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Pro Global Insurance Solutions plc (formerly Tawa plc)

Annual Report and Accounts 31 December 2014

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Joint statement of the Chairman and the Chief Executive Officer

Pro Global Insurance Solutions plc ("Pro" or the Group) is a specialist outsourcing and consulting service provider to the global insurance and reinsurance industry.

Highlights

During 2014 Pro made significant progress as a standalone insurance service provider (see Strategic report – Summary of 2014 financial results):

- The Group generated an Operating Profit of £0.3 million (compared to an Operating Loss, on a pro forma basis, of £3.1 million in 2013 restated);
- Revenues of £25.8 million (up from £24.6 million in 2013 restated);
- Generated £8.5 million of new business (2013: £6.3 million; 2012: £4.0 million);
- Direct costs were £15.7 million (down from £17.0 million in 2013 restated); and
- The 2014 total profit for the Group was £3.8 million including associates and discontinued business (compared to a £33.5 million loss in 2013 restated).

Strategy Delivery

At our AGM on 19 June 2014, we presented Pro's "Client First" strategy, as an independent services company, with the key strategic goals:

- To become the number one specialist service provider addressing complex operational needs of global insurers and reinsurers
- To achieve annual revenue of £60 million at a sustainable net margin of 15% in the medium term

The Pro team is firmly on track to deliver this strategy. During 2014, we have achieved significant progress towards our stated goals:

- Defined and launched Pro clients' value proposition, aiming to enhance Pro's reputation and market position
- Organised the business into two principal activities (consulting and outsourcing) and four client-centric business lines
  - Risk Audit and Compliance (consulting)
  - Operational consulting
  - Technical outsourcing
  - Legacy solutions (outsourcing)
- Created significant sales momentum; in 2014 the Pro team has generated £8.5 million of new business (2013: £6.3 million; 2012: £4.0 million), more than offsetting the natural decline of the legacy business
- Expanded and diversified the client base; Pro now services well in excess of 100 clients, with no single client exceeding 20% of revenues
- Reached agreement in 2014 with Swiss Re, one of Pro's longstanding and key clients, to extend our contractual relationship for a further five years until 2019
- Reduced run-rate cost base by £1.0 million, and now continuously match our cost-base to revenue generation
- Closed the sale of the German risk carrier Hamburger Internationale Rückversicherung AG to Compre Holdings Limited, strengthening the Company's cash resources. The sale resulted in a net gain of £0.4 million and generated positive cash flows to the Group of £2.3 million. Pro retains Chiltington Group which is now fully integrated and trades under the Pro brand.
- Bought out the remaining stake in ASS, Assekuranz Service – und Sachverstandigengesellschaft mbH in Germany providing Pro with a fully-owned claims TPA platform
- Invested in strengthening Pro's leadership and sales capabilities, particularly in the US and Germany, which we see as our key growth markets.

Finally Pro's financial investment in Asta continues to deliver stable dividends and share of growing profits.

2015 Outlook

While 2014 has been a year of transition, we see 2015 as a year of investment in growth.

We anticipate strong prospects for 2015, having positioned Pro to take advantage of opportunities in the global insurance and reinsurance market, resulting from regulatory change or growing globalisation of reinsurers.

The Pro team has started the year with a strong sales pipeline, well diversified across all Pro service lines. We are focusing on investing in our US and Germany platforms. In particular, we see short-term attractive opportunities in the US market for Pro's value propositions.

The business is facing the risk of declining legacy revenues but we are exploring alternative strategies to replenish these revenues.

In summary, the Pro team has made significant progress during 2014 in transforming Pro into a successful services business. We now have laid solid foundations and look with confidence into the future.

Tim Carroll	**Artur Niemczewski**
Chairman	**Chief Executive Officer**

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Strategic report

The Directors present their strategic report for the Group for the financial year ended 31 December 2014.

Introduction to the Group's business and structure

The year 2014 was a transitional year for the Group. Pro was formerly known as Tawa plc. In December 2013, Tawa plc announced it was demerging into two independent companies via the distribution of its risk carrier businesses to its then existing shareholders. On 4 April 2014 Tawa plc was renamed Pro Global Insurance Solutions plc (the "Group" or "Pro"). Following the demerger on 3 April 2014, the current operating subsidiaries are now engaged in the principal business activity of providing specialised services to a broad array of international clients across the insurance and reinsurance markets.

The de-merger frees Pro from the natural or even unexpected volatility of the risk assets and enables us to focus on our core purpose of being the trusted service delivery partner for the operations that matter most to our clients. Significant time and cost was incurred in achieving the necessary restructuring both before and following the demerger. The Group is now well positioned to take advantage of the service business opportunities in the current market.

