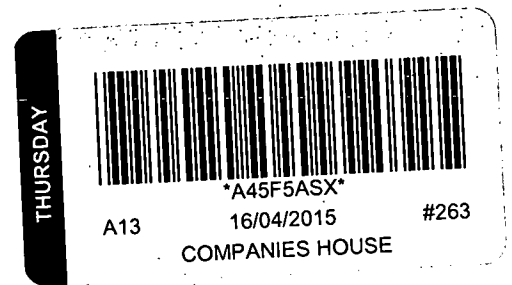


Company Registration No. 02839315 (England and Wales)

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2014



GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

DIRECTORS AND ADVISERS

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

Secretary

D J Darke

Company number

02839315

Registered office

Drury House
19 Water Street
Liverpool
L2 0RL

Registered auditors

Lonsdale & Marsh
Orleans House
Edmund Street
Liverpool
L3 9NG

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 2014

The directors present the strategic report and financial statements for the year ended 30 November 2014.

Review of the business

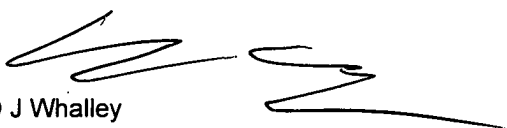
The business has performed well in relation to the current phase of the market cycle, with all areas exceeding expectations.

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.

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

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

27 March 2015

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2014

The directors present their report and financial statements for the year ended 30 November 2014.

Results and dividends

The consolidated profit and loss account for the year is set out on page 6.

Interim ordinary dividends were paid amounting to £1,464,344.

Future developments

The directors expect continued growth in the long term.

Directors

The following directors have held office since 1 December 2013:

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
D K Wright

(Retired 31 March 2014)

Auditors

Lonsdale & Marsh are deemed to be re-appointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 company and of the group 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 will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

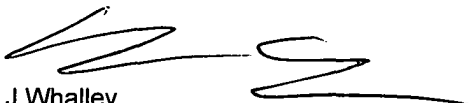
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2014

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors 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 group's auditors are aware of that information.

On behalf of the board



D J Whalley

Director

27 March 2015

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

INDEPENDENT AUDITORS' REPORT

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

We have audited the group and parent company financial statements (the "financial statements") of Griffiths & Armour (Holdings) Limited (Consolidated) for the year ended 30 November 2014 set out on pages 6 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 - 3, 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 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 parent company's affairs as at 30 November 2014 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



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

27 March 2015

Chartered Accountants
Statutory Auditor

Orleans House
Edmund Street
Liverpool
L3 9NG

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 NOVEMBER 2014

	Notes	2014 £	2013 £
Turnover	2	4,354,183	4,195,201
Administrative expenses		(826,862)	(1,077,562)
Operating profit	3	3,527,321	3,117,639
Other interest receivable and similar income		14,457	18,273
Interest payable and similar charges	4	(1,410)	(863)
Other finance costs	15	2,000	3,000
Profit on ordinary activities before taxation		3,542,368	3,138,049
Tax on profit on ordinary activities	5	(739,129)	(746,359)
Profit on ordinary activities after taxation		2,803,239	2,391,690

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

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

STATEMENT OF RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 30 NOVEMBER 2014

	2014 £	2013 £
Profit for the financial year	2,803,239	2,391,690
Effect of unrealised losses on actuarial valuation of pension scheme liability held in Griffiths & Armour partnership	(836,000)	(923,000)
Tax relief on pension scheme contributions in excess of amounts charged to the profit and loss account	868	933
Actuarial gain/(loss) on pension scheme	4,000	(27,000)
Movement on deferred tax relating to pension asset	(2,666)	4,666
Total recognised gains and losses relating to the year	<u>1,969,441</u>	<u>1,447,289</u>

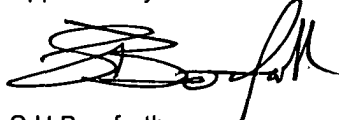
GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

