Company Registration No. 02839315 (England and Wales)

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2016

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

COMPANY INFORMATION

Directors	S H Bamforth R M H Griffiths (non-executive) N A Brace D J Whalley C Evans M Donnelly D J Haram R H Trotter C J Edwards P Berg D J Darke S Keenan	(Appointed 4 April 2016)
Secretary	D J Darke	
Company number	02839315	
Registered office	Drury House 19 Water Street Liverpool L2 0RL	
Auditor	Lonsdale & Marsh 7th Floor Cotton House Old Hall Street Liverpool L3 9TX	
Business address	Drury House 19 Water Street Liverpool L2 0RL	
Bankers	HSBC Bank plc 99-101 Lord Street Liverpool L2 6PG	

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

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GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

STRATEGIC REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2016

The directors present the strategic report for the year ended 30 November 2016.

Fair review of the business
The business has performed well in relation to the current phase of the market cycle, with all areas exceeding expectations.

Principal risks and uncertainties
The principal risks and uncertainties facing the business continue to be those presented by the effects of the wider economic environment upon its client base, client merger and acquisition activity, and the different phases of the insurance market cycle.

Development and performance
The directors are of the opinion that the financial position of both the group and the company is strong as at the year end.

Key performance indicators
The company's directors are of the opinion that analysis of key performance indicators is not necessary for an understanding of the development, performance or position of the business.

On behalf of the board

D J Whalley
Director
31 March 2017

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2016

The directors present their annual report and financial statements for the year ended 30 November 2016.

Principal activities
The principal activity of the group continued to be that of insurance broker.

The subsidiaries and associated undertakings principally affecting the profits and net assets of the group in the year are listed in note 13 to the financial statements.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

S H Bamforth
R M H Griffiths (non-executive)
N A Brace
D J Whalley
C Evans
M Donnelly
D J Haram
R H Trotter
C J Edwards
P Berg
D J Darke
S Keenan (Appointed 4 April 2016)

Results and dividends
The results for the year are set out on page 6.

An interim ordinary dividend was paid amounting to £1,820,591 (2015 £1,751,469).

Future developments
The directors expect continued growth in the long term.

Auditor
The auditor, Lonsdale & Marsh, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

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 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 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 group and 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company and group is aware of that information.

On behalf of the board

D J Whalley
Director
31 March 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

We have audited the financial statements of Griffiths & Armour (Holdings) Limited (Consolidated) for the year ended 30 November 2016 which comprise the Group Statement of Comprehensive Income, the Group Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and the related notes. 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".

This report is made solely to the parent 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 parent 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 parent company and the parent 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 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 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 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 the parent company's affairs as at 30 November 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of our 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and 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.

Elaine Frances McElroy (Senior Statutory Auditor)
for and on behalf of Lonsdale & Marsh

31 March 2017

Chartered Accountants
Statutory Auditor

7th Floor
Cotton House
Old Hall Street
Liverpool
L3 9TX

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 NOVEMBER 2016

	Notes	2016 £	2015 £
Turnover	**2**	3,740,746	4,553,078
Administrative expenses		(941,752)	(923,394)
Operating profit	**3**	2,798,994	3,629,684
Interest receivable and similar income	**7**	(9,499)	9,941
Interest payable and similar charges	**8**	(2,511)	(430)
Exchange difference on valuation of investment		8,225	-
Profit before taxation		2,795,209	3,639,195
Taxation	**9**	(572,511)	(748,164)
Profit for the financial year	**23**	2,222,698	2,891,031
Other comprehensive income			
Actuarial loss on defined benefit pension schemes		(663,000)	(2,404,000)
Tax relating to other comprehensive income		1,800	10,814
Total comprehensive income for the year		1,561,498	497,845

