Company Registration No. 10891115

Bollington Wilson Limited

Report and Financial Statements

For the year ended 31 December 2019

Bollington Wilson Limited

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

Directors

P C Moors
C M Patterson
P F Evans
P F McDonnell
C E Wormald
M E McKinlay

Auditor

Deloitte LLP
Statutory Auditor
2 Hardman Street
Manchester
M3 3HF

Bankers

The Royal Bank of Scotland PLC
56 Chestergate
Macclesfield
Cheshire
SK11 6BA

Solicitors

DWF Law LLP
1, 2 Scott Place
Hardman Street
Manchester
M3 3AA

Registered office

Adlington Court
Adlington Business Park
Adlington
Macclesfield
England
SK10 4NL

Registered number

No. 10891115

STRATEGIC REPORT
For the year to 31 December 2019

Introduction
The Directors are pleased to present their report and audited financial statements for the year ended 31 December 2019.

Principal Activity
The principal activity of the Company is that of an intermediate holding Company, holding external debt on behalf of the group companies owned by Bollington Wilson Group Limited (the 'Group'). The Company is domiciled and incorporated in the UK.

Business Review
The Company produces monthly management accounts that are monitored and reviewed by management. Key performance indicators include:

	2019 £	2018 £
Interest received	1,629,500	1,901,827
Interest paid	(5,709,924)	(5,399,278)
Loss before taxation	(4,314,316)	(3,946,618)
Total comprehensive loss	(4,314,316)	(3,946,618)

The Company made a loss before tax of £4,314,316, an increase of 9.3% on the prior year. The operating loss is predominantly driven by interest charges from bank borrowings and loan notes that the Company has issued.

Principal Risks and Uncertainties

The directors have considered the impact that Brexit might have on the business and are of the view that the impact will be minimal. The Company is a non-trading holding Company that transacts its business in pounds sterling, within the United Kingdom.

Key risks include:

- Liquidity risk is managed daily by reviewing the Company's bank accounts and producing monthly cashflow projections.
- Counterparty risk - insurers and banks are reviewed regularly by management. Cash and deposits are with prime financial institutions.
- Interest rates can significantly affect Company performance. The Company has both fixed and variable rate borrowings. Loans from external banks are linked to LIBOR and are reviewed each quarter. Funding sourced from shareholders is by way of fixed interest loan notes carrying a 10% coupon.

The directors have considered the impact that Covid-19 might have on the group and have identified the following areas of risks. They will continue to monitor the risks associated with the impact of Covid -19 as this situation emerges.

- Operational Resilience – the business has in place contingency plans for offsite working. All business operations can continue with remote working with minimal disruption to service levels.

- Cash flow and liquidity risk - this risk is managed by producing additional weekly stressed cashflow projections, delay of tax payments where government deferral schemes are available and by securing an additional short term revolving credit facility.

Going Concern

The financial statements have been prepared on a going concern basis as the directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future. In making this decision the directors have considered a wide range of information relating to present and future conditions, including the current state of the Balance Sheet, future projections on profitability, cash flows and capital resources.

The directors considered the impact of the current Covid-19 environment on the business for the next 12 months, from the date of signing the accounts and longer term. Whilst the situation evolves daily, making scenario planning difficult, we have considered the impacts on revenue, profits, and cash flows and its impact on the economy.
The insurance sector is less impacted by the changes in market demands than other sectors. The business has been able to access funding from the governments job retention scheme and deferral of tax payments, where appropriate have mitigated the impact to cash flow from any downside in revenue and delayed customer payments. Furthermore, the Group has secured an additional £3m revolving credit facility to ensure there are adequate cash resources available.

Following the year end the Group secured an additional £24m of bank loans to fund strategic acquisitions that were completed during 2020. The Group is subject to financial covenants: Net debt/ EBITDA and leverage, the covenants are tested on 30th June, 30 September, 31st December and 31st March.

The directors believe that the Group is well placed to manage its business risk successfully despite the current uncertain economic outlook and the current Covid-19 environment. The Group's forecasts and projections, including a range of stressed scenarios show that it will be able to operate at adequate levels of both liquidity headroom and capital on new and existing facilities and against the financial covenants for at least 12 months following the period end. Based on this review, the directors are satisfied that the company has the required resources to continue in business for a period of at least twelve months following the approval of the company accounts. For this reason, the directors continue to adopt the going concern basis in preparing the company accounts. In addition, the immediate and ultimate parent undertaking, Bollington Wilson Group Ltd, has confirmed its continued support for the company for a period of at least twelve months from the date of approval of the financial statements. Accordingly, the financial statements of the company have been prepared on a going concern basis of accounting.

