



# CITYNET INSURANCE BROKERS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	R Brown A Colosso B McManus R Scott D Walland A Walsh
<b>Company number</b>	03933031
<b>Registered office</b>	Rossington's Business Park West Carr Road Retford Nottinghamshire DN22 7SW
<b>Auditor</b>	Deloitte LLP Hill House 1 Little New Street London United Kingdom EC4A 3TR

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# CITYNET INSURANCE BROKERS LIMITED

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# CITYNET INSURANCE BROKERS LIMITED

## STRATEGIC REPORT

### *FOR THE YEAR ENDED 31 DECEMBER 2018*

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The directors present the strategic report of Citynet Insurance Brokers Limited for the year ended 31 December 2018.

#### **Overview**

Citynet Insurance Brokers core product lines remain commercial property insurance, commercial liability insurance, motor fleet insurance and professional indemnity and we also have a dedicated schemes and facilities department. We have also expanded our product range during the year to include cyber, contingency and cancellation and abandonment for entertainment risks.

Our remuneration is almost exclusively paid by the insurer as a commission and shared with our agent. However, on very rare occasions we charge a handling fee in place of the commission.

During the year, our main territories were Ireland and the UK.

#### **Business review**

As reported in our income statement Citynet has once again achieved a significant increase in turnover from £9.3m for the 10 months ended 31st December 2017 to £12.2m for the year ended 31 December 2018.

On a pro rata basis this represents growth of £1.04m and 9.3% on the previous year and is another outstanding achievement and keeps up the momentum of the last 5 years which grew 19%, 43%, 19.9%, 25% and 37%.

Results were achieved by a mix of organic growth, group business and the addition of new producers including the team acquisition from Wrightsure.

These new Account Executives having joined midway through the year will continue to add new business during 2019 along with a new high profile Motor Executive joining in Autumn 2019.

We are keen to continue our past strategy of attracting one or two additional Account Executives each year and have identified targets from the fallout of recent M&A activity in the London Market and if successful we can offer them a successful track record of building on their past performance by utilising our reputation and growing in house underwriting expertise.

If we achieve our strategy detailed above, we are confident that our income can reach £13.5m in 2019, but the London market remains extremely tough with a number of insurers pulling out of or reducing capacity in certain classes in both the UK and Ireland and finding new markets also remains a key component of our strategy in order to achieve our 2019 target income.

The Statement of financial position shows that the Company's shareholder funds at the year end have increased from £3.5m to £7.1m.

#### **Fair review of business and future developments**

The Directors of the Company make use of key performance indicators, including turnover, trading result and staff numbers to measure performance against the Company's strategy. These measures provide the Directors with key, high level indicators of the Company's trading and operational progress. The Company's 2018 audited financial statements reflect both its strong organic performance and the results of its corporate activity through the year.

Set out below is a reconciliation between the financial performance of the Company prepared under FRS 102 and EBITDAE. EBITDAE is regarded by the Board as a useful and informative alternative measure of profitability to the statutory basis and demonstrates the underlying performance of the group.

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# CITYNET INSURANCE BROKERS LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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Key performance indicators	Year ended 31 December 2018	10 Month period ended 31 December 2017
	£	£
Gross written premium	161.2m	116.8m
Turnover per employee	146,665	122,793
Turnover	12,173,197	9,332,285
EBITDAE	3,839,780	3,406,128
Depreciation	(82,465)	(95,963)
Amortisation	(43,026)	-
Profit on disposal of tangible fixed assets	3,593	-
Interest receivable and similar income	11,320	17,781
Interest payable and similar expenses	(115)	-
Exceptional item	(41,733)	(1,054,659)
Gain/(loss) arising on fair value of derivative instruments	-	(6,230)
Profit before taxation	3,687,354	2,267,057
Employees	83	76

### Principal risks and uncertainties

The Risk Committee continually monitors the key risks facing the Company together with assessing the controls used for managing these risks. The Risk Committee formally reports to the Board of Directors which reviews and documents the principal risks facing the business at least quarterly.