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

GROUP AND COMPANY BALANCE SHEETS

AS AT 30 NOVEMBER 2016

		Group		Company	
		2016	2015	2016	2015
	Notes	£	£	£	£
Fixed assets					
Intangible assets	11	500	500	500	500
Tangible assets	12	37,328	49,602	-	-
Investments	13	91,037	31,669	3,150,074	3,067,849
		128,865	81,771	3,150,574	3,068,349
Current assets					
Debtors	16	10,460,522	10,782,410	19,507	19,507
Non-statutory Trust client bank		3,485,087	2,231,030	-	-
Cash at bank and in hand		3,958,480	3,687,282	1,871,327	1,993,737
		17,904,089	16,700,722	1,890,834	2,013,244
Creditors: amounts falling due within one year	18	(7,824,145)	(6,316,933)	(119,800)	(72,221)
Net current assets		10,079,944	10,383,789	1,771,034	1,941,023
Total assets less current liabilities		10,208,809	10,465,560	4,921,608	5,009,372
Provisions for liabilities	19	9,142	6,479	-	-
Net assets excluding pension liability		10,217,951	10,472,039	4,921,608	5,009,372
Defined benefit pension liability	20	(65,000)	(60,000)	-	-
Net assets		10,152,951	10,412,039	4,921,608	5,009,372
Capital and reserves					
Called up share capital	21	3,141,271	3,141,266	3,141,271	3,141,266
Capital redemption reserve	22	51,550	51,550	51,550	51,550
Profit and loss reserves	23	6,960,130	7,219,223	1,728,787	1,816,556
Total equity		10,152,951	10,412,039	4,921,608	5,009,372

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £1,732,822 (2015 - £1,885,502 profit).

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

GROUP AND COMPANY BALANCE SHEETS (CONTINUED)

AS AT 30 NOVEMBER 2016

The financial statements were approved by the board of directors and authorised for issue on 31 March 2017 and are signed on its behalf by:

S H Bamforth
Director

Company Registration No. 02839315

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 NOVEMBER 2016

	Notes	Share capital	Capital redemption reserve	Non distributable reserves	Profit and loss reserves	Total
		£	£	£	£	£
Balance at 1 December 2014		3,141,266	51,550	15,000	8,457,847	11,665,663
Year ended 30 November 2015:						
Profit for the year		-	-	-	2,891,031	2,891,031
Other comprehensive income:						
Actuarial gains on defined benefit plans		-	-	-	(2,404,000)	(2,404,000)
Tax relating to other comprehensive income		-	-	-	10,814	10,814
Total comprehensive income for the year		-	-	-	497,845	497,845
Dividends	**10**	-	-	-	(1,751,469)	(1,751,469)
Transfers		-	-	(15,000)	15,000	-
Balance at 30 November 2015		3,141,266	51,550	-	7,219,223	10,412,039
Year ended 30 November 2016:						
Profit for the year		-	-	-	2,222,698	2,222,698
Other comprehensive income:						
Actuarial gains on defined benefit plans		-	-	-	(663,000)	(663,000)
Tax relating to other comprehensive income		-	-	-	1,800	1,800
Total comprehensive income for the year		-	-	-	1,561,498	1,561,498
Issue of share capital	**21**	5	-	-	-	5
Dividends	**10**	-	-	-	(1,820,591)	(1,820,591)
Balance at 30 November 2016		3,141,271	51,550	-	6,960,130	10,152,951

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 NOVEMBER 2016

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 December 2014		3,141,266	51,550	1,682,523	4,875,339
Year ended 30 November 2015:					
Profit and total comprehensive income for the year		-	-	1,885,502	1,885,502
Dividends	**10**	-	-	(1,751,469)	(1,751,469)
Balance at 30 November 2015		3,141,266	51,550	1,816,556	5,009,372
Year ended 30 November 2016:					
Profit and total comprehensive income for the year		-	-	1,732,822	1,732,822
Issue of share capital	**21**	5	-	-	5
Dividends	**10**	-	-	(1,820,591)	(1,820,591)
Balance at 30 November 2016		3,141,271	51,550	1,728,787	4,921,608