Summary of 2014 financial results

The Group incurred significant charges in 2014 from demerger activities as well as charges related to the reorganisation and restructuring of the Group to realign the infrastructure with the needs of a service provider. These charges were a major contributor to the Group's loss for the year from continuing operations.

The following are the key performance indicators for the Group:

- Profit from operating activities before reorganisation & restructuring charges and dividend income ("Operating Profit") for the year was £0.3 million (2013: restated loss £3.1 million);
- Loss for the year from continuing operations after reorganisation and restructuring charges was £1.9 million (2013: restated loss £6.3 million);
- Group total equity has decreased to £7.9 million from £61.7 million (restated) at 31 December 2013 as a result of the demerger of the risk carrier businesses; and
- Total borrowings of the group at 31 December 2014 were £12.5 million (2013: £10.0 million restated).

Operating activities of the Group

	2014 £m	2013 £m
Revenue from Core Business		
Consulting	6.2	5.6
Outsourcing	19.1	18.7
Other	0.5	0.3
Total Revenue	**25.8**	**24.6**
Direct Costs	(15.7)	(17.0)
Gross Profit	**10.1**	**7.6**
Gross Margin	39%	31%
Operating Overheads	(9.7)	(10.6)
Interest	(0.1)	(0.1)
Operating Profit / (Loss)	**0.3**	**(3.1)**
Re-organisation and Restructuring	(2.2)	(3.2)
Total Operating loss including re-organisation and restructuring	**(1.9)**	**(6.3)**
Profit / (loss) from discontinued operations	4.7	(28.4)
Net gain from investing activities	0.7	10
Other	0.3	0.2
Consolidated Profit or Loss	**3.8**	**(33.5)**

Group Continuing Service Operations

Total revenue increased by 5% despite a loss of revenue from legacy outsourcing services new business generated in 2014 exceeded £8 million compared to £6.3 million in 2013. This growth came primarily from our consulting business; it is noteworthy that this growth in new business occurred during a period of significant change and restructuring within the Group. This new business growth trend is expected to continue in 2015 evidenced by the strong pipeline of new business opportunities at the beginning of 2015.

The Group sees longer term growth coming from its US, German and Latin American operations and is investing heavily in establishing the necessary leadership and business development roles in these locations.

Following the demerger, the Group has restructured its operations and infrastructure to better meet the opportunities and challenges of a client service focused operation. A number of non client-facing roles have been eliminated or redirected to client delivery functions. As a result, gross margins have improved to 39% in 2014 from 31% in 2013 despite significant pricing pressure. Margins are expected to continue to improve in 2015.

As a result of its restructuring, the Group generated run rate savings of close to £1.0 million. As noted, some of these savings have been invested in leadership and business development roles in other territories, principally the United States and Germany. The Group does not anticipate that these investments will add significantly to net profits until 2016.

The Group has developed discrete business strategies for each of its primary business lines.

In our Consulting business we continue to focus on developing clearer value propositions, ensuring that we have the right resources to deliver and target M&A activities in the market. In addition, in Risk, Audit and Compliance, we look to develop additional propositions around the key lines of defence, (fraud etc) and strengthen our relationships with managing agents and clients with delegated authorities.

In our Outsourcing business, we seek to leverage our core competence in run-off management and ensuring our clients extract maximum value from their legacy portfolios. In our technical outsourcing and TPA businesses we are developing clearer service propositions and focusing on delivery through more efficient resourcing and improving process, benchmarking and delivery platforms.

Investment Activities

The Group investment activities are comprised of its approximately one third share in Asta. In September 2011, the Group acquired approximately 30% economic interest in Asta, now the leading turnkey managing services company in Lloyd's. Asta has a very successful core business which continues to generate strong profitability and cash flow. Asta profits have contributed £1.7 million and £2.2 million to Group profits in 2014 and 2013, respectively. In addition, Asta has contributed £1.5 million to the Group's cash flow in 2014 through payment of cumulative dividends on preferred shares and preferred share redemptions of £1.0 million. The Group anticipates cash flow from dividends and preferred share redemptions in 2015 and beyond.

The Asta Shareholders' Agreement contains certain restrictions, pre-emption rights and shoot-out provisions relating to transfers of shares in Asta by the shareholder partners. The shoot-out provisions apply on 15 January 2015 and annually thereafter, if not previously triggered. Under these provisions, any of the partners may serve a trigger notice to the other partners specifying the price per share that the notifying partner is prepared to sell or buy all of the shares of the other partners. The recipients of the trigger notice may either purchase from or sell their own shares to the notifying partner. In January 2015, the shootout clause was not triggered.

The Group is pleased with the performance of its investment in Asta and is happy to continue to hold its approximately one third share.

