance at 31 December 2015	**37,420**	**14,001**	**2,982**	**527**	**54,930**
Amortisation and impairment					
Balance at 1 January 2013	**—**	**850**	**83**	**18**	**951**
Amortisation for the year	—	2,367	502	105	2,974
Balance at 31 December 2013	**—**	**3,217**	**585**	**123**	**3,925**
Amortisation for the year	—	2,367	502	105	2,974
Balance at 31 December 2014	**—**	**5,584**	**1,087**	**228**	**6,899**
Amortisation for the year	—	2,367	529	105	3,001
Balance at 31 December 2015	**—**	**7,951**	**1,616**	**333**	**9,900**
Net book value					
At 1 January 2013	36,890	13,085	2,429	509	**52,913**
At 31 December 2013	37,339	10,718	1,927	404	**50,388**
At 31 December 2014	37,402	8,351	1,425	299	**47,477**
At 31 December 2015	**37,420**	**6,050**	**1,366**	**194**	**45,030**

Amortisation

The amortisation charge is recognised in profit or loss within Depreciation and Amortisation and amounts to £3,225,000 (2014: £3,119,000; 2013: £3,002,000). No impairment charge was recognised in the periods presented.

Impairment

Goodwill balances are assessed for impairment on an annual basis by comparing the carrying value of goodwill to the estimated fair value of the underlying operations. Fair value was calculated using discounted cash flow estimation for on-going operations using a pre-tax discount rate of 13%, budgeted EBITDA growth assumptions, and a terminal growth rate of 3%.

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

Notes to the consolidated financial statements

9. Intangible assets and goodwill *(continued)*

Company

Investments in Group Undertakings

in GBP 000's	**2015**	**2014**	**2013**
Cost and net book value			
At beginning of period	33,230	33,168	32,717
Addition in the year	2,159	62	451
At end of period	**35,839**	**33,230**	**33,168**

10. Deferred Income

Group

Government grants received that are yet to be recognised as income have conditions attached to them that may require monies to be returned that are included within deferred income. As at 31 December 2015 these balances amounted to £nil (2014: £55,000; 2013: £nil).

Company

Not applicable to the standalone Company for the years presented.

11. Deferred tax assets and liabilities

Group

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

in GBP 000's	**2015**	**2014**	**2013**
Property, plant and equipment	947	929	814
Short term timing	480	399	202
Losses	47	54	60
Intangibles	(1,662)	(2,234)	(2,743)
Net deferred tax (liability)	**(188)**	**(852)**	**(1,667)**

Movement in deferred tax account

in GBP 000's	**2015**	**2014**	**2013**
Brought forward	852	1,667	2,717
Current year	(586)	(972)	(908)
Change in rate	(54)	62	(220)
Prior year	(24)	95	78
Liability carried forward	**188**	**852**	**1,667**

Notes to the consolidated financial statements

11. Deferred tax assets and liabilities *(continued)*

Company

Deferred tax assets and liabilities are attributable to the following:

in GBP 000's	2015	2014	2013
Origin of timing differences	—	(3)	—
Effect of change in tax rates	—	(35)	—
Net deferred tax (liability)	**—**	**(35)**	**—**

Movement in deferred tax account

in GBP 000's	2015	2014	2013
Brought forward	35	—	—
Current year	—	35	—
Liability carried forward	**35**	**35**	**—**

12. Trade and other receivables

Trade and other receivables are expected to be recovered within 12 months. Trade receivables are non-interest bearing and are generally on terms of 30 days.

See Note 19 on credit risk of trade receivables, which discusses how the Group manages and measures credit quality of trade receivables that are impaired.

Group

in GBP 000's	2015	2014	2013
Current Trade Debtors			
Insurance trade debtors	6,266	6,714	17,207
Other trade receivables	3,009	575	493
Total current trade debtors	**9,275**	**7,289**	**17,700**

Company

in GBP 000's	2015	2014	2013
Current Trade Debtors			
Other trade receivables	79	—	—
Total current trade debtors	**79**	**—**	**—**

13. Cash

Group

in GBP 000's	2015	2014	2013
Insurance cash balances	21,822	18,444	18,669
Unrestricted cash balances	2,308	5,278	2,199
Cash as per cash flow statements	**24,130**	**23,722**	**20,868**

Notes to the consolidated financial statements

13. Cash *(continued)*

Company

in GBP 000's	2015	2014	2013
Unrestricted cash balances	4	55	40
Total Cash	**4**	**55**	**40**

14. Trade and other payables

Trade and other payables are expected to be settled within 12 months. For terms and conditions related to trade payables due to related parties, refer to Note 22.

For explanations on the Group's liquidity risk management process, refer to Note 19.

Group

in GBP 000's	2015	2014	2013
Current Trade Creditors			
Insurance trade creditors	23,126	23,623	32,596
Other trade payables	6,151	3,053	1,607
Taxation and social security	750	275	825
Total current trade creditors	**30,027**	**26,951**	**35,028**

Company

in GBP 000's	2015	2014	2013
Current Trade Creditors			
Other trade payables	195	—	—
Taxation and social security	36	—	—
Total current trade creditors	**231**	**—**	**—**

15. Employee benefits & Long-term Compensation Arrangements

Group

Liability Classified Awards

Three forms of long-term compensation were granted in connection with the Company's acquisition of Direct Newco Limited on 7 November 2012:

1.1 Fixed cash payments, payable in four equal £125,000 tranches in 1 May 2013, 2014, 2015, and 2016;

1.2 Phantom preferred awards, paid in a single £1,000,000 payment on 30 June 2018;

1.3 Common equity awards, which vest in 30 June 2016, 2017, and 2018 that are subject to a put exercisable by the employee based on a market formula.

Each of these awards are mandatorily redeemable in cash and are all accounted for using the liability method of accounting. The liability method of accounting for awards requires they be expensed over their respective service periods. Further, to the extent applicable, liability classified awards are subject to applicable mark-to-market adjustments for the unsettled vested portion of the awards.

Notes to the consolidated financial statements

15. Employee benefits & Long-term Compensation Arrangements *(continued)*

Liability Classified Awards *(continued)*

All of the long-term compensation arrangements, whether they are accounted for using the liability or equity award methodology are expensed by each vesting tranche over the requisite service period. Below is a summary of the service period associated with the liability classified awards:

	Service Period in Days (original grant)							
	Total	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**
Fixed cash tranche I	234	—	—	—	—	—	180	54
Fixed cash tranche II	599	—	—	—		180	365	54
Fixed cash tranche III	964	—	—	—	180	365	365	54
Fixed cash tranche IV	1,329	—	—	180	365	365	365	54
Common equity tranche I	1,329	—	—	180	365	365	365	54
Common equity tranche II	1,695	—	180	366	365	365	365	54
Common equity tranche III	2,055	180	360	366	365	365	365	54
Preferred debt	2,055	180	360	366	365	365	365	54

Below outlines the expected expense of the fixed-cash and preferred debt awards. Unlike the common equity awards that may not pay out unless the enterprise value hurdle is met, the fixed cash and phantom preferred awards, as granted, would pay-out if unmodified prior to settlement.

	Annual Expected Expense as Granted							
	Total	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**
Fixed cash tranche I	250	—	—	—	—	—	192	58
Fixed cash tranche II	250	—	—	—	—	75	152	23
Fixed cash tranche III	250	—	—	—	46	95	95	14
Fixed cash tranche IV	250	—	—	33	69	69	69	10
Common equity tranche I	—	—	—	—	—	—	—	—
Common equity tranche II	—	—	—	—	—	—	—	—
Common equity tranche III	—	—	—	—	—	—	—	—
Preferred debt	1,000	87	175	178	178	178	178	26
Total Expense	**2,000**	**87**	**175**	**211**	**293**	**417**	**686**	**131**

Both the fixed cash and preferred debt tranches were modified in exchange for increased salaries in December of 2015. The impact of those modifications is discussed below.

Fixed Cash Award

Pursuant to the Holders' employment agreements, each Holder is entitled to £500,000 in cash payable in four equal tranches of £125,000, paid in May 2013, 2014, 2015, and 2016. Any applicable withholding taxes will be deducted from these payments. If the holder ceases employment prior to the vesting date for cause the unpaid benefit is fully forfeited. If the Holder is terminated without cause prior to redemption he will receive an amount proportional to the time served for the annual tranche. Future tranches will be fully forfeited.

Common Award

In November of 2012, two directors were granted common equity grants of 6.25% each or 12.5% of total share capital of the Company. The Common Award vests in three equal tranches on 30 June of 2016, 2017, and 2018. The shares issued under this award are subject to the Put and Call Options. In summary, upon vesting, the holder has a put option which, if exercised, requires the Company to repurchase these shares based on an enterprise value derived from a formula that equals 7 times EBITDA less debt (preferred debt, intercompany, and bank debt) plus positive working capital. The cost of the equity awards is included in the EBITDA calculation. However, in the event of the sale of the Company the Holder receives their portion of the enterprise value. If the

Notes to the consolidated financial statements

15. Employee benefits & Long-term Compensation Arrangements *(continued)*

Common Award *(continued)*

holder leaves prior to the vesting date for cause, the unvested preferred equity will be cancelled with no consideration. Since these awards contain a cash settled put option, they are accounted for using the liability method of accounting under IFRS 2. Liability accounting requires the cost of the award to be recognized as compensation expense. The expense is recognized over the service period using the tranche method. The vested portion of the award is marked to the current market value with adjustments being recognized as compensation expense. If the holder is terminated without cause prior to redemption the individual will receive pro-rata vesting. As of and for the years ended 31 December 2013, 2014, and 2015 these common equity awards had no value because the formula to determine enterprise value was less than zero given the EBITDA and debt balances at the end of these years. Therefore no expense has been recognized in the income statement.

The common equity awards have not generated an expense yet given the enterprise value remains below zero. Below is a summary of how the expense of the liability-based awards was expected to occur for the fixed cash and phantom preferred equity awards (excluding interest payments, which would be expensed as incurred if the contingency had been met or will be met).