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 NOVEMBER 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Cash flows from operating activities					
Cash generated from operations	**27**		4,120,123		2,392,270
Interest paid			(511)		(430)
Income taxes paid			(710,837)		(752,501)
Net cash inflow from operating activities			3,408,775		1,639,339
Investing activities					
Purchase of tangible fixed assets		(2,292)		(15,015)	
Purchase of assets in participating interest - joint venture		(75,000)		-	
Interest received		14,358		9,941	
Net cash used in investing activities			(62,934)		(5,074)
Financing activities					
Proceeds from issue of shares		5		-	
Dividends paid to equity shareholders		(1,820,591)		(1,751,469)	
Net cash used in financing activities			(1,820,586)		(1,751,469)
Net increase/(decrease) in cash and cash equivalents			1,525,255		(117,204)
Cash and cash equivalents at beginning of year			5,918,312		6,035,516
Cash and cash equivalents at end of year			7,443,567		5,918,312

1 Accounting policies

Company information

Griffiths & Armour (Holdings) Limited (Consolidated) ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Drury House, 19 Water Street, Liverpool, L2 0RL.

The group consists of Griffiths & Armour (Holdings) Limited (Consolidated) and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- 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.

1.2 Basis of consolidation

In the parent company financial statements, 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. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

1 Accounting policies **(Continued)**

The consolidated financial statements incorporate those of Griffiths & Armour (Holdings) Limited (Consolidated) and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 November 2016. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Group turnover comprises brokerage commission and fees, and a subsidiary company's equity participation in Griffiths & Armour, an insurance broking partnership.

Brokerage income is recognised at the date of the inception of the risk. Fee income is recognised on the basis of services provided. Where there is an expectation of future servicing requirements an element of income relating to the policy is deferred to cover the associated contractual obligation.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Patents	not provided

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

1 Accounting policies **(Continued)**

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Leasehold	20% straight line
Plant and machinery	33 1/3% straight line
Fixtures, fittings & equipment	20% straight line
Computer equipment	20% - 33 1/3% straight line
Motor vehicles	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1 Accounting policies **(Continued)**

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 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 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

1 Accounting policies **(Continued)**

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified 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.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities and are measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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 reporting end date.

1 Accounting policies **(Continued)**

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date 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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

If material, the cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

If relevant, termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The pension costs have been charged in the financial statements in accordance with FRS102.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The defined net benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1 Accounting policies (Continued)

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2016	2015
	£	£
Turnover		
United Kingdom	3,740,746	4,553,078

3 Operating profit

	2016	2015
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(7,539)	11,725
Depreciation of owned tangible fixed assets	14,566	12,671
Operating lease charges	94,356	94,356

4 Auditor's remuneration

	2016	2015
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the group and company	12,000	12,000
Audit of the company's subsidiaries	8,200	8,200
	20,200	20,200
For other services		
Other assurance services	3,000	3,000

5 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2016 Number	2015 Number	Company 2016 Number	2015 Number
Professional and technical	34	39	12	11
Administration	2	2	-	-
	36	41	12	11

Their aggregate remuneration comprised:

	Group 2016 £	2015 £	Company 2016 £	2015 £
Wages and salaries	471,572	462,274	32,232	31,267
Social security costs	52,573	48,826	-	-
Pension costs	35,467	36,331	-	-
	559,612	547,431	32,232	31,267

6 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	32,232	31,267

7 Interest receivable and similar income

	2016 £	2015 £
Interest income		
Interest on bank deposits	14,188	9,898
Other interest income	170	43
Total interest revenue	14,358	9,941
Income from fixed asset investments		
Income from participating interests - joint venture	(23,857)	-
Total income	(9,499)	9,941

8 Interest payable and similar charges

	2016	2015
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	337	430
Other finance costs:		
Interest on the net defined benefit liability	2,000	-
Other interest	174	-
Total finance costs	2,511	430

9 Taxation

	2016	2015
	£	£
Current tax		
UK corporation tax on profits for the current period	574,174	746,797
Deferred tax		
Origination and reversal of timing differences	(1,663)	1,367
Total tax charge	572,511	748,164

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2016	2015
	£	£
Profit before taxation	2,795,209	3,639,195
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.33%)	559,042	739,848
Tax effect of expenses that are not deductible in determining taxable profit	9,543	7,284
Effect of revaluations of investments	(1,645)	-
Share of loss on joint venture	4,771	-
Other tax adjustments	800	1,032
Tax expense for the year	572,511	748,164

