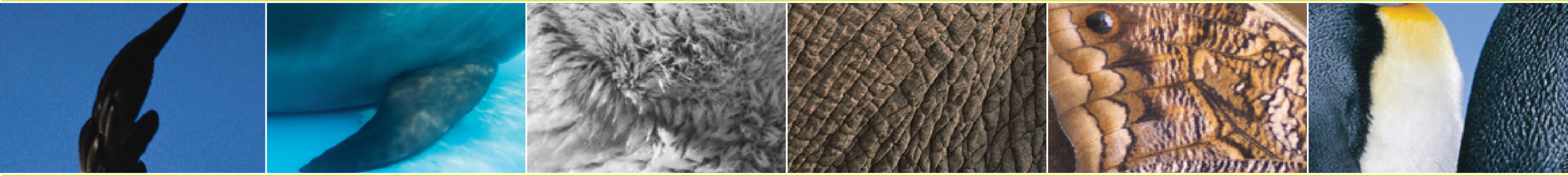
RFIB

Report & Financial Statements

For the period ended 31 December 2013



Message from the Chairman

Lord Hodgson
of Astley Abbotts CBE
Chairman

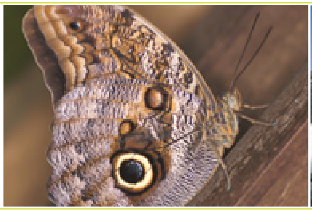
"I have pleasure in presenting RFIB Holdings Limited's Report and Financial Statements for the eighteen month period ended 31 December 2013.
We have maintained our strategic focus on classes and territories where we can win and grow sustainable and profitable businesses. Examples include the opening of our new office in Durban, South Africa, from which we can service the fast growing sub Saharan African market and we will shortly open in Baghdad, Iraq to further expand our activities in the Middle East.

Regulatory and commercial pressures have made RFIB Holdings Limited an increasingly rare commodity - a mid market broker benefitting from a strong reputation and with significant access and exposure to interesting geographic and product areas.

The primary objective for the heavy lifting that has been undertaken over the past few years was the creation of a well resourced and rounded operation and to make RFIB - the "mid market" broker of choice - capable of taking advantage of the tremendous opportunities that lie ahead. With the completion of this work, I am confident that the Group is well placed to do so and view the future with confidence."








Contents

"We are proud of our long standing reputation for integrity, honesty and independence, which when matched with our professional approach, ensures that RFIB provides its clients with the most cost effective and strategic solutions."

Financial and Operating Highlights

Financial Highlights

	18 months ended 31 December 2013	12 months ended 30 June 2012
Revenue	£57.4m	£47.9m
EBITDA*	£(2.0)m	£5.4m
(Loss)/Profit before tax	£(2.3)m	£2.4m

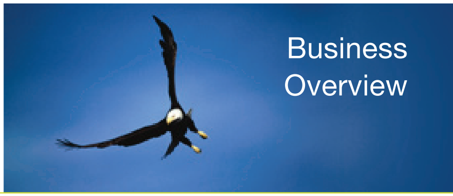
Pro-forma results for comparative 12 month periods

Continuing business**	12 months ended 31 December 2013	12 months ended 31 December 2012	Annual Growth
Revenue	£41.4m	£41.1m	+0.8%
EBITDA*	£3.5m	£3.5m	+0.0%
Profit before tax	£4.3m	£1.3m	+231%

*EBITDA is earnings before interest, tax, depreciation and amortisation.
**Continuing business excludes the results of all businesses disposed of prior to 31 December 2013 (See note 2 to the Financial Statements).

Operating Highlights

- Year end changed from 30 June to 31 December.
- Completion of business restructuring to facilitate future growth.
- Strengthening of specialty business through disposal of non core units.
- Continued expansion in Middle East and Africa.
- Move to single floor space in London to improve efficiencies.
- Profitability maintained throughout this period.



Business Overview

We have invested heavily in our staff and infrastructure to ensure that we continue to have the expertise and capabilities to provide an unrivalled specialist focus.

What we do

RFIB is an independent international insurance and reinsurance broker that is majority-owned by management and staff. From our headquarters in the heart of the City of London's insurance sector, and seven offices in major international centres, RFIB provides focused, bespoke solutions for our clients across its specialist lines of business and in chosen geographies.

We manage a diversified book of business in significant developing economies and are renowned as a producer of innovative, profitable and specialist business to the London and international markets.

Expertise

We have invested heavily in our staff and infrastructure to ensure that we continue to have the expertise and capabilities to provide an unrivalled specialist focus. Across RFIB's business we have expert, seasoned professionals with a rounded understanding of the intermediary business and what is required in today's world to deliver the optimum solution for our clients' needs.

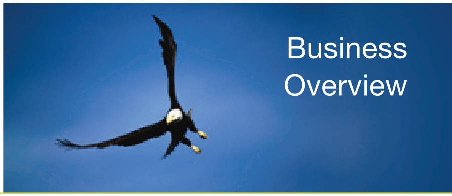
Professional and independent

We are proud of RFIB's long standing reputation for integrity, honesty and independence which, when matched with our professional approach, ensures that we provide clients with solutions that are both effective and economic.

Client focus

We pride ourselves on RFIB's commitment to building a deep understanding of each of our clients' businesses. These long lasting relationships enable us to provide our clients with innovative risk management solutions.


RFIB's headquarters, located in the heart of London's financial and insurance sector.



What we do

Specialist

For more than 30 years we have focused on specialist areas and have developed an exceptional level of technical knowledge and understanding. At RFIB, we are leaders in the following areas:

- Alternative Reinsurance Products
- Aviation Risk
- Binding Authorities & Facilities
- Cargo & Specie
- Casualty Specific Risks
- Claims
- Cyber Liability
- Direct & Facultative Property & Construction
- Energy, Power & Natural Resources
- Financial & Professional Risks
- Hull & Machinery
- Kidnap & Ransom
- Marine Claims
- Marine Liability
- Mortgage Insurance & Affinity Products
- Personal Accident & Illness
- Political & Trade Credit Risk
- Port Authorities & Port Packages
- Protection & Indemnity
- Public Entity Package
- Shipyards & Building Risk
- Treaty
- War, Terrorism, Confiscation & Political Risks
- Yacht Insurance






Where we operate

RFIB Offices

RFIB is a global business with its main hub in London, close to Lloyd's and is also represented in Central Europe, Asia, the Middle East and Africa.

Offices	8
Employees	275

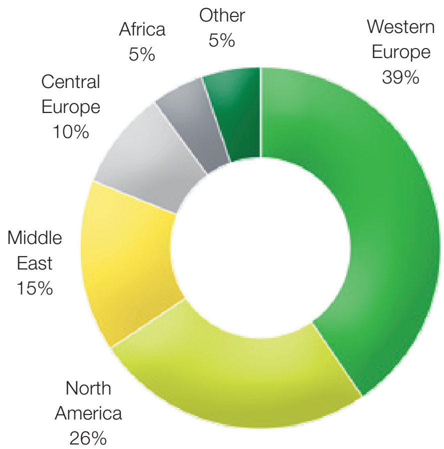
Our clients and business

Our clients are located in over 100 countries around the world.

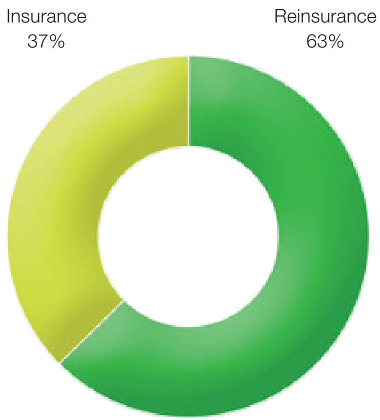
Whilst two thirds of business is derived from the major economies in Western Europe and North America, the remaining third comes from the developing economies of Central Europe, the Middle East and Africa.

RFIB is predominantly a reinsurance and wholesale insurance broker.

Where are our clients based?



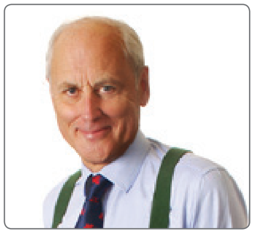
What is our main business type?



Strategic Report

We have maintained our strategic focus on classes and territories where we can win and grow sustainable and profitable businesses.

Chairman's Statement



Lord Hodgson of
Astley Abbotts CBE
Chairman

I have pleasure in presenting RFIB Holdings Limited's Report and Financial Statements for the eighteen month period ended 31 December 2013. We decided to make the change in our year end as a result of the growing significance of June month end policy renewals which made forecasting for a financial year ending at that date particularly challenging and to enable us to manage our cash more effectively.

Governance Review and Board Changes

During the period we undertook a detailed review of our governance structure. As a result, we have delegated responsibility for day-to-day operations to the Board of RFIB Group Limited, the company's regulated subsidiary. The Board of RFIB Holdings Limited retains responsibility for overseeing the Group's strategic development including all matters involving shareholders.

To emphasise the distinction between the two roles, I have stepped down as Chairman of RFIB Group Limited and I am pleased to welcome Mark Winlow in my place and also as a Non-Executive Director to this Board. Mark spent much of his career in insurance, latterly as a partner at KPMG LLP. He is now a member of several insurance boards including Non-Executive Chairman of Ageas Insurance. I am also pleased to be able to report further strengthening of our Non-Executive directorate with the arrival of Henry Keeling. Henry's industry career spans 37 years, principally as a reinsurance underwriter but also includes a period as Chief Executive Officer of International Operations for Guy Carpenter. Henry is also a Non-Executive Director of Hiscox Insurance Company and Syndicate Management. I am certain that this Board and the Group as a whole will benefit greatly from their experience and wisdom.

The period also saw a number of other changes to the Board. Christine Dandridge stepped down after five years as an Independent Non-Executive Director and as Chairman of the Audit Committee - in which role she was succeeded by Mark Winlow. Christine played a significant role in developing the Group's governance structures and I am very grateful to her.

Four long serving executives also retired from the Board. Patrick Holcroft spent 18 years with the Group first as our Chief Executive Officer and latterly as Deputy Chairman and Chairman of the Risk and Compliance Committee – in the latter role he has been succeeded by Henry Keeling. John Metcalfe used his expertise in his 29 year career with the Group to spearhead the development of our Russian and Central European businesses. David Wheal has been with RFIB for 22 years the last seven of which were as Managing Director of the North American division. Henry Clive Bowring spent 25 years at RFIB and headed up our UK Corporate business. Their collective contributions have been immense for which the Group is exceptionally grateful.

Further details of the new governance structure are set out in the Corporate Governance section of this Report on pages 23 to 26.

Operational change

We have maintained our strategic focus on classes and territories where we can win and grow sustainable and profitable businesses. Examples include the opening of our new office in Durban, South Africa from which we can service the fast growing sub Saharan African market and we will shortly open in Baghdad, Iraq to further expand our activities in the Middle East.

In the same vein we have withdrawn from non-core areas where we saw limited future opportunities.

Details of these and other operational changes are given in the Chief Executive Officer's Review on pages 10 to 15.

Chairman's Statement

Financial Results

As might be anticipated, all of the above, and particularly the year end change, have had an impact on our financial results. The second half of the calendar year is traditionally a period of lower activity for the Group and the year end change means that we have included two half years of lower profitability in this 18 month period. This combined with a number of costs incurred during the significant restructuring activity described above has resulted in a pre-tax loss of £2.3 million for the eighteen months to 31 December 2013.

However, this disappointing outturn should not be allowed to obscure the beneficial impact of the changes we have made. On a 12 months pro-forma basis, our EBITDA has been maintained at £3.5m throughout this challenging period and there was a 230% increase in pre-tax profits which reached £4.3 million in the year ended 31 December 2013.

People

A business like RFIB depends on the quality of service to its clients and so is particularly dependent on its people. It is in times of rapid change that the people's skills and resilience are particularly tested.