	(as project at grant date)				**(as expensed)**			
in GBP 000's	**Total**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**
Fixed cash tranche I	250	—	—	—	—	—	192	58
Fixed cash tranche II	250	—	—	—	—	75	152	23
Fixed cash tranche III	250	—	—	—	46	95	95	14
Fixed cash tranche IV	250	—	—	33	69	69	69	10
Common equity tranche I	—	—	—	—	—	—	—	—
Common equity tranche II	—	—	—	—	—	—	—	—
Common equity tranche III	—	—	—	—	—	—	—	—
Preferred debt	1,000	87	175	178	178	178	178	26
Pre-modification expense	**2,000**	**87**	**175**	**211**	**293**	**417**	**686**	**131**

In December of 2015 the fixed cash and common award were modified, resulting in acceleration of fixed cash and a cancellation of the preferred equity awards. Below is a summary of the expense associated with the fixed cash awards since their grant date and the incremental cost of the fixed cash award modification, which resulted in an acceleration of the expense.

	Annual Expense of Fixed Cash Award				
in GBP 000's	**Total**	**2015**	**2014**	**2013**	**2012**
Fixed cash tranche I	250	—	—	192	58
Fixed cash tranche II	250	—	75	152	23
Fixed cash tranche III as granted	250	46	95	95	14
Fixed cash tranche IV as granted	216	69	69	69	10
Incremental cost of modification	34	34			
Cash expense in year	**1,000**	**149**	**239**	**508**	**104**

Below is a summary of the liability associated with the fixed cash award.

in GBP 000's	**2015**	**2014**	**2013**	**2012**
Beginning liability	351	362	104	—
Annual expense	149	239	508	104
Amounts settled	(250)	(250)	(250)	—
Remaining liability	**250**	**351**	**362**	**104**

Notes to the consolidated financial statements

15. Employee benefits & Long-term Compensation Arrangements *(continued)*

Phantom Preferred Award

In November 2012, £1,000,000 of phantom preferred equity was granted to certain employees. Each recipient held a stated amount of phantom preferred equity in the Company, with a yield of 10% per annum redeemable on 30 June 2018. These awards are not included in share capital and are accounted for as cash liabilities. These phantom preferred equity grants were designed to encourage alignment of objectives to generate enough cash flow to pay the preferred interest. If preferred interest is paid to the parent company then each holder receives a 10% cash return, or phantom preference dividend, on their holding. The interest does not compound. If the holder leaves prior to redemption date for cause the unredeemed preferred equity will be cancelled with no consideration. If the executive is terminated without cause prior to redemption he will receive a payment proportional to the time served. In December of 2015, the phantom equity awards were cancelled in exchange for a renegotiation of annual compensation and the liability balance is nil as of 31 December 2015. The modification resulted in an incremental benefit of £381,000 for the year ended 31 December 2015.

Below is a summary of the expense associated with the phantom preferred plan and the incremental benefit from the modification.

in GBP 000's	2015	2014	2013	2012
Annual expense as granted	178	178	178	26
Incremental cost of modification	(560)	—	—	—
Total annual expense of award	**(382)**	**178**	**178**	**26**

Below is a summary of the liability associated with the phantom preferred award.

in GBP 000's	2015	2014	2013	2012
Beginning liability	382	204	26	—
Annual expense	178	178	178	26
Amounts settled	(560)	—	—	—
Remaining liability	**—**	**382**	**204**	**26**

Equity-Classified Awards

In November of 2012, £500,000 of common equity rights in RSG were granted to key executives. These awards vest in two equal tranches on 30 June 2018 and 2019. The aggregate of £500,000 of equity rights will convert into an amount of RSG common shares based on the fair value of RSG at the date of an initial public offering (using then prevailing exchange rates). If an initial public offering does not occur prior to 30 June 2017, then these shares will convert into the Company shares equivalent to 2.0% of its total outstanding common shares at the date of conversion. If the holder leaves prior to the vesting date for cause the unvested preferred equity will be cancelled with no consideration. If the holder is terminated without cause prior to redemption he will receive pro-rata vesting. To the extent an IPO becomes probable, RSG would begin recognizing an expense over the remaining service period and it would be charged back to the Company. As of 31 December 2013, 2014 and 2015 an RSG IPO has not been deemed probable and no expense has been recognized in either RSG or the Company's financial statements. If an IPO does not occur then the fair market value of the additional 2% of the Company will be recognized as an expense beginning on 30 June 2017 using the grant date fair value. The expense would be recognized over the remaining service period. As of 31 December 2013, 2014 and 2015 such a contingent grant in the Company would have no value given the enterprise value calculation.

Defined contribution plans

The Group operates defined contributions schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the consolidated statement of financial

Notes to the consolidated financial statements

15. Employee benefits & Long-term Compensation Arrangements *(continued)*

Defined contribution plans *(continued)*

position. The pension cost and charge represents contributions payable by the Group to the funds and amounted to £280,000 (2014: £125,000; 2013: £34,000). At 31 December 2015 contributions amounting to £112,000 (2014: £196,000; 2013: £3,000) were payable to the funds and were included in creditors.

Company

Not applicable to the standalone Company for the years presented.

16. Provisions

Group

in GBP 000's	2015	2014	2013
Provisions for dilapidations			
Balance at 1 January	898	708	1,004
Provisions made during the year	784	262	(27)
Provisions used during the year	(227)	(72)	(269)
Total provisions for dilapidations	**1,455**	**898**	**708**

The provisions relate to costs for dilapidations and cancellations of policies which represent as of 31 December 2015 of £1,388,000 and £66,000, respectively:

- The provision for dilapidations is based on the future expected repair costs required to restore the Group's leased buildings. Contractual amounts are due to be incurred at the end of the respective lease terms. Most of the leases expire by 2030, as such the Group accounts for the time value of money at a 1.9% discount rate.
- The cancellation provision is calculated based on historical data and the Group's experience. Cancelled policies are known within the twelve months following their respective inception date.

Company

Not applicable to the standalone Company for the years presented.

17. Share capital

Total share capital consisted of A, B and C ordinary shares are as follows:

Group & Company

Amounts presented in actual GBPs	2015	2014	2013
Allotted, called up and fully paid			
8,750 A ordinary shares of £0.01 each	9	9	9
625 B ordinary shares of £1.50 each	937	937	937
625 C ordinary shares of £1.50 each	937	937	937
Total share capital	**1,883**	**1,883**	**1,883**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Group. No dividends were paid during the year (2014: £nil; 2013: £nil).

Notes to the consolidated financial statements

18. Preference shares

Group & Company

On 7 November 2012, 36,535,440 cumulative redeemable preference shares were issued to Jubilee Group Holdings Limited, each for £0.01 at a premium of £0.99. These shares carry a cumulative dividend of 10% interest per annum. Accrued interest for the year was £3,654,000 (2014: £3,654,000; 2013: £3,654,000). Accumulated interest at December 31, 2015 was £12,834,000 (2014: £7,860,000; 2013: £3,861,000).

19. Financial instruments

Group & Company

19(a) Fair values of financial instruments

The Group believes that fair values of all financial assets and financial liabilities, except for preference share capital, is approximated by their carrying amount as presented in the statement of financial position. These include:

• Trade and other receivable including insurance balances	Note 12
• Cash	Note 13
• Trade and other payables	Note 14
• Amounts due to and due from related parties	Note 22

On 7 November 2012, the Company issued £36,535,440 of cumulative redeemable preference shares to Jubilee Group Holding Limited. These preferred shares carry a cumulative dividend of 10% per annum. The preferred shares are classified within Level 3, using the expected cash flows and risk-adjusted discount rates based on the probability weighted average of the Group's ranges of possible outcomes. Key inputs used in the model include the risk-free interest rate, company-specific inputs including the incremental cost of capital and budgeted EBITDA. At issuance, the terms of the instrument were considered to be at market and therefore the issuance cost equated to fair value. The preferred shares are not remeasured, rather the Company evaluates the preferred shares for impairment on an annual basis. No impairment was recorded during the year (2014: £nil, 2013: £nil).

During the periods presented no transfers were made between levels 1 and 2 in the fair value of hierarchy since the Group does not hold any financial instrument fair valued as per either level 1 or 2.

19(b) Risk management framework

The group foresees exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk

Risk management framework

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group developed a risk management policy and monitors adherence to it through periodic reporting on the Group's risk management activities and incidents.

The Group's risk management policies are established to identify and analyse the risks faced by the Group when providing distribution and claims services to/for policyholders, other brokers and insurance partners. This is set to appropriate risk limits and controls and to monitor risks and adherence to these limits. Risk management policies and systems are reviewed regularly to reflect changes in insurance market conditions, relevant laws and regulations and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Notes to the consolidated financial statements

19. Financial instruments *(continued)*

19(b) Risk management framework *(continued)*

Credit risk

Credit risk is the risk of financial loss to the Group if a policyholder, broker or insurance partner fails to meet its contractual obligations, and arises principally from the Group's receivables from these parties. However, generally, the Group does not bear any credit risk on transactions processed in its fiduciary capacity to other brokers and insurance partners. The carrying amount of these debtors (as disclosed in Note 12) is off-set by the associated creditor and cash collected that is payable to brokers and insurance partners. The Group's exposure to credit risk is therefore limited as it is generally assumed by the insurance partner who insures the risk requested by the policyholder.

Payment terms vary depending on the arrangement with the underwriter or insurer, but generally payment is made within 30 days of policy issuance, or settlement of a claim. As at the reporting date, the amount of receivables past due, managed on behalf of insurance partners, is limited to £2,680,000. No receivables were considered impaired. The amount recognized in profit or loss associated with uncollectible receivables is limited to £662,000 (2014: £421,000; 2013: £581,000).

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's contractual financial liabilities can be disaggregated into:

- Short term: Insurance and Other payables;
- Longer term: Preference share capital and Amounts due to related parties.

Short term cash out flows

The Group's short term financial liabilities are reflected in Insurance and Other payables (Note 14) which get matured and are settled in within approximately three months. The majority is directly associated with the Insurance and Other receivables (Note 12) and Cash at bank (Note 13) due to the Group acting in its fiduciary capacity. As such, the Group does not foresee a significant level of liquidity risk related to its day-to-day insurance activities.