Financing Activities

The Group has a bank loan facility from Natixis which, among other things, financed the Group's investment in Asta and is secured by that investment. 50% of all distributions from Asta, including common and preference dividends and preferred stock redemptions, are required to be directed to the repayment of this debt. The Group is currently in the process of renegotiating and extending this loan facility.

In addition, the Group has a working capital facility of up Euro 8.0 million provided by Financière Pinault (its majority shareholder). The Group has drawn £3.1 million for working capital purposes.

The Group anticipates that the business will generate close to £2 million of positive cash flow from operations in 2015 and a small positive cash flow after capital expenditure and financing costs.

Risks and Uncertainties

The Group faces a number of risks and uncertainties in its business. Principal among those are:

- Customer concentration – The Group's strategy is to continue to build its key client relationships. However, this can lead to customer concentration risk. In order to mitigate this risk, the Group continues to expand its customer base and diversify its client service offerings. The Group continually monitors key client exposure. Currently, no client accounts for more than 10% of the Group's total revenues.

- Cyclical nature of the insurance market - Demand for insurance related services can be unpredictable. To mitigate this risk, the Group's service offerings are designed to be uncorrelated to cyclical variations of the insurance and reinsurance market.

- Credit and Liquidity – Credit risk is primarily attributable to the Group's trade receivable. Most of the Group's service offerings are provided on normal 30 day credit terms. The Group performs standard credit and KYC procedures on all new clients to minimise its credit risk exposure. Credit terms are strictly enforced. The Group monitors receivables on a regular monthly basis to ensure it identifies credit risks early and to minimise exposure. The Group's client base is comprised principally of major insurers and reinsurers. Historically, bad debt write offs have not been significant. Liquidity risk arises if the Group cannot meet it liabilities when they arise. The Group mitigates this risk by reviewing projected Group cash flow on a regular basis.

- Resources – As a service business, the Group's principal assets are its people. Attracting and retaining the right resources is a constant challenge. The Group has a talent committee in place which constantly reviews its resource needs, establishes hiring criteria, establishes appropriate induction procedures for new hires and measures compensation and incentives against appropriate benchmarks.

By order of the Board

Mike Dalzell
Company Secretary
30 March 2015

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Report of the Directors

The Directors present their report together with the audited financial statements for the year ended 31 December 2014.

Results and dividends

The consolidated statements of profit or loss for the year is set out on page 17. The Group's profit for the financial year after taxation was £3.8 million (2013: restated loss of £33.5 million).

The Directors do not recommend the payment of a dividend.

Share capital

A summary of the Company's share capital is set out in note 27 to the financial statements.

Business review

A review of the Group's activities is set out in the Joint Statement of the Chairman and Chief Executive Officer and the strategic report on pages 4 to 7 respectively.

Future developments

Future developments of the Group are addressed within the strategic report.

Directors

The Directors of the Company who served throughout the year, except as noted below, were as follows:

G M J Erulin (1)
T J Carroll
A P Niemczewski (2)
C G Bird (3)
L P M J Brivezac
A J Hamilton (4)
G F Pagniez (5)

(1,2 & 3) On 4 April 2014 Pro distributed to its shareholders through a dividend in specie shares in TAL, thereby effecting a demerger of its risk carrier businesses (retained by Pro) from the rest of its group. With effect from this date G M J Erulin resigned as CEO and was appointed as a Non-Executive director, A Niemczewski was appointed as Chief Executive Officer and C G Bird resigned as director.

(4) With effect from 19 June 2014 A J Hamilton resigned as a Non-Executive director of Pro Global Insurance Solutions plc

(5) G Pagniez remained as a member of the audit committee

Directors' interests

None of the Directors of the Company has a material interest in any contract with the Company or its subsidiary undertakings other than their contracts of employment. The interests of the Directors in the issued Ordinary Share capital of the Company at the beginning and the end of the year are set out below.

	31 December 2014 Ordinary Shares of 2p	31 December 2013 Ordinary Shares of 10p
G M J Erulin	997,157	940,345
C G Bird	897,675	897,675
A J Hamilton	50,000	50,000
L Brivezac	-	-
A P Niemczewski	-	-
G F Pagniez	-	400,000

The Company has previously made awards to Executive Directors under its Performance Share Plan. Prior to 21 June 2012, the Remuneration Committee had sole discretion for making awards. Since that date, the Board has ceased to have a Remuneration Committee and the duties formerly performed by that Committee were assumed by the Board with effect from that date. Awards made under the Performance Share Plan are as follows:

Director	At 1 January 2014	Date of grant	Number lapsed during 2014	At 31 December 2014	Price	Vesting date
G M J Erulin	405,797	6 May 2011	405,797	-	Nil	6 May 2014
A P Niemczewski	-	11 April 2014	-	5,000,000	Nil	11 April 2015 /16 /17

Report of the Directors (continued)

Directors' interests (continued)

Awards made prior to 21 June 2012 are subject to performance conditions that were set by the Remuneration Committee when those awards were granted and these determine the extent to which awards vest. Awards that do not vest will lapse. Details of the applicable performance conditions are set out in the Directors' Remuneration Report on page 13.