BALANCE SHEETS

AS AT 30 NOVEMBER 2014

	Notes	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Fixed assets					
Intangible assets	8	500	61,069	500	500
Tangible assets	9	47,258	72,395	-	-
Investments	10	31,669	30,322	3,077,849	3,998,086
		<u>79,427</u>	<u>163,786</u>	<u>3,078,349</u>	<u>3,998,586</u>
Current assets					
Debtors	11	9,480,675	11,542,841	95,636	94,158
Cash at bank and in hand		3,222,534	3,091,825	1,740,511	1,909,464
Non-statutory Trust client bank	12	2,812,982	3,236,509	-	-
		<u>15,516,191</u>	<u>17,871,175</u>	<u>1,836,147</u>	<u>2,003,622</u>
Creditors: amounts falling due within one year	13	(3,917,801)	(6,855,195)	(39,157)	(318,994)
Net current assets		<u>11,598,390</u>	<u>11,015,980</u>	<u>1,796,990</u>	<u>1,684,628</u>
Total assets less current liabilities		<u>11,677,817</u>	<u>11,179,766</u>	<u>4,875,339</u>	<u>5,683,214</u>
Provisions for liabilities	14	(4,154)	(3,866)	-	-
		<u>11,673,663</u>	<u>11,175,900</u>	<u>4,875,339</u>	<u>5,683,214</u>
Retirement benefit obligations	15	(8,000)	(15,334)	-	-
		<u>11,665,663</u>	<u>11,160,566</u>	<u>4,875,339</u>	<u>5,683,214</u>
Capital and reserves					
Called up share capital	16	3,141,266	3,141,266	3,141,266	3,141,266
Share premium account	17	-	1,996,695	-	1,996,695
Other reserves	17	66,550	66,550	51,550	51,550
Profit and loss account	17	8,457,847	5,956,055	1,682,523	493,703
Shareholders' funds	18	<u>11,665,663</u>	<u>11,160,566</u>	<u>4,875,339</u>	<u>5,683,214</u>

Approved by the Board and authorised for issue on 27 March 2015



S H Bamforth
Director

Company Registration No. 02839315

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 NOVEMBER 2014

	£	2014 £	£	2013 £
Net cash inflow from operating activities		1,708,799		1,795,346
Returns on investments and servicing of finance				
Interest received	14,457		18,273	
Interest paid	(1,410)		(863)	
Net cash inflow for returns on investments and servicing of finance		13,047		17,410
Taxation		(813,971)		(635,977)
Capital expenditure				
Payments to acquire tangible assets	(7,189)		(75,046)	
Receipts from sales of tangible assets	21,840		8,502	
Receipts from sales of investments	249,000		-	
Net cash inflow/(outflow) for capital expenditure		263,651		(66,544)
Equity dividends paid		(1,464,344)		(1,415,383)
Net cash inflow before management of liquid resources and financing		(292,818)		(305,148)
Financing				
Issue of ordinary share capital	-		1,196,680	
Net cash (outflow)/inflow from financing		-		1,196,680
(Decrease)/increase in cash in the year		(292,818)		891,532

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 NOVEMBER 2014

1	Reconciliation of operating profit to net cash inflow from operating activities	2014	2013
		£	£
	Operating profit	3,527,321	3,117,639
	Depreciation of tangible assets	10,486	3,573
	Amortisation of intangible assets	-	40,383
	Loss on disposal of tangible assets	-	2,484
	Profit on disposal of investment	(188,431)	-
	Decrease/(increase) in debtors	2,062,166	(2,094,434)
	(Decrease)/Increase in creditors within one year	(2,861,396)	1,652,019
	Net effect of foreign exchange differences	(1,347)	682
	Non-cash effect of movement in FRS17 deficit with Griffiths & Armour partnership	(836,000)	(923,000)
	Defined benefit pension scheme contributions	(4,000)	(4,000)
	Net cash inflow from operating activities	1,708,799	1,795,346

2	Analysis of net funds	1 December 2013	Cash flow	Other non-cash changes	30 November 2014
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	6,328,334	(292,818)	-	6,035,516
	Net funds	6,328,334	(292,818)	-	6,035,516