Longer term cash out flows

The Group is mainly funded through preference share capital held by its direct parent entity (Note 18) and other intercompany accounts with other related parties (Note 22). The preference shares mature on 30 June 2018 in an amount at least equal to its nominal amount of £36,535,000. Any accumulated divided over the term of the preference shares are only contractually payable if the Group has sufficient accumulated profits to do so. If the Group is unable to redeem the preference shares on 30 June 2018, the Company may elect a new date.

Other intercompany accounts with other related parties in the amount of £12,602,000 as at 31 December 2015, including accrued interest. These positions are treated as current accounts and do not have a specified maturity date.

The Group relies on the continuous financial support of its direct and indirect parent companies to serve the Group's liquidity needs in both the short and longer term (Note 1.3.4 – Going concern).

Notes to the consolidated financial statements

20. Operating leases

Group

Non-cancellable operating lease rentals are payable as follows:

in GBP 000's	2016	2017	2018	2019	2020	There-after	Total
Property leases	456	456	422	388	277	1,988	3,987
Other obligations	91	34	—	—	—	—	125
Total obligations	**547**	**490**	**422**	**388**	**277**	**1,988**	**4,112**

The Group leases its office locations under operating leases. The leases run for periods of 5, 10, and 15 years, with an option to renew the lease upon expiry. Lease payments are periodically renegotiated to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices.

The rent paid to the landlord is based on market rentals, and the Group does not have an interest in the residual value of the land and buildings. As a result, it was determined that substantially all of the risks and rewards of the land and buildings are with the landlord.

Two of the leased properties are not currently occupied, and have not been sublet by the Group. The Group has recognised provisions of £778,000 in respect of these leases (see Note 16).

The Group has entered into leases of cars on behalf of certain senior managers. These leases typically are for two year terms, and include an option to extend. A portion of the lease cost is provided as part of the employee's compensation package, and any costs in excess of the agreed amount are borne by the employee.

During the year, £978,000 (2014: £941,000; 2013: £889,000) was recognized as an expense in the income statement in respect of operating leases.

Company

Not applicable to the standalone Company for the years presented.

21. Commitments

Group

Pension commitments (Refer to note 15 for further detail).

The Group operates defined contributions schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the consolidated statement of financial position. The pension cost and charge represents contributions payable by the Group to the funds.

Financial guarantees (Refer to note 22 for further detail).

The Group's ultimate parent company, RSG, entered into a group wide banking facility on 16 October 2013, which was amended on 2 December 2013 and 14 July 2014. This facility is provided by a syndicate of lenders with the borrowers being RSG, and Ryan Specialty Group Europe Limited, the ultimate UK parent of the Group. As part of this facility the Group act as guarantors of the borrowers.

Company

Not applicable to the standalone Company for the years presented.

Notes to the consolidated financial statements

22. Related parties

Group

Parent and ultimate controlling entity

The Group's direct controlling parent is Jubilee Group Holdings Limited ("JGHL") which holds 87.5% of the voting rights in the Group. The remaining 12.5% is held by the executive directors as disclosed in Note 15.

JGHL is wholly owned by Ryan Group Europe Limited, domiciled in the United Kingdom, which is ultimate owned by Ryan Speciality Group, LLC, company domiciled in Delaware, USA.

All amounts due from/to related parties as presented on the balance sheet represents amounts due from/to the Group's direct controlling parent JGHL. Amounts due from JGHL were £7,998,000 (2014: £4,387,000; 2013: £2,169,000). Amounts due to JGHL were £12,602,000 (2014: £14,351,000; 2013: £14,458,000).

Transactions with key management personnel

Key management personnel compensation comprised the following:

in GBP 000's	**2015**	**2014**	**2013**
Short-term employee benefits	1,018	1,036	1,032
Post-employment benefits	—	13	26
Total transactions with key management	**1,018**	**1,049**	**1,058**

Compensation of the Group's key management personnel includes salaries, social securities, non-cash benefits and contributions to post-employment defined contribution plans (as disclosed in Note 15).

The executive directors are also party to certain share-based payments arrangements as disclosed in Note 15.

Furthermore, Group contributions to money purchase pension schemes were made on behalf of 2 Directors in the year of £nil (2014: £13,000; 2013: £26,000). None of the other directors receive any remuneration in respect of their service to the Group in the current year or preceding period.

The emoluments of the highest paid director was £532,000 (2014: £538,000; 2013: £589,000) and Group pension contributions of £nil (2014: £7,000; 2013: £14,000) were made on his behalf.

Other related party transactions

Transactions and services within the Group are made on commercial terms. Amounts outstanding between Group companies are unsecured, are not subject to guarantees, and will be settled in cash. No provisions have been made in respect of amounts due from related parties.

During 2013 and 2014, the Group received revenue under a services agreement entered into at arm's length from a related party, Jubilee Managing Agency Limited, which at the time was owned by Jubilee Group Holdings Limited, a company under common ownership. This income was been recognized as non-operating income of £nil (2014: £197,000; 2013: £1,445,000).

The amounts due to and due from these related parties are separately classified in the consolidated statement of financial position. In addition, the Group's direct parent company holds the preference shares as disclosed in Note 19.

Notes to the consolidated financial statements

22. Related parties *(continued)*

Guarantee given to group undertakings

The Group's ultimate parent company, RSG, entered into a group wide banking facility on 16 October 2013, which was amended on 2 December 2013 and 14 July 2014. This facility is provided by a syndicate of lenders with the borrowers being RSG, and Ryan Specialty Group Europe Limited, the ultimate UK parent of the Group. As part of this facility the Group act as guarantors of the borrowers.

Company

Amounts due from the Parent Company were £2,740,000 (2014: £nil; 2013: £nil). Amounts due from Group Undertakings were £725,000 (2014: £12,156,000; 2013: £12,250,000).

Amounts due to the Parent Company were £211,000 (2014: £1,608,000; 2013: £2,012,000). Amounts due to Group Undertakings were £32,409,000 (2014: £7,266,000; 2013: £6,371,000).

23. List of subsidiaries

Group Company	Status	Ownership (%) as per 31 December 2015	2014	2013
Direct Newco Limited	Intermediate holding company	100	100	100
Direct Group Investment Limited	Intermediate holding company	100	100	100
Direct Group Holdings Limited	Intermediate holding company	100	100	100
Direct Group Limited	Trading	100	100	100
Direct Group Property Services Limited	Trading	100	100	100
Millennium Insurance Brokers Limited	Trading	100	100	100
Direct Validation Services Limited	Trading	100	100	100
Direct Creditor Administration Limited	Dormant	100	100	100
Direct Warranty Administration Limited	Dormant	100	100	100
Direct Inspection Solutions Limited	Trading	100	100	100
Lutine Assurance Services Limited*	Trading	100	—	—
Cassidy Davis Underwriting Agency Limited*	Trading	100	—	—
Jubilee Service Solutions Limited*	Trading	100	—	—

* With respect to Lutine Assurance Services Limited ("LASL"), Cassidy Davis Underwriting Agency Limited ("CDUAL"), and Jubilee Service Solutions Limited ("JSSL") the Group did not own 100% of the voting rights during all periods presented:

- LASL and JSSL: although the Group did not own majority of the voting rights of both entities prior to the organizational restructuring on 27 November 2015, management determined that the Group controls both LASL and JSSL. The Group controls the two entities during all periods presented by virtue of management agreements since the Group's directors hold board membership in both entities. In addition, both entities entered into an outsourcing agreement with the wholly owned subsidiaries of the Group which transferred all full management and service delivery in control of the Group.
- CDUAL: prior to the aforementioned restructuring, the Group did not own majority voting rights in this entity but did so post-restructuring. As such, the Group consolidates CDUAL as per the date of the restructuring.

Company

Not applicable to the standalone Company for the years presented.

Notes to the consolidated financial statements

24. Subsequent events

Group

On 6 January 2016, the Group signed an agreement to acquire Midas Underwriting Limited, an insurance services provider based in Northern Ireland, through a newly incorporated entity, RDG Midas Holdings (NI) Limited. The acquisition was for approximately £8,200,000 in cash and £8,300,000 in deferred and contingent considerations. This acquisition obtained regulatory approval and was completed on 31 March 2016.

Company

Not applicable to the standalone Company for the years presented.

25. Explanation of transition to IFRS

As stated in note 1.2, these are the Group and Company's first consolidated financial statements prepared in accordance with IFRS. Since the Group did not present consolidated financial statements for any previous periods, in accordance with IFRS 1 First-time Adoption of International Financial Reporting Standards, it has not presented the reconciliations in these circumstances.

Notes to the consolidated financial statements

25. Explanation of transition to IFRS *(continued)*

The accounting policies set out in note 1.2 have been applied in preparing the consolidated financial statements for the year ended 31 December 2015, the comparative information presented in these consolidated financial statements for the years ended 31 December 2014 and 31 December 2013 and in the preparation of an opening IFRS Statement of Financial Position at 1 January 2013 (the Group's date of transition). The following table(s) presents the impact of adoption of IFRS on the opening statement of financial position earliest period presented.