From our business winners to our receptionists, from our claims handlers to our secretarial and compliance staff, all members of RFIB have been performing at the top of their game and I am extremely grateful to every one of them.

Future

Regulatory and commercial pressures have made RFIB Holdings Limited an increasingly rare commodity – a mid market broker benefitting from a strong reputation and with significant access and exposure to interesting geographic and product areas.

The primary objective for the heavy lifting that has been undertaken over the past few years was the creation of a well resourced and rounded operation and to make RFIB – the "mid market" broker of choice - capable of taking advantage of the tremendous opportunities that lie ahead. With the completion of this work, I am confident that the Group is well placed to do so and view the future with confidence.

Lord Hodgson of Astley Abbotts CBE
Chairman
19 June 2014

"Regulatory and commercial pressures have made RFIB Holdings Limited an increasingly rare commodity - a mid market broker benefitting from a strong reputation and with significant access and exposure to interesting geographic and product areas."

Chief Executive Officer's Review

Our strategy is to continue to grow as an independent specialty broker underpinned by a strong cover holder business offering tailor made products. In order to achieve this we will need to continue to improve efficiencies in the business and ensure that our people have the right level of specialist knowledge to provide clients with best in class service.

Jonathan Turnbull
Chief Executive Officer

Overview

On my appointment as Chief Executive Officer almost three years ago my priorities were as follows:

- To strengthen the specialty nature of RFIB's business by focusing on classes of business where we were already seen as leaders and where having superior bench strength and advanced territorial knowledge would enable us to attract talent and achieve an acceptable margin
- To create a strong central management and administrative team with in depth experience of working in the reinsurance and insurance sector which would allow us to run the current business more efficiently whilst also being able to support a much greater level of business activity in the future
- To improve our internal processing capability and efficiency to enable us to provide a top quality service to clients
- To create a 'best in class' governance and internal control framework in order to ensure that we are able to meet the increasing regulatory requirements
- To develop a clear strategy which ensures the proper allocation of resources in order to provide a level of service that satisfies and retains clients and which, at the same time, develops the attitude and skill set of employees by providing them with meaningful opportunities for career development
- To articulate our vision and align our values to that vision so that everyone employed at RFIB understands our culture, shares our values and applies positive behaviours throughout the business.

Our strategy is to continue to grow as an independent specialty broker underpinned by a strong cover holder business offering tailor made products. In order to achieve this we will need to continue to improve efficiencies in the business and ensure that our people have the right level of specialist knowledge to provide clients with best in class service. Our office network also provides access to developing economies where we can forge profitable long term relationships with clients.

I am pleased to be able to report that we have made significant progress on all of these priorities as we focus on our vision:

> "To be the mid-sized Lloyd's broker of choice for our targeted clients, for our employees (actual and potential) and investors - offering high class quality products underpinned by best in class service levels."

Chief Executive Officer's Review

Core elements of our strategy

The table below sets out the 5 core elements of our strategy together with the progress made in 2013 and the plan for further progress in 2014 and beyond:

	Strategic Objectives	Progress in 2013	Plans for 2014 and beyond
1	Focus on developing and growing an independent specialty insurance/reinsurance broking capability together with a strong cover holder business offering tailor made products supported by strong skills and efficient systems, processes and servicing.	• Appointment of new Managing Director for North American binder business • Expansion of Global Risk Solutions business • Growth of Political Credit business • Growth of Italian business • Strengthening of Middle East business	• Explore further opportunities to acquire producers/brokers in specialty areas • Grow North American binder business • Strengthen Non Marine capability
2	Build continuous improvement into the business processes and practices to enhance the efficiency and effectiveness of our business in order to provide a scalable service, complying with regulatory requirements and using latest technological solutions.	• Divested from non core businesses • Implemented cost efficiency programme • Launched global insurance platform in Middle East • Build central operations service capability • Embedded operational KPI reporting framework • Implemented a new governance framework	• Complete roll out of global insurance platform • Enhance North American binder business • Implement improved document management solution • Strengthen electronic communications with our markets and clients
3	Leverage our distinct international office network and focus on developing territories where there is an opportunity to add value and grow profitable business for our investors.	• Opened new office in Durban, South Africa • Established Middle East Executive • Strengthened Middle East operating structure • Restructured presence in Japan • Refreshed overseas operating processes	• Open new office in Baghdad, Iraq • Export group expertise to improve service to our clients
4	Ensure our people have high standards of specialist knowledge, are self motivated and work in a transparent and collaborative style to deliver creative solutions for clients.	• Moved to a single floor in London • Launched corporate values to support our vision • Implemented new HR system to support performance management	• Engagement initiative with corporate values • Consider flexible benefits • Further learning & development initiatives
5	Offer a professional entrepreneurial and performance based business which retains develops and attracts talent.	• Refreshed corporate governance processes • Broadened employee shareholding base through share schemes	• Develop performance management system and link to remuneration • Greater alignment of behaviour with corporate values & culture

Chief Executive Officer's Review

All of the work mentioned on the previous pages has required significant redesigning of our business practices and approach and has taken place above and beyond one of the key objectives for any business which is to continue to generate an acceptable return. I am conscious that these challenges have required hard work from everyone at RFIB and I would like to record my sincere thanks for their commitment and magnificent response to these challenges.

Whilst 2013 was not our strongest year for financial performance we enter 2014 with a significantly strengthened business and are well prepared for the challenges ahead. I am confident about our ability to continue the upward trend in performance for 2014 but recognise that current market conditions will require further hard work and commitment.

Financial performance

The financial statements presented are for the 18 month period to 31 December 2013. The disposals of non core businesses during this period mean that comparisons with the previous 12 month accounting period to June 2012 are not particularly meaningful.

Focusing on the more comparable pro forma income statements for the 12 months ended 31 December 2013 and 2012 for our continuing business, revenue has increased by 0.8% to £41.4m whilst operating expenses have increased by 0.8% to £38.8m.

Overall EBITDA has been maintained at £3.5m with a margin of 8.4%. Whilst these levels of EBITDA margin are modest compared with some in the broking sector we believe the business is well positioned to improve the margins in 2014 and beyond.

A detailed review of results is included in the Finance Director's Review on pages 16 to 20.

"Focusing on the more comparable pro forma income statements for the 12 months ended 31 December 2013 and 2013, EBITDA has been maintained at 3.5m with a margin of 8.4%"

Disposal of non-core businesses

Focusing on our strategic objective of strengthening the specialty nature of RFIB's business resulted in the disposal of a number of non core business activities.

These businesses were either not aligned with RFIB's future strategic plan, did not meet our risk appetite or did not generate an acceptable level of return. They can be summarised as follows:

December 2012

Disposal of a book of UK Corporate business.

February 2013

Disposal of a 49% interest in Staple Hall Underwriting Services Limited ("SHUS") (formerly RFIB Specialist Risks Limited) into a joint venture between RFIB, the current management and Amlin.

August 2013

Disposal of a book of US casualty business.

January 2014

Disposal of a 35% interest in our joint venture broker ANRU that was established in Moscow in 2009.

The restructuring of our non-core businesses is now complete and we have no plans to dispose of any other part of our business.

Chief Executive Officer's Review

Offices

The disposal of non core businesses matched with more efficient use of office space through IT solutions and more flexible working practices enabled the business to be centralised onto one floor at our London head office at 20 Gracechurch Street, London, EC3V 0AF. The spare space has been successfully sub-let and will generate financial benefits in 2014.

Our overseas presence has continued to expand through the establishment of representative offices which improve our ability to satisfy clients' needs and to develop long term relationships in concert with our expertise located in London. We have offices in Moscow, Kiev, Almaty, Dubai and Durban and a representative in Tokyo. The Durban office was newly opened in September 2013. We are currently applying for a licence for Baghdad, Iraq where we already have material business and where we see further significant business opportunities.

Over a number of years we have also established subsidiaries in Bermuda and Riyadh in order to obtain the necessary licences to do business and we continue to see growth from these regions.

People

We have made a number of key appointments over the last 18 months to supplement our already established professional workforce in line with our stated objective to create a strong central management and administrative team with experience in our sector and who are able to strengthen the specialty nature of the business and support a greater level of business activity in the future.

Listed opposite, in date order, are the key senior appointments which have been made together with a brief summary of their prior experience to emphasise the quality of the people I have working with me to build our platform within RFIB Group Limited.

Key Senior Appointments

August 2012

Paul Smith

Operations Director - previously at Benfield and Xchanging.

November 2012

Lisa Siggery

Risk & Compliance Director - previously at Towergate, IAG, Groupama and Aviva.

February 2013

Nick Moss

Finance Director - previously at CMC Markets plc, Benfield and PricewaterhouseCoopers.

Henry Keeling

Independent Non-Executive Director of RFIB Holdings Limited and RFIB Group Limited and Chairman of the Risk & Compliance Committee and Remuneration Committee - previously at Guy Carpenter and Chief Operating Officer of XL Group.

May 2013

Mark Winlow

Independent Non-Executive Director of RFIB Holdings Limited and Independent Non-Executive Chairman of RFIB Group Limited and Chairman of the Audit Committee - previously a partner and head of General Insurance at KPMG and the partner responsible for Insurance Consultancy at Ernst & Young.

March 2014

Richard Boughton

Managing Director North America Division - previously Chief Executive Officer of Bell & Clements Limited.

Chief Executive Officer’s Review

Key areas for development

We have recently undertaken a strategic review of our business in the Middle East which includes the offices in Riyadh and Dubai. We regard this region as a key area for development.

We have now appointed a new General Manager for Riyadh with strong regional experience and will be looking to build our resource capability in Dubai and Riyadh by relocating key personnel from London to facilitate business development and improve delivery of client service.

The unmistakable skyline of Dubai and the sunset in Riyadh. Both cities are seen as key areas for the development of RFIB services in the Middle East.

Chief Executive Officer's Review

Values

At the heart of our business is a set of core values. They create a shared identity and provide a positive impact on profitability and reputation. These values have been a key part of our ability to attract and retain a great workforce which enables us to win and develop quality clients. Our values, which are summarised by the acronym ESPRIT, were recently launched and a series of further workshops will be held to reinforce them across our business. Many people at RFIB already understand these values but it is essential that they are consistently articulated so that each member of the team understands what we expect from each other at RFIB to ensure our future success.

E	Expertise and knowledge	We pride ourselves in providing creative solutions and encourage self motivated proactive individuals who maintain a deep level of market knowledge, contacts and relationships in their chosen field where problem solving is one of their core competencies.
S	Striving for excellence	We take the initiative on behalf of our clients by embracing new ideas and encouraging change in a transparent manner. We monitor service levels to ensure the highest possible standards for our clients.
P	Professionalism	We always act with integrity and honesty in everything we do. We treat clients fairly and recognise our responsibilities to protect clients' information whilst recognising and fulfilling our obligations within the regulatory and legal environment. We take responsibility and get the job done - we do not give up!
R	Results	We recognise that we are in business to add value and provide a profitable return on our investments to our stakeholders.
I	Independence	We put our clients first. Our primary consideration is to act as an advocate for our client and we will not be constrained by our market relationships. We recognise the value of being a private Group and the freedom it allows to give the right and appropriate advice to our clients. We welcome cultural and geographical diversity in our clients markets and staff and the resulting insights this provides.
T	Team ethic	We work closely and sensitively with each other, our clients and our markets. We encourage collaboration and transparency and value the contributions made by all members of the RFIB team.

The future

Market conditions remain soft as a result of an over supply of capital from investors in search of non correlated returns and higher yields. As a result the external operating and competitive environment continues to be challenging and uncertain. However, with all the work which has been undertaken over the past two years, I feel confident about RFIB's prospects for future growth based on an increased focus on speciality lines of business, backed by a scalable efficient administrative platform, supported by a strong governance and internal control framework.