This report was approved by the board on 17 September 2020 and signed on its behalf.

P Moors

P Moors (Sep 17, 2020 15:08 GMT+1)

P Moors
Director

DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31 December 2019.

Directors' Responsibilities Statement

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under Company law the directors must not approve the financial statements unless 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 year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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 corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

An analysis of likely future developments in the business and use of financial instruments is given in the Strategic Report.

Directors

The directors who served during the year and up to the date of this report were:

	Appointed	Resigned
P C Moors		
C M Patterson		
P F Evans	30 April 2019	
P F McDonnell		
C E Wormald		
M E McKinlay	07 January 2019	
L T R Higgins		30 September 2019
M F Coffin		07 January 2019
J F Wilson		26 July 2019

All served throughout the year and thereafter, unless stated otherwise above.

Directors' and officers' indemnities

Qualifying third-party indemnity provisions for the benefit of the Company's directors were made during the year and remain in force at the date of this report.

Results and Dividends

The results for the year are shown in the Statement of Comprehensive Income on page 13. No dividends were paid or proposed in the year (Prior year: £Nil).

Environment

The Company is committed to pursuing sound environmental policies in all aspects of its business and seeks to encourage and promote good environmental practice amongst its employees and within the communities in which it operates.

Employees

The Company does not have any employees as it is a non-trading holding Company used as a vehicle for the Group's investment in subsidiaries.

Disclosure of information to auditor

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

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

This report was approved by the Board on 17 September 2020 and signed on its behalf.

P Moors

P Moors (Sep 17, 2020 15:08 GMT+1)

P Moors
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOLLINGTON WILSON LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Bollington Wilson Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 13.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.
We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: • *Recoverability of investments in subsidiaries*
Materiality	The materiality that we used in the current year was £389,700 which was determined on the basis of 2% of total assets, and capped at 90% of the materiality for the Group, Bollington Wilson Group Limited.
Scoping	Audit work to respond to the risks of misstatement was performed directly by the audit engagement team
Significant changes in our approach	There have been no significant changes in our audit approach from the previous year

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where: • the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or • the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.	**We have nothing to report in respect of these matters.**

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of investment in subsidiaries

Key audit matter description	The company has investments in subsidiaries of £48.5m as at 31 December 2019 (31 December 2018: £45.3m), valued at cost less provision for impairment. These investments comprise of investments in Talbot Deane Investments Ltd, F Wilson Group Ltd, Daltone Brown Ltd and Northern Keep Ltd, which are highly material to the company as they account for 72.4% (31 December 2018: 71%) of the total assets. Judgement is required by the directors as to whether any of the investments should be impaired based on the financial position and future prospects of the investments. This takes into consideration a range of factors such as the trading performance, the expected revenue growth and discount rates. Further details are included within Note 1 and Note 8 to the financial statements.
How the scope of our audit responded to the key audit matter	We obtained the most recent financial information and financial forecasts of the related investments to determine whether they supported the carrying value. We critically assessed the assumptions underpinning the valuation of the subsidiary business including the discount rate, terminal growth rate and the forecast future cash flows. We also reviewed the historical accuracy of management's forecasts by comparing the actual results to forecasts.
Key observations	Based on the work performed we concluded that the investments in subsidiaries are appropriately stated.

Our application of materiality

Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.
Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	£389,700 (2018: £347,700)
Basis for determining materiality	2% (2018:2%) of the total assets has been used as the basis for determining materiality. However, as a significant component of Bollington Wilson Group Ltd, materiality was capped to 90% (2018 : 85%) of Group materiality.

Rationale for the benchmark applied	We determined materiality based on total assets as this is the key metric used by management, analysts and lenders.

- **Performance materiality**

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2019 audit (2018: 70%). In determining performance materiality, we considered the quality of the control environment and whether we were able to rely on controls and the low number of audit adjustments identified in the prior period.

- **Error reporting threshold**

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £19,500 (2018: £17,400), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.
Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.
If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOLLINGTON WILSON LIMITED (Continued)

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Report on other legal and regulatory requirements

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 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.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of these matters.