Group

in GBP 000's	**1 January 2013 - As reported**	**Impact of IFRS adoption**	**1 January 2013 - restated**
ASSETS			
CURRENT ASSETS			
Cash	23,847	—	23,847
Trade and other receivables	15,229	(104)	15,125
Due from related parties	1,887	—	1,887
Prepayments and accrued income	1,218	—	1,218
Total current assets	**42,181**	**(104)**	**42,077**
NON-CURRENT ASSETS			
Property and equipment	2,146	—	2,146
Intangible assets and goodwill	52,595	318	52,913
Deferred tax assets	672	(672)	—
Total non-current assets	**55,413**	**(354)**	**55,059**
TOTAL ASSETS	**97,594**	**(458)**	**97,136**
LIABILITIES AND MEMBERS' EQUITY			
CURRENT OPERATING LIABILITIES			
Trade and other payables	37,455	—	37,455
Due to related parties	849	—	849
Accruals and deferred income	3,518	—	3,518
Borrowings	14,311	—	14,311
Total current operating liabilities	**56,133**	**—**	**56,133**
NON-CURRENT OPERATING LIABILITIES			
Preference share capital	36,535	—	36,535
10% dividend due on redeemable shares	75	—	75
Deferred tax liabilities	(121)	2,838	2,717
Total non-current operating liabilities	**36,489**	**2,838**	**39,267**
TOTAL LIABILITIES	**92,622**	**2,838**	**95,460**
MEMBERS' EQUITY			
Share capital	2	—	2
Accumulated profit (loss)	4,970	(3,296)	1,674
Total members' equity	**4,972**	**(3,296)**	**1,676**
TOTAL LIABILITIES AND EQUITY	**97,594**	**(458)**	**97,136**

Notes to the consolidated financial statements

25. Explanation of transition to IFRS *(continued)*

Company

in GBP 000's	1 January 2013 - As reported	Impact of IFRS adoption	1 January 2013 - restated
ASSETS			
CURRENT ASSETS			
Cash	89	—	89
Due from related parties	3,044	—	3,044
Total current assets	**3,133**	**—**	**3,133**
NON-CURRENT ASSETS			
Investments	32,717	—	32,717
Total non-current assets	**32,717**	**—**	**32,717**
TOTAL ASSETS	**35,850**	**—**	**35,850**
LIABILITIES AND MEMBERS' EQUITY			
NON-CURRENT OPERATING LIABILITIES			
Preference share capital	36,535	—	36,535
10% dividend due on redeemable shares	75	—	75
Total non-current operating liabilities	**36,610**	**—**	**36,610**
TOTAL LIABILITIES	**36,610**	**—**	**36,610**
MEMBERS' EQUITY			
Share capital	2	—	2
Accumulated profit (loss)	(762)	—	(762)
Total members' equity	**(760)**	**—**	**(760)**
TOTAL LIABILITIES AND EQUITY	**35,850**	**—**	**35,850**

REGISTERED NUMBER: 009099V (Isle of Man)

CHASE TEMPLETON HOLDINGS LIMITED

GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016

DTE Business Advisers Limited
Chartered Accountants
Statutory Auditors
The Exchange
5 Bank Street
Bury
BL9 0DN

CHASE TEMPLETON HOLDINGS LIMITED (REGISTERED NUMBER: 009099V)

CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016

CHASE TEMPLETON HOLDINGS LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 OCTOBER 2016

DIRECTORS:	K Amphlett Mrs J Amphlett E Fazakerley
REGISTERED OFFICE:	1st Floor Millennium House Victoria Road Douglas IM2 4RW
REGISTERED NUMBER:	009099V (Isle of Man)
AUDITORS:	DTE Business Advisers Limited Chartered Accountants Statutory Auditors The Exchange 5 Bank Street Bury BL9 0DN

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 OCTOBER 2016

The directors present their strategic report of the company and the group for the year ended 31 October 2016.

REVIEW OF BUSINESS

A very successful increase in the volume of business has been seen continued growth from previous years in both gross margin 75% (2015: 60%) and gross profit in absolute terms £12,514,872 (2015: £7,649,012). When coupled with a limited increase to the cost base, the result is a significant increase in profit.

We maintain our strategy of acquisition, which has continued during the year, with acquisition costs totalling £10.2m, including Consilium Employee Benefits Limited. This has enabled the business to continue to grow, and has continued post year end through additional funding and acquisition spend of £3.08m in the first quarter of 31 October 2017.

During the year we have seen continued support from the shareholders, which will enable the group to move forward in our growth plans beyond this point.

The directors consider that the group's finances are suitable and appropriate to meet its future financial and business requirements.

PRINCIPAL RISKS AND UNCERTAINTIES

Both the group and its strategy are subject to a number of risks and uncertainties. The Directors consider that the key risks and uncertainties centre on private medical insurance (PMI) market competition, compliance, employee retention, and financial risk management.

The current challenging economic conditions, particularly in the UK, will present a challenge to businesses and consumers in the insurance market especially in light of the recent increase to IPT. This could impact on the services we provide and could reduce expected profitability. We continue to monitor revenues and costs to identify adverse trends and manage such risks as effectively as possible.

The group seeks to comply with all regulatory standards and to maintain an awareness of, and, where possible, anticipate, regulatory change. The group's principal financial regulator is the UK's Financial Conduct Authority (FCA), with which the Board and senior managers maintain a close understanding.

As we grow, we need to ensure that we have the right people to move us forward. It is essential that we have managers with the right skills to help expansion. The Board views the development and training of current employees and the recruitment of experienced individuals from outside the group, as central to the organisation's future success. We have strong selection, evaluation and reward processes to recruit, motivate and develop our staff.

Financial risk management principally relates to the risks associated with our bank lending and the associated interest rate risk. The group has mitigated this risk by funding our acquisitions with a combination of sources such that the directors do not consider a change in interest rates to be material to the business.

ON BEHALF OF THE BOARD:

____

K Amphlett - Director

Date: ______________

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 OCTOBER 2016

The directors present their report with the financial statements of the company and the group for the year ended 31 October 2016.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a holding company.

The principal activity of the group in the year under review was that of providing independent advice on medical insurance policies for companies and individuals.

DIVIDENDS

No dividends will be distributed for the year ended 31 October 2016.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 November 2015 to the date of this report.

K Amphlett
Mrs J Amphlett
E Fazakerley

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The financial statements are required to give a true and fair view of the state of affairs of the company and the group and of the profit and loss of the group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Isle of Man Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

DTE Business Advisers Limited has indicated its willingness to be reappointed for another term and appropriate arrangements are being made for it to be deemed reappointed as auditor in the absence of an Annual General Meeting.

ON BEHALF OF THE BOARD:

____

K Amphlett - Director

Date: __________

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CHASE TEMPLETON HOLDINGS LIMITED

We have audited the financial statements of Chase Templeton Holdings Limited for the year ended 31 October 2016 on pages seven to twenty five. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 a Report of the Auditors 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.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 October 2016 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Isle of Man Companies Act 2006.

Opinion on other matter prescribed by the Isle of Man Companies Act 2006

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CHASE TEMPLETON HOLDINGS LIMITED

Matters on which we are required to report by exception

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

- the parent company has not kept proper books of account, or if proper returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- the financial statements do not contain particulars as to loans to, and remuneration of the directors; or
- we have not received all the information and explanations which are necessary for the purposes of our audit.

Richard Taylor (Senior Statutory Auditor)
for and on behalf of DTE Business Advisers Limited
Chartered Accountants
Statutory Auditors
The Exchange
5 Bank Street
Bury
BL9 0DN

Date: __________

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2016

	Notes		2016 £		2015 £
TURNOVER	2		**16,655,090**		12,735,115
Cost of sales			**(4,140,218)**		(5,086,103)
GROSS PROFIT			**12,514,872**		7,649,012
Administrative expenses		**(6,223,545)**		(4,617,797)	
Amortisation of goodwill and other intangibles		**(3,709,500)**		(2,339,814)	
Total administrative expenses			**(9,933,045)**		(6,957,611)
			2,581,827		691,401
Other operating income			**—**		40,266
OPERATING PROFIT	4		**2,581,827**		731,667
Interest receivable and similar income			**460**		—
			2,582,287		731,667
Interest payable and similar charges	5		**(1,950,080)**		(1,253,144)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION			**632,207**		(521,477)
Tax on profit/(loss) on ordinary activities	6		**(829,304)**		(220,855)
LOSS FOR THE FINANCIAL YEAR			**(197,097)**		(742,332)
Loss attributable to:					
Owners of the parent			**(197,097)**		(742,332)

The notes form part of these financial statements

CHASE TEMPLETON HOLDINGS LIMITED (REGISTERED NUMBER: 009099V)

CONSOLIDATED OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2016

	Notes	**2016** **£**	2015 £
LOSS FOR THE YEAR		**(197,097)**	(742,332)
OTHER COMPREHENSIVE INCOME		**—**	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(197,097)**	(742,332)
Total comprehensive income attributable to:			
Owners of the parent		**(197,097)**	(742,332)

The notes form part of these financial statements

CHASE TEMPLETON HOLDINGS LIMITED (REGISTERED NUMBER: 009099V)

CONSOLIDATED BALANCE SHEET
31 OCTOBER 2016

	Notes	2016 £	2015 £
FIXED ASSETS			
Intangible assets	8	**28,321,410**	21,786,933
Tangible assets	9	**424,561**	308,809
Investments	10	**—**	—
		28,745,971	22,095,742
CURRENT ASSETS			
Debtors	11	**3,986,693**	2,682,687
Cash at bank and in hand		**181,281**	752,714
		4,167,974	3,435,401
CREDITORS			
Amounts falling due within one year	12	**(5,000,162)**	(4,198,105)
NET CURRENT LIABILITIES		**(832,188)**	(762,704)
TOTAL ASSETS LESS CURRENT LIABILITIES		**27,913,783**	21,333,038
CREDITORS			
Amounts falling due after more than one year	13	**(29,355,389)**	(22,607,518)
PROVISIONS FOR LIABILITIES	17	**(78,310)**	(48,339)
NET LIABILITIES		**(1,519,916)**	(1,322,819)
CAPITAL AND RESERVES			
Called up share capital	18	**200,000**	200,000
Retained earnings	19	**(1,719,916)**	(1,522,819)
SHAREHOLDERS' FUNDS		**(1,519,916)**	(1,322,819)

The financial statements were approved by the Board of Directors on and were signed on its behalf by:

K Amphlett - Director

The notes form part of these financial statements

CHASE TEMPLETON HOLDINGS LIMITED (REGISTERED NUMBER: 009099V)

COMPANY BALANCE SHEET
31 OCTOBER 2016

	Notes	2016 £	2015 £
FIXED ASSETS			
Intangible assets	8	**—**	—
Tangible assets	9	**—**	—
Investments	10	**8,428,342**	8,428,342
		8,428,342	8,428,342
CURRENT ASSETS			
Debtors	11	**19,324,307**	13,739,274
Cash at bank		**—**	75,122
		19,324,307	13,814,396
CREDITORS			
Amounts falling due within one year	12	**(2,921,611)**	(2,724,166)
NET CURRENT ASSETS		**16,402,696**	11,090,230
TOTAL ASSETS LESS CURRENT LIABILITIES		**24,831,038**	19,518,572
CREDITORS			
Amounts falling due after more than one year	13	**(29,503,151)**	(22,664,961)
NET LIABILITIES		**(4,672,113)**	(3,146,389)
CAPITAL AND RESERVES			
Called up share capital	18	**200,000**	200,000
Retained earnings	19	**(4,872,113)**	(3,346,389)
SHAREHOLDERS' FUNDS		**(4,672,113)**	(3,146,389)