Finance Director's Review

The Group presents these financial statements for the 18 month period to 31 December 2013. This additional period, combined with the disposal of a number of non core businesses mean that comparisons with the previous period (year ended 30 June 2012) do not provide a fair reflection of underlying performance. However for the statutory 18 month period, revenues are £57.4m, up from £47.9m for the previous 12 month period.

Nick Moss
Finance Director

Change of year end

A December year-end is not unusual for the broking industry and is in line with Lloyd's financial year but the main reason for this change from June was to create a more manageable revenue and cash profile.

As a result of the Group doing mainly reinsurance business the split of revenue earning over the year is roughly two thirds in the period January to June and one third from July to December. The Group's expenses are roughly evenly distributed over the year which means that the business generates more cash and profit in the first calendar half of the year than in the second half.

The skewed revenue profile means that this 18 month period presents a negative picture of the Group's underlying performance as it includes two of the lower revenue earning periods described above. In order to provide a more balanced view of performance, pro forma income statements are shown opposite, for continuing business for the 12 months ended 31 December 2013 and 2012.

> "Revenue for the continuing business has increased over the previous 12 months by 0.8%"

Revenue

Revenue for the continuing business has increased over the previous 12 months by 0.8%. This reflects a number of changes in the constituents of the ongoing book.

Overall, the International business remained on a par with the previous year. Marine remains the bedrock of the business and maintained a steady growth of 5% across most lines. Non-Marine business was down 8% as it suffered some losses as a result of personnel changes in the Energy business and client consolidation in Asia which reduced business from that region. The Non Marine division is now restructured for 2014 with a combined Global Risk Solutions team that encompasses the remaining energy business within a very good property construction capability and we are already seeing the positive benefits from this.

While the Specialty Marine/Non Marine business, which focuses on London Market reinsurance, suffered the impact of softening markets, it maintained its levels of revenues year on year.

The Specialty Alternative Risks division continued the growth that it has shown over the last few years as it gains traction in a number of markets in the US and Europe, while the North America division remained steady with the prior year. We are anticipating positive benefit in 2014 and beyond following the appointment of a new North America Division Managing Director, as noted in the Chief Executive Officer's Report.

Finance Director's Review

Pro forma income statement (unaudited)

Continuing business 12 months ended 31 December	2013 £,000	2012 £,000	Variance £,000	%
Total revenue	41,417	41,091	326	0.8%
Staff Costs	26,211	26,570	(359)	(1.4%)
Property	2,696	2,797	(101)	(3.6%)
Travel & entertaining	2,533	2,408	125	5.2%
Other operating expenses	7,365	6,733	632	19.4%
Total operating expenses	38,805	38,508	297	0.8%
Amortisation of goodwill	946	901	45	4.9%
Operating profit	1,666	1,682	(16)	(0.9%)
Represented by:				
EBITDA	3,506	3,544	(38)	(1.1%)
EBITDA margin	8.4%	8.6%		
Amortisation of goodwill	(946)	(901)	(45)	4.9%
Depreciation	(894)	(961)	67	(6.8%)
Operating profit	1,666	1,682	(16)	(0.9%)

Finance Director's Review

Operating expenses

Overall expenses are slightly up on the same period last year by 0.8% to £38.8m. However £0.4m of the increase relates to loss on foreign exchange from the revaluation of outstanding brokerage which is predominantly held in USD and EUR.

Staff costs have reduced by 1.4% to £26.2m reflecting the restructuring that has taken place over the last 18 months in terms of improving efficiencies across the broking and central areas. The costs for 2013 include redundancy and termination costs of £0.6m.

Property costs have started to reduce with the rationalisation of the London office following the divestment of the non-core businesses. In October 2013, the business located onto a single floor in Gracechurch Street, London and successfully sublet its surplus space. This has had very positive effects on the business by bringing everyone together and will have further positive financial effects into 2014.

Travel & entertaining costs support the acquisition of new clients and the maintenance of good client relationships. Our global client base requires visits from our staff to ensure that their needs are met and that we continue to provide them with bespoke solutions. RFIB also has expertise in remote and developing parts of the world, including Central Europe, the Middle East and Africa and regular travel is required to ensure that we continue to grow our business and client base in these markets.

Other operating costs include the expenses for IT, insurance, professional fees, regulatory fees, communications and facilities as well as the impact of foreign exchange movements and depreciation. As explained above, the impact of foreign exchange has had the largest negative impact on this expense category but insurance costs have also increased due, in part, to the purchase of a new "Broker Financial Resource Policy" which provides insurance cover to support the Group's position in respect of the FCA Appropriate Resources Threshold Condition.

EBITDA

Earnings before interest, tax, depreciation and amortisation is one of the key measures for this business. For the continuing business it totalled £3.5m, a decrease of 1.1% on the same period last year. However this represents a disappointing margin of 8.4%, down from a similar 8.6% in the prior year. Our future aspiration is to achieve margins of closer to 20%.

Profit on disposal of businesses

As described in the Chief Executive Officer's Review on pages 10 to 15, the business has divested itself of a number of non-core businesses in the 18 month period realising a total gain of £2.5m.

The material disposals are:

In December 2012 the Group disposed of a book of UK Commercial business. The Group received proceeds of £0.3m and realised a gain on disposal of £0.3m.

In February 2013 the Group disposed of its interest in SHUS into a Joint Venture vehicle with RFIB, the current management of SHUS and Amlin. In consideration for this sale the Group received a 20% interest in the Joint Venture vehicle and £1.5m of preference shares. The Group realised a gain of £2.5m on this transaction.

In August 2013 the Group sold a book of US Casualty business to Oxford Insurance Brokers. The Group received proceeds of £0.2m and realised a gain of £0.2m.

In January 2014 the Group sold its 35% interest in ANRU, a Russia based broking business. In preparation for this sale the Group wrote down its investment in this business by £0.2m to the disposal proceeds of £nil and realised a loss on disposal of £0.2m.

Finance Director's Review

Tax

The combination of the loss before tax for the 18 month period and the various disposals make the effective tax rate of 6%. This is analysed in note 10.

Loss for the period

Following the sale of SHUS the level of minority interests have reduced significantly and the Group has retained a loss for the 18 month period of £1.8m. As described above this loss is mainly due to the revenue profile of the business and that this 18 month period includes two half years of lower revenue earning and only one of the higher revenue earning period.

Balance Sheet

The change in the year end also has an impact on the balance sheet in that the level of insurance debtors and creditors is at a lower level in December than in June due to the booking patterns of the revenue as described above. The level of outstanding claims also influences the level of insurance debtors and creditors at any point in time.

The Group had net debt of £2.6m at 31 December 2013 comprising:

	31 Dec 2013 £,000	30 June 2012 £,000
Own cash	1,635	1,863
Bank borrowings	(3,250)	(2,200)
Finance leases	(204)	(1,022)
Pension deficit	(835)	(646)
	(2,654)	(2,005)

The level of bank borrowings is a function of the year-end timing as the borrowing level reduces to zero in July or August and increases to its maximum position in December or January. Finance leases were utilised for assets acquired on the move to Gracechurch Street Head Office in 2009. These will be fully repaid in 2014. The Group has a closed defined benefit pension scheme. As there are no new members, the surplus or deficit fluctuates under FRS17 rules mainly with the underlying Gilt or Bond returns.

Financing and liquidity

Whilst the consolidated cash flow statement on page 38 shows a net outflow for the 18 month period of £6.0m, the majority of this (£5.8m) is represented by the reduction in client money which is a function of insurance premium and claims movements.

At 31 December 2013, the Group had committed revolving credit bank facilities of £6m for working capital purposes. The change in year-end will have a positive effect on the requirement for working capital funding going forward, as described above. In June 2014 the facility was extended for 18 months to December 2015 at an amount of £5.0m to December 2014, reducing to £4.0m from January 2015 to June 2015 and £3.0m to December 2015.

FX Management

The Group is exposed primarily to transactional foreign exchange exposures from its GB Sterling cost base and a US Dollar denominated revenue which makes up approximately two thirds of its total revenues. The Group operates a US Dollar hedging programme to smooth out the volatility caused by US Dollar rate fluctuations through the period using forward foreign exchange contracts. In 2013 the Group achieved an average rate of USD1.54 compared to an average market rate of USD1.57.

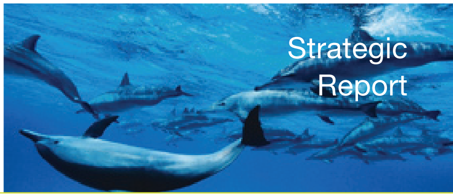
Risk Management Report

As a global business, RFIB recognises that it faces a range of risks, each of which has the potential to impact on the successful achievement of our business objectives. Risks can be taken or managed to within a more tolerable level, either way Risk Management is an integral part of the RFIB business and influences its culture and decision making at all levels.

Risk Management

The principal risks faced by RFIB are summarised below:

Risk Type	Nature of Risk	Risk Mitigation
Strategy & Market Risk	The risk refers to current and prospective impact resulting from an organisation's own decisions or implementations thereof, in addition to the risks intrinsic to the market in which an organisation operates.	• Robust strategy and planning process • Monitoring of economic and competitive environment • Diversification of product lines • Global business
Financial Risk	Risks which threaten the valuation and earning capacity of an organisation as well as the risk that an organisation will not have an adequate cash flow to meet financial obligations.	• Proactive management of the business plan • Regular monitoring of cash flows • Prudent management of currency exposure using a rolling hedging programme
Operational Risk	This refers to the risk of loss arising from inadequate or failed internal processes, from personnel and/or from external events.	• Business Risk Management Framework • Strong Internal Control Environment • Business Continuity Plan
Regulatory & Legal Risk	Risk of regulatory sanctions, material financial loss or loss to reputation suffered as a result of not complying with laws, regulation and administrative provisions as applicable to its activities.	• Regular monitoring of global regulatory environment • Skilled and dedicated Compliance Function • Compliance Monitoring Programme



Risk Management Report

Governance and Internal Control

The Governance and Internal Control Framework was subject to extensive review during 2013 with improvements being made in the following areas:

- Board and Board Committee structure, Terms of Reference, membership and reporting practices;
- Three lines of defence infrastructure, where Internal Audit is now insourced and the Risk & Compliance Team have been strengthened;
- Business Risk Management practices enhanced and further embedded into the business, thereby enhancing accountability, ownership and reporting for the risks the business chooses to take;
- Policy statements more clearly defined, with Risk Appetite statements and minimum control standards therein.

Risk Management Responsibilities, Policies and Procedures

The RFIB approach to identifying and managing risk within the business is set out in its Business Risk Management Framework. Support is provided by a central Risk Management team and formal reporting provided on a regular basis to the Executive Committee and the Risk and Compliance Committee.

While the central Risk Management team own and facilitate the Business Risk Management Framework, it is recognised as the responsibility of all staff and management to manage risk within the business and this responsibility is defined further in the Risk Management Charter.

Risk Appetite

Risk Appetite is an expression of the amount and type of risk that the Group is willing to accept in order to achieve its strategic objectives. It reflects the Group's risk management philosophy, and influences the risk management strategy that in turn influences the business culture and operating practice. The risk appetite is subject to review and approval by the Risk & Compliance Committee and Board on an annual basis.

Key Risk Indicators

Key Risk Indicators (KRIs) to underpin the Group Risk Appetite and those contained within the Policy statements have been implemented and will be subject to ongoing review to ensure that the information provided is appropriate and effective. Further KRIs will be developed as the risk appetite cascades down through the business via Group Policy, Process and Risk Management practice.

Corporate Responsibility

Employment policies and diversity

During the period the Group employed an average of 291 people (2012: 315 people), most of whom are employed in the United Kingdom.