3	Reconciliation of net cash flow to movement in net funds	2014	2013
		£	£
	(Decrease)/increase in cash in the year	(292,818)	891,532
	Movement in net funds in the year	(292,818)	891,532
	Opening net funds	6,328,334	5,436,802
	Closing net funds	6,035,516	6,328,334

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2014

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Basis of consolidation

The consolidated financial statements comprise the accounts of Griffiths & Armour (Holdings) Limited and its subsidiaries. In accordance with the exemption allowed under section 408 of the Companies Act 2006, the company's profit and loss account is not separately presented.

The subsidiary companies have been consolidated using both merger and acquisition accounting, dependent on the circumstances arising at the date of acquisition. Those companies which were acquired as a result of business reorganisation and mergers have been consolidated using merger accounting. Acquisitions at fair value for cash consideration have been consolidated using acquisition accounting.

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. 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 Goodwill

The excess cost of acquisition over the fair value of the underlying net assets is written off against reserves in the year in which it arises where merger accounting is followed, and over a period of 20 years where acquisition accounting is adopted.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

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

1.7 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.8 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.9 Pensions

The pension costs have been charged in the financial statements in accordance with FRS 17.

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2014

1 Accounting policies

(Continued)

1.10 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or an asset will crystallise in the future. The deferred tax balance has not been discounted.

1.11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Turnover

Segmental analysis by geographical area

Other than as shown below, the turnover for the group for the year has been derived from its principal activity undertaken in the United Kingdom.

	2014 Sales by origin £	2013 Sales by origin £
Geographical segment		
Channel Islands	27,500	17,500

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2014

3	Operating profit	2014	2013
		£	£
	Operating profit is stated after charging:		
	Amortisation of intangible assets	-	40,383
	Depreciation of tangible assets	10,486	3,573
	Loss on disposal of tangible assets	-	2,484
	Loss on foreign exchange transactions	7,052	2,341
	Operating lease rentals	67,231	50,024
	and after crediting:		
	Profit on disposal of investment	(188,431)	-

During the year a subsidiary company sold the goodwill in a branch operation which resulted in a profit of £188,431.

Auditors' remuneration

Fees payable to the group's auditor for the audit of the group's annual accounts (company 2014 £12,600 and 2013 £11,400)	20,800	19,600
Other assurance services	3,000	3,000
	<u>23,800</u>	<u>22,600</u>

4	Interest payable	2014	2013
		£	£
	On bank loans and overdrafts	562	650
	On overdue tax	848	-
	Other interest	-	213
		<u>1,410</u>	<u>863</u>

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2014

5	Taxation	2014	2013
		£	£
	Domestic current year tax		
	U.K. corporation tax	738,841	739,069
	Total current tax	738,841	739,069
	Deferred tax		
	Origination and reversal of timing differences	288	7,290
		739,129	746,359
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	3,542,368	3,138,049
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.66% (2013 - 23.33%)	767,277	732,107
	Effects of:		
	Non deductible expenses	12,205	4,351
	Depreciation add back	2,271	1,413
	Capital allowances	(2,841)	(9,011)
	Other tax adjustments	(40,719)	-
	Foreign tax adjustments	1,426	4,122
	Adjustments to previous periods	49	-
	Marginal Relief	(827)	(3,379)
	Amortisation	-	9,421
	Effect of a change in the rate of tax	-	45
		(28,436)	6,962
	Current tax charge for the year	738,841	739,069

The standard rate of tax used is based on the full rates of 21% and 23% applicable during the year.