Except as stated above, none of the Directors in office as at 31 December 2014, nor any members of their immediate family, had any interest in the share capital of the Company at 31 December 2013 or 31 December 2014.

Substantial shareholdings

The following table provides details of the main shareholders as at 31 December 2014:

	Number of Ordinary Shares	Percentage of issued Ordinary Share Capital
Financière Pinault SCA	74,951,231	66.22%
Karrick Limited	11,096,147	9.79%
Harewood Nominees Ltd	5,550,000	4.90%

The Directors have not been notified nor were otherwise aware of any other holdings of 3% or more of the Company's issued share capital.

Acquisition of the Company's own shares and reduction of capital

During 2013 (2014: Nil) the Company purchased 508,552 ordinary shares with a nominal value of £0.10, and representing 0.45% of the Company's called up ordinary share capital, for a total consideration of £5,086. This repurchase related to employees of the HIR group of companies.

During the year, the Company's share premium account was cancelled and 190,695 shares held in treasury were cancelled.

Directors' indemnities

The Company maintains insurance cover for its Directors and officers against liabilities which may be incurred by them while acting as Directors and officers. As at the date of this report, indemnities are in force under which the Company has agreed to indemnify its Directors and officers, to the extent permitted by law and the Company's Articles of Association, against all costs, charges, losses, liabilities and expenses that they may incur in the execution of their duties, powers and offices as Directors and officers of the Company. Copies of these indemnities are kept at the Company's registered office and are open for inspection by any member of the Company without charge.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report, the report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. The Directors are required by the AIM rules to prepare the Group financial statements under International Financial Reporting Standards ("IFRSs") as adopted by the European Union and have also elected to prepare the parent company financial statements in accordance with IFRSs as adopted by the European Union. The financial statements are also required by law to be properly prepared in accordance with the Companies Act 2006. 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 the Company and of the profit or loss of the Group for that period.

IAS1 requires that financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the preparation and presentation of financial statements". In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, Directors are also required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group and Company's ability to continue as a going concern.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Risk management

The main risk factors to the Group's financial performance and the steps taken to mitigate them are detailed in the analysis of risk note on pages 57 to 64.

Going concern

The Directors have considered the position of the Group's investments and assets compared to its liabilities. In addition, they have assessed the Group's liquidity with regard to expected future cash flows. They have also considered the performance of the business, as discussed in the financial review and projections for the coming year. The Directors have concluded that it is appropriate to adopt the going concern basis in preparing the annual report and accounts.

Post Balance Sheet Events

Details of events after the reporting period are set out in note 42 to the consolidated financial statements.

Research & Development

The Group has developed software internally that provides a platform for post placement transactions processing which is used both internally and is licensed to clients. No development was capitalised in 2014.

Employment Policy

The Group's employment policies are based on a commitment to equal opportunities from the selection and recruitment process through to training, development, appraisal and promotion.

The equal opportunity policy also covers those with disability with the Group making all efforts to provide the facilities for those with disability to either join the Group, maintain their working life or return to work. These facilities include not only the physical working environment, but also support and flexibility.
The Group provides employees with information on matters of concern to them so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Group is encouraged as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Group plays a major role in maintaining its competitive edge.

Auditor

The auditor has expressed willingness to continue in office as auditor and a resolution to reappoint the auditor will be proposed at the forthcoming Annual General Meeting.

Each Director confirms that so far as they are aware there is no relevant audit information of which the Company's auditor is unaware. Each Director also confirms that they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish whether the auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Corporate governance

The Company has continued its commitment to maintaining effective corporate governance during 2014.
The Board has authority, and is accountable to shareholders, for ensuring that the Company is appropriately managed and achieves the corporate objectives it sets. In order to fulfil its responsibilities, the Board meets on a regular basis and has a formal schedule of matters specifically reserved for its consideration and decision. The schedule of matters reserved to the Board provides that the Board's role encompasses the overall management of the Company including approval of long term strategy and objectives, oversight of operations, ensuring maintenance of a sound system of internal controls and risk management, decisions relating to any changes in the Company's capital structure or of management and approval of any significant expenditure. When Directors are unable to attend a meeting, they are advised of matters to be discussed and have the opportunity to make their views known to the Chairman prior to the meeting.