Use of our report

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

Peter Birch
For and on behalf of Deloitte LLP
Statutory Auditor
Manchester
United Kingdom
17 September 2020

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	2019 £	2018 £
Administrative expenses		(233,892)	(449,167)
Operating loss		**(233,892)**	**(449,167)**
Net interest expense	5,6	(4,080,424)	(3,497,451)
Loss before tax		**(4,314,316)**	**(3,946,618)**
Tax on loss	7	-	-
Loss for the year		**(4,314,316)**	**(3,946,618)**
Total comprehensive loss for the year		**(4,314,316)**	**(3,946,618)**

Total comprehensive loss for the financial year attributable to:

		2019	2018
Owners of the parent Company		(4,314,316)	(3,946,618)
Total attributed		**(4,314,316)**	**(3,946,618)**

All of the loss for the financial year is attributable to the controlling interest of the Company and is derived from continuing operations.

The notes on pages 16 to 24 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Investments	8	48,499,190	45,317,433
		48,499,190	**45,317,433**
Current assets			
Debtors	9	18,479,227	17,101,768
		18,479,227	**17,101,768**
Creditors: amounts falling due within one year	10,11	**(6,129,720)**	**(2,368,367)**
Net Current Assets		**12,349,507**	**14,733,401**
Total assets less current liabilities		**60,848,697**	**60,050,834**
Creditors: amounts falling due after more than one year	10,11	**(70,128,847)**	**(65,016,668)**
Net Liabilities		**(9,280,150)**	**(4,965,834)**
Capital and reserves			
Share Capital	12	16	16
Profit and Loss account		(9,280,166)	(4,965,850)
Equity shareholders' deficit		**(9,280,150)**	**(4,965,834)**

The notes on pages 16 to 24 form part of these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 September 2020:

P Moors
P Moors (Sep 17, 2020 15:08 GMT+1)
P Moors
Director

Patrick McDonnell
Patrick McDonnell (Sep 17, 2020 15:29 GMT+1)
P McDonnell
Director

Company Registration No. 10891115

BOLLINGTON WILSON LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2019

	Called up Share Capital £	Profit and Loss Account £	Total Equity £
At 01 January 2019	16	(4,965,850)	(4,965,834)
Loss of the financial year	-	(4,314,316)	(4,314,316)
At 31 December 2019	**16**	**(9.280,166)**	**(9.280,150)**

	Called up Share Capital £	Profit and Loss Account £	Total Equity £
At 01 January 2018	16	(1,019,232)	(1,019,216)
Loss of the financial year	-	(3,946,618)	(3,946,618)
At 31 December 2018	**16**	**(4.965,850)**	**(4.965,834)**

The notes on pages 16 to 24 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

1.1 General information and Basis of preparation of financial statements

Bollington Wilson Limited (the "Company") is a private Company limited by shares incorporated in the United Kingdom under the Companies Act and registered in England. The address of the registered office is given on page 3. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 4-5.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The financial statements are prepared in accordance with applicable law and United Kingdom accounting standards. The principle accounting policies are summarised below. All accounting policies have been consistently applied throughout the current and preceding year.

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

1.2 Financial Reporting Standard 102 - reduced disclosure exemption

Related party transactions
The Company has taken advantage of the exemptions available under paragraph 33.1A of FRS 102 Related Party Disclosures, not to disclose transactions that have taken place between members of the Group where the party to the transaction is a wholly owned member.

Cash flow statement
The Company meets the definition of a 'qualifying entity' under FRS 102 and as such has elected to take the exemption under FRS 102, para 1.12(b) not to present the Company statement of cash flows.

Exemptions have been taken in relation to financial instruments and remuneration of key management personnel.

1.3 Going Concern

The financial statements have been prepared on a going concern basis as the directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future. In making this decision the directors have considered a wide range of information relating to present and future conditions, including the current state of the Balance Sheet, future projections on profitability, cash flows and capital resources.

The directors considered the impact of the current Covid-19 environment on the business for the next 12 months, and longer term. Whilst the situation evolves daily, making scenario planning difficult, we have considered the impacts on revenue, profits, and cash flows and its impact on the economy. The insurance sector is less impacted by the changes in market demands than other sectors.

The business has been able to access funding from the governments job retention scheme and deferral of tax payments, where appropriate have mitigated the impact to cash flow from any downside in revenue and delayed customer payments. Furthermore, the Group has secured an additional £3m revolving credit facility to ensure there are adequate cash resources available. Following the year end the Group secured an additional £24m of bank loans to fund strategic acquisitions that were completed during 2020. The Group is subject to financial covenants: Net debt/ EBITDA and leverage, the covenants are tested on 30th June, 30 September, 31st December and 31st March.