6 Profit for the financial year

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows:

	2014	2013
	£	£
Holding company's profit for the financial year	656,469	229,107

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2014

7	Dividends	2014	2013
		£	£
	Ordinary interim paid 7 April 2014	1,464,344	-
	Ordinary interim paid 9 April 2013	-	1,415,383
		<u> </u>	<u> </u>
8	Intangible fixed assets		
	Group		
		Brand name	Goodwill
		£	£
	Cost		
	At 1 December 2013	500	3,337,802
	Disposals	-	(807,654)
		<u> </u>	<u> </u>
	At 30 November 2014	500	2,530,148
		<u> </u>	<u> </u>
	Amortisation		
	At 1 December 2013	-	3,277,233
	Amortisation on disposals	-	(747,085)
		<u> </u>	<u> </u>
	At 30 November 2014	-	2,530,148
		<u> </u>	<u> </u>
	Net book value		
	At 30 November 2014	500	-
		<u> </u>	<u> </u>
	At 30 November 2013	500	60,569
		<u> </u>	<u> </u>

Intangible fixed assets (continued)

Company

	Brand name
	£
Cost	
At 1 December 2013 & at 30 November 2014	500
	<u> </u>
At 30 November 2013	500
	<u> </u>

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2014

9 Tangible fixed assets

Group

	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 December 2013	27,610	12,828	5,192	75,046	120,676
Additions	-	-	7,189	-	7,189
Disposals	-	-	-	(21,840)	(21,840)
At 30 November 2014	27,610	12,828	12,381	53,206	106,025
Depreciation					
At 1 December 2013	27,610	12,387	5,191	3,093	48,281
Charge for the year	-	418	360	9,708	10,486
At 30 November 2014	27,610	12,805	5,551	12,801	58,767
Net book value					
At 30 November 2014	-	23	6,830	40,405	47,258
At 30 November 2013	-	441	1	71,953	72,395

10 Fixed asset investments

Group

	Unlisted investments £
Cost	
At 1 December 2013	30,322
Revaluation	1,347
At 30 November 2014	31,669
Net book value	
At 30 November 2014	31,669
At 30 November 2013	30,322

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2014

10 Fixed asset investments

(Continued)

Company	Unlisted investments £	Shares in group undertakings £	Total £
Cost			
At 1 December 2013	30,322	3,967,764	3,998,086
Revaluation	1,347	-	1,347
Disposals	-	(921,584)	(921,584)
At 30 November 2014	31,669	3,046,180	3,077,849
Net book value			
At 30 November 2014	31,669	3,046,180	3,077,849
At 30 November 2013	30,322	3,967,764	3,998,086

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Griffiths & Armour Limited	England & Wales	Ordinary	100.00
Griffiths & Armour Global Risks Limited	England & Wales	Ordinary	100.00
Griffiths & Armour Risk Management Limited	England & Wales	Ordinary	100.00
Griffiths & Armour Captive Management Limited	Channel Islands	Ordinary	100.00
Griffiths & Armour Insurance Brokers Limited	England & Wales	Ordinary	100.00
Griffiths & Armour Professional Risks Limited	England & Wales	Ordinary	100.00
Adam Brothers Contingency Limited	England & Wales	Ordinary	100.00

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
Griffiths & Armour Limited	Insurance broker
Griffiths & Armour Global Risks Limited	Insurance broker
Griffiths & Armour Risk Management Limited	Risk management consultancy services
Griffiths & Armour Captive Management Limited	Management services
Griffiths & Armour Insurance Brokers Limited	Insurance broker
Griffiths & Armour Professional Risks Limited	Insurance broker
Adam Brothers Contingency Limited	Insurance broker

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2014

11 Debtors

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Trade debtors	620,065	2,810,749	-	-
Amounts owed by group undertakings	-	-	95,636	94,158
Amounts owed by participating interests	8,823,948	8,688,194	-	-
Other debtors	2,845	4,941	-	-
Prepayments and accrued income	33,817	38,957	-	-
	<u>9,480,675</u>	<u>11,542,841</u>	<u>95,636</u>	<u>94,158</u>

12 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 2014, together with the related debtors and creditors is:

	2014	2013
	£	£
Non-Statutory Trust Client Bank	2,812,982	3,236,509
Insurance debtors	608,065	2,750,224
	<u>3,421,047</u>	<u>5,986,733</u>
Insurance creditors	<u>(3,381,268)</u>	<u>(5,948,000)</u>
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.	<u>39,779</u>	<u>38,733</u>