The board recognises that the continuing success of the Group depends on its employees and is adopting policies designed to retain, attract, develop and train talented individuals and teams.

The Group is an equal opportunities employer and bases decisions on an individual's ability regardless of race, religion, gender, age or disability. The Group's equal opportunities policy is designed to ensure that all applicants are given the same consideration when they apply for jobs and that all employees enjoy the same training, career development and prospects.

As part of the financial restructuring of the Group in July 2007, all employees were invited to convert their existing shareholding and/or to subscribe for further shares in RFIB Holdings Limited. At the same time, key employees were also issued partly paid shares to further incentivise performance. In addition an Employee Benefit Trust has been established to provide a mechanism for the transfer of shares from exiting employee shareholders to continuing employees.

Disabled employees

The Group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job.

Where existing employees become disabled, it is the Group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

The Strategic Report on pages 7 to 22 was approved by the Board on 19 June 2014 and signed on its behalf by:

Jonathan Turnbull
Chief Executive Officer
19 June 2014

"The board recognises that the continuing success of the Group depends on its employees and is adopting policies designed to retain, attract, develop and train talented individuals and teams."

Corporate Governance

The Group believes that Corporate Governance helps to facilitate effective, prudent and continuously improving management practices that can deliver long-term success.

Committees & Reporting Structure

The principal functions of the board are to determine the Group strategy and the framework within which strategy is implemented; to provide entrepreneurial leadership within a background of appropriate controls for the proper management of risk; to ensure the Group has sufficient financial and human capital resources in place to achieve its strategic objectives; to review the performance of the Group against its business objective; and to establish and maintain appropriate standards in governance matters. Although the board directs the overall strategy, values and standards for the Group and its subsidiaries, an effective governance framework has been implemented to support this approach.

All other matters not specifically reserved for the Board are delegated to management in accordance with a schedule of delegated authorities. These delegated authorities include expenditure, financial matters, remuneration, agreements with third parties and regulatory matters. Management is required to report to the Board where authority has been exercised and matters that come or may come within the scope of matters reserved for the Board.

A comprehensive review of the Governance practices within the Group and its subsidiaries during the period has resulted in the business being in a strong position, fit for the future, but also recognising the need for continuous improvement.

The Board has established four Board Committees as part of the Internal Control Infrastructure; the Executive Committee, Risk & Compliance Committee, Remuneration Committee and Audit Committee. The Chairman of each committee is required to report to the Board and after each Committee meeting a copy of the meeting minutes is provided. The Audit Committee and Remuneration Committee both report directly to the RFIB Holding's Board whilst the Executive Committee and the Risk & Compliance Committee report to the RFIB Holding's Board via its subsidiary, RFIB Group Limited.

The Group has appointed two new Independent Non-Executive Directors to the Board and has strengthened the Board and subsidiary delegated committees through a change of membership and roles. New terms of reference ("TOR") have been implemented for each Committee and will be reviewed on an annual basis. A review of the effectiveness of the Non Executive Directors was undertaken during February 2014 and a full board review is anticipated to take place later during 2014. The Company Secretary and Chairman for each committee conduct a self-assessment on a regular basis.

The Board remains satisfied that it continues to operate effectively and constructively, with the appropriate balance of expertise, experience, independence and knowledge to deliver long-term shareholder value.

Committees & Reporting Structure

Governance Structure

The chart below shows the composition of the Board, its regulated subsidiary and its committees as at 19 June 2014.

RFIB Holdings Limited

Lord Hodgson
(Chairman)

Non Executive Directors

Mark Winlow
Henry Keeling
David Barbour

Executive Directors

Jonathan Turnbull
Nick Moss
Stephen Hirst
Richard Johnston
Chris Tansley

RFIB Group Limited

Mark Winlow
(Chairman)

Non Executive Directors

Henry Keeling
David Barbour

Executive Directors

Jonathan Turnbull
Nick Moss
Stephen Hirst

Audit Committee

Mark Winlow (Chairman)

David Barbour, Henry Keeling, Jonathan Turnbull

Executive Committee

Jonathan Turnbull (Chairman)

Nick Moss, Stephen Hirst, Richard Johnston
Chris Tansley, Richard Boughton, Hugo Chelton
Nick Foden-Pattinson, Mark Kinsella, Lisa Siggery
Paul Smith, Adrian Spooner, Gerry Stroud

Risk & Compliance Committee

Henry Keeling (Chairman)

Mark Winlow, Jonathan Turnbull, Nick Moss
Stephen Hirst, Lisa Siggery

Remuneration Committee

Henry Keeling (Chairman)

Lord Hodgson, Mark Winlow, David Barbour

Committees & Reporting Structure

All of the committees have TOR that are reviewed on an annual basis. The TOR have been prepared in accordance with best practice and the latest guidelines. Committee membership is agreed with reference to the Shareholders' Agreement and the Group Fit and Proper and Approved Person procedures in order to ensure that each committee has the appropriate skill-set to enable it to fulfil its responsibilities. The formal committees of the board are:

Audit Committee

The Audit Committee functions to enhance confidence in the integrity of the Group's processes and procedures relating to internal control and corporate reporting. The Group has delegated responsibility to the committee for monitoring the accuracy and timeliness of the financial statements and any announcements relating to financial performance. It can make recommendations to the Group in relation to the appointment, re-appointment and removal of the external auditor and approve the remuneration and terms of engagement of the auditor and the external audit plan. In terms of internal audit, the committee assesses the effectiveness of the function, reviews the auditor's independence and objectivity and approves the internal audit plan.

Remuneration Committee

The Remuneration Committee's role is to ensure that remuneration arrangements support the strategic aims of the business and enable the recruitment, motivation and retention of senior executives while complying with the requirements of regulatory and governance bodies. This approach should ensure the expectations of shareholders are satisfied and remain consistent with the expectations of the wider employee population. The committee ensures that the compensation paid to executives is fair and reasonable and linked to the long-term strategy and success of the business.

Risk & Compliance Committee

Responsibility for monitoring and reviewing the adequacy of the Group's internal controls, risk appetite, strategic risks and risk management systems has been delegated to this Risk & Compliance Committee. In addition, the committee retains oversight of the Group's insurance cover, licensing and regulatory obligations. It also approves the remit of the Risk and Compliance function and is responsible for policy approval.

Executive Committee

The Executive Committee has primary authority for the day-to-day management and implementation of the Group's decisions throughout the business, providing oversight of the Group's operations, divisions and functions as well as setting objectives, financial controls, strategy and recommending business proposals for approval.

Number of meetings held July 2012 - December 2013

Board	10
Audit Committee	5
Executive Committee	17
Risk & Compliance Committee	7
Remuneration Committee	4

Directors' Report

The Directors present their report and the audited financial statements of the Group and Company for the period ended 31 December 2013.

Registration

RFIB Holdings Limited is a holding company domiciled and registered in the UK under company number 6116175.

Registered Office

20 Gracechurch Street, London EC3V 0AF

Company Secretary

John Davies

Other Company Secretaries who have served during the period:

Stephen Grant	Resigned 12 December 2012
Pauline McQuillan	Resigned 11 April 2013
Nick Moss	Resigned 1 May 2014

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

Bankers

Barclays plc
1 Churchill Place
London
E14 5HP

Board of Directors

The Directors of the Group who were in office during the year and up to the date of signing the financial statements were:

Number of meetings attended		(Attended/maximum)
Lord Hodgson of Astley Abbotts CBE (72)	Non-Executive Chairman	9/10
David Barbour (47)	Non-Executive	10/10
Stephen Hirst (66)	Executive	9/10
Richard Johnston (56)	Executive	7/10
Henry Keeling (59)	Independent Non-Executive	5/5
Nick Moss (47)	Finance Director	5/5
Chris Tansley (51)	Executive	6/10
Jonathan Turnbull (53)	Chief Executive Officer	9/10
Mark Winlow (52)	Independent Non-Executive	4/4

Other Directors who served during the period

Number of meetings attended		(Attended/maximum)
Henry Bowring	Resigned 28 January 2013	0/4
Hugh Champion	Resigned 12 February 2013	2/5
Nigel Cotton	Resigned 28 February 2013	5/5
Christine Dandridge	Resigned 28 February 2013	4/5
Patrick Holcroft LVO,OBE	Resigned 31 December 2013	4/10
John Metcalfe	Resigned 31 December 2013	8/10
David Wheal	Resigned 31 December 2013	9/10

Directors' Report

Strategic Report

The Strategic Report on pages 7 to 22 covers the activities of the Group and its subsidiaries during the period.

Results and Dividend

The loss attributable to the shareholders for the period to 31 December 2013 amounts to £1,807,000 (2012: profit of £511,000). No dividend is recommended for the current period (2012: £nil).

Directors' interests and potential conflicts

Section 175 of the Companies Act 2006 states that the Directors must declare certain material interests. The Board has formal conflict management procedures that have been in place for the period and, following review, no conflicts of interest have been reported.

Meeting Frequency

At least 4 times each year.

Corporate Governance

For more detail regarding the Group's governance structure, refer to the Committees and Reporting Structure section on pages 24 to 26.

Going Concern

Having considered both solvency and liquidity risks and undertaken stress testing and liquidity analysis, the directors consider that the Group and Company will have the necessary resources to meet its liabilities as they fall due and will be able to sustain its business model, strategy and operations for the foreseeable future. Consequently the financial statements have been prepared on a going concern basis.

Substantial Shareholders

At 31 December 2013, the following shareholders held the Group's share capital:

Name	Voting rights
FF&P Private Equity Limited	39%
Employees past and present	54%
Employee Benefit Trust	7%

Risk Management

The Group's approach to Risk Management is discussed in the Risk Management Report on pages 20 and 21.

Other Matters

To enable the Board to discharge its duties, all Directors have full and timely access to all relevant information. They are also able to take independent professional advice, as appropriate.

The Directors are able to consult the Group's legal, financial and other professional advisers on any matter relating to the Group's affairs. Any Director may make use of this facility subject to notifying the Chairman or Finance Director. If independent advice is sought, this is subject to prior consultation with the Chairman or a Non-Executive Director as appropriate. All Directors also have access to the advice and services of the Company Secretary. The Group maintains appropriate directors' and officers' liability insurance in respect of legal actions against its directors.

Directors' Report

Accountability and audit

The Directors remain fully aware of their responsibilities and duties under the Companies Act 2006 and have received refresher training during the period. Key emphasis has been given to the duty to promote the success of the Group.

The Board has overall responsibility for the Group's system of internal control and for reviewing their effectiveness. The system is designed to manage risk but not eliminate it, in order to achieve the business objectives. In order to discharge its responsibility in a manner that ensures compliance with laws and regulations and promotes effective and efficient operations, the Directors have established an organisational structure with clear operating procedures, lines of responsibility and delegated authority.

The implementation and maintenance of the risk management and internal control systems are the responsibility of the Executive Directors and senior management. The systems are designed to mitigate, rather than eliminate, the risk of failure to achieve business objectives and can provide only reasonable assurance, but not absolute assurance, against material mis-statement or loss.

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

The Directors consider that the financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy.

Each of the Directors, whose names and functions are listed on page 27 confirm that, to the best of their knowledge:

- the financial statements, which have been prepared in accordance with applicable standards in the United Kingdom, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and
- the Strategic Report contained in pages 7 to 22 of the Report and Financial Statements includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

In accordance with Section 418 of the Companies Act 2006, the directors confirm that:

(a) so far as each Director is aware, there is no relevant audit information of which the Group's auditors are unaware; and

(b) each Director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Directors' responsibilities statement

The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare the financial statements for each financial period. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and 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 United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

Directors' Report

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Supplier payment policy and performance

It is the Group's policy to agree appropriate terms and conditions in advance with its suppliers and to make payment in accordance with those terms and conditions, provided that the supplier has complied with them.