#### Errors and omissions

The Company is subject to risks arising from non-compliance or misinterpretation of local regulations and failure to meet regulatory standard. The Company mitigates this risk by ensuring that specific training is given in errors and omissions prevention, independent compliance monitions and strong procedural and system controls are in place including workflow management. In addition the Company has Professional Indemnity insurance cover.

#### Regulatory risk

There is the risk arising from non-compliance or misinterpretation of local regulations and failure to meet regulatory standards. The Company manages this by having in place operational policies and procedures and regular ongoing quality and compliance audits. In addition, training and development is provided to staff and there is centralised risk and compliance training.

#### Loss of key staff

There is a risk arising from the inability to retain key staff. As a provider of professional services, the Company's reputation is built on the quality of their key staff members. The Company mitigates this risk through commitment to employee engagement, empowering managers to act as 'owners' of the business, along with effective appraisal and development programs and succession planning processes.

#### Loss of key clients

The Company depends on underlying operations to ensure client satisfaction. If the business fails to operate effectively, the loss of client satisfactions could result in harm to the business and financial performance. This risk is mitigated by monitoring client service levels, diversification of business lines and distribution channels and strong new business strategies to help mitigate the impact of natural client turnover.

# CITYNET INSURANCE BROKERS LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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### Failure of IT systems

IT systems are a key part of the Company business and any disruption of systems or the supporting infrastructure could adversely impact its operations, income and financial results. To mitigate this risk, investment has been made in robust and reliable IT systems and associated controls.

### Cashflow and liquidity risk

The Company is dependent on cash flows from its trading operations, which in turn are reliant on the commissions earned in its subsidiaries. The Company is therefore exposed to the cyclical nature of the insurance industry. The Group manages this risk by focusing on niche profitable lines which are less subject to the cyclical nature of the wider market. Forecasting and cashflow monitoring are carried out to ensure that the capital structure is as efficient as possible.

### Foreign currency

The Company's activities expose it to foreign exchange risks. This is mitigated by the Group regularly assessing foreign currency exposure and by using derivatives.

### Political risk

In recent times the most relevant political risk arising is Brexit. On 29 March 2017, the UK Government triggered Article 50 of the Treaty of Lisbon, giving formal notification of the UK's intention to leave the EU. The UK had been due to leave two years after it started the exit process on 29 March 2019 however the withdrawal agreement reached between the EU and UK has been rejected three times by UK MP's. EU leaders have now backed a six month extension until 31 October 2019 which allows UK to leave early if the withdrawal agreement is ratified by the UK and EU before then. At this time, we are unable to predict the implications from leaving the EU. In this respect, the Group has undertaken detailed analysis to determine potential exposure and has put into place contingency plans to ensure it is well placed to meet the risk.

### **Subsequent events**

On 13 February 2019, the Company's parent company Ivy Finco Limited (IFC) entered into an agreement to increase its borrowing to a £100,000k (2018: £90,000k) senior secured credit facility. The facility consists of a £95,000k (2018: £85,000k) five year term loan and a £5,000k (2018: £5,000k) revolving credit facility. Certain subsidiaries are guarantors to the debt, supported by an English Law debenture, including a fixed and floating charge on the company's assets in favour of the lender.

On 17 May 2019, IFC entered into an agreement to increase its borrowing to a £214,000k credit facility. The facility consists of a £204,000k senior six year term loan and a £10,000k super senior five and half years revolving credit facility. Certain subsidiaries became guarantors to the debt, supported by an English Law debenture, including a fixed and floating charge on the company's assets in favour of the lender.

On behalf of the board



R Scott  
**Director**

20 June 2019

# CITYNET INSURANCE BROKERS LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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The directors present their annual report and financial statements for the year ended 31 December 2018.

### **Directors**

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

R Brown  
A Colosso  
B McManus  
R Scott  
D Walland  
A Walsh

### **Results and dividends**

The results for the year are set out on page 9.