1.3 Going concern (continued)

The directors believe that the Group is well placed to manage its business risk successfully despite the current uncertain economic outlook and the current Covid-19 environment. The Group's forecasts and projections, including a range of stressed scenarios show that it will be able to operate at adequate levels of both liquidity headroom and capital on new and existing facilities and against the financial covenants for at least 12 months following the period end. Based on this review, the directors are satisfied that the company has the required resources to continue in business for a period of at least twelve months following the approval of the company accounts. For this reason, the directors continue to adopt the going concern basis in preparing the company accounts. In addition, the immediate and ultimate parent undertaking, Bollington Wilson Group Ltd, has confirmed its continued support for the company for a period of at least twelve months from the date of approval of the financial statements. Accordingly, the financial statements of the company have been prepared on a going concern basis of accounting.

1.4 Investment in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the financial statements.

1.5 Revenue

The Company is not a trading entity and does not generate revenue.

1.6 Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower the carrying amount is reduced to its estimated recoverable amount and an impairment loss is recognised immediately in the Income Statement. The recoverable amount is defined as the higher of the 'fair value less costs to sell' or the 'value in use.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined if no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Income Statement.

1.7 Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

The Company 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, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

1.7 Financial instruments (continued)

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting year for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income Statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company assesses at each Balance Sheet date whether there is objective evidence that a financial asset or group of financial assets are impaired. A financial asset, or a group of financial assets, is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset, or group of assets, is impaired includes observable data that comes to the attention of the Company about the following loss events:
- delinquency in contractual payments of principal or interest;
- cash flow difficulties;
- breach of loan covenants or conditions; and
- initiation of bankruptcy proceedings.

1.8 Provisions for liabilities

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting year, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the Income Statement in the year it arises.

1.9 Finance costs

Finance costs are charged to the Income Statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.10 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting years using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.10 Taxation (continued)

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 that 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, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future year, 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.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within Creditors and deferred tax assets within Debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the Company has a legally enforceable right to set off current tax assets against current tax liabilities, and

- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority or either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.11 Employee benefits

The Company has no employees. Non-executive directors representing the private equity investors in the Company charge monthly fees and associated expenses in respect of their involvement in Board meetings.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised where the revision affects only that year, or in the year of the revision and future years where the revision affects both current and future years. Management do not believe there are any critical accounting estimates or judgements.

3. Auditor's remuneration

Fees payable to the Company's auditor in respect of:

	2019 £	2018 £
Auditing of the financial statements of the Company	14,200	14,200
All other non-audit services not included above	-	-
	14,200	**14,200**

4. Employees' and directors' remuneration

Staff costs of the Group, including directors' remuneration, were as follows:

	2019 £	2018 £
Directors fees	186,720	180,500
Directors expenses	1,188	405
	187,908	**180,905**

The Company has no employees. The directors are employed by other companies within the group. The directors fees and directors expenses represent charges made by the ultimate parent Company's institutional shareholder for directors' fees in respect of its representation on the Company's board.

No retirement benefits were accruing to any of the directors in the year or the prior year.

5. Interest receivable

	2019 £	2018 £
Loan note interest receivable	1,629,500	1,901,827
	1,629,500	**1,901,827**

6. Interest payable and similar expense

	2019 £	2018 £
Interest on bank overdrafts and loans	2,597,216	928,444
Loan note interest payable	3,112,708	4,470,834
	5,709,924	**5,399,278**
Net interest (payable)	**(4,080,424)**	**(3,497,451)**

7. Taxation

	2019 £	2018 £
Total current tax	-	-
Total deferred tax	-	-
Taxation on loss on ordinary activities	-	-
Standard rate of corporation tax in the UK	19.00%	19.00%

Corporation tax is calculated at the UK standard rate of Corporation Tax on the estimated assessable profit or loss for the year.

The charge for the year can be reconciled to the income statement as follows:

	2019 £	2018 £
(Loss) before tax:	(4.314,316)	(3.946.618)
Tax at UK corporation tax rate	(819,720)	(749,857)
Effects of:		
Expenses not deductible for tax purposes	516,144	386,573
Effects of group relief/other relief	112,510	130,171
Tax rate changes	-	-
Other differences leading to an increase/(decrease) in tax	-	233,113
Total tax charge for the year	-	-

There were no factors that may affect future tax charges.