Corporate Responsibility

The Group's approach to Corporate Responsibility is discussed on page 22.

Political donations

The Group does not make political donations (2012: £nil).

Directors' third party indemnity provisions

Throughout the period the Group maintained an insurance policy for Directors and Officers, which indemnifies them against certain liabilities arising in the conduct of their duties.

Independent auditors

The Group has dispensed with the need to hold an annual general meeting and hence the need to reappoint auditors annually. Therefore, PricewaterhouseCoopers LLP is deemed to continue in office and their reappointment is confirmed in accordance with s487 Companies Act, 2006.

Approved by the Board on 19 June 2014.

John Davies
Company Secretary
RFIB Holdings Limited
Registered Number 6116175

Financial Statements

Independent Auditor's Report

Report on the financial statements

1.1 Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2013 and of the group's loss and cash flows for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

1.2 What we have audited

The group financial statements and parent company financial statements (the "financial statements"), which are prepared by RFIB Holdings Limited, comprise:

- Consolidated and company balance sheets as at 31 December 2013;
- Consolidated profit and loss account and consolidated statement of total recognised gains and losses for the period then ended;
- Consolidated cash flow statement for the period then ended;
- the group and parent company reconciliations of shareholders' funds and movement on reserves for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

1.3 What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements (the "Annual Report") to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent Auditor's Report

Opinion on other matter prescribed by the Companies Act 2006

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

2. Other matters on which we are required to report by exception

2.1 Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

2.2 Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

3. Responsibilities for the financial statements and the audit

3.1 Our responsibilities and those of the directors

As explained more fully in the Directors' responsibilities statement set out on page 29, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Matthew Nichols (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 June 2014

Consolidated profit and loss account

For the eighteen months ended 31 December 2013

	Notes	18 months ended Dec 2013 £,000	Year ended Jun 2012 £,000
Turnover	2 & 3		
Continuing operations		55,171	42,357
Discontinued operations		2,225	5,515
		57,396	47,872
Administrative expenses		(62,392)	(45,016)
Operating (Loss)/Profit	2 & 4		
Continuing operations		(4,567)	2,005
Discontinued operations		(429)	851
		(4,996)	2,856
Profit/(Loss) on disposal of investment/business	15	2,485	(179)
(Loss)/Profit on ordinary activities before interest		(2,511)	2,677
Other finance income		185	138
Interest receivable and similar income		243	275
Interest payable and similar charges	9	(245)	(672)
(Loss)/Profit on ordinary activities before taxation		(2,328)	2,418
Tax on profit on ordinary activities	10	131	(1,518)
(Loss)/Profit on ordinary activities after taxation		(2,197)	900
Minority interests		390	(389)
(Loss)/Profit for the period	24	(1,807)	511

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial periods stated above and their historical cost equivalents.

Consolidated statement of total recognised gains and losses

For the eighteen months ended 31 December 2013

	Notes	18 months ended Dec 2013 £,000	Year ended Jun 2012 £,000
(Loss)/Profit for the period		(1,807)	511
Actuarial (loss) from defined benefit pension scheme	26	(942)	(1,771)
Movement on deferred tax relating to pension deficit	26	5	326
Total recognised losses relating to the period		(2,744)	(934)

Consolidated balance sheet

As at 31 December 2013

	Notes	2013 £,000	2012 £,000
Fixed assets			
Tangible assets	13	3,253	3,814
Investments	14	2,723	275
Intangible assets	16	12,429	14,045
		18,405	18,134
Current assets			
Debtors	17	129,631	274,774
Cash at bank and in hand	18	44,531	50,551
		174,162	325,325
Creditors: amounts falling due within one year	19	(170,175)	(318,146)
Net current assets		3,987	7,179
Total assets less current liabilities		22,392	25,313
Creditors: amounts falling due after more than one year		-	(390)
Provision for liabilities		(896)	(656)
Net assets excluding pension scheme liability		21,496	24,267
Net pension scheme liability	26	(835)	(646)
Net assets		20,661	23,621
Capital and reserves			
Called up share capital	23 & 24	6,009	5,984
Share premium account	24	18,790	18,712
Other reserves	24	87	-
Profit and loss account	24	(2,399)	411
Reserve for own shares	24	(2,105)	(2,260)
Total shareholders' funds	24	20,382	22,847
Minority interest		279	774
Capital employed		20,661	23,621

The financial statements and the notes on pages 34 to 67 have been approved by the Board of Directors on 19 June 2014 and signed on its behalf by:

N J Moss, Group Finance Director

Registered number: 6116715

Company balance sheet

As at 31 December 2013

	Notes	2013 £,000	2012 £,000
Fixed assets			
Investments	14	25,963	25,963
Current assets			
Debtors	17	571	619
Cash at bank and in hand	18	(2)	78
		569	697
Creditors: amounts falling due within one year	19	(2,189)	(2,551)
Net current liabilities		(1,620)	(1,854)
Total assets less current liabilities		24,343	24,109
Capital and reserves			
Called up share capital	23 & 24	6,009	5,984
Share premium account	24	18,790	18,712
Profit and loss account	24	1,649	1,673
Reserve for own shares	24	(2,105)	(2,260)
Total shareholders' funds	24	24,343	24,109

The financial statements and the notes on pages 34 to 67 have been approved by the Board of Directors on 19 June 2014 and signed on its behalf by:

N J Moss, Group Finance Director

Registered number: 6116715

Consolidated cash flow statement

For the 18 months ended 31 December 2013

	Notes	18 months ended Dec 2013 £,000	Year ended Jun 2012 £,000
Cash (outflow)/inflow from operating activities	5(a)	(3,947)	6,128
Returns on investments and servicing of finance	5(b) (i)	(77)	(290)
Taxation		(1,889)	(941)
Capital expenditure and financial investment	5(b) (ii)	(339)	(405)
Acquisitions and disposals	5(b) (iii)	-	(764)
Cash (outflow)/inflow before management of liquid resources and financing		(6,252)	3,728
Financing	5(b) (iv)	232	(2,203)
(Decrease)/increase in cash in the year		(6,020)	1,525

Reconciliation of net cash flow to movement in net cash	2013 £,000	2012 £,000
Net cash at the beginning of the period/year	50,551	49,026
(Decrease)/increase in cash	(6,020)	1,525
Net cash at the end of the period/year	44,531	50,551

(Decrease)/increase in cash represented by:	2013 £,000	2012 £,000
(Decrease) in corporate cash	(228)	(770)
(Decrease)/increase in Client Money	(5,792)	2,295
	(6,020)	1,525

Notes to the Financial Statements

1. Accounting policies

The consolidated financial statements of the Group are prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. A summary of the principal Group accounting policies which have been applied consistently is set out below.

Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and its principal subsidiary undertakings drawn up for the eighteen months to 31 December 2013 and the year to 30 June 2012. Uniform accounting policies have been adopted across the Group, and all profits and losses on intra group transactions have been eliminated. No profit and loss account is presented for the Company, RFIB Holdings Limited, as permitted by section 408 of the Companies Act 2006.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Turnover derives principally from brokerage, fees and other commissions associated with placing insurance and reinsurance contracts.

Brokerage is recognised at the later of the policy inception date or when the policy placement has been completed and confirmed. Where a fixed or minimum premium is paid by the client in instalments, all of the income receivable is recognised when the client is debited for the first instalment. 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.

Turnover (continued)

In certain circumstances, where revenue cannot be reliably measured at the contract or policy inception date, income is recognised on a periodic basis when consideration falls due. Income related to return and additional premiums or adjustments is recognised as it occurs. Income on multi-year policies that are non-cancellable is recognised at the date of inception of the risk. Income on multi-year policies which can be cancelled or varied after the inception of the risk is recognised on a time apportioned basis over the period of the contract.

Insurance broking debtors and creditors

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

The Group complies with Financial Reporting Standard 5 ("FRS 5") - Reporting the Substance of Transactions. FRS 5 requires that debit and credit balances arising from insurance broking transactions are reported as separate assets or liabilities unless such balances are due to or from the same party and the offset would survive the insolvency of that party, in which case they are aggregated into a single net balance.

The level of insurance broking debtors is not an indication of credit risk because the position of the insurance broker as agent means that generally the credit risk is borne by the principals. Nor is it an indication of future cash flows as it is normal practice for insurance brokers to settle accounts with clients, insurers, other intermediaries and market settlement bureaux on a net basis. The simultaneous recording of an insurance broking transaction between client and insurer results in a high level of correlation between insurance broking debtors and creditors.

Notes to the Financial Statements

1. Accounting policies (continued)

Dividends

Dividends proposed or declared after Balance Sheet date are not recognised as a liability at the Balance Sheet date.

Final dividends are recognised and formally approved by the board. Interim dividends are charged once paid.

Foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions, except where the company has a contract in place for the sale or purchase of that currency. In these instances the foreign currency transactions will be converted at the contract rate.

All monetary assets and liabilities in foreign currency are translated at the rates ruling at the balance sheet date.

Foreign exchange gains and losses are recognised in the profit and loss account as they are realised.

Foreign exchange derivatives

The Group uses derivative financial instruments to manage its exposure to foreign exchange risks in the form of forward exchange contracts. These forward exchange contracts are held off balance sheet with profits and losses on settlement of these contracts recognised in the profit and loss account at the point of settlement.

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset plus the costs attributable to bringing the asset to its working condition for its intended use.

Tangible fixed assets (continued)

Depreciation is provided on all owned tangible fixed assets at rates calculated to write off the cost of each asset evenly over its expected useful life, as follows:

Leasehold improvements	-	over 10 years
Computer equipment	-	over 3 years
Fixtures and fittings	-	over 5 years
Motor vehicles	-	over 7 years

The Group also holds assets under finance leases which are capitalised as fixed assets on the balance sheet. These assets include computer equipment and fixtures and fittings. Depreciation is provided on these assets over the period of the lease, which ranges from 3 to 5 years.

Intangible assets – Goodwill

Goodwill represents the difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary undertaking or business at the date of acquisition. Goodwill is reported in the balance sheet as an intangible asset and is amortised using the straight line method over the estimated useful life which does not exceed 20 years.

Goodwill includes expenses incurred by the Group in the acquisition of new revenue teams and removal of restrictive covenants. The Group receives the benefit of these expenses through immediate access to client books and associated revenues. The expenses are capitalised and amortised to the profit and loss account over a period of time which represents the anticipated payback period of the investment but in any case not exceeding 5 years.

The Company evaluates the carrying value of goodwill in each financial year to determine if there has been an impairment in value, which would result in the inability to recover the carrying amount. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account.

Notes to the Financial Statements

1. Accounting policies (continued)

Deferred Taxation

In accordance with FRS 19, deferred tax is recognised in respect of all timing differences that have originated but not been reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Investments in subsidiaries

Investments in subsidiaries are valued at cost, less any provision for impairment.

Pension costs

The group operates a defined benefit pension scheme for its employees. The assets of the scheme are held separately from those of the Group.

Pension scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Pension scheme assets are measured using market values at the balance sheet date. In accordance with FRS 17A 'Amendment to FRS 17 - Retirement Benefits' the market value of Scheme assets is based on the current bid price.

The pension scheme deficit is recognised in full on the balance sheet. The deferred tax relating to the pension liability is offset with that balance and not included with other deferred tax assets or liabilities.

Pension costs (continued)

Increases in the present value of the scheme liabilities expected to arise from employee service in the year are charged to operating profit. The expected return on scheme assets less the increase in the present value of scheme liabilities arising from the passage of time is shown separately in the profit and loss account. Actuarial gains and losses are recognised in the Statement of Total Recognised Gains and Losses.

The group also operates a defined contribution pension scheme for its employees. The amounts charged as expenditure for the defined contribution scheme represent the contributions payable by the company for the accounting period in respect of this scheme.

Operating leases

Operating lease rentals are charged to the profit and loss account in equal annual amounts over the term of the lease.