No interim dividends were paid (2017: £1,043,304). The directors do not recommend payment of a final dividend (2017: £nil).

### **Qualifying third party indemnity provisions**

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date. Additional cover for the directors against personal financial exposure has been made under a directors' and officers' liability insurance policy.

### **Political contributions**

The Company made no political contributions during the year (2017: £Nil).

### **Auditor**

Deloitte LLP were appointed as auditor to the company and in accordance with section 485 of the companies act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

### **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 company's auditor 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 company's auditor is aware of that information.

### **Matters covered in the Strategic Report**

As permitted by Paragraph 1A of Schedule 7 of the Large and Medium-sized Companies on Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on pages 1-3.

On behalf of the board



R Scott  
**Director**

20 June 2019

# **CITYNET INSURANCE BROKERS LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 DECEMBER 2018***

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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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

The directors are responsible for the maintenance and integrity of the company website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.



# CITYNET INSURANCE BROKERS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF CITYNET INSURANCE BROKERS LIMITED

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#### **Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of the company's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Citynet Insurance Brokers Limited (the 'company') which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity;
- the accounting policies and related notes 1 to 27.

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

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

# **CITYNET INSURANCE BROKERS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF CITYNET INSURANCE BROKERS LIMITED**

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#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

#### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

#### **Report on other legal and regulatory requirements**

##### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of 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.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or directors' report

# CITYNET INSURANCE BROKERS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF CITYNET INSURANCE BROKERS LIMITED

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

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

#### **Use of our report**

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

A handwritten signature in black ink, appearing to read 'Mark McIlquham', with a long horizontal flourish extending to the right.

**Mark McIlquham ACA (Senior Statutory Auditor)**  
**for and on behalf of Deloitte LLP**  
**Statutory Auditor**  
**London, United Kingdom**

**20 June 2019**

# CITYNET INSURANCE BROKERS LIMITED

## INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

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		Year ended 31 December 2018	10 Month period ended 31 December 2017
	Notes	£	£
<b>Turnover</b>	<b>4</b>	12,173,198	9,332,285
Administrative expenses		(8,333,418)	(5,926,157)
Exceptional item	<b>5</b>	(41,733)	(1,054,659)
Depreciation	<b>6</b>	(82,465)	(95,963)
Amortisation	<b>6</b>	(43,026)	-
Profit on disposal of tangible fixed assets	<b>6</b>	3,593	-
<b>Operating profit</b>	<b>6</b>	3,676,149	2,255,506
Interest receivable and similar income	<b>9</b>	11,320	17,781
Interest payable and similar expenses		(115)	-
Gain/(loss) arising on fair value of derivative instruments		-	(6,230)
<b>Profit before taxation</b>		3,687,354	2,267,057
Taxation	<b>10</b>	(83,614)	(452,658)
<b>Profit for the financial year</b>		3,603,740	1,814,399

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The income statement has been prepared on the basis that all operations are continuing operations.

The Company has no comprehensive income (2017: £Nil) other than the amounts recognised in the Income Statement above. Accordingly, no Statement of Comprehensive Income has been presented.

# CITYNET INSURANCE BROKERS LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	2018		2017	
		£	£	£	£
<b>Fixed assets</b>					
Goodwill	12		20,426		-
Other intangible assets	12		81,799		-
			<u>102,225</u>		<u>-</u>
Total intangible assets			102,225		-
Tangible assets	13		114,973		226,823
			<u>217,198</u>		<u>226,823</u>
<b>Current assets</b>					
Debtors	14	8,698,381		3,567,799	
Cash at bank and in hand		11,407,128		14,933,614	
		<u>20,105,509</u>		<u>18,501,413</u>	
<b>Creditors: amounts falling due within one year</b>	16	(13,267,660)		(15,276,929)	
			<u>6,837,849</u>		<u>3,224,484</u>
<b>Net current assets</b>			6,837,849		3,224,484
<b>Total assets less current liabilities</b>			<u>7,055,047</u>		<u>3,451,307</u>
<b>Capital and reserves</b>					
Called up share capital	19		210,527		210,527
Capital redemption reserve	20		6,250		6,250
Profit and loss reserves			6,838,270		3,234,530
			<u>7,055,047</u>		<u>3,451,307</u>
<b>Total equity</b>			<u>7,055,047</u>		<u>3,451,307</u>