9 Taxation **(Continued)**

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2016	2015
	£	£
Current tax arising on:		
Actuarial differences recognised as other comprehensive income	(800)	(814)
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	(1,000)	(10,000)
	(1,800)	(10,814)

10 Dividends

	2016	2015
	£	£
Interim paid	1,820,591	1,751,469

11 Intangible fixed assets

Group	Patents
	£
Cost	
At 1 December 2015 and 30 November 2016	500
Amortisation and impairment	
At 1 December 2015 and 30 November 2016	-
Carrying amount	
At 30 November 2016	500
At 30 November 2015	500

Company	Patents
	£
Cost	
At 1 December 2015 and 30 November 2016	500
Amortisation and impairment	
At 1 December 2015 and 30 November 2016	-
Carrying amount	
At 30 November 2016	500
At 30 November 2015	500

12 Tangible fixed assets

Group	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 December 2015	27,610	27,388	12,381	455	53,206	121,040
Additions	-	-	2,292	-	-	2,292
At 30 November 2016	27,610	27,388	14,673	455	53,206	123,332
Depreciation and impairment						
At 1 December 2015	27,610	13,874	6,991	454	22,509	71,438
Depreciation charged in the year	-	3,000	1,858	-	9,708	14,566
At 30 November 2016	27,610	16,874	8,849	454	32,217	86,004
Carrying amount						
At 30 November 2016	-	10,514	5,824	1	20,989	37,328
At 30 November 2015	-	13,514	5,390	1	30,697	49,602

The company had no tangible fixed assets assets at 30 November 2016 or 30 November 2015.

13 Fixed asset investments

		Group		Company	
		2016	2015	2016	2015
	Notes	£	£	£	£
Investments in subsidiaries	14	-	-	3,035,180	3,036,180
Investments in joint ventures		51,143	-	75,000	-
Unlisted investments		39,894	31,669	39,894	31,669
		91,037	31,669	3,150,074	3,067,849

13 Fixed asset investments **(Continued)**

Movements in fixed asset investments
Group

	Shares in group undertakings and participating interests	Other investments other than loans	Total
	£	£	£
Cost or valuation			
At 1 December 2015	-	31,669	31,669
Additions	51,143	-	51,143
Valuation changes	-	8,225	8,225
At 30 November 2016	51,143	39,894	91,037
Carrying amount			
At 30 November 2016	51,143	39,894	91,037
At 30 November 2015	-	31,669	31,669

Movements in fixed asset investments
Company

	Shares in group undertakings and participating interests	Other investments other than loans	Total
	£	£	£
Cost or valuation			
At 1 December 2015	3,036,180	31,669	3,067,849
Additions	74,000	-	74,000
Valuation changes	-	8,225	8,225
At 30 November 2016	3,110,180	39,894	3,150,074
Carrying amount			
At 30 November 2016	3,110,180	39,894	3,150,074
At 30 November 2015	3,036,180	31,669	3,067,849

14 Subsidiaries

Details of the company's subsidiaries at 30 November 2016 are as follows:

Name of undertaking	**Country of incorporation**	**Nature of business**	**Class of shares held**	**% Held**
Griffiths & Armour Limited	England & Wales	insurance broker	Ordinary	100
Griffiths & Armour Global Risks Limited	England & Wales	insurance broker	Ordinary	100
Griffths & Armour Risk Management Limited	England & Wales	risk management consultancy services	Ordinary	100
Griffiths & Armour Insurance Brokers Limited	England & Wales	insurance broker	Ordinary	100
Griffiths & Armour Professional Risks Limited	England & Wales	insurance broker	Ordinary	100

The investments in subsidiaries are all stated at cost. All subsidiaries are included in the consolidated accounts.

15 *Financial instruments*

	Group 2016 £	2015 £	Company 2016 £	2015 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	10,393,009	10,747,598	19,507	19,507
Equity instruments measured at cost less impairment	39,894	31,669	39,894	31,669
Carrying amount of financial liabilities				
Measured at amortised cost	7,555,061	5,910,392	118,680	71,366

As required by FRS102 11.42 the group and parent company have disclosed the carrying amounts of financial assets and liabilities as noted above.