Finance leases

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments as determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the profit and loss account.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Share Capital

The Ordinary 'B' shares and partly paid Ordinary 'B' shares are owned, in general, by Directors and employees.

Notes to the Financial Statements

2. Continuing and discontinued operations

	18 months ended Dec 2013			Year ended Jun 2012		
	Continuing operations £,000	Discontinued operations £,000	Total £,000	Continuing operations £,000	Discontinued operations £,000	Total £,000
Turnover	55,171	2,225	57,396	42,357	5,515	47,872
Administrative Expenses	(59,738)	(2,654)	(62,392)	(40,352)	(4,664)	(45,016)
(Loss)/Profit on ordinary activities	(4,567)	(429)	(4,996)	2,005	851	2,856

During the period the company has disposed of a number of non core businesses which have been treated as discontinued in these financial statements. These include the sale of the UK Commercial business in December 2012, the sale of Staple Hall Underwriting Services Ltd in February 2013 and the sale of the US Casualty business in August 2013. The profits on disposal of these businesses are included in note 15. In June 2012 the company disposed of its operation in Australia.

3. Turnover

The Group turnover derives from insurance and reinsurance activities, principally carried on in the United Kingdom, analysed as follows:

Geographical Revenue Analysis

	18 months ended Dec 2013 £,000	Year ended Jun 2012 £,000
Western Europe	21,407	18,861
North America	14,396	10,124
Middle East	8,795	7,424
Central Europe	5,487	5,140
Africa	2,932	1,721
Other	4,379	4,602
	57,396	47,872

Notes to the Financial Statements

4. Operating (loss)/profit

The following items have been (credited)/charged in arriving at the Group operating (loss)/profit for the year:

	18 months ended Dec 2013 £,000	Year ended Jun 2012 £,000
Operating lease rentals - other	1,740	1,345
Depreciation of tangible fixed assets		
- Owned	739	530
- Leased	619	453
Dilapidations provision	234	156
Amortisation of intangibles	1,616	1,494
Losses on exchange	554	141
Bad debt (release)/provision	(582)	73
Write down of overseas investments	-	124
Interest on shareholders' loan	-	515
Services provided by the company's auditors:		
Audit of financial statements	170	164
Prior year additional audit fees	62	33
Other services	167	106

Notes to the Financial Statements

5. Notes to the group cash flow statement

(a) Reconciliation of operating (loss)/profit to operating cash flows:

Continuing operations	2013 £,000	2012 £,000
Operating (loss)/profit	(4,567)	1,580
Depreciation	1,363	978
Amortisation of goodwill	1,616	1,494
Decrease/(increase) in debtors	145,564	(34,192)
(Increase)/decrease in creditors	(147,376)	35,351
Other non-cash movements	-	2,359
Increase/(decrease) in compensation provision	-	(53)
Increase in dilapidation provision	321	156
Increase/(decrease) in other provisions	-	(448)
Impairment of investments	(27)	109
Difference between pension charge and cash contributions	(563)	(312)
Net cash (outflow)/inflow from continuing operating activities	(3,669)	7,022
Discontinued operations		
Operating (loss)/ profit	(429)	1,275
Depreciation	-	5
Increase in debtors	148	939
Decrease/(increase) in creditors	3	(790)
Other non-cash movements	-	(2,323)
Net cash outflow from discontinued operating activities	(278)	(894)
Net cash (outflow)/inflow from operating activities	(3,947)	6,128

Notes to the Financial Statements

5. Notes to the group cash flow statement (continued)

(b) Analysis of cash flows for headings netted in the cash flow statement:

(i) Returns on investments and servicing of finance

Continuing operations	2013 £,000	2012 £,000
Interest received	144	213
Interest paid	(160)	(132)
Interest element of finance lease	(54)	(106)
Interest element of shareholders' loan	-	(408)
Dividends received	59	63
Dividend repaid by shareholders	-	113
Dividend paid to minority interests	(66)	(33)
Net cash outflow from investments and servicing of finance of continuing operations	(77)	(290)

(ii) Capital expenditure and financial investment

Continuing operations	2013 £,000	2012 £,000
Fixed asset investments	70	-
Purchase of tangible fixed assets	(805)	(108)
Purchase of shares in subsidiary company	(190)	-
Sale/(purchase) of investment by EBT	155	(298)
Sale of book of business	431	-
Net cash outflow from capital expenditure and financial investment of continuing operations	(339)	(406)
Discontinued operations		
Purchase of tangible fixed assets	-	1
Net cash outflow from capital expenditure and financial investment of discontinuing operations	-	1
Net cash outflow from capital expenditure and financial investment of continuing operations	(339)	(405)

Notes to the Financial Statements

5. Notes to the group cash flow statement (continued)

(b) Analysis of cash flows for headings netted in the cash flow statement:

(iii) Acquisitions and disposals

Continuing operations	2013 £,000	2012 £,000
Cash at bank and in hand in disposed of subsidiary	-	(764)
Net cash outflow from acquisitions and disposals	-	(764)

(iv) Financing

	2013 £,000	2012 £,000
Issue of ordinary share capital (see note 23 & 24)	104	179
Capital element of loan repayments	(222)	(863)
Capital element of finance lease payments	(596)	(473)
Repayment of capital to minority interest	(104)	-
Drawdown from revolving credit facility	1,050	1,200
(Decrease)/increase in fixed term loans	-	(2,246)
Financing	232	(2,203)

Notes to the Financial Statements

5. Notes to the group cash flow statement (continued)

(c) Management of liquid resources:	Continuing operations £,000	Discontinued operations £,000	Total £,000
At 1 July 2012			
Cash at bank and in hand	16,915	-	16,915
Fixed deposits	33,636	-	33,636
	50,551	-	50,551
Cash flows:			
Cash at bank and in hand	8,686	-	8,686
Fixed deposits	(14,706)	-	(14,706)
	(6,020)	-	(6,020)
At 31 December 2013			
Cash at bank and in hand	25,601	-	25,601
Fixed deposits	18,930	-	18,930
	44,531	-	44,531

(d) Reconciliation of net cash:	As at 1 July 2012 £,000	Exchange losses £,000	Cash flow £,000	As at 31 December 2013 £,000
Cash in hand and at bank	50,551	(3,580)	(2,440)	44,531
Debt due within one year	(2,423)	-	827	(3,250)
Finance leases due after one year	(390)	-	(390)	-
Finance leases due within one year	(409)	-	(205)	(204)
	47,329	(3,580)	(2,208)	41,077

For further information on the Group's cash balances see note 18.

Notes to the Financial Statements

6. Directors' emoluments

Directors' emoluments include bonus paid during the period ended 31 December 2013 in respect of the results of the Group for the year ended 30 June 2012. The total bonus payable each year is included in total staff costs but the actual amounts awarded to individuals are not determined until the following year. Any bonus payable to Directors in respect of the results for the current year will therefore be disclosed in the Directors' emoluments for the year ended 31 December 2014.

	18 months ended Dec 2013 £,000	Year ended Jun 2012 £,000
Aggregate emoluments (excluding pension contributions)	3,757	2,655
Pension contributions	253	111
	4,010	2,766

Number of Directors to whom retirement benefits are accruing under:	2013	2012
Defined contribution scheme	6	8
Defined benefit scheme	2	-

The emoluments of the highest paid Director, during the year, were:	2013 £,000	2012 £,000
Aggregate emoluments (excluding pension contributions)	674	401
Pension contributions	45	19
	719	420

The highest paid Director did not exercise any share options during the year and did not receive any shares under an executive long term incentive scheme.

No Director has exercised share options.

Notes to the Financial Statements

7. Staff costs

	18 months ended Dec 2013 £,000	Year ended Jun 2012 £,000
Wages and salaries	32,093	23,213
Social security costs	3,882	3,078
Other pension costs	1,418	1,290
Cost of employee share schemes	87	-
	37,480	27,581

8. Staff numbers

The monthly average number of persons employed by the Group, including Executive Directors, during the year was as follows:

	2013 person	2012 person
Broking and related activities	230	258
Management and administration	61	57
	291	315

Notes to the Financial Statements

9. Interest payable and similar charges

	18 months ended Dec 2013 £,000	Year ended Jun 2012 £,000
Interest payable on bank loans and overdrafts	196	51
Interest payable on finance leases	49	106
Interest payable to shareholders	-	515
	245	672

10. Tax on (loss)/profit on ordinary activities

(a)Tax on (loss)/profit on ordinary activities

The tax charge is made up as follows:

	18 months ended Dec 2013 £,000	Year ended Jun 2012 £,000
UK Corporation Tax		
UK Corporation tax on (loss)/profit for the year	(139)	1,432
Adjustment in respect of prior periods	1	(183)
Total current tax charge (note 10 (b))	(138)	1,249
Deferred tax on origination and reversal of timing differences (note 10 (d))	7	269
Tax on (loss)/profit on ordinary activities	(131)	1,518

Notes to the Financial Statements

10. Tax on (loss)/profit on ordinary activities (continued)

(b) Factors affecting current tax charge.

The tax assessed on the profit on ordinary activities for the year is higher (2012: higher) than the standard rate of corporation tax in the UK of 23.5% (2012: 25.5%). A reconciliation of the tax charge is given below:

	18 months ended Dec 2013 £,000	Year ended Jun 2012 £,000
(Loss)/Profit on ordinary activities before tax	(2,328)	2,418
(Loss)/Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.5% (2012: 25.5%)	(547)	617
Expenses not deductible for tax purposes	610	226
Amortisation of goodwill not deductible for tax purposes	325	235
Decelerated/(Accelerated) capital allowances	79	(78)
Other timing differences	55	-
Differential in tax rates for subsidiary	41	64
Non-taxable income	(515)	(11)
Effect of differences in overseas tax rates	(10)	(113)
Movement in provisions	-	40
FRS 17 pension adjustments	(176)	(115)
Investment impairment	-	567
Adjustments in respect of prior years	1	(183)
Total current tax as at note 10 (a)	(138)	1,249

(c) Factors that may affect future tax charges

The tax rate to be used in the next accounting period will be 21%, which should reduce future tax charges. Whilst the corporation tax rate is due to reduce further to 20% the Group does not anticipate any other significant impact on its taxation affairs in the immediate future other than the inability to deduct entertaining expenditure and amortisation of certain goodwill for taxation purposes.

Notes to the Financial Statements

10. Tax on (loss)/profit on ordinary activities (continued)

(d) Deferred tax

Group

The deferred tax liabilities included in the balance sheet is as follows:

	Dec 2013 £,000	Jun 2012 £,000
Included in creditors (see note 19)	(44)	(38)
Comprised as follows:		
Decelerated/(accelerated) capital allowances	(73)	(73)
Other timing differences	29	35
	(44)	(38)
At 1 July	(38)	256
Deferred tax (charge) in Company profit and loss account (Note 10(a) above)	(6)	(269)
Other deferred tax movement	-	(25)
Deferred tax (charge) in STRGL through net actuarial loss	(5)	(326)
Movement in deferred tax liability carried within net pension scheme asset	5	326
At 31 December/30 June	(44)	(38)

11. Profit attributable to members of the parent undertaking

In accordance with the exemption allowed by Section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account.

The loss for the parent undertaking for the year ended 31 December 2013 was £25,000 (2012: £316,000 loss).

Notes to the Financial Statements

12. Dividends

	18 months ended Dec 2013 £,000	Year ended Jun 2012 £,000
Dividend repaid	-	(113)
Dividend paid by minority interest	66	-
Dividend paid/(repaid)	66	(113)

The Directors do not recommend the payment of a dividend for the period ended 31 December 2013 (2012: nil).