The financial statements were approved by the board of directors and authorised for issue on 20 June 2019 and are signed on its behalf by:



R Scott  
Director

Company Registration No. 03933031

# CITYNET INSURANCE BROKERS LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

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	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 March 2017</b>		210,527	6,250	2,463,435	2,680,212
<b>Period ended 31 December 2017:</b>					
Profit and total comprehensive income for the period		-	-	1,814,399	1,814,399
Dividends	11	-	-	(1,043,304)	(1,043,304)
<b>Balance at 31 December 2017</b>		210,527	6,250	3,234,530	3,451,307
<b>Year ended 31 December 2018:</b>					
Profit and total comprehensive income for the year		-	-	3,603,740	3,603,740
<b>Balance at 31 December 2018</b>		<u>210,527</u>	<u>6,250</u>	<u>6,838,270</u>	<u>7,055,047</u>

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# CITYNET INSURANCE BROKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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### 1 Accounting policies

#### Company information

Citynet Insurance Brokers Limited is a private company limited by shares incorporated in England and Wales. The registered office is Rossington's Business Park, West Carr Road, Retford, Nottinghamshire, DN22 7SW.

#### 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.

This 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:

- 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 33 'Related Party Disclosures' – Compensation for key management personnel.

Citynet Insurance Brokers Limited is a wholly owned subsidiary of Citynet London Holdings Limited and the results of Citynet London Holdings Limited are included in the consolidated financial statements of PIB Group Limited which are available from the Registrar of Companies (England & Wales), Companies House, Crown Way, Cardiff, CF14 3UZ.

#### 1.2 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.

#### 1.3 Turnover

##### Insurance broking turnover

Revenue is comprised of net commissions and fees receivable on insurance business placed during the year. Changes made to insurance policies resulting in commission differences are recognised as they occur. Revenue is deferred over the life of a contract when the company is contractually obliged to provide services after the date of placement.

##### Other brokerage income

Profit commissions and other similar income due from insurers and other intermediaries are recognised when it is probable that economic benefits will flow to the entity and when they can be reliably estimated.

# CITYNET INSURANCE BROKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1 Accounting policies

##### 1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

##### 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.

Other intangible assets relate to software and the acquisition of customer lists of business.

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:

Software	3 years straight line basis
Customer relationships	10 years straight line basis

##### 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.

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:

Leasehold improvements	over the term of the lease
Office equipment	4 years straight line
Computer hardware	3 years 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 credited or charged to profit or loss.

##### 1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in bank, bank deposits and petty cash.

Whilst held in the Company's regulatory trust accounts under appropriate client money regulation, fiduciary funds held are controlled by the Company and economic benefits are derived from them. As such these funds are recognised as an asset on the Company's statement of financial position.

##### 1.8 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.



# CITYNET INSURANCE BROKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1 Accounting policies

##### ***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.

##### ***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 company 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 company after deducting all of its liabilities.

# CITYNET INSURANCE BROKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1 Accounting policies

##### **Basic financial 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. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

##### **Derecognition of financial liabilities**

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

#### 1.9 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

#### 1.10 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 income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# CITYNET INSURANCE BROKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1 Accounting policies

##### **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 income statement, 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 when the company has 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.

##### **1.11 Provisions**

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

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

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

##### **1.12 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.

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.

Contributions to the company's defined contribution scheme are charged to the profit and loss in the year which they become payable.