Financial assets comprise of:

- debt instruments which includes trade debtors and amounts due from fellow group undertakings and participating interests. See note 16 for further details.
- equity instruments relating to an unlisted investments as shown in note 13.

Financial liabilities comprise of trade creditors, amounts due to participating interests and accruals details of which are disclosed in note 18.

16 Debtors

	Group		Company	
	2016	2015	2016	2015
Amounts falling due within one year:	£	£	£	£
Trade debtors	3,796,156	3,542,076	-	-
Amounts due from subsidiary undertakings	-	-	19,507	19,507
Amounts due from fellow group undertakings	28,190	-	-	-
Amounts due from participating interests	6,566,704	7,201,397	-	-
Other debtors	1,959	4,125	-	-
Prepayments and accrued income	67,513	34,812	-	-
	10,460,522	10,782,410	19,507	19,507

17 Client Money

Insurance brokers usually act as agents in placing the insurable risks of their clients with insurers and, as such, are generally not liable as principals for amounts arising from such transactions. Notwithstanding these legal relationships, debtors and creditors arising from insurance broking transactions are shown as assets and liabilities. This recognises that the insurance broker is entitled to retain the investment income on any cash flow arising from these transactions.

The Financial Conduct Authority (FCA) have established a set of rules for UK insurance intermediaries to follow in order to comply with the Insurance Mediation Directive (IMD), one part of which is the Client Assets Sourcebook (CASS 5). CASS 5 requires that Client Money be held in either a statutory or non-statutory trust for the benefit of the related clients and insurers, and as such these monies are not the property of the broker. The monies so held and the related debtors and creditors, as mentioned above, would not therefore form part of the broker's net assets in the event of a winding-up and would not be available to its general creditors.

One of the group members, Griffiths & Armour Global Risks Limited, is licensed by the FCA (No. 312048) to act as an insurance intermediary and has elected to hold Client Money in a non-statutory trust. The amount of such monies held as at 30 November 2016, together with the related debtors and creditors is:

	2016	2015
	£	£
Non-Statutory Trust Client Bank	3,485,087	2,231,030
Insurance debtors	3,790,756	3,506,505
	7,275,843	5,737,535
Insurance creditors	(7,244,658)	(5,717,417)
Commissions both due to the company not yet earned or received and those earned and received that were transferred to the company's own bank accounts immediately after the balance sheet date.	31,185	20,118

18 Creditors: amounts falling due within one year

	Group 2016 £	2015 £	Company 2016 £	2015 £
Trade creditors	7,244,658	5,717,417	-	-
Amounts due to group undertakings	-	-	24,158	25,158
Amounts due to undertakings in which the group has a participating interest	150,256	43,272	82,522	31,892
Corporation tax payable	241,943	379,406	-	-
Other taxation and social security	27,141	27,135	1,120	855
Accruals and deferred income	160,147	149,703	12,000	14,316
	7,824,145	6,316,933	119,800	72,221

19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

Group	Liabilities 2016 £	Liabilities 2015 £
Accelerated capital allowances	3,858	5,521
Retirement benefit obligations	(13,000)	(12,000)
	(9,142)	(6,479)

The company has no deferred tax assets or liabilities.

Movements in the year:	Group 2016 £	Company 2016 £
Liability at 1 December 2015	(6,479)	-
Charge to profit or loss	(1,663)	-
Charge to other comprehensive income	(1,000)	-
Liability at 30 November 2016	(9,142)	-

The deferred tax asset set out above relates to the surplus on the pension scheme combined with accelerated capital allowances.

20 Retirement benefit schemes

Defined contribution schemes	2016 £	2015 £
Charge to profit or loss in respect of defined contribution schemes	35,467	36,331

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

Defined benefit schemes

The group provides retirement benefits for qualifying employees, in which Griffiths & Armour partnership is the lead employer.

The scheme became paid up on 31 May 2005.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation was carried out as at 30 November 2016 by Gerry Walsh of Mitchell Consulting Actuaries Limited, who is a Fellow of the Institute of Actuaries, in accordance with the requirements of FRS 102. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

The figures in the remainder of this note represent the portion of the scheme attributed to the group only.