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2014

13 Creditors : amounts falling due within one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Trade creditors	3,381,268	5,948,000	-	-
Amounts owed to group undertakings	-	-	19,869	19,869
Amounts owed to participating interests	19,335	285,596	6,210	285,583
Corporation tax	385,924	461,922	-	-
Taxes and social security costs	21,524	27,530	1,078	2,142
Accruals and deferred income	109,750	132,147	12,000	11,400
	<u>3,917,801</u>	<u>6,855,195</u>	<u>39,157</u>	<u>318,994</u>

14 Provisions for liabilities

Group

	Deferred taxation £
Balance at 1 December 2013	3,866
Profit and loss account	288
Balance at 30 November 2014	<u>4,154</u>

The deferred tax liability is made up as follows:

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Accelerated capital allowances	<u>4,154</u>	<u>3,866</u>	<u>-</u>	<u>-</u>

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2014

15 Retirement Benefits

Defined contribution scheme

The group operates a defined contribution pension scheme through a group personal pension plan. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund. There were no outstanding or prepaid contributions at the balance sheet date.

	2014 £	2013 £
Contributions payable by the group for the year	38,822	42,441

Defined benefit scheme

The group provides retirement benefits as part of a multi-employer defined benefit scheme in which the Griffiths & Armour partnership is the lead employer.

The scheme became paid up on 31 May 2005.

A triennial actuarial valuation was performed as at 30 November 2011. A recovery plan has been agreed with the Trustees at a group level. Direct contributions of £98,400 per annum as a minimum will be paid for the scheme as a whole for a period of six years commencing on 1 December 2012.

In addition to the agreed contribution schedule there is a further agreement with the Trustees to investigate other deficit reduction actions wide of direct contributions into the scheme. To the extent that any such actions are taken, there will be an additional cost to the employer(s) for funding them. The overall agreement is that the sum total of all costs of the scheme to the employers will be £1.2m in the three years commencing 1 December 2012, and that these costs should be broadly equally spread over that period. The employers will make additional direct contributions to the extent that those already scheduled plus any costs of other deficit reduction actions that may be undertaken fall below the agreed overall amount.

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

The group expects to contribute £4,000 to the scheme during the next financial year.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2014 %	2013 %
Discount rate at 30 November 2014	3.60	4.30
Expected return on plan assets at 30 November 2014	5.00	5.00
Future pension increases	2.45	2.80

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2014

15 Retirement Benefits

(Continued)

The amounts recognised in the profit and loss are as follows:

	2014 £	2013 £
Interest on obligation	(18,000)	(15,000)
Expected return on pension scheme assets	20,000	18,000
	<u>2,000</u>	<u>3,000</u>

Analysis of amount recognised in the statement of total recognised gains and losses:

	2014 £	2013 £
Actual return less expected return on pension scheme assets	15,000	8,000
Experience gains and losses arising on scheme liabilities	-	(1,000)
Changes in assumptions underlying the present value of the scheme liabilities	(11,000)	(34,000)
	<u>4,000</u>	<u>(27,000)</u>

The amounts recognised in the balance sheet are as follows:

	2014 £	2013 £
Present value of scheme liabilities	(444,000)	(415,000)
Group pension contract	434,000	395,000
Deficit in scheme	(10,000)	(20,000)
Related deferred tax asset	2,000	4,666
Net liability	<u>(8,000)</u>	<u>(15,334)</u>

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2014

15 Retirement Benefits

(Continued)

Changes in the present value of the defined benefit obligation are as follows:

	2014	2013
	£	£
Opening defined benefit obligation	20,000	-
Interest cost	18,000	15,000
Actuarial losses (gains)	11,000	35,000
	<u> </u>	<u> </u>
Total	<u>49,000</u>	<u>50,000</u>

Changes in fair value of plan assets are as follows:

	2014	2013
	£	£
Expected return	20,000	18,000
Actuarial losses	15,000	8,000
Contributions by employer	4,000	4,000
	<u> </u>	<u> </u>
	<u>39,000</u>	<u>30,000</u>

The overall expected return assumption is calculated as the weighted average of the individual expected return assumptions for each of the major asset classes. The individual return assumptions are based on investment market conditions in the UK, specifically with regard to yields on UK Government gilts, high quality AA rated corporate bonds, and interest rates set by the Bank of England. Equity returns in well established global markets are generally expected to outperform the return on gilts by 3% pa or more in the long term, and such anticipated outperformance has been taken into account in deriving the expected return from equity type investments.

The weightings used for the overall expected return are in line with the proportions invested in each of the major asset classes, and a deduction to allow for investment expenses has been made.

The major categories of plan assets as a percentage of total plan assets are as follows:

	2014	2013
	%	%
Equities	44	44
Bonds	44	44
Property	12	12
	<u> </u>	<u> </u>

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2014

15 Retirement Benefits

(Continued)

Amounts for the current and previous four periods are as follows:

	2014 £	2013 £	2012 £	2011 £	2010 £
Defined benefit obligation	(444,000)	(415,000)	(365,000)	(333,000)	(291,000)
Plan assets	434,000	395,000	365,000	331,000	265,000
	<u>(10,000)</u>	<u>(20,000)</u>	<u>-</u>	<u>(2,000)</u>	<u>(26,000)</u>
Experience adjustments on plan liabilities	-	(1,000)	(6,000)	(9,000)	15,000
Experience adjustments on plan assets	15,000	8,000	9,000	41,000	8,000

16 Share capital

	2014 £	2013 £
Allotted, called up and fully paid		
2,871,261 'A' ordinary of £1 each	2,871,261	2,871,261
270,005 'B' ordinary of £1 each	270,005	270,005
	<u>3,141,266</u>	<u>3,141,266</u>

During 2013 149,585 ordinary B £1 shares with an aggregate nominal value of £149,585 were issued and allotted for a consideration of £1,196,680. Also during 2013 98,964 ordinary B £1 shares were converted to ordinary A £1 shares.

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2014

17 Statement of movements on reserves

Group

	Share premium account £	Other reserves (see below) £	Profit and loss account £
Balance at 1 December 2013	1,996,695	66,550	5,956,055
Profit for the year	-	-	2,803,239
Transfer from share premium account	-	-	1,996,695
Transfer to profit and loss account	(1,996,695)	-	-
Dividends paid	-	-	(1,464,344)
Tax relief on pension scheme contributions in excess of amounts charged to the profit and loss account	-	-	868
Actuarial profit on pension scheme	-	-	4,000
Effect of unrealised losses on actuarial valuation of pension scheme liability held in Griffiths & Armour partnership	-	-	(836,000)
Movement on deferred tax relating to pension liability	-	-	(2,666)
Balance at 30 November 2014	-	66,550	8,457,847

Other reserves

Capital redemption reserve

Balance at 1 December 2013 & at 30 November 2014	51,550
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Non-distributable reserves

Balance at 1 December 2013 & at 30 November 2014	15,000
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Company

	Share premium account £	Other reserves (see below) £	Profit and loss account £
Balance at 1 December 2013	1,996,695	51,550	493,703
Profit for the year	-	-	656,469
Transfer from share premium account	-	-	1,996,695
Transfer to profit and loss account	(1,996,695)	-	-
Dividends paid	-	-	(1,464,344)
Balance at 30 November 2014	-	51,550	1,682,523

Other reserves

Capital redemption reserve

Balance at 1 December 2013 & at 30 November 2014	51,550
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GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2014