13. Tangible assets

	Leasehold improvement £,000	Computer equipment £,000	Fixture, fittings, equipment £,000	Motor vehicles £,000	Total £,000
Cost:					
At 1 July 2012	4,000	1,028	1,423	27	6,478
Additions	604	197	5	-	806
Disposals	-	(4)	-	-	(4)
Revaluation	(3)	(3)	(2)	(3)	(11)
At 31 December 2013	4,601	1,218	1,426	24	7,269
Accumulated Depreciation:					
At 1 July 2012	1,176	639	833	16	2,664
Charge for the year	623	341	391	8	1,363
Assets disposed in year	-	(4)	-	-	(4)
Revaluation	(1)	(3)	(1)	(2)	(7)
At 31 December 2013	1,798	973	1,223	22	4,016
Net book value:					
At 1 July 2012	2,824	389	590	11	3,814
At 31 December 2013	2,803	245	203	2	3,253

Notes to the Financial Statements

13. Tangible assets (continued)

Assets held under finance leases, capitalised and included in tangible fixed assets:

	2013 £,000	2012 £,000
Cost	2,098	2,077
Accumulated Depreciation	(1,855)	(1,240)
Net book value	243	837

14. Investments

	Group Other unlisted investments £,000	Company Subsidiary undertakings £,000
At 1 July 2012	275	25,963
Additions	2,567	-
Disposals	(148)	-
Revaluation	29	-
At 31 December 2013	2,723	25,963

Notes to the Financial Statements

14. Investments (continued)

During the year the group exchanged its shareholding in Staple Hall Underwriting Services Ltd (SHUS) a subsidiary company (see note 16) for a 20% shareholding in a new joint venture Bellarmine Limited.

The disposals relate to the disposal of preference shares held in two investments.

Principal subsidiary undertakings:	Country of incorporation	Proportion of ordinary shares held	Nature of business	Aggregate amount of capital and reserves £	Profit/(loss) for the financial period £
RFIB Group Limited	England	100%	Insurance and reinsurance broking	8,443,089	(1,078,752)
Staple Hall Investments Limited	England	100%	Intermediate holding company	(965)	(27,284)
RFIB (Bermuda) Limited	Bermuda	100%	Insurance and reinsurance broking	928,637	30,683
RFIB Saudi Arabia LLC	Saudi Arabia	60%	Insurance and reinsurance broking	623,111	58,006
MST RFIB Limited	England	42.5%	Reinsurance Broking	51,576	18,605

Held within other unlisted investments are several interests in overseas businesses of 20% or more. They are not accounted for using the equity method as they are not material in relation to the Group financial statements.

RFIB Saudi Arabia LLC is treated as a full subsidiary undertaking of RFIB Holdings Limited as a result of RFIB Holdings Ltd having a majority of the voting rights of the Company.

MST RFIB Limited is treated as a subsidiary undertaking of RFIB Holdings Limited, as a result of RFIB Holdings Ltd exercising dominant influence and control over the Company’s affairs.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

Notes to the Financial Statements

15. Profit on disposal of investments/businesses

	Disposal of SHUS £,000	Write Off Equity investment in ANRU £,000	Disposal of UK Division £,000	Disposal of US Casualty Division £,000	Total 2013 £,000
Proceeds	2,492	-	281	150	2,923
Cost of Investment	(190)	(248)	-	-	(438)
Profit/(loss) on disposal	2,302	(248)	281	150	2,485

i) The shares held in Staple Hall Underwriting Services Limited were sold in exchange for ordinary shares and preference shares in Bellarmine Limited a new joint venture (see note 14).

ii) During the year the group converted a loan made to Anglo Russian Insurance Brokers Limited (ANRU) into share capital and, post year end, disposed of the shares for nil consideration.

iii) The company disposed of two other books of business during the period for cash proceeds.

16. Intangible assets

Group

Cost	£,000
At 1 July 2012 and 31 December 2013	23,579

Accumulated amortisation	£,000
At 1 July 2012	9,534
Amortised during the period	1,616
At 31 December 2013	11,150
Net book value at 30 June 2012	14,045
Net book value at 31 December 2013	12,429

The Company RFIB Holdings Limited has no intangible fixed assets.

Notes to the Financial Statements

17. Debtors

	Group		Company	
	2013 £,000	2012 £,000	2013 £,000	2012 £,000
Insurance debtors	125,183	271,114	-	-
Other debtors	2,493	1,356	564	490
Prepayments and accrued income	1,229	2,304	-	-
Corporation tax	726	-	7	129
	129,631	274,774	571	619

Amounts due after one year included in the above are:

	2013 £,000	2012 £,000
Other debtors	564	490

18. Cash at bank and in hand

	Group		Company	
	2013 £,000	2012 £,000	2013 £,000	2012 £,000
Corporate cash	1,635	1,863	(2)	78
Client money	42,896	48,688	-	-
	44,531	50,551	(2)	78

Client money is held in accounts designated as non-statutory trust accounts, these balances are used to settle claims to policyholders, to pay premiums to underwriters and commissions and other income. They are not available for general corporate purposes.

Notes to the Financial Statements

19. Creditors: amounts falling due within one year

	Group		Company	
	2013 £,000	2012 £,000	2013 £,000	2012 £,000
Fixed term loans	3,250	2,200	-	-
Finance leases	204	631	-	-
Insurance creditors	158,839	304,040	-	-
Amounts due to subsidiary undertakings	-	-	2,122	2,508
Other creditors	2,630	1,235	25	5
Corporation tax	-	1,302	-	-
Accruals and deferred income	5,252	8,738	42	38
	170,175	318,146	2,189	2,551

20. Creditors: amounts falling due after more than one year

	2013 £,000	2012 £,000
Finance leases	-	390

21. Total loans and other borrowings

	Group	
	2013 £,000	2012 £,000
Fixed term loans	3,250	2,200
Finance leases	204	1,022
	3,454	3,222
Maturity of financial liabilities:		
In one year or less	3,454	2,832
In more than one year, but not more than two years	-	390
	3,454	3,222

On 18 June 2014 RFIB Group Limited agreed an extension to its revolving credit facility with its corporate bankers, Barclays Bank PLC, to 31 December 2015. The facility is for £5.0m to 31 December 2014, reducing to £4.0m to 30 June 2015 and £3.0m to 31 December 2015.

Notes to the Financial Statements

22. Provisions for liabilities

The movements in the provisions during the year are as follows:

	Errors/omissions provision £,000	Dilapidations provision £,000	Deferred Tax £,000	Total £,000
At 1 July 2012	150	468	38	656
Provided in the year	-	234	6	240
At 31 December 2013	150	702	44	896

The Group is currently involved or potentially involved in claims arising from its business activities. On the facts known to the Directors there is no reason to suppose that any losses in excess of the deductibles under the Group's errors and omissions insurances will not be covered. Provision is only made to the extent that losses are expected to arise. The dilapidations provision is made in respect of the estimated future costs of restoring the Gracechurch Street offices back to their original condition at the end of the current lease. The provision is being established over the period of the lease.

23. Called up share capital

Nominal Value	Authorised		Allotted, called up and fully paid		Allotted, and partly paid		Totals	
	2013 £,000	2012 £,000	2013 £,000	2012 £,000	2013 £,000	2012 £,000	2013 £,000	2012 £,000
Ordinary 'A' shares of £1 each	2,351	2,351	2,351	2,351	-	-	2,351	2,351
Ordinary 'B' shares of £1 each	3,592	3,564	3,592	3,564	-	-	3,592	3,564
Ordinary 'B' shares of £1 - partly paid	665	693	-	-	66	69	66	69
	6,608	6,608	5,943	5,915	66	69	6,009	5,984

Number of shares	2013	2012	2013	2012	2013	2012	2013	2012
Ordinary 'A' shares of £1 each	2,351,134	2,351,134	2,351,134	2,351,134	-	-	2,351,134	2,351,134
Ordinary 'B' shares of £1 each	3,591,581	3,563,616	3,591,581	3,563,616	-	-	3,591,581	3,563,616
Ordinary 'B' shares of £1 - partly paid	664,969	692,934	-	-	664,969	692,934	664,969	692,934
	6,607,684	6,607,684	5,942,715	5,914,750	664,969	692,934	6,607,684	6,607,684

Notes to the Financial Statements

23. Called up share capital (continued)

All 'A' and 'B' ordinary shares are voting shares and the differences in rights and entitlements are noted below:

'A' and 'B' fully paid shares carry ten votes per share but 'B' partly paid shares carry one vote per share.

A majority of 'A' shareholders is required for each and every shareholder resolution to be passed.

'A' and 'B' fully paid shares are entitled to participate fully in any distribution. 'B' partly paid shares are entitled to only 10% of the distribution allocated to fully paid shares.

The shares issued during the period are part paid 'B' shares being fully paid up.

24. Reserves

Group	Share capital £,000	Share premium account £,000	JSOP Reserve £,000	Profit and loss account £,000	Reserves for own shares £,000
At 1 July 2012	5,984	18,712	-	411	(2,260)
(Loss) for the financial year	-	-	-	(1,807)	-
Shares issued in the year (Note 23)	25	78	-	-	-
Dividend paid	-	-	-	(66)	-
Actuarial loss on retirement benefit scheme	-	-	-	(937)	-
JSOPs issued in the year	-	-	87	-	-
Sale of own shares held in EBT	-	-	-	-	155
At 31 December 2013	6,009	18,790	87	(2,399)	(2,105)

Company	Share capital £,000	Share premium account £,000	Profit and loss account £,000
At 1 July 2012	5,984	18,712	1,673
(Loss) for the financial year	-	-	(24)
Shares issued in the year (Note 23)	25	78	-
At 31 December 2013	6,009	18,790	1,649

The sale of own shares represents shares held in an Employee Benefit Trust (EBT). The financial results of the EBT are consolidated with the results of the Group and the Company as a result of executives and officers of RFIB Holdings Limited exercising full management financial control over the affairs of the EBT including the ability to appoint and remove trustees. Own shares in the EBT are offset against the profit and loss reserve.

Notes to the Financial Statements

24. Reserves (continued)

The company holds 7.3% of its own share capital at 31 December 2013.

	Number of shares owned by the trust	Own shares £,000
Balance at 1 July 2012	485,256	2,260
Sold in period	(25,533)	(149)
Other movement	-	(8)
Balance at 31 December 2013	459,723	2,103

25. Share based payments

The Company has a Joint Share Option Plan (JSOP) for certain employees of the Group. JSOPs can be exercised on vesting at a price agreed on the date of grant.

The Articles of Association requires the Fair Value of the Shares to be assessed on the basis of "a sale as between a willing vendor and a willing purchaser of the entire issued share capital of the Company in the open market taking into account all factors as the Fair Value Accountants may deem relevant including, the latest available results of the Company, the trading conditions then current, the then existing strength of the management of the Company and the Company's prospects."

The vesting period of the plan is normally three years. If the JSOPs remain unexercised after a period of ten years from the date of grant the JSOPs expire. JSOPs are forfeited if the employee leaves the Group before the JSOPs vest. Details of the JSOPs outstanding during the year are as follows:

	2013		2012	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 July	97,690	3.51	8,845	6.50
Granted	367,367	2.29	88,845	3.21
Forfeited	(40,269)	5.87	-	-
Outstanding at 31 December/30 June	424,788	2.23	97,690	3.51
Exercisable at 31 December/30 June	-	-	-	-

The weighted average fair value of options granted in the year was £1,928,677 (2012 : £519,000).