Key assumptions	2016 %	2015 %
Discount rate	2.8	3.5
Expected rate of increase of pensions in payment	2.5	2.45
Expected rate of salary increases	n/a	n/a

Mortality assumptions	2016	2015
Assumed life expectations on retirement at age 65:	Years	Years
Retiring today		
- Males	87.5	89.5
- Females	89.6	91.9
Retiring in 20 years		
- Males	88.7	90.3
- Females	90.8	92.6

Amounts recognised in the profit and loss account	2016 £	2015 £
Net interest on defined benefit liability/(asset)	2,000	-

20 Retirement benefit schemes **(Continued)**

Amounts taken to other comprehensive income	2016 £	2015 £
Actual return on scheme assets	(27,000)	32,000
Less: calculated interest element	14,000	16,000
Return on scheme assets excluding interest income	(13,000)	48,000
Actuarial changes related to obligations	20,000	6,000
Total costs	7,000	54,000

The amounts included in the balance sheet arising from obligations in respect of defined benefit plans are as follows:

Group	2016 £	2015 £
Present value of defined benefit obligations	502,000	466,000
Fair value of plan assets	(437,000)	(406,000)
Deficit in scheme	65,000	60,000

Movements in the present value of defined benefit obligations	Group 2016 £
Liabilities at 1 December 2015	466,000
Actuarial gains and losses	20,000
Interest cost	16,000
At 30 November 2016	502,000

The defined benefit obligations arise from plans funded as follows:	Group 2016 £
Wholly unfunded obligations	-
Wholly or partly funded obligations	502,000
	502,000

20 Retirement benefit schemes **(Continued)**

Movements in the fair value of plan assets	Group 2016 £
Fair value of assets at 1 December 2015	406,000
Interest income	14,000
Return on plan assets (excluding amounts included in net interest)	13,000
Contributions by the employer	4,000
At 30 November 2016	437,000

Fair value of plan assets at the reporting period end

	Group 2016 £	Group 2015 £
Group Pension Contract	437,000	406,000

21 Share capital

	Group and company 2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
2,982,709 "A" ordinary shares of £1 each	2,982,709	2,924,576
158,557 "B" ordinary shares of £1 each	158,557	216,690
450 Growth shares of £0.01 each	5	-
	3,141,271	3,141,266

During the year 58,133 B shares were re-designated as A shares.

Reconciliation of movements during the year:

	A ordinary shares Number	B ordinary shares Number	Growth shares Number
At 1 December 2015	2,924,576	216,690	-
Issue of fully paid shares	-	-	450
Re-designated	58,133	(58,133)	-
At 30 November 2016	2,982,709	158,557	450

22 Capital redemption reserve

	Group 2016 £	2015 £	Company 2016 £	2015 £
At beginning and end of year	51,550	51,550	51,550	51,550

23 Profit and loss reserves

	Group 2016 £	2015 £	Company 2016 £	2015 £
At the beginning of the year	7,219,223	8,457,847	1,816,556	1,682,523
Profit for the year	2,222,698	2,891,031	1,732,822	1,885,502
Dividends	(1,820,591)	(1,751,469)	(1,820,591)	(1,751,469)
Transfer from non-distributable reserve	-	15,000	-	-
Actuarial differences recognised in other comprehensive income	(663,000)	(2,404,000)	-	-
Tax on actuarial differences	1,800	10,814	-	-
At the end of the year	6,960,130	7,219,223	1,728,787	1,816,556

24 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2016 £	2015 £	Company 2016 £	2015 £
Within one year	111,000	111,000	-	-
Between two and five years	444,000	444,000	-	-
In over five years	305,250	416,250	-	-
	860,250	971,250	-	-

25 Related party transactions

Transactions with related parties
During the year the group entered into the following transactions with related parties:

	Sale of goods		*Purchase of goods*	
	2016	**2015**	**2016**	**2015**
	£	**£**	**£**	**£**
Group				
Griffiths & Armour	749,998	749,998	56,367	91,161

The following amounts were outstanding at the reporting end date:

Amount owed to related parties

	2016	**2015**
	£	**£**
Group		
Griffiths & Armour	150,256	43,272
Company		
Griffiths & Armour	82,522	31,892
Entities over which the company has control, joint control or significant influence	24,158	25,158
	106,680	57,050

The following amounts were outstanding at the reporting end date:

Amounts owed by related parties

	2016	**2015**
	£	**£**
Company		
Entities over which the company has control, joint control or significant influence	19,507	19,507

26 Directors' transactions

Dividends totalling £773,310 (2015 - £738,236) were paid in the year in respect of shares held by the company's directors.