On 4 April 2014 Pro distributed to its shareholders through a dividend in specie shares in TAL, thereby effecting a demerger of its service company businesses (retained by Pro) from the rest of its group. Since then, and following the resignation of Anthony Hamilton (effective 19 June 2014), the board of directors has consisted of one Executive Director, namely Artur Niemczewski and three Non Executive Directors, namely, Loïc Brivezac, Tim Carroll and Gilles Erulin.

The Non Executive Directors share responsibility for the discharge of the Board's duties by taking an essentially supervisory role and are chosen for their broad and complementary experience in relation to the Executive Directors. The key elements of the role and responsibility of the Non Executive Directors are:

- supervision of, and advice to, the Executive Directors;
- evaluation of Executive Directors' performance;
- setting the remuneration of Executive Directors;
- monitoring of the effectiveness of controls; and
- governance and compliance.

These roles and responsibilities are carried out through membership of the Board and its committees. Prior to 21 June 2012, the Board had an Audit Committee, Nomination Committee and a Remuneration Committee. Since that date, the Board has ceased to have a Nomination Committee and a Remuneration Committee and the duties formerly performed by those committees have been assumed by the Board. Membership of, and attendance at, the Board and Committees is set out below. The terms of reference for the Audit Committee, along with the schedule of matters reserved to the Board can be found in the investor relations section of the Company's website www.pro-global.com

Report of the Directors (Continued)

Board attendance during 2014

Director	Relevant number of meetings	Number attended	% Attendance
G M J Erulin (1)	8	8	100%
A Niemczewski (2)	6	6	100%
T J Carroll	8	8	100%
C G Bird (3)	2	2	100%
L P M J Brivezac	8	7	87.5%
A J Hamilton (4)	3	2	66.6%

(1,2 & 3) On 4 April 2014 Pro distributed to its shareholders through a dividend in specie shares in TAL, thereby effecting a demerger of its service company businesses (retained by Pro) from the rest of its group. With effect from this date G M J Erulin resigned as CEO and was appointed as a Non-Executive director, A Niemczewski was appointed as Chief Executive Officer and C G Bird resigned as director.

(4) With effect from 19 June 2014 A J Hamilton resigned as a Non-Executive director of Pro Global Insurance Solutions plc.

Board independence

The Board concludes that Tim Carroll is independent in character and judgement.

The Board will review on an ongoing basis whether there are relationships or circumstances which are likely to affect or could appear to affect the independence of Mr Carroll.

Audit Committee

The Audit Committee was established by the Board on 28 June 2007 and at the reporting date consisted of Loïc Brivezac, Tim Carroll and Gilles Pagniez. The Committee meets at least twice a year and will meet at least once without any Executive Director being present. The external auditor attends the Committee meetings (including at least one with no Executive Directors present), for the committee to discuss the nature and scope of the audit before it commences as well as reviewing the auditor's reports relating to accounts and internal control systems.

The main responsibilities of the Audit Committee are to monitor the integrity of the financial statements, to review the effectiveness of the Company's financial reporting and internal control policies, to make recommendations to the Board in relation to the appointment of the external auditor, including reviewing terms and conditions and fee arrangements.

During the year, the Audit Committee reviewed the Company's interim report. Since the year-end, the Audit Committee has reviewed the 2014 annual report. The Committee also considered the terms and conditions, fees and independence of Mazars LLP and confirms the independence of the external auditor.

Attendance at each of the meetings by Audit Committee members is set out below.

Director / member	Relevant number of meetings	Number attended	% Attendance
Tim Carroll	3	3	100%
Loïc Brivezac (Chair)	3	3	100%
Gilles Pagniez	3	3	100%

Corporate social responsibility

The Company recognises the importance of various stakeholders to its business, including its employees, shareholders, capital providers, clients and the wider community. The Company takes into account its responsibilities to, and impact on, each of these stakeholders in its policies and procedures.

Employees

As a result of transactions during 2014 including the de-merger the average staff profile changed as outlined below:-

		2014		2013
Geographical region	Number	%	Number	%
United Kingdom	**238**	**68%**	247	68%
Germany	**33**	**9%**	38	10%
United States of America	**59**	**17%**	59	16%
South America	**19**	**5%**	22	6%
Zurich	**3**	**1%**	-	-

Employee relations

The Company recognises that its success lies with its employees and, accordingly, it aims to meet or exceed best practice in terms of employee relations. The Company has an established equal opportunities policy.

UK voluntary employee turnover increased to 18% during 2014 (2013: 13%). Involuntary turnover (redundancies) decreased to 5% in 2014 (2013: 17%). Within the US voluntary employee turnover increased to 26% (2013: 15%) and involuntary turnover to 13% (2013: 5%).