##### **1.13 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.

##### **1.14 Exceptional items**

Exceptional items are separately identified to provide greater understanding of the Company's underlying performance. Items classified as exceptional items may include, but are not limited to: gains or losses arising from the sale of businesses and investments; closure costs for businesses; restructuring costs; professional fees in respect of acquisitions; post acquisition integration costs; post acquisition adjustments to balance sheet items; and other credits and charges of a non-recurring nature that require inclusion in order to provide additional insight into the underlying business performance.

# CITYNET INSURANCE BROKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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### 1 Accounting policies

#### 1.15 Foreign currencies

Assets, liabilities, revenues and costs expressed in foreign currencies are translated into sterling at rates of exchange ruling on the data on which transactions occur, except for monetary assets and liabilities which are translated at the rate ruling at the balance sheet date. Differences arising on the translation of such items are dealt with in profit and loss.

#### 1.16 Insurance broking receivables and payables

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

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

### 2 Judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### Assessing indicators of impairment

The company must assess the useful life of goodwill arising on the acquisition of unincorporated businesses to determine the amortisation chargeable to the profit and loss account. As part of this assessment, the relevant factors considered by the company are:

- projected cashflows;
- renewal book retention rates;
- market conditions;
- business history; and
- industry standards.

Based on this assessment the company has determined that the useful life of goodwill arising on the acquisition of unincorporated businesses is 10 years.

# CITYNET INSURANCE BROKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 2 Judgements and key sources of estimation uncertainty

##### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

##### Deferral of income

The Company defers revenue on business where it retains contractual obligations to provide claims handling services to clients following the initial placement. Future claims activity is based upon historical trends, adjusted by known events following the period end date and up to the date of authorising the financial statements. Estimated costs to service these claims is measured using the current cost base of the claims handling personnel.

The carrying amount of this deferred income at the end of the reporting period was £190,467 (2017: £283,225).

#### 3 Frequency of reporting

Due to the Company changing its reporting end date to December, the current period covers 12 months (comparative information covers a 10 month period). Therefore, the comparative amounts presented in the financial statements (including the related notes) are not entirely comparable.

#### 4 Turnover

Turnover analysed by geographical market

	Year Ended 31 Dec 2018 £	10 Months to 31 Dec 2017 £
UK	5,265,285	4,082,627
Europe	6,838,909	5,171,218
Rest of World	69,004	78,440
	<u>12,173,198</u>	<u>9,332,285</u>

All turnover arose from brokerage and fees.

#### 5 Exceptional items

Exceptional items of £41,733 (2017: £1,054,659) relate to recruitment fees (2017: Completion bonus on acquisition).

# CITYNET INSURANCE BROKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

#### 6 Operating profit

	Year Ended 31 Dec 2018 £	10 Months to 31 Dec 2017 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	4,703	(18,721)
Fees payable to the company's auditor for the audit of the company's financial statements	28,837	28,837
Depreciation of tangible fixed assets	82,465	95,963
Profit on disposal of tangible fixed assets	(3,593)	-
Amortisation of intangible fixed assets	43,026	-
Exceptional items	41,733	1,054,659
Operating lease charges	357,341	248,545

#### 7 Employees

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

	Year Ended 31 Dec 2018 Number	10 Months to 31 Dec 2017 Number
Average number of employees	83	76

Their aggregate remuneration comprised:

	Year Ended 31 Dec 2018 £	10 Months to 31 Dec 2017 £
Wages and salaries	5,581,097	3,960,543
Social security costs	639,732	605,080
Pension costs	267,828	193,161
	6,488,657	4,758,784

#### 8 Directors' remuneration

	Year Ended 31 Dec 2018 £	10 Months to 31 Dec 2017 £
Remuneration for qualifying services	497,398	806,906
Company pension contributions to defined contribution schemes	34,033	73,676
	531,431	880,582

# CITYNET INSURANCE BROKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 8 Directors' remuneration

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2017: 8), and under individual pension arrangements is nil (2017: 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	<u>273,909</u>	<u>102,917</u>
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Pension contributions of £12,350 (2017: £8,333) were made to the highest paid director during the year.