8. Fixed asset investments

Name	Country of Incorporation	Holding	Principal activity	Company number
Held by Company:				
Talbot Deane Investments Ltd	UK	100%	Holding company	8345152
F Wilson Group Ltd	UK	100%	Holding company	10955362
Dalton Browne Ltd	UK	100%	Holding company	10620600
Northern Keep Ltd	UK	18.16%	Holding company	7898821
Held by Subsidiary:				
The Bollington Group (Holdings) Ltd	UK	100%	Holding company	4601252
Bollington Insurance Brokers Ltd	UK	100%	Insurance broking	2918954
Bollington Underwriting Ltd	UK	100%	Insurance broking	2074674
Compucar Ltd	UK	100%	Dormant	2970218
F Wilson (Holdings) Ltd	UK	100%	Holding company	3901801
F Wilson (Insurance Brokers) Ltd	UK	100%	Insurance broking	1305146
Quoteline Direct Ltd	UK	100%	Dormant	2883874
Wilsons Commercial Insurance Services Ltd	UK	100%	Dormant	3617393
Wilsons (Life & Pensions) Brokers Ltd	UK	100%	Dormant	2085223
Northern Keep Ltd	UK	81.84%	Holding company	7898821
Ashgrove Insurance Services Ltd	UK	100%	Insurance broking	4196144

9. Fixed asset investments (continued)

The registered office address of all subsidiary companies is Adlington Court, Adlington Business Park, Adlington, Macclesfield, Cheshire, SK10 4NL.

	2019	2018
	£	£
Cost or valuation		
At 01 January 2019	45,317,433	45,317,433
Additions	2,762,137	-
Adjustment	419,620	-
At 31 December 2019	**48,499,190**	**45.317,433**

On 20 December 2019 the Group acquired 100% of the share capital of Dalton Browne Ltd, including the subsidiaries of Northern Keep Ltd and Ashgrove Insurance Services Ltd.
The adjustment is in respect of the acquisition of the F Wilson Group Limited on 31 October 2017. Following final settlement of HMRC investigations an additional element of consideration for the business became due to the vendors.

10. Debtors

Amounts falling due within one year

	2019	2018
	£	£
Loans to group companies	16,295,000	16,295,000
Amounts owed by group companies	2,162,240	806,768
Prepayments and accrued income	13,500	
Other debtors	8,487	-
	18,479,227	**17.101,768**

11. Creditors

Amounts falling due within one year

	2019	2018
	£	£
Accruals	59,999	1,388,160
Owed to group companies	5,454,733	865,219
Loans from group companies	114,988	114,988
Other Creditors	500,000	-
	6,129,720	**2,368,367**

Amounts falling due after more than one year

	2019	2018
	£	£
Bank loans	33,994,825	33,577,204
Loans from investors	35,630,401	30,935,843
Loans from group companies	503,621	503,621
	70,128,847	**65.016,668**

12. Loans

	2019 £	2018 £
Amounts falling due within 1 year:		
Other loans	114,988	114,988
	114,988	**114,988**
Amounts falling due 1-2 years:		
Other loans	-	-
	-	-
Amounts falling due 2-5 years:		
Other loans	70,128,847	-
	70,128,847	-
Amounts falling due after more than 5 years:		
Other loans	-	65,016,668
	-	**65,016,668**
Loans falling due after more than 1 year:	**70,128,847**	**65,016,668**
Total loans	**70,243,835**	**65,131,656**

Terms of loans falling due between 2 and 5 years:

	2019 £	2018 £
Loans repayable on 31 October 2024 subject to 0% Coupon	503,621	503,621
Loans repayable on 31 October 2024 subject to 10% Coupon	35,122,777	30,935,843
Loans repayable on 31 October 2024 subject to 12.5% Annual Coupon and 25% Redemption Premium every 6 months for first 24 months	507,624	-
Bank loan repayable on 24 August 2024 subject to 6%+ 3M LIBOR Coupon	33,994,825	33,577,204
Total loans falling due after more than 1 year	**70,128,847**	**65,016,668**

11. Share Capital

	2019	2018	2019	2018
Authorised:	**No.**	**No.**	**£**	**£**
Ordinary shares of £1 each	16	16	16	16
	16	**16**	**16**	**16**

	2019	2018	2019	2018
Allotted, called up and fully paid:	**No.**	**No.**	**£**	**£**
Ordinary shares of £1 each	16	16	16	16
	16	**16**	**16**	**16**

12. Pension commitments

The Company does not operate any pension scheme.