Development planning is actively encouraged with an increased focus during 2014 on on-line learning linked to competency frameworks.

Employee policies and procedures

The Group complies with employment legislative requirements and aims to build on these to ensure best practice processes across the Group and within each territory.

Information and consultation

During 2014 briefing sessions on the Group's progress have been held for all employees together with regular information bulletins via email.

Employee remuneration

The Group offers competitive remuneration which consists of base pay, benefits, profit share and severance pay.

Pay is reviewed and profit share awarded in the context of the performance management framework which evaluates overall and individual performance.

By order of the Board

Mike Dalzell
Company Secretary
30 March 2015

Directors’ remuneration report

The Directors remuneration report does not form part of the audited financial statements.

The Company is committed to maintaining effective corporate governance. Whilst companies on the AIM Market are not obliged to prepare a Directors’ remuneration report, the Company has sought to comply with a number of the provisions of the Companies Act requirements in so far as it considers them appropriate.

Remuneration policy

The objective of the policy is to ensure that all members of the executive management of the Company are provided with appropriate incentives to encourage and maintain long term sustainability and enhanced performance and are, in a fair and responsible manner, rewarded for their individual and collective contributions to the success of the Company. The Board will have regard to conditions of service and remuneration levels of competitor companies to ensure that the Company is well placed to attract and retain high calibre management, but not so as to cause remuneration to rise without a corresponding sustained improvement in performance.

There are key elements of the remuneration package for Executive Directors and senior management:

- Basic salary, contractual benefits including pensions;
- Annual performance related remuneration; and
- Share awards.

Basic salary, variable pay and benefits

The Non-Executive Directors are responsible for determining the remuneration of the Chairman, all Executive Directors, the Company Secretary and, in addition the senior management of the Group with annual remuneration above £300,000 or the equivalent thereof. They utilise advice from New Bridge Street Consultants (a leading advisor on senior executive compensation to UK listed companies) together with reports provided by Towers Watson as well as other publicly available reports in order to ensure that remuneration levels are consistent with comparable companies, while also taking into account the Company’s performance. Executive Directors also receive benefits in kind such as private health care and permanent health insurance and pension contributions.

Profit share

A three year service business profit share pool was put in place in 2013 to cover all staff.

All staff profit share: 15% of EBITDA in year one allocated to the bonus pool; Year 2 13.75%; Year 3 12.5%; with discretion of the Board if less than 80% of EBITDA target is reached. Funding for each territory is calculated based on 80% of the territory results and 20% of the Group results.

Senior Executive profit share: Funding is driven by Group financial targets. 15% of the target EBITDA is allocated to the pool if the target is reached in year one; 13.75% in year 2 and 12% in year 3. Where between 80% and 100% of target EBITDA is achieved 10% of achieved EBITDA is allocated to the pool. Where less than 80% of the EBITDA target is achieved any funding is at the discretion of the Board. Where the EBITDA target is exceeded 33% of the excess is allocated to the pool once the all staff pool funding has been accounted for.

Participants of the senior executive profit share are determined annually. Individual awards are based on performance aligned to internal and external performance measures; Financial; Client; Growth; People and Risk.

The profit share pool was not funded in 2014.

Directors’ remuneration

Services whilst Directors of the parent, amounts received as Directors of the parent, as Directors of any subsidiaries and otherwise in connection with any company in the Group are as follows:

	2014						2013
	Salary / Fees	**Bonus**	**Pension**	**Taxable Benefits**	**Share Options**	**Total**	Total
	£	**£**	**£**	**£**		**£**	£
Chairman							
Tim Carroll (appointed as Chairman 20 June 2013)	54,500	-	-	-	-	**54,500**	55,040
Executive Directors							
Colin Bird	15,938	-	4,311	1,107	-	**21,356**	255,342
Gilles Erulin	58,703	-	7,903	905	-	**67,511**	529,189
A Niemczewski	264,781	-	25,200	2,901	65,988	**358,870**	-
Non-Executive Directors							
Loïc Brivezac (re-appointed 16 January 2013)	12,750	-	-	-	-	**12,750**	44,248
Anthony Hamilton	19,042	-	-	-	-	**19,042**	24,565
Gilles Pagniez (resigned 16 January 2013)	11,000	-	-	-	-	**11,000**	5,227
Total	436,714	-	37,414	4,913	65,988	545,029	913,609

Directors’ remuneration report (continued)

Share awards

The Company operates a Performance Share Plan introduced in 2007 which is designed to align the interests of senior management and shareholders to deliver outstanding results.