#### 9 Interest receivable and similar income

	<b>Year Ended 31 Dec 2018 £</b>	<b>10 Months to 31 Dec 2017 £</b>
Interest on bank deposits	11,320	4,421
Other income	-	13,360
	<u>11,320</u>	<u>17,781</u>

#### 10 Taxation

	<b>Year Ended 31 Dec 2018 £</b>	<b>10 Months to 31 Dec 2017 £</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	574,290
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>83,614</u>	<u>(121,632)</u>
Total tax charge	<u>83,614</u>	<u>452,658</u>

# CITYNET INSURANCE BROKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 10 Taxation

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

	<b>Year Ended 31 Dec 2018 £</b>	<b>10 Months to 31 Dec 2017 £</b>
Profit before taxation	3,687,354	2,267,057
Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2017: 19.10%)	709,356	433,038
Tax effect of expenses that are not deductible in determining taxable profit	34,257	36,271
Group relief	(692,703)	(31,685)
Permanent capital allowances in excess of depreciation	969	15,034
Under/(over) provided in prior years	(5,461)	-
Unutilised tax losses carried forward	37,196	-
Taxation for the year/period	83,614	452,658

#### 11 Dividends

	<b>Year Ended 31 Dec 2018 £</b>	<b>10 Months to 31 Dec 2017 £</b>
Interim dividend	-	1,043,304

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# CITYNET INSURANCE BROKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 12 Intangible fixed assets

	Goodwill	Customer relationships	Software	Total
	£	£	£	£
<b>Cost</b>				
<b>At 1 January 2018</b>	-	-	-	-
Reclassification from tangible fixed assets	-	-	173,656	173,656
Additions	-	-	11,695	11,695
Additions - business combinations	20,950	35,000	-	55,950
	<u>20,950</u>	<u>35,000</u>	<u>-</u>	<u>55,950</u>
At 31 December 2018	<u>20,950</u>	<u>35,000</u>	<u>185,351</u>	<u>241,301</u>
<b>Amortisation</b>				
<b>At 1 January 2018</b>	-	-	-	-
Reclassification from tangible fixed assets	-	-	96,050	96,050
Amortisation charged for the year	524	875	41,627	43,026
	<u>524</u>	<u>875</u>	<u>41,627</u>	<u>43,026</u>
At 31 December 2018	<u>524</u>	<u>875</u>	<u>137,677</u>	<u>139,076</u>
<b>Carrying amount</b>				
At 31 December 2018	<u>20,426</u>	<u>34,125</u>	<u>47,674</u>	<u>102,225</u>
At 31 December 2017	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The reclassifications relate to assets being recategorised between classes in order to better reflect their substance.

# CITYNET INSURANCE BROKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

#### 13 Tangible fixed assets

	Leasehold improvements	Office equipment	Computer hardware	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2018	36,531	274,802	338,670	650,003
Reclassification to intangible fixed assets	-	-	(173,656)	(173,656)
Additions	-	20,672	27,549	48,221
At 31 December 2018	<u>36,531</u>	<u>295,474</u>	<u>192,563</u>	<u>524,568</u>
<b>Depreciation and impairment</b>				
At 1 January 2018	17,838	201,104	204,238	423,180
Reclassification to intangible fixed assets	-	-	(96,050)	(96,050)
Depreciation charged in the year	3,739	34,142	44,584	82,465
At 31 December 2018	<u>21,577</u>	<u>235,246</u>	<u>152,772</u>	<u>409,595</u>
<b>Carrying amount</b>				
At 31 December 2018	<u>14,954</u>	<u>60,228</u>	<u>39,791</u>	<u>114,973</u>
At 31 December 2017	<u>18,693</u>	<u>73,698</u>	<u>134,432</u>	<u>226,823</u>

The reclassifications relate to assets being recategorised between classes in order to better reflect their substance.