Notes to the Financial Statements

25. Share based payments (continued)

	2013				2012			
Range of exercise prices	Weighted average exercise price	Number	Weighted average remaining life Expected	Weighted average remaining life Contractual	Weighted average exercise price	Number	Weighted average remaining life Expected	Weighted average remaining life Contractual
£0.00-£5.00	-	246,856	2.75	-	-	40,000	6	9.5
£5.00-£6.00	5.28	170,625	2.75	8.5	5.84	48,845	6	9.5
£6.00-£7.00	6.50	7,307	2.75	7.5	6.5	8,845	5	8.5

26. Pension commitments

The Company operates a pension scheme ("the Scheme") which, since 1 August 2002, provides defined benefit and defined contribution benefits. Until 25 January 2001 the subsidiary participated in the Robert Fleming Group Pension Scheme ("RFGPS"), which provided defined benefit and defined contribution benefits. Some members of the Scheme retain a deferred pension entitlement within the RFGPS, based on their service prior to, and salary in the year to, 25 January 2001, but have been granted continuous service within the Scheme. The Company has no additional liability to RFGPS. The Company subsequently ceased contributions to the Scheme with effect from 1 December 2009.

The assets of the Scheme are held separately from those of the Company in a trust fund. Contributions to the fund are determined on the basis of triennial valuations by an independent qualified actuary employed by Cartwright Consulting Limited.

The FRS 17 valuation is carried out on a market-related basis, assets being taken into account at fair/market value and liabilities being valued by reference to corporate bond yields as at the balance sheet date. The surplus or deficit may therefore be expected to be volatile from year to year, especially bearing in mind that some 58% of the Scheme's assets are invested in equities.

The calculations have been based on updating the calculations previously undertaken for the actuarial valuation as at 1 January 2010 to allow for the different assumptions required for FRS17 calculations, and taking fully into consideration changes in the Scheme benefit structure and membership since that date. The only areas where this updating process is approximate and which could therefore mean that true figures differ materially from those contained herein are highlighted in the data update below.

Major assumptions	2013	2012
Rate of increase in salaries	2.40%	2.50%
Discount rate	4.60%	4.80%
Expected long-term rate of return on Scheme assets	6.70%	5.60%
Inflation assumption	3.40%	2.70%
Limited Price Indexation Pension increases (maximum 5.0% p.a.)	3.30%	2.70%
Limited Price Indexation Pension increases (maximum 3.5% p.a.)	2.80%	2.40%

Notes to the Financial Statements

26. Pension commitments (continued)

The underlying mortality assumption is based upon the standard table known as PCA92 on a year of birth usage with medium cohort future improvement factors (2012: same). This results in the following life expectancies:

- Male age 65 now has a life expectancy of 87.3 years (2012: 87.2)
- Female age 65 now has a life expectancy of 90.1 years (2012: 90.1)

Standardised sensitivities

The discount rate assumption has the most significant impact on the FRS17 liabilities; a reduction of 1% per annum can increase scheme liabilities by 15% or more. An increase in the price inflation assumption would also increase the liabilities but the impact would be much smaller. Adding a further year to the average life expectancy would increase the liabilities by just under 3%.

Employee Benefit Obligations

The amounts recognised in the balance sheet as at 31 December 2013 are as follows:

	2013 £,000	2012 £,000
Present value of Scheme liabilities	(20,941)	(20,202)
Market value of Scheme assets	19,897	19,352
(Deficit) in the Scheme	(1,044)	(850)
Related deferred tax asset	209	204
Net pension (deficit)	(835)	(646)

The amounts to be recognised in the profit and loss account for the 18 month period ended 31 December 2013 are as follows:

	2013 £,000	2012 £,000
Interest on Scheme liabilities	1,407	1,021
Expected return on Scheme assets	(1,592)	(1,160)
Total	(185)	(139)
Actual return on Scheme assets	1,304	(515)

Notes to the Financial Statements

26. Pension commitments (continued)

Changes in the present value of the Scheme liabilities for the 18 month period ended 31 December 2013 are as follows:

	2013 £,000	2012 £,000
Present value of Scheme liabilities at beginning of period	20,202	18,392
Interest cost	1,407	1,021
Actuarial loss	654	1,126
Benefits paid	(1,322)	(337)
Present value of Scheme liabilities at end of period	20,941	20,202

Changes in the fair value of the Scheme assets for the 18 month period ended 31 December 2013 are as follows:

	2013 £,000	2012 £,000
Market value of Scheme assets at beginning of period	19,352	18,862
Expected return	1,592	1,160
Actuarial (losses)	(288)	(645)
Benefits paid	(1,322)	(337)
Contributions paid by the Company	563	312
Market value of Scheme assets at end of period	19,897	19,352

The agreed contribution to be paid by the Company for the forthcoming year (year ending 31 December 2014) is £375,000, subject to review at future actuarial valuations.

The major categories of Scheme assets as a percentage of total Scheme assets at 31 December 2013 are as follows:

	2013	2012
Equities and Absolute Return Funds, including derivatives	58%	49%
Bonds	33%	32%
Gilts	6%	-
Cash	3%	19%
	100%	100%

Notes to the Financial Statements

26. Pension commitments (continued)

The expected long-term rate of return on the Scheme assets has been calculated based upon the major asset categories shown in the above table with an expected rate of return on equities and property of 8.61% (2012: 7.7%), an expected rate of return on bonds of 4.42% and an expected rate of return on gilts of 3.61% (2012: an overall return of 4.8%) and an expected rate of return on cash of 1.5% (2012: 1.5%).

Analysis of amounts recognised in the Statement of Total Recognised Gains and Losses (STRGL) for the period ending 31 December 2013 is as follows:

	2013 £,000	2012 £,000
Actual return less expected return on Scheme assets	(288)	(645)
Experience gains and losses arising on Scheme liabilities	2,226	(339)
Changes in assumptions underlying the present value of Scheme liabilities	(2,880)	(787)
Deferred tax adjustment on net Scheme liabilities	5	326
	(937)	(1,445)

Cumulative amount of actuarial gains and losses recognised in the STRGL for the year ending 31 December 2013 are as follows:

	2013 £,000	2012 £,000
Cumulative actuarial loss at beginning of period	(4,813)	(3,042)
Recognised during the period	(942)	(1,771)
Cumulative actuarial loss at end of period	(5,755)	(4,813)

Movement in surplus/deficit during the period ending 31 December 2013 are as follows:

	2013 £,000	2012 £,000
(Deficit)/Surplus at beginning of period	(850)	470
Expenses recognised in the profit and loss	185	139
Contributions paid by the company	563	312
Actuarial loss	(942)	(1,772)
(Deficit) at end of period	(1,044)	(850)

Notes to the Financial Statements

26. Pension commitments (continued)

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

	2013 £,000	2012 £,000	2011 £,000	2010 £,000	2009 £,000
Present value of Scheme liabilities	(20,941)	(20,202)	(18,392)	(17,340)	(14,168)
Market value of Scheme assets	19,897	19,352	18,862	16,222	13,699
(Deficit)/surplus in the Scheme	(1,044)	(850)	470	(1,118)	(449)
Actual return less expected return on Scheme assets	(288)	(645)	1,451	1,475	(2,523)
Experience gain/(loss) arising on Scheme liabilities	2,226	(339)	(779)	699	(506)
Change in assumptions underlying present value of Scheme liabilities	(2,880)	(787)	512	(3,113)	1,455

27. Operating lease commitments

Annual commitments under non-cancellable operating leases for the Group and the Company are as follows:

	Property	
Group	2013 £,000	2012 £,000
Leases expiring:		
After 5 years	1,668	1,668
	1,668	1,668

In May 2009 the Group agreed to a lease for new premises. The commitment noted above is the ongoing annual commitment for these premises.

28. Contingent liabilities

The Group participates in the Griffin Insurance Association Insurance Mutual. The Mutual operates purely on participant funding and therefore the Group could potentially be liable for a share of any deficit should claims reach a sufficient level. In the view of the Directors, the likelihood of such an event occurring is not sufficient to warrant provision within these accounts. Any such provision would only be quantifiable once a deficit in the Mutual was notified. The Directors are not aware of any claims within the Mutual sufficient to warrant such notification.

Notes to the Financial Statements

29. Financial commitments

At 31 December 2013 there were outstanding forward exchange contracts for the sale of foreign currencies for sterling as follows:

USD 35 million (2012: USD 43 million) at an average rate of £: USD 1.55 (2012: 1.58) at value dates between January 2014 and June 2015.

If these contracts were adjusted to their fair value, based on the year end exchange rate of USD 1.65: £1.00 it would result in a gain of £1.37m.

EUR 3.1 million (2012: EUR 5.95 million) at an average rate of £: EUR 1.21 (2012: EUR 1.19) at value dates between January 2014 and February 2015.

If these contracts were adjusted to their fair value, based on the year end exchange rate of EUR 1.23: £1, it would result in a loss of £0.03m.

30. Financial guarantees

The company is co-guarantor with other companies in the group of a revolving credit facility of other group undertakings to the extent of £6,000,000 (2012: £6,000,000) of which £3,250,000 was utilised at 31 December 2013 (2012: £2,200,000). Subsequent to the year end, this facility was extended to 31 December 2015 with limits as set out in note 21.

Global Offices

RFIB is a global business with its main hub in London, close to Lloyd's and is also represented in Central Europe, Asia, the Middle East and Africa.

Global Offices

RFIB Group Limited

20 Gracechurch Street
London
EC3V 0AF
United Kingdom
T +44 (0)20 7621 1263
F +44 (0)20 7623 6175
enquiries@rfib.co.uk

RFIB (Bermuda) Limited

61 Front Street
Hamilton HM11
Bermuda
T +1 441 292 0174
F +1 441 292 0202

RFIB (Bermuda) Ltd is licensed as an insurance broker by the Bermuda Monetary Authority.

RFIB Kazakhstan

Kulan Business Center
188 Dosytk Avenue
Office 301/1 Almaty
050051 Kazakhstan
T +7 (727) 259 9044
F +7 (727) 259 9042

RFIB Middle East

Office 8, Level 1
Gate Village
Building No.7
DIFC, P.O. Box 506670
Dubai
UAE
T +971 4 375 5540
F +971 4 428 9208

Registered with the DFSA. RFIB Middle East is a trading name of RFIB Group Limited (a Recognised Company in the DIFC).

RFIB Russia

125009 Moscow
Tverskaya 16
Building 1
Office 901b
Floor 7
T +7 495 737 6586
F +7 495 935 8962

RFIB Saudi Arabia LLC

3rd Floor North Tower
Abraj Atta'awuneya
King Fahad Road
PO Box 16833
Riyadh 11474
Kingdom of Saudi Arabia
T +966 11 218 1333
F +966 11 218 1334

RFIB Saudi Arabia LLC is licensed as an insurance and reinsurance broker by the Saudi Arabian Monetary Agency.

RFIB South Africa

Suite 304,
Granada Square
16 Chartwell Drive
Umhlanga Rocks, 4320
KZN South Africa
T: +27 31 561 1676

RFIB Ukraine

Office 225
10 Grushevskogo Str.
01001 Kiev (Kyiv)
Ukraine
T +380 44 253 9271
F +380 44 253 9271

Japan Consultant

Mr R Imai
Kamiyacho MT Bldg. 14th Floor
4-3-20 Toranomon, Minato-ku
Tokyo 105-0001
Japan
T +81 35 404 3509
F +81 35 404 3404

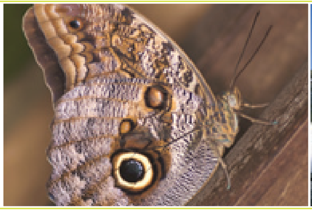
RFIB

We watch the detail closely, but never lose sight of the bigger picture.

Look below the surface and discover a natural agility to move at speed in the right direction.

We have the ability to sense opportunity - and the strength to go it alone.

We go into the finest detail to build a greater knowledge.



We have an eye for opportunity - and an ability to adapt

Our team is made of strong focused individuals - it's how we work together that makes the difference.

20 Gracechurch Street
London
EC3V 0AF
United Kingdom

T +44 (0)20 7621 1263
F +44 (0)20 7623 6175

enquiries@rfib.co.uk
www.rfib.com

Broker at LLOYD'S