A grant of awards in the form of a conditional Award to acquire 5,000,000 ordinary shares was made to the CEO on 11 April 2014. The vesting of awards being subject to performance conditions aligned to share price growth as outlined below. The details of the grant are outlined in note 34 of the Financial Accounts.

A number of amendments were made to the plan in July 2014 and a grant of awards was made under the performance share plan on 25 July 2014 to three Executives of 500,000 Ordinary Shares of 2 p each. The details of the grant are outlined in note 34 of the Financial Accounts.

The performance conditions for awards granted on 25 July 2014 are dependent on the Company’s absolute shareholder return based on the average of the mid-market closing price of a Share for the five dealing days following the demerger on 3 April being 12.5p (“the Base price”). The awards vest in three tranches.

Awards held
The awards held over Ordinary Shares of 2p each in the Company as at 31 December 2014 by Executive Directors serving at the year-end are disclosed in the Directors’ Report on page 8.

Future grants of awards under the Performance Share Plan will be approved by the Board. The Board will have due regard to the Association of British Insurers Guidelines, and the Financial Conduct Authority remuneration code in making such awards and setting appropriate performance conditions.

Pensions
Executive Directors are entitled to become members of Pro’s Retirement Benefit Plan or to elect for contributions to be paid into a personal plan. The amount of employer contributions is linked to age and ranges from contributions of 7% to 20% of salary. To be a member of the Pro Plan individuals are required to contribute a minimum of 3% of salary. The amount of contribution made to Executive Directors is outlined in the Directors’ remuneration table above.

Service contracts

The contracts of Gilles Erulin and Tim Carroll are terminable by either side on one 1 month’s notice.

Non Executive Directors

The Executive Directors review Non Executive Directors’ remuneration annually to ensure that fees are in line with comparable companies. All Non Executive Directors receive an annual fee in respect of their board duties and an attendance fee for each board and board committee meeting they attend. The Non Executive Directors do not receive any other benefit.

Internal control and risk management

Overview

The control of all day-to-day operations of the Group is vested in the Board, delegated to management where appropriate, but always subject to review by the Board. At the present size of the Group, the key controls are vested in the Executive Directors, who undertake close day-to-day supervision of all activities and financial decisions.

However, such a system can only provide reasonable, not absolute, assurance against material misstatement or loss. The internal control system is designed to manage rather than eliminate the risk of failure to achieve business objectives as set by the Board.

The Audit Committee has oversight over the external auditor. Executive Management is responsible for the implementation and satisfactory maintenance of systems of internal controls over financial reporting and for compliance with laws and regulations.

The Audit Committee's main objectives are: to monitor the integrity of the Group's financial statements and any other formal announcements relating to the Group's financial performance before submission to, and approval by, the Board; review the Group's internal controls and risk management system; and review arrangements by which employees may, in confidence, raise concerns in financial reporting and other matters.

The Group's systems of internal control consist of inter-related components.
The control environment within the Group provides structure and discipline for the other four components, incorporating factors such as integrity, ethical values, management's philosophy and operating style; assignment of authority and responsibility; employee competence; organisational structure; and the attention and direction provided by the Board of Directors.

The control environment is also communicated to all employees through the following key policies approved by the Board:

- Pro corporate objectives;
- code of ethics and conduct;
- whistle blowing procedures; and
- insider trading – restrictions on share dealing by Directors and employees.

Risk management

The Company faces a variety of risks from both internal and external sources that require identification, assessment and management. The management of these risks is a process that enables the business to:

- identify and understand the risks that it faces in the pursuit of its business objectives;
- assess and prioritise the risks identified and the means of mitigating them;
- where possible and commercially feasible, reduce the probability and impact of those risks;
- regularly review, monitor and report on those risks in order to take informed actions; and
- ensure that any new risks, or changes to existing risks, are captured.

As the environment in which the Company is operating is constantly changing, the risk assessment process needs to be dynamic and updated on an ongoing basis.

Monitoring

Internal control systems need to be monitored to assess the quality of the systems over time. The Group achieves this through a combination of day-to-day operational monitoring conducted by management, such as the review of monthly management and exception reports. The Group believes it has implemented an effective system of internal control.

Independent auditor's report to the members of Pro Global Insurance Solutions plc (formerly Tawa plc)

We have audited the financial statements of Pro Global Insurance Solutions plc (formerly Tawa plc) for the year ended 31 December 2014 which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Company Statement of profit or loss, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated and Company Statements of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 9, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2014 and of the Group's and the Parent Company's results for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Sam Porritt (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD

30 March 2015

Pro.