The financial statements were approved by the Board of Directors on and were signed on its behalf by:

K Amphlett - Director

The notes form part of these financial statements

CHASE TEMPLETON HOLDINGS LIMITED (REGISTERED NUMBER: 009099V)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2016

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 November 2014	200,000	(780,487)	(580,487)
Changes in equity			
Total comprehensive income	—	(742,332)	(742,332)
Balance at 31 October 2015	200,000	(1,522,819)	(1,322,819)
Changes in equity			
Total comprehensive income	—	(197,097)	(197,097)
Balance at 31 October 2016	200,000	(1,719,916)	(1,519,916)

The notes form part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2016

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 November 2014	200,000	(1,964,731)	(1,764,731)
Changes in equity			
Total comprehensive income	—	(1,381,658)	(1,381,658)
Balance at 31 October 2015	200,000	(3,346,389)	(3,146,389)
Changes in equity			
Total comprehensive income	—	(1,525,724)	(1,525,724)
Balance at 31 October 2016	200,000	(4,872,113)	(4,672,113)

The notes form part of these financial statements

CHASE TEMPLETON HOLDINGS LIMITED (REGISTERED NUMBER: 009099V)

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2016

	Notes	2016 £	2015 £
Cash flows from operating activities			
Cash generated from operations	1	**5,179,768**	2,626,416
Interest paid		**(1,950,080)**	(855,015)
Tax paid		**(313,212)**	(331,970)
Net cash from operating activities		**2,916,476**	1,439,431
Cash flows from investing activities			
Purchase of intangible fixed assets		**(6,316,612)**	(656,741)
Purchase of tangible fixed assets		**(181,049)**	(79,584)
Sale of tangible fixed assets		**—**	862
Sale of fixed asset investments		**—**	22,577
Purchase of subsidiary undertaking		**(4,297,358)**	(7,602,563)
Cash acquired on acquisition		**369,993**	3,604
Interest received		**460**	—
Net cash from investing activities		**(10,424,566)**	(8,311,845)
Cash flows from financing activities			
New loans in year		**9,863,174**	9,187,631
Loan repayments in year		**(2,528,388)**	(1,281,443)
Amount withdrawn by directors		**(398,129)**	(398,129)
Net cash from financing activities		**6,936,657**	7,508,059
(Decrease)/increase in cash and cash equivalents		**(571,433)**	635,645
Cash and cash equivalents at beginning of year	2	**752,714**	117,069
Cash and cash equivalents at end of year	2	**181,281**	752,714

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2016

1. RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2016 **£**	2015 £
Profit/(loss) before taxation	**632,207**	(521,477)
Depreciation and amortisation charges	**3,774,797**	2,397,439
Profit on disposal of fixed assets	**—**	(22,577)
Finance costs	**1,950,080**	1,253,144
Finance income	**(460)**	—
	6,356,624	3,106,529
Increase in trade and other debtors	**(1,304,006)**	(336,271)
Increase/(decrease) in trade and other creditors	**127,150**	(143,842)
Cash generated from operations	**5,179,768**	2,626,416

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Consolidated Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 October 2016

	31.10.16 **£**	**1.11.15** **£**
Cash and cash equivalents	**181,281**	**752,714**

Year ended 31 October 2015

	31.10.15 £	1.11.14 £
Cash and cash equivalents	752,714	117,069

The notes form part of these financial statements

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Under Isle of Man legislation, the preparing and filing of consolidated financial statements is not required. The directors have presented the financial results of the group but this is not a statutory requirement.

Basis of consolidation

The financial statements consolidate the accounts of Chase Templeton Holdings Limited and all of its subsidiary undertakings.

Upon acquisition of a subsidiary undertaking, generally the residual assets and liabilities remain the responsibility of the vendor and the trade is transferred to and carried on by Chase Templeton Limited. Results are consolidated from the date of acquisition.

Revenue

Turnover comprises commission and fees receivable in respect of services completed, exclusive of value added tax and trade discounts.

Goodwill

Goodwill is the difference between the fair value of the amounts paid on acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss accounts over its estimated economic life.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term liquid investments with original maturities of three months or less.

Intangible fixed assets

Amortisation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Website costs - 5 years straight line
Other intangibles - 10 years straight line

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Software development	-	25% on reducing balance
Office equipment	-	15% on reducing balance

Deferred tax

Deferred tax is recognised on timing differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible timing differences to the extent that it is probable that taxable profits will be

1. **ACCOUNTING POLICIES (continued)**

available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax for the year is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Fixed asset investments

Investments are stated at cost of acquisition less any provision for impairment.

Financial instruments

The group enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the income statement.

Basic financial liabilities are initially measured at transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Critical accounting estimates and judgements

In the application of the group's accounting policies, the directors are required to make estimates and judgement. The estimates are based on historical experience and other relevant factors. Actual results may differ from these estimates.

The estimates are continually evaluated. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

The estimates and assumptions which have a significant risk of causing material adjustment to the carrying amount of assets and liabilities are outlined below.

The directors use their own judgement and an in depth knowledge of the company and the insurance sector to calculate year end receivables and payables.

2. TURNOVER

The turnover and profit (2015 - loss) before taxation are attributable to the one principal activity of the group.

The whole of the Group's turnover is attributable to providing independent advice on medical insurance policies for companies and individuals.

All turnover arose within the United Kingdom and the Isle of Man.

3. STAFF COSTS

	2016 £	2015 £
Wages and salaries	**4,295,311**	3,019,962
Social security costs	**468,333**	314,191
	4,763,644	3,334,153

The average monthly number of employees during the year was as follows:

	2016	2015
Management	**12**	12
Operational	**108**	69
	120	81

4. OPERATING PROFIT

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

	2016 £	2015 £
Hire of plant and machinery	**112,999**	67,063
Other operating leases	**49,079**	53,454
Depreciation - owned assets	**65,297**	57,625
Profit/(loss) on disposal of fixed assets	**—**	(22,577)
Goodwill and other intangibles amortisation	**3,699,303**	2,330,403
Website costs amortisation	**10,197**	9,411
Auditors' remuneration	**10,000**	10,000
Directors' remuneration	**118,841**	92,000

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2016 £	2015 £
Bank loan interest	**604,871**	217,653
Management loan interest	**473,602**	347,271
Loan	**871,607**	688,220
	1,950,080	1,253,144

6. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2016 £	2015 £
Current tax:		
UK corporation tax	**796,783**	216,554
Adjustment in respect of prior year	**2,550**	—
Total current tax	**799,333**	216,554
Deferred tax	**29,971**	4,301
Tax on profit/(loss) on ordinary activities	**829,304**	220,855

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2016 £	2015 £
Profit/(loss) on ordinary activities before tax	**632,207**	(521,477)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20%)	**126,441**	(104,295)
Effects of:		
Expenses not deductible for tax purposes	**340,812**	64,165
Adjustments to tax charge in respect of previous periods	**2,550**	—
Effect of change in tax rate	**—**	4,389
Other timing differences	**—**	(15)
Effect of lower overseas tax rate	**359,501**	256,611
Total tax charge	**829,304**	220,855

7. LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £(1,525,724) (2015 - £(1,381,658)).

8. INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Other intangibles £	Website costs £	Totals £
Cost				
At 1 November 2015	**6,971,271**	**20,036,351**	**47,053**	**27,054,675**
Additions	**—**	**10,220,507**	**23,470**	**10,243,977**
At 31 October 2016	**6,971,271**	**30,256,858**	**70,523**	**37,298,652**

8. INTANGIBLE FIXED ASSETS (continued)

	Goodwill £	Other intangibles £	Website costs £	Totals £
Amortisation				
At 1 November 2015	**1,917,100**	**3,339,304**	**11,338**	**5,267,742**
Amortisation for year	**697,127**	**3,002,176**	**10,197**	**3,709,500**
At 31 October 2016	**2,614,227**	**6,341,480**	**21,535**	**8,977,242**
Net book value				
At 31 October 2016	**4,357,044**	**23,915,378**	**48,988**	**28,321,410**
At 31 October 2015	5,054,171	16,697,047	35,715	21,786,933

9. TANGIBLE FIXED ASSETS

Group

	Software development £	Office equipment £	Totals £
Cost			
At 1 November 2015	**88,525**	**334,527**	**423,052**
Additions	**49,265**	**131,784**	**181,049**
At 31 October 2016	**137,790**	**466,311**	**604,101**
Depreciation			
At 1 November 2015	**32,788**	**81,455**	**114,243**
Charge for year	**14,376**	**50,921**	**65,297**
At 31 October 2016	**47,164**	**132,376**	**179,540**
Net book value			
At 31 October 2016	**90,626**	**333,935**	**424,561**
At 31 October 2015	55,737	253,072	308,809

10. FIXED ASSET INVESTMENTS

Company

	Shares in group undertaking £
Cost	
At 1 November 2015 and 31 October 2016	**8,428,342**
Net book value	
At 31 October 2016	**8,428,342**
At 31 October 2015	8,428,342