13. Related Party Transactions

The Company has taken advantage of the exemption conferred by FRS102 section 33 "related party disclosures" not to disclose transactions with members of the Group claiming 100% of the voting rights in the Company are controlled within that Group and the Company is included in the consolidated financial statements.

14. Ultimate parent Company

The largest and the smallest group of which the Company is a member, and for which group financial statements will be drawn up, is that headed by Bollington Wilson Group Limited, Company number 10889686, the Company's ultimate parent Company. Bollington Wilson Group Limited is registered in England and its registered office is at Adlington Court, Adlington Business Park, Adlington, Macclesfield, Cheshire, SK10 4NL.

13. Post balance sheet events

In March 2020 there was a global pandemic due to widespread infection rates of Covid-19, which impacted business operations throughout the UK.

The impact of Covid-19 is considered to potentially be material to the company however the financial impact cannot be measured reliably at present due to the continued uncertainty regarding the spread of Covid-19; the unknown extent and duration of current social distancing measures and the ongoing worldwide market volatility. However, the directors consider the areas of the Group's financial statements which will be most affected to be valuations of investments in its subsidiary undertakings where the value is supported by forecast future cash flows. If there is a decline in the underlying entities revenue, this will lead to a reduction in the value of assets under advice which may trigger an impairment in the value of the parent company's investments at the next reporting period.

Support measures made available by the UK Government such as the Coronavirus Job Retention Scheme, may enable a reduction in payroll and associated costs. Additionally, cost savings are anticipated to be possible in number of areas such as travel and subsistence expenditure due to the reduction in face to face meetings.

13. Post balance sheet events (continued)

From March 2020, the business operations were successfully transferred offsite with 95% of the employees working remotely. The Company has been able to successfully maintain its operations with minimal disruption. The insurance sector is less impacted by the changes in market demands than other sectors. The Company has put into place contingency plans for any anticipated impact to cash flow as a result of credit control, including the delay of tax payments where government deferral schemes are available. Furthermore, the Group has secured an additional £3m revolving credit facility to ensure there are adequate cash resources available.

Financial_Accounts_Linked_v005_BW

Final Audit Report 2020-09-18

Created:	2020-09-17
By:	Lynsey Brannagan (lynsey.brannagan@bollington.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAazPNghSW3XMG1MYK8cOIZ2dK46uenzas

"Financial_Accounts_Linked_v005_BW" History

Document created by Lynsey Brannagan (lynsey.brannagan@bollington.com)
2020-09-17 - 6:31:48 AM GMT- IP address: 2.29.130.35

Document emailed to P Moors (paul.moors@bollington.com) for signature
2020-09-17 - 6:35:34 AM GMT

Email viewed by P Moors (paul.moors@bollington.com)
2020-09-17 - 2:08:21 PM GMT- IP address: 148.253.146.176

Document e-signed by P Moors (paul.moors@bollington.com)
Signature Date: 2020-09-17 - 2:08:49 PM GMT - Time Source: server- IP address: 148.253.146.176

Document emailed to Patrick McDonnell (patrick.mcdonnell@bollington.com) for signature
2020-09-17 - 2:08:50 PM GMT

Email viewed by Patrick McDonnell (patrick.mcdonnell@bollington.com)
2020-09-17 - 3:29:30 PM GMT- IP address: 188.220.82.56

Document e-signed by Patrick McDonnell (patrick.mcdonnell@bollington.com)
Signature Date: 2020-09-17 - 3:29:49 PM GMT - Time Source: server- IP address: 188.220.82.56

Document emailed to Peter Birch (pebirch@deloitte.co.uk) for signature
2020-09-17 - 3:29:51 PM GMT

Email viewed by Peter Birch (pebirch@deloitte.co.uk)
2020-09-18 - 2:18:21 PM GMT- IP address: 176.25.201.192

Document e-signed by Peter Birch (pebirch@deloitte.co.uk)
Signature Date: 2020-09-18 - 2:19:03 PM GMT - Time Source: server- IP address: 176.25.201.192

Agreement completed.
2020-09-18 - 2:19:03 PM GMT