18 Reconciliation of movements in shareholders' funds	2014	2013
Group	£	£
Profit for the financial year	2,803,239	2,391,690
Dividends	(1,464,344)	(1,415,383)
	<u>1,338,895</u>	<u>976,307</u>
Other recognised gains and losses	(832,000)	(950,000)
Proceeds from issue of shares	-	1,196,680
Tax relief on pension scheme contributions in excess of amounts charged to the profit and loss account	868	933
Movement on deferred tax relating to pension asset/(liability)	(2,666)	4,666
	<u>505,097</u>	<u>1,228,586</u>
Net addition to shareholders' funds	505,097	1,228,586
Opening shareholders' funds	11,160,566	9,931,980
	<u>11,665,663</u>	<u>11,160,566</u>
	<u>11,665,663</u>	<u>11,160,566</u>
	2014	2013
Company	£	£
Profit for the financial year	656,469	229,107
Dividends	(1,464,344)	(1,415,383)
	<u>(807,875)</u>	<u>(1,186,276)</u>
Proceeds from issue of shares	-	1,196,680
	<u>(807,875)</u>	<u>10,404</u>
Net (depletion in)/addition to shareholders' funds	(807,875)	10,404
Opening shareholders' funds	5,683,214	5,672,810
	<u>4,875,339</u>	<u>5,683,214</u>
Closing shareholders' funds	4,875,339	5,683,214

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2014

19 Financial commitments

At 30 November 2014 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2014	2013
	£	£
Expiry date:		
Within one year	-	36,476
In over five years	55,500	-
	<u>55,500</u>	<u>36,476</u>

20 Directors' remuneration

	2014	2013
	£	£
Remuneration for qualifying services	<u>40,476</u>	<u>58,938</u>

21 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2014	2013
	Number	Number
Professional and technical	39	39
Administration	2	2
	<u>41</u>	<u>41</u>

Employment costs

	2014	2013
	£	£
Wages and salaries	475,772	556,699
Social security costs	53,701	61,535
Other pension costs	38,822	42,441
	<u>568,295</u>	<u>660,675</u>

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2014

22 Related party relationships and transactions

Transactions with related parties

During the year the group has had significant transactions with Griffiths & Armour (a partnership) in which all the directors, with the exception of R M H Griffiths and D K Wright, are partners.

The transactions can be summarised as follows:

	2014	2013
	£	£
Transfer of overhead expenditure to the group	76,789	106,573
Transfer of commission income to the group	749,998	865,000

Balances with related parties

At 30 November 2014 there was a balance due to Griffiths & Armour by Griffiths & Armour Global Risks Limited of £13,112 (2013 - nil) and a nil balance due from Griffiths & Armour to Griffiths & Armour Global Risks Limited (2013 - £1,874).

At 30 November 2014 there was a balance due to Griffiths & Armour by the company of £6,210 (2013 - £285,583) and by the group of £6,210 (2013 - £285,583).

At 30 November 2014 there was a balance due from Griffiths & Armour to Griffiths & Armour Limited of £8,823,948 (2013 - £8,688,194).

Dividends to Directors

Dividends totalling £896,634 (2013 - £846,163) were paid during the year to directors and close members of their families.

	2014	2013
	£	£
RMH Griffiths (non-executive)	419,872	419,872
D K Wright	279,419	279,419
N A Brace	15,300	15,300
D J Whalley	31,638	24,470
C Evans	35,727	24,107
M Donnelly	28,233	16,789
D J Haram	13,282	6,175
R H Trotter	18,797	11,581
D J Darke	46,084	46,084
P Berg	8,282	1,183
C J Edwards	-	1,183
	<u>896,634</u>	<u>846,163</u>

GRIFFITHS & ARMOUR (HOLDINGS) LIMITED (CONSOLIDATED)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2014

22 Related party relationships and transactions

(Continued)

Other transactions

During 2013 new Ordinary B shares of £1 were purchased by the following directors at the market value of £8.

	Shares	Consideration £
S H Bamforth	22,438	179,504
N A Brace	13,711	109,688
D J Whalley	13,712	109,696
C Evans	22,438	179,504
M Donnelly	22,438	179,504
D J Haram	13,712	109,696
R H Trotter	13,712	109,696
P Berg	13,712	109,696
C J Edwards	13,712	109,696
	<u>149,585</u>	<u>1,196,680</u>