10. **FIXED ASSET INVESTMENTS (continued)**

PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Activity
Chase Templeton Group Limited	Isle of Man	100%	
Chase Templeton Limited	England	100%*	Insurance sales
Network Protect Limited	Isle of Man	100%*	Providing enhanced commission arrangement for PMI Intermediaries
Private Medicalcare Limited	England	100%*	Dormant
Preferred Medical Limited	England	100%*	Dormant
Preferred Medical IT Limited	England	100%*	Dormant
Healthcare Quotations (Holdings) Limited	England	100%*	Dormant
Jigsaw Healthcare Limited	England	100%*	Dormant
Benefits for Business Limited	England	100%*	Dormant
Best Health UK Limited	England	100%*	Dormant
Perfect Health Insurance Services Limited	England	100%*	Dormant
Mutual Health Limited	England	100%*	Dormant
Atlas Consulting Group Limited	England	100%*	Dormant
Healthcare Quotations Limited	England	100%*	Dormant
Health Assist Limited	England	100%*	Dormant
SJS Healthcare Associates Limited	England	100%*	Dormant
Chartered Life Limited	Scotland	100%*	Dormant
Get Private Individual Limited	England	100%*	Dormant
Simply Assured Limited	England	100%*	Dormant
Health Assured Scotland Limited	Scotland	100%*	Dormant
JVA Healthcare Limited	England	100%*	Dormant
Howill Group Limited	England	100%*	Dormant
Best Health Business Limited	England	100%*	Dormant
Bestworld Financial Management Limited	England	100%*	Dormant
Get Private Limited	England	100%*	Dormant
Medical Insurance Advisers Limited	England	100%*	Dormant
Medins Healthcare Limited	England	100%*	Dormant
Private Medical Insurance Advisers Limited	England	100%*	Dormant
Lewis Powell Limited	England	100%*	Dormant
Business Protection Online Limited	England	100%*	Dormant
Health Equity Solutions Limited	England	100%*	Dormant
Independent Health Insurance Limited	England	100%*	Dormant
Wellbeing Health Limited	England	100%*	Dormant
Positively Money Limited	England	100%*	Dormant
Ultimate Health Limited	England	100%*	Dormant

* Notes indirect holding

11. DEBTORS

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Amounts falling due within one year:				
Trade debtors	**3,172,172**	2,192,271	**—**	—
Other debtors	**126,204**	114,641	**—**	—
Prepayments and accrued income	**688,317**	375,775	**405,438**	208,340
	3,986,693	2,682,687	**405,438**	208,340
Amounts falling due after more than one year:				
Amounts owed by group undertakings	**—**	—	**18,918,869**	13,530,934
Aggregate amounts	**3,986,693**	2,682,687	**19,324,307**	13,739,274

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Bank loans and overdrafts (see note 14)	**2,614,900**	2,269,992	**2,644,085**	2,269,992
Other loans (see note 14)	**32,262**	32,061	**32,262**	32,061
Trade creditors	**607,775**	636,597	**—**	—
Amounts owed to group undertakings	**—**	—	**—**	18
Corporation tax	**663,157**	177,036	**—**	—
Social security and other taxes	**112,947**	79,151	**—**	—
Other creditors	**307,917**	194,949	**—**	—
Directors' current accounts	**200,468**	398,129	**200,468**	398,129
Accrued expenses	**460,736**	410,190	**44,796**	23,966
	5,000,162	4,198,105	**2,921,611**	2,724,166

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Bank loans (see note 14)	**9,910,148**	6,145,944	**9,910,148**	6,145,944
Other loans (see note 14)	**19,445,241**	16,420,236	**19,445,241**	16,420,236
Amounts owed to group undertakings	**—**	—	**147,762**	98,781
Other creditors	**—**	41,338	**—**	—
	29,355,389	22,607,518	**29,503,151**	22,664,961

14. LOANS

An analysis of the maturity of loans is given below:

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Amounts falling due within one year or on demand:				
Bank loans	**2,614,900**	2,269,992	**2,614,900**	2,269,992
Directors loans	**200,468**	398,129	**200,468**	398,129
Shareholder loans	**32,262**	32,061	**32,262**	32,061
	2,847,630	2,700,182	**2,847,630**	2,700,182

14. LOANS (continued)

	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
Amounts falling due between two and five years:				
Bank loans	**9,910,148**	6,145,944	**9,910,148**	6,145,944
Shareholder loans	**13,996,873**	11,142,298	**13,996,873**	11,142,298
Directors loans	**4,645,667**	4,524,736	**4,645,667**	4,524,736
Management loans	**802,701**	753,202	**802,701**	753,202
	29,355,389	22,566,180	**29,355,389**	22,566,180

15. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Non-cancellable operating leases	
	2016	2015
	£	£
Within one year	**123,582**	114,259
Between one and five years	**164,698**	151,981
	288,280	266,240

16. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
Bank loans	**12,525,048**	8,415,936	**12,525,048**	8,415,936
Shareholder loans	**14,029,135**	11,174,359	**14,029,135**	11,174,359
Directors loans	**4,846,135**	4,922,865	**4,846,135**	4,922,865
Management loans	**802,701**	753,202	**802,701**	753,202
	32,203,019	25,266,362	**32,203,019**	25,266,362

17. PROVISIONS FOR LIABILITIES

	Group	
	2016	2015
	£	£
Deferred tax		
Accelerated capital allowances	**78,310**	48,339

Group

	Deferred tax
	£
Balance at 1 November 2015	**48,339**
Provided during year	**29,971**
Balance at 31 October 2016	**78,310**

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	**2016 £**	2015 £
200,000	Ordinary	£1	**200,000**	200,000

19. RESERVES

Group

	Retained earnings £
At 1 November 2015	**(1,522,819)**
Deficit for the year	**(197,097)**
At 31 October 2016	**(1,719,916)**

Company

	Retained earnings £
At 1 November 2015	**(3,346,389)**
Deficit for the year	**(1,525,724)**
At 31 October 2016	**(4,872,113)**

20. RELATED PARTY DISCLOSURES

Included in creditors are loans totalling £4,846,135 (2015: £4,922,865) from K Amphlett, a director. Interest amounting to £335,257 (2015: £301,125) was charged during the year.

Also included within creditors are loans totalling £14,029,135 (2015: £11,174,359) from Palatine Private Equity Fund LLP, a shareholder. Interest amounting to £871,607 (2015: £688,220) was charged during the year.

21. POST BALANCE SHEET EVENTS

A number of acquisitions have taken place post year end with acquisition costs totalling £3.1m. This will enable the business to continue to grow beyond previous years, with profits anticipated to grow as a result of recent acquisition activity.

The recent acquisitions have been funded through a combination of shareholder and external funding.

22. ULTIMATE CONTROLLING PARTY

The company is controlled by the Board of Directors.

REGISTERED NUMBER: 009099V (Isle of Man)

CHASE TEMPLETON HOLDINGS LIMITED

GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2015

DTE Business Advisers Limited
Chartered Accountants
Statutory Auditors
The Exchange
5 Bank Street
Bury
BL9 0DN

CHASE TEMPLETON HOLDINGS LIMITED (REGISTERED NUMBER: 009099V)

**CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2015**

CHASE TEMPLETON HOLDINGS LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 OCTOBER 2015

DIRECTORS:	K Amphlett Mrs J Amphlett E Fazakerley
REGISTERED OFFICE:	Balliargy Ammal Road Abbeylands Isle of Man IM4 5EE
REGISTERED NUMBER:	009099V (Isle of Man)
AUDITORS:	DTE Business Advisers Limited Chartered Accountants Statutory Auditors The Exchange 5 Bank Street Bury BL9 0DN

CHASE TEMPLETON HOLDINGS LIMITED (REGISTERED NUMBER: 009099V)

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 OCTOBER 2015

The directors present their strategic report of the company and the group for the year ended 31 October 2015.

REVIEW OF BUSINESS

A successful increase in the volume of business has been seen growth in both gross margin 59% (2014: 50%) and gross profit in absolute terms £7,649,012 (2014: £6,323,104). When coupled with a limited increase to the cost base, the result is a significant increase in profit.

We maintain our strategy of acquisition, which has continued with a number of acquisitions taking place post year end with acquisition costs totalling £7.4m, including Consilium Employee Benefits Limited. This will enable the business to continue to grow beyond previous years, with profits anticipated to grow significantly as a result of recent acquisition activity.

During the year we have seen continued support from the shareholders, which will enable the group to move forward in its growth plans beyond this point. Indeed the recent acquisitions have been funded through a combination of shareholder and external funding.

The directors consider that the group's finances are suitable and appropriate to meet its future financial and business requirements.

REVIEW OF RISK

Both the Group and its strategy are subject to a number of risks and uncertainties. The Directors consider that the key risks and uncertainties centre on private medical insurance (PMI) market competition, compliance, employee retention, and financial risk management.

The current challenging economic conditions, particularly in the UK, will present a challenge to businesses and consumers in the insurance market especially in light of the recent increase to IPT. This could impact on the services we provide and could reduce expected profitability. We continue to monitor revenues and costs to identify adverse trends and manage such risks as effectively as possible.

The Group seeks to comply with all regulatory standards and to maintain an awareness of, and, where possible, anticipate, regulatory change. The Group's principal financial regulator is the UK's Financial Conduct Authority (FCA), with which the Board and senior managers maintain a close understanding.

As we grow, we need to ensure that we have the right people to move us forward. It is essential that we have managers with the right skills to help expansion. The Board views the development and training of current employees and the recruitment of experienced individuals from outside the Group, as central to the organisation's future success. We have strong selection, evaluation and reward processes to recruit, motivate and develop our staff.

Financial risk management principally relates to the risks associated with our bank lending and the associated interest rate risk. The Group has mitigated this risk by funding our acquisitions with a combination of sources such that the directors do not consider a change in interest rates to be material to the business.

ON BEHALF OF THE BOARD:

____

K Amphlett - Director

Date: __________________2016

CHASE TEMPLETON HOLDINGS LIMITED (REGISTERED NUMBER: 009099V)

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 OCTOBER 2015

The directors present their report with the financial statements of the company and the group for the year ended 31 October 2015.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of providing independent advice on medical insurance policies for companies and individuals.

DIVIDENDS

No dividends will be distributed for the year ended 31 October 2015.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 November 2014 to the date of this report.

K Amphlett
Mrs J Amphlett
E Fazakerley

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required to give a true and fair view of the state of affairs of the company and the group and of the profit and loss of the group 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;

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Isle of Man Companies Acts 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

DTE Business Advisers Limited has indicated its willingness to be reappointed for another term and appropriate arrangements are being made for it to be deemed reappointed as auditor in the absence of an Annual General Meeting.