27 Cash generated from group operations

	2016	2015
	£	£
Profit for the year after tax	2,222,698	2,891,031
Adjustments for:		
Taxation charged	572,511	748,164
Finance costs	2,511	430
Investment income	9,499	(9,941)
Depreciation and impairment of tangible fixed assets	14,566	12,671
Amounts written off investments	(8,225)	-
Pension scheme non-cash movement	(660,000)	(2,354,000)
Movements in working capital:		
Decrease/(increase) in debtors	321,888	(1,301,735)
Increase in creditors	1,644,675	2,405,650
Cash generated from operations	4,120,123	2,392,270

28 Reconciliations on adoption of FRS 102

Reconciliation of equity - group

		At 1 December 2014			At 30 November 2015		
		Previous UK GAAP	Effect of transition	FRS 102	Previous UK GAAP	Effect of transition	FRS 102
	Notes	£	£	£	£	£	£
Fixed assets							
Other intangibles		500	-	500	500	-	500
Tangible assets		47,258	-	47,258	49,602	-	49,602
Investments		31,669	-	31,669	31,669	-	31,669
		79,427	-	79,427	81,771	-	81,771
Current assets							
Debtors		9,480,675	-	9,480,675	10,783,410	-	10,782,410
Bank and cash		6,035,516	-	6,035,516	5,918,312	-	5,918,312
		15,516,191	-	15,516,191	16,701,722	-	16,700,722
Creditors due within one year							
Taxation		(407,448)	-	(407,448)	(406,541)	-	(406,541)
Other creditors		(3,510,353)	-	(3,510,353)	(5,910,392)	-	(5,910,392)
		(3,917,801)	-	(3,917,801)	(6,316,933)	-	(6,316,933)
Net current assets		11,598,390	-	11,598,390	10,384,789	-	10,383,789
Total assets less current liabilities		11,677,817	-	11,677,817	10,466,560	-	10,465,560
Provisions for liabilities							
Deferred tax	1	(4,154)	2,000	(2,154)	(5,521)	12,000	6,479
Pension obligations	1	(8,000)	(2,000)	(10,000)	(48,000)	(12,000)	(60,000)
		(12,154)	-	(12,154)	(53,521)	-	(53,521)
Net assets		11,665,663	-	11,665,663	10,413,039	-	10,412,039
Capital and reserves							
Share capital		3,141,266	-	3,141,266	3,157,266	-	3,141,266
Own shares reserve		15,000	-	15,000	-	-	-
Capital redemption		51,550	-	51,550	51,550	-	51,550
Profit and loss		8,457,847	-	8,457,847	7,204,223	-	7,219,223
Total equity		11,665,663	-	11,665,663	10,413,039	-	10,412,039

28 Reconciliations on adoption of FRS 102 **(Continued)**

Reconciliation of group profit for the financial period

		Year ended 30 November 2015		
		Previous UK GAAP	Effect of transition	FRS 102
	Notes	£	£	£
Turnover		4,553,078	-	4,553,078
Administrative expenses	1	(923,394)	-	(923,394)
Interest receivable and similar income		15,941	(6,000)	9,941
Interest payable and similar charges		(430)	-	(430)
Profit before taxation		3,645,195	(6,000)	3,639,195
Taxation		(748,164)	-	(748,164)
Profit for the financial period		2,897,031	(6,000)	2,891,031

Notes to reconciliations on adoption of FRS 102 - group

(1) Retirement benefit scheme actuarial changes
As a result of the changes to the valuations of retirement benefit schemes under FRS102 an additional £6,000 was charged against income in respect of the year ended 30 November 2015. The pension obligation which existed at the year end has also been amended and deferred tax provided thereon.