#### 14 Debtors

	Note	2018	2017
		£	£
<b>Amounts falling due within one</b>			
Trade debtors		1,508,060	1,502,809
Corporation tax recoverable		267,764	-
Amounts due from fellow group undertakings		5,844,170	955,347
Other debtors		90,572	163,524
Prepayments and accrued income		955,747	824,487
Deferred tax asset	17	8,666,313	3,446,167
		<u>32,068</u>	<u>121,632</u>
		<u>8,698,381</u>	<u>3,567,799</u>

Included in other debtors is a rent deposit of £24,577 (2017: £24,577) which is covered by a Rent Deposit Deed dated 6 September 2012 created by the company securing all monies due or to become due to the City of London in respect of 108 Fenchurch Street, London EC3M 5JR.

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

During the year, the company repaid a £25,000 loan from Profile Risk Solutions included within the prior year in other debtors.

# CITYNET INSURANCE BROKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 15 Cash at bank and in hand

	2018 £	2017 £
Client cash	10,385,608	11,656,871
Office cash	1,021,520	3,276,743
	<u>11,407,128</u>	<u>14,933,614</u>

### 16 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	10,191,812	11,874,251
Amounts due to group undertakings	639,330	25,000
Corporation tax	-	232,331
Other taxation and social security	292,924	121,715
Derivative financial instruments	-	3,959
Other creditors	7,258	322,629
Accruals and deferred income	2,136,336	2,697,044
	<u>13,267,660</u>	<u>15,276,929</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

### 17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the Company:

	2018 £	2017 £
Accelerated capital allowances	(15,815)	-
On acquisition of customer relationships	(5,950)	-
Short term timing difference	53,833	121,632
	<u>32,068</u>	<u>121,632</u>

# CITYNET INSURANCE BROKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 17 Deferred taxation

	<b>2018</b>
	<b>£</b>
<b>Movements in the year:</b>	
Net asset at 1 January 2018	121,632
Credit to income statement	(83,614)
On acquisition of customer relationships	(5,950)
	<u>32,068</u>
Net asset at 31 December 2018	<u>32,068</u>

### 18 Retirement benefit schemes

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Defined contribution schemes</b>		
Charge to income statement in respect of defined contribution schemes	<u>267,828</u>	<u>193,161</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 19 Share capital

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Issued and fully paid</b>		
210,527 ordinary of £1 each	<u>210,527</u>	<u>210,527</u>

The ordinary shares carry one voting right per share and no right to fixed income.

### 20 Capital redemption reserve

The capital redemption reserves comprise of consideration paid on buy back of shares.

### 21 Acquisition of a business

On 5 September 2018, the Company acquired a book of motor and combined liability business from Wrightsure.

	<b>Book Value</b>	<b>Adjustments</b>	<b>Fair Value</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Intangible fixed assets	35,000	-	35,000
Deferred tax	-	(5,950)	(5,950)
	<u>35,000</u>	<u>(5,950)</u>	<u>29,050</u>
Total identifiable net assets	<u>35,000</u>	<u>(5,950)</u>	29,050
Goodwill			<u>20,950</u>
Total consideration			<u>50,000</u>

# CITYNET INSURANCE BROKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2018

#### 21 Acquisition of a business

Satisfied by:	£
Cash	<u>50,000</u>

#### 22 Derivative financial instruments

As at the end of the year, there were EUR 1,000k (2017: 500k) of open forward contracts for sale to GBP to purchase £879k (2017: £442k). The following table provides details relating to those contracts as at the reporting date:

As at 31 December 2018	Amount	Average committed rate	Contracted value	Fair value
Expires	€	%	£	£
20 November 2019	1,000,000	1.1379	878,812	32,127

As at 31 December 2017	Amount	Average committed rate	Contracted value	Fair value
Expires	€	%	£	£
14 May 2018	250,000	1.1407	219,147	3,742
17 May 2018	250,000	1.1226	222,696	217

All derivatives have been measured at fair value. Fair value has been calculated from data sources from an independent financial market data provider.