ON BEHALF OF THE BOARD:

____
K Amphlett - Director

Date: __________________2016

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CHASE TEMPLETON HOLDINGS LIMITED

We have audited the financial statements of Chase Templeton Holdings Limited for the year ended 31 October 2015 on pages six to twenty. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 a Report of the Auditors 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.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 October 2015 and of the group's 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 Isle of Man Companies Act 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Isle of Man Companies Acts 2006 require us to report to you if, in our opinion:

- the parent company has not kept proper books of account, or if proper returns adequate for our audit have not been received from branches not visited by us; or

- the parent company financial statements are not in agreement with the accounting records and returns; or

- the financial statements do not contain particulars as to loans to, and remuneration of the directors; or

- we have not received all the information and explanations which are necessary for the purposes of our audit.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CHASE TEMPLETON HOLDINGS LIMITED

Richard Taylor (Senior Statutory Auditor)
for and on behalf of DTE Business Advisers Limited
Chartered Accountants
Statutory Auditors
The Exchange
5 Bank Street
Bury
BL9 0DN

Date: __________________2016

CHASE TEMPLETON HOLDINGS LIMITED (REGISTERED NUMBER: 009099V)

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 OCTOBER 2015

	Notes		**2015** £		2014 £
TURNOVER	2		**12,735,115**		12,717,297
Cost of sales			**(5,086,103)**		(6,394,193)
GROSS PROFIT			**7,649,012**		6,323,104
Administrative expenses		**(4,617,797)**		(3,717,564)	
Amortisation of goodwill and other intangibles		**(2,339,814)**		(1,816,534)	
Administrative expenses			**(6,957,611)**		(5,534,098)
			691,401		789,006
Other operating income			**40,266**		61,752
OPERATING PROFIT	4		**731,667**		850,758
Interest payable and similar charges	5		**(1,253,144)**		(997,138)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION			**(521,477)**		(146,380)
Tax on loss on ordinary activities	6		**(220,855)**		(235,134)
LOSS FOR THE FINANCIAL YEAR FOR THE GROUP			**(742,332)**		(381,514)

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

The group has no recognised gains or losses other than the losses for the current year or previous year.

The notes form part of these financial statements

CHASE TEMPLETON HOLDINGS LIMITED (REGISTERED NUMBER: 009099V)

CONSOLIDATED BALANCE SHEET
31 OCTOBER 2015

	Notes	2015 £	2014 £
FIXED ASSETS			
Intangible assets	7	**21,786,933**	16,107,297
Tangible assets	8	**308,809**	287,712
		22,095,742	16,395,009
CURRENT ASSETS			
Debtors	10	**2,682,687**	2,344,078
Cash at bank and in hand		**752,714**	117,069
		3,435,401	2,461,147
CREDITORS			
Amounts falling due within one year	11	**(4,198,105)**	(3,518,423)
NET CURRENT LIABILITIES		**(762,704)**	(1,057,276)
TOTAL ASSETS LESS CURRENT LIABILITIES		**21,333,038**	15,337,733
CREDITORS			
Amounts falling due after more than one year	12	**(22,607,518)**	(15,874,182)
PROVISIONS FOR LIABILITIES	16	**(48,339)**	(44,038)
NET LIABILITIES		**(1,322,819)**	(580,487)
CAPITAL AND RESERVES			
Called up share capital	17	**200,000**	200,000
Profit and loss account	18	**(1,522,819)**	(780,487)
SHAREHOLDERS' FUNDS	20	**(1,322,819)**	(580,487)

The financial statements were approved by the Board of Directors on ____________________ 2016 and were signed on its behalf by:

____

K Amphlett - Director

The notes form part of these financial statements

CHASE TEMPLETON HOLDINGS LIMITED (REGISTERED NUMBER: 009099V)

COMPANY BALANCE SHEET
31 OCTOBER 2015

	Notes	2015 £	2014 £
FIXED ASSETS			
Investments	9	**8,428,342**	8,428,342
		8,428,342	8,428,342
CURRENT ASSETS			
Debtors	10	**13,739,274**	8,752,295
Cash at bank		**75,122**	1,893
		13,814,396	8,754,188
CREDITORS			
Amounts falling due within one year	11	**(2,724,166)**	(1,905,084)
NET CURRENT ASSETS		**11,090,230**	6,849,104
TOTAL ASSETS LESS CURRENT LIABILITIES		**19,518,572**	15,277,446
CREDITORS			
Amounts falling due after more than one year	12	**(22,664,961)**	(17,042,177)
NET LIABILITIES		**(3,146,389)**	(1,764,731)
CAPITAL AND RESERVES			
Called up share capital	17	**200,000**	200,000
Profit and loss account	18	**(3,346,389)**	(1,964,731)
SHAREHOLDERS' FUNDS	20	**(3,146,389)**	(1,764,731)

The financial statements were approved by the Board of Directors on__________________2016 and were signed on its behalf by:

____

K Amphlett - Director

The notes form part of these financial statements

CHASE TEMPLETON HOLDINGS LIMITED (REGISTERED NUMBER: 009099V)

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2015

	Notes	**2015** **£**	2014 £
Net cash inflow from operating activities	23	**2,626,416**	2,070,011
Return on investments servicing of finance	24	**(855,015)**	(599,009)
Taxation		**(331,970)**	13,694
Capital expenditure	24	**(712,886)**	(758,621)
Acquisitions and disposals	24	**(7,598,959)**	(3,291,666)
		(6,872,414)	(2,565,591)
Financing	24	**7,508,059**	2,419,616
Increase/(decrease) in cash in the period		**635,645**	(145,975)
Reconciliation of net cash flow to movement in net debt	25		
Increase/(decrease) in cash in the period		**635,645**	(145,975)
Cash inflow from increase in debt and lease financing		**(7,633,752)**	(2,817,745)
Change in net debt resulting from cash flows		**(6,998,107)**	(2,963,720)
Movement in net debt in the period		**(6,998,107)**	(2,963,720)
Net debt at 1 November		**(17,515,541)**	(14,551,821)
Net debt at 31 October		**(24,513,648)**	(17,515,541)

The notes form part of these financial statements

1. ACCOUNTING POLICIES

Accounting convention
The financial statements have been prepared under the historical cost convention.

Under Isle of Man legislation, the preparation and filing of consolidated financial statements is not required. The directors have presented the financial results of the group but this is not a statutory requirement.

Basis of consolidation
The financial statements consolidate the accounts of Chase Templeton Holdings Limited and all of its subsidiary undertakings.

Upon acquisition of a subsidiary undertaking, generally the residual assets and liabilities remain the responsibility of the vendor and the trade is transferred to and carried on by Chase Templeton Limited. Results are consolidated from the date of acquisition.

Turnover
Turnover comprises commission and fees receivable in respect of services completed, exclusive of value added tax and trade discounts.

Goodwill
Goodwill is the difference between the fair value of the amounts paid on acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss accounts over its estimated economic life.

Intangible fixed assets
Amortisation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Website costs	-	5 years straight line
Other intangibles	-	10 years straight line

Tangible fixed assets
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Software development	-	25% on reducing balance
Office equipment	-	15% on reducing balance

Deferred tax
Deferred tax is recognised in respect of all material timing differences that have originated but not reversed at the balance sheet date.

Fixed asset investments
Investments are stated at cost of acquisition less any provision for impairment.

Hire purchase and leasing commitments
Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

1. ACCOUNTING POLICIES (continued)

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

2. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the group.

The whole of the Group's turnover is attributable to providing independent advice on medical insurance policies for companies and individuals.

All turnover arose within the United Kingdom and the Isle of Man.

3. STAFF COSTS

	2015	2014
	£	£
Wages and salaries	**3,019,962**	2,273,143
Social security costs	**314,191**	251,194
	3,334,153	2,524,337

The average monthly number of employees during the year was as follows:

	2015	2014
Management	**12**	12
Operational	**69**	52
	81	64

4. OPERATING PROFIT

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

	2015	2014
	£	£
Other operating leases - rent	**67,063**	54,900
Other operating leases	**53,454**	44,226
Depreciation - owned assets	**57,625**	44,325
(Profit)/loss on disposal of tangible fixed assets	**(22,577)**	22,080
Goodwill and other intangibles amortisation	**2,330,403**	1,816,534
Website costs amortisation	**9,411**	1,927
Auditors' remuneration	**10,000**	17,600
Directors' remuneration	**92,000**	92,000

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2015	2014
	£	£
Bank loan interest	**217,653**	98,213
Management loan interest	**347,271**	289,777
Shareholder loan interest	**688,220**	608,003
Hire purchase interest	**—**	1,145
	1,253,144	997,138

6. TAXATION

Analysis of the tax charge

The tax charge on the loss on ordinary activities for the year was as follows:

	2015 £	2014 £
Current tax:		
UK corporation tax	**216,554**	206,134
Deferred tax	**4,301**	29,000
Tax on loss on ordinary activities	**220,855**	235,134

7. INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Other intangibles £	Website costs £	Totals £
COST				
At 1 November 2014	**6,971,271**	**12,016,901**	**47,053**	**19,035,225**
Additions	**—**	**8,036,806**	**—**	**8,036,806**
Disposals	**—**	**(17,356)**	**—**	**(17,356)**
At 31 October 2015	**6,971,271**	**20,036,351**	**47,053**	**27,054,675**
AMORTISATION				
At 1 November 2014	**1,219,973**	**1,706,028**	**1,927**	**2,927,928**
Amortisation for year	**697,127**	**1,633,276**	**9,411**	**2,339,814**
At 31 October 2015	**1,917,100**	**3,339,304**	**11,338**	**5,267,742**
NET BOOK VALUE				
At 31 October 2015	**5,054,171**	**16,697,047**	**35,715**	**21,786,933**
At 31 October 2014	5,751,298	10,310,873	45,126	16,107,297

8. TANGIBLE FIXED ASSETS

Group

	Software development £	Office equipment £	Totals £
COST			
At 1 November 2014	**58,669**	**285,661**	**344,330**
Additions	**29,856**	**49,728**	**79,584**
Disposals	**—**	**(862)**	**(862)**
At 31 October 2015	**88,525**	**334,527**	**423,052**
DEPRECIATION			
At 1 November 2014	**14,209**	**42,409**	**56,618**
Charge for year	**18,579**	**39,046**	**57,625**
At 31 October 2015	**32,788**	**81,455**	**114,243**
NET BOOK VALUE			
At 31 October 2015	**55,737**	**253,072**	**308,809**
At 31 October 2014	44,460	243,252	287,712

9. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1 November 2014 and 31 October 2015	**8,428,342**
NET BOOK VALUE	
At 31 October 2015	**8,428,342**
At 31 October 2014	8,428,342

PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Activity
Chase Templeton Group Limited	Isle of Man	100%	Insurance broking
Network Protect Limited	Isle of Man	100%*	Insurance broking
Chase Templeton Limited	England	100%*	Insurance broking
Private Medicalcare Limited	England	100%*	Dormant
Preferred Medical Limited	England	100%*	Dormant
Preferred Medical IT Limited	England	100%*	Dormant
Healthcare Quotations (Holdings) Limited	England	100%*	Dormant
Jigsaw Healthcare Limited	England	100%*	Dormant
Benefits for Business Limited	England	100%*	Dormant
Best Health UK Limited	England	100%*	Dormant
Perfect Health Insurance Services Limited	England	100%*	Dormant
Mutual Health Limited	England	100%*	Dormant
Healthcare Quotations Limited	England	100%*	Dormant
Health Assist Limited	England	100%*	Dormant
SJS Healthcare Associates Limited	England	100%*	Dormant
Chartered Life Limited	England	100%*	Dormant
Get Private Individual Limited	England	100%*	Dormant
Simply Assured Limited	England	100%*	Dormant
Health Assured Scotland Limited	England	100%*	Dormant
JVA Healthcare Limited	England	100%*	Dormant
Howill Group Limited	England	100%*	Dormant
Atlas Consulting Group Limited	England	100%*	Dormant
Best Health Business Limited	England	100%*	Dormant
Bestworld Financial Management Limited	England	100%*	Dormant
Get Private Limited	England	100%*	Dormant
Medical Insurance Advisers Limited	England	100%*	Dormant
Medins Healthcare Limited	England	100%*	Dormant
Private Medical Insurance Advisers Limited	England	100%*	Dormant

* Notes indirect holding

10. DEBTORS

	Group		Company	
	2015	2014	**2015**	2014
	£	£	**£**	£
Amounts falling due within one year:				
Trade debtors	**2,192,271**	1,994,407	**—**	—
Other debtors	**—**	8,000	**—**	8,000
Prepayments and accrued income	**490,416**	341,671	**208,340**	113,500
	2,682,687	2,344,078	**208,340**	121,500
Amounts falling due after more than one year:				
Amounts owed by group undertakings	**—**	—	**13,530,934**	8,630,795
Aggregate amounts	**2,682,687**	2,344,078	**13,739,274**	8,752,295

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2015	2014	**2015**	2014
	£	£	**£**	£
Bank loans and overdrafts (see note 13)	**2,269,992**	1,365,913	**2,269,992**	1,365,913
Other loans (see note 13)	**32,061**	40,331	**32,061**	40,331
Trade creditors	**636,597**	831,285	**—**	**—**
Amounts owed to group undertakings	**—**	—	**18**	18
Corporation tax	**177,036**	250,896	**—**	—
Social security and other taxes	**79,151**	63,572	**—**	—
Other creditors	**194,949**	247,331	**—**	—
Directors loans	**398,129**	398,129	**398,129**	398,129
Accrued expenses	**410,190**	320,966	**23,966**	100,693
	4,198,105	3,518,423	**2,724,166**	1,905,084

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2015	2014	**2015**	2014
	£	£	**£**	£
Bank loans (see note 13)	**6,145,944**	3,466,202	**6,145,944**	3,466,202
Other loans (see note 13)	**16,420,236**	12,362,030	**16,420,236**	12,380,546
Amounts owed to group undertakings	**—**	—	**98,781**	1,195,429
Other creditors	**41,338**	45,950	**—**	—
	22,607,518	15,874,182	**22,664,961**	17,042,177

13. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2015	2014	**2015**	2014
	£	£	**£**	£
Amounts falling due within one year or on demand:				
Bank loans	**2,269,992**	1,365,913	**2,269,992**	1,365,913
Directors loans	**398,129**	398,129	**398,129**	398,129
Shareholder loans	**32,061**	40,331	**32,061**	40,331
	2,700,182	1,804,373	**2,700,182**	1,804,373

13. LOANS (continued)

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Amounts falling due between two and five years:				
Bank loans	**6,145,944**	3,466,202	**6,145,944**	3,466,202
Shareholder loans	**11,142,298**	8,485,477	**11,142,298**	8,526,207
Directors loans	**4,524,736**	3,259,091	**4,524,736**	3,236,877
Management loans	**753,202**	617,462	**753,202**	617,462
	22,566,180	15,828,232	**22,566,180**	15,846,748

14. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

Group

	Land and buildings 2015 £	Land and buildings 2014 £	Other operating leases 2015 £	Other operating leases 2014 £
Expiring:				
Within one year	**—**	—	**17,959**	—
Between one and five years	**63,300**	60,350	**32,700**	36,758
	63,300	60,350	**50,659**	36,758

15. SECURED DEBTS

The following secured debts are included within creditors:

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Bank loans	**8,415,936**	4,832,115	**8,415,936**	4,832,115
Shareholder loans	**11,174,359**	8,525,808	**11,174,359**	8,525,808
Directors loans	**4,922,865**	3,657,220	**4,922,865**	3,657,220
Management loans	**753,202**	617,462	**753,202**	617,462
	25,266,362	17,632,605	**25,266,362**	17,632,605

16. PROVISIONS FOR LIABILITIES

	Group 2015 £	Group 2014 £
Deferred tax		
Accelerated capital allowances	**48,339**	44,038

Group

	Deferred tax £
Balance at 1 November 2014	**44,038**
Provided during year	**4,301**
Balance at 31 October 2015	**48,339**

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2015 £	2014 £
200,000	Ordinary shares	£1	**200,000**	200,000

18. RESERVES

Group

	Profit and loss account £
At 1 November 2014	**(780,487)**
Deficit for the year	**(742,332)**
At 31 October 2015	**(1,522,819)**

Company

	Profit and loss account £
At 1 November 2014	**(1,964,731)**
Deficit for the year	**(1,381,658)**
At 31 October 2015	**(3,346,389)**

19. POST BALANCE SHEET EVENTS

A number of acquisitions have taken place post year end with acquisition costs totalling £7.4m, including Consilium Employee Benefits Limited. This will enable the business to continue to grow beyond previous years, with profits anticipated to grow significantly as a result of recent acquisition activity.

The recent acquisitions have been funded through a combination of shareholder and external funding.

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2015 £	2014 £
Loss for the financial year	**(742,332)**	(381,514)
Net reduction of shareholders' funds	**(742,332)**	(381,514)
Opening shareholders' funds	**(580,487)**	(198,973)
Closing shareholders' funds	**(1,322,819)**	(580,487)

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS (continued)

Company

	2015 **£**	2014 £
Loss for the financial year	**(1,381,658)**	(1,154,314)
Net reduction of shareholders' funds	**(1,381,658)**	(1,154,314)
Opening shareholders' funds	**(1,764,731)**	(610,417)
Closing shareholders' funds	**(3,146,389)**	(1,764,731)

21. RELATED PARTY DISCLOSURES

Included in creditors are loans totalling £4,922,865 (2014: £3,657,220) from K Amphlett, a director. Interest amounting to £301,125 (2014: £289,777) was charged during the year.

Also included within creditors are loans totalling £11,174,359 (2014: £8,525,808) from Palatine Private Equity Fund LLP, a shareholder. Interest amounting to £688,220 (2014: £608,003) was charged during the year.

22. ULTIMATE CONTROLLING PARTY

The company is controlled by the Board of Directors.

23. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2015 **£**	2014 £
Operating profit	**731,667**	850,758
Depreciation and amortisation charges	**2,397,439**	1,862,786
(Profit)/loss on disposal of fixed assets	**(22,577)**	22,080
Increase in debtors	**(336,271)**	(468,563)
Decrease in creditors	**(143,842)**	(197,050)
Net cash inflow from operating activities	**2,626,416**	2,070,011

24. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2015 **£**	2014 £
Returns on investments and servicing of finance		
Interest paid	**(855,015)**	(597,864)
Interest element of hire purchase payments	**—**	(1,145)
Net cash outflow for returns on investments and servicing of finance	**(855,015)**	(599,009)
Capital expenditure		
Purchase of intangible fixed assets	**(656,741)**	(652,824)
Purchase of tangible fixed assets	**(79,584)**	(121,219)
Sale of tangible fixed assets	**862**	15,422
Sale of fixed assets investments	**22,577**	—
Net cash outflow for capital expenditure	**(712,886)**	(758,621)

24. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT (continued)

	2015	2014
	£	£
Acquisitions and disposals		
Purchase of subsidiary undertaking	**(7,602,563)**	(3,291,666)
Cash acquired on acquisition	**3,604**	—
Net cash outflow for acquisitions and disposals	**(7,598,959)**	(3,291,666)
Financing		
New loans in year	**9,187,631**	3,664,647
Loan repayments in year	**(1,281,443)**	(894,921)
Capital repayments in year	**—**	(16,110)
Amount withdrawn by directors	**(398,129)**	(334,000)
Net cash inflow from financing	**7,508,059**	2,419,616

25. ANALYSIS OF CHANGES IN NET DEBT

	At 1.11.14	**Cash flow**	**At 31.10.15**
	£	**£**	**£**
Net cash:			
Cash at bank and in hand	**117,069**	**635,645**	**752,714**
	117,069	**635,645**	**752,714**
Debt:			
Debts falling due within one year	**(1,804,378)**	**(895,804)**	**(2,700,182)**
Debts falling due after one year	**(15,828,232)**	**(6,737,948)**	**(22,566,180)**
	(17,632,610)	**(7,633,752)**	**(25,266,362)**
Total	**(17,515,541)**	**(6,998,107)**	**(24,513,648)**

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U.S.$ % Senior Secured Notes due 2022

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