#### 23 Operating lease commitments

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

	2018	2017
	£	£
Within one year	92,182	368,707
Between two and five years	6,050	95,055
In over five years	-	1,370
	<u>98,232</u>	<u>465,132</u>

# CITYNET INSURANCE BROKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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### **24 Guarantees and contingent liabilities**

The company's intermediate parent company Ivy Finco Limited (IFC) has a group senior secured credit facility. On 28 February 2018, the Company became a guarantor to the debt, supported by an English Law debenture which charged the company's assets in favour of the lender.

### **25 Related Party Disclosures**

#### **MJC Underwriting Agency Limited**

In April 2011 MJC Underwriting Agency Limited ("MJC") was established with 37.5% of the equity held by two of the directors of Citynet, MJC continued to be an appointed representative of Citynet until 4 October 2016, and is authorised by the Financial Conduct Authority for Insurance Mediation.

MJC entered into solvent members voluntary liquidation on the 10 April 2017. Citynet were instructed to handle the run off insurance business which ran until the 31 August 2017.

During the year £Nil (2017: £12,973) was charged to MJC in respect of providing the following services;

Handling Client Money  
Accounts Payable Services  
Bordereaux checking & Processing  
Placing and settling business to Insurers  
Set up of Binding Authorities and Terms of Business Agreements.

MJC clients paid net premium of £Nil (2017: £11,383) and €Nil (2017: €Nil) to Citynet up to 31 December 2018, which Citynet pays the premium to Insurers and commission to Citynet. Citynet paid expenses of £Nil (2017: £292) on behalf of MJC of which £Nil (2017: £Nil) was outstanding to Citynet at the end of the year.

#### **Faversham Underwriting Limited**

In June 2014 Faversham Underwriting Limited ("Faversham") was established with 25% of the equity currently held by two of the directors of Citynet.

During the year Citynet paid expenses of £Nil (2017: £478) on behalf of Faversham of which £Nil (2017: £478) was outstanding to Citynet at the end of the year.

#### **Directors Close Family Members**

During the year there were Nil (2017: Nil) close family members of directors employed by the company and paid salaries totalling £Nil (2017: £Nil) of which £Nil (2017: £Nil) was outstanding at year end. Pension contributions were made during the year totalling £Nil (2017: £1,567) of which Nil (2017: Nil) remained unpaid at the end of the year.

# CITYNET INSURANCE BROKERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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### **26 Events after the reporting date**

On 13 February 2019, the Company's parent company Ivy Finco Limited (IFC) entered into an agreement to increase its borrowing to a £100,000k (2018: £90,000k) senior secured credit facility. The facility consists of a £95,000k (2018: £85,000k) five year term loan and a £5,000k (2018: £5,000k) revolving credit facility. Certain subsidiaries including PIBRS guarantors to the debt, supported by an English Law debenture, including a fixed and floating charge on the company's assets in favour of the lender.

On 17 May 2019, Ivy Finco Limited entered into an agreement to increase its borrowing to a £214,000k credit facility. The facility consists of a £204,000k senior six year term loan and a £10,000k super senior five and half years revolving credit facility. Certain subsidiaries became guarantors to the debt, supported by an English Law debenture, including a fixed and floating charge on the company's assets in favour of the lender.

### **27 Controlling party**

The company's immediate parent company is Citynet London Holdings Limited, a company registered in England and Wales. Its ultimate parent undertaking is Ivy Topco Limited, a company registered in Jersey. That company is ultimately owned by entities trading as 'The Carlyle Group'.

The smallest set of consolidated financial statements to include the company are those of PIB Group Limited, registered company number 09900466, registered office Rossington's Business Park, West Carr Road, Retford, Nottinghamshire, DN22 7SW.

The largest consolidated set of financial statements to include the company are those of Ivy Topco Limited, a company registered in Jersey, registered company number 120448, registered office 44 Esplanade, St. Helier. Jersey JE4 9WG.