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2014

	Notes	31 Dec 2014 £m	31 Dec 2013 (restated) £m
Continuing operations			
Revenue		**25.8**	24.6
Expenses		**(27.6)**	(30.8)
Other income		**0.4**	0.5
Results of operating activities		**(1.4)**	(5.7)
Share of results of associate	23	**1.3**	17
Finance costs		**(0.7)**	(0.8)
Loss before taxation		**(0.8)**	(4.8)
Taxation	13	**(0.1)**	(0.3)
Loss for the year from continuing operations		**(0.9)**	(5.1)
Profit / (loss) for the year from discontinued operations	14	**4.7**	(28.4)
Profit / (loss) for the year	16	**3.8**	(33.5)
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(0.1)**	14
Total comprehensive income / (expense) for the year		**3.7**	(32.1)
Total comprehensive expense for the year from continuing operations		**(1.0)**	**(3.7)**
Total comprehensive income / (expense) for the year from discontinued operations		**4.7**	**(28.4)**
Total comprehensive income (expense) for the year		**3.7**	**(32.1)**
Profit / (loss) for the year attributable to:			
Owners of the Company		**3.8**	(33.5)
		3.8	(33.5)
Total comprehensive income / (expense) for the year attributable to:			
Owners of the Company		**3.7**	(32.1)
		3.7	(32.1)
Earnings per share			
From continuing and discontinued operations	18		
Basic (pence per share)		**3.37**	(29.59)
Diluted (pence per share)		**3.24**	(29.59)
From continuing operations			
Basic (pence per share)	18	**(0.80)**	(4.50)
Diluted (pence per share)		**(0.80)**	(4.50)

Consolidated statement of financial position

As at 31 December 2014

	Notes	31 Dec 2014 £m	31Dec 2013 (restated) £m
ASSETS			
Non-current assets			
Property, plant and equipment	19	**1.4**	1.0
Goodwill	20	**5.1**	5.9
Other intangible assets	21	**0.3**	0.6
Investment in associates	23	**6.8**	7.2
Deferred assets		**-**	-
Reinsurers' share of technical provisions		**-**	0.4
Total non-current assets		**13.6**	15.1
Current assets			
Loans and receivables including insurance receivables	24	**6.3**	7.7
Defered tax asset	24	**0.3**	0.2
Financial assets - investments	25	**-**	45.7
Cash and cash equivalents		**7.8**	13.3
		14.4	66.9
Assets classified as held for sale	15	**19.3**	86.7
Total current assets		**33.7**	153.6
Total assets		**47.3**	**168.7**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	27	**2.3**	11.3
Share premium	28	**-**	57.5
Other reserves	29	**3.4**	10.2
Retained earnings	30	**2.2**	(17.7)
Equity attributable to owners of the Company		**7.9**	61.3
Non-controlling interests		**-**	0.4
Total equity		**7.9**	61.7
Non-current liabilities			
Financial liabilities - borrowings	31	**12.5**	10.0
Technical provisions	32	**-**	36.5
Total non-current liabilities		**12.5**	46.5
Current liabilities			
Creditors arising out of insurance operations		**-**	4.2
Other liabilities	33	**7.6**	20.6
		7.6	24.8
Liabilities directly associated with assets classified as held for sale	15	**19.3**	35.7
Total current liabilities		**26.9**	60.5
Total liabilities		**39.4**	**107.0**
Total equity and liabilities		**47.3**	168.7

The notes on pages 21 to 64 form part of these financial statements.

The financial statements of Pro Global Insurance Solutions plc (formerly Tawa plc) (4200676) were approved by the Board of Directors and authorised for issue on 18 March 2015 and were signed on its behalf on 30 March 2015 by:

Tim Carroll
Chairman

Artur Niemczewski
Chief Executive Officer

Pro.

Consolidated statement of changes in equity

As at 31 December 2014

	Share capital	Share premium reserve	Share based payments reserve	Capital redemption reserve	Translation reserve	Retained earnings	**Total**	Non-controlling interest	**Total Equity**	**Note**
	Attributed to equity holders of the Company		Other reserves							
Balance at 1 January 2013 reported in $m	22.2	110.6	4.1	-	(0.7)	41.3	**177.5**	1.0	**178.5**	
	£m	£m	£m	£m	£m	£m	**£m**	£m	**£m**	
Balance at 1 January 2013 restated in £m	11.3	56.1	2.5	-	22.6	18.0	**110.5**	0.6	**111.1**	
Comprehensive loss										
Loss for the year (restated)	-	-	-	-	-	(33.5)	**(33.5)**	-	**(33.5)**	30
Other comprehensive income								-		
Currency translation differences (restated)	-	-	-	-	1.4	-	**1.4**	-	**1.4**	28
Total comprehensive profit / (loss) for the year	-	-	-	-	1.4	(33.5)	**(32.1)**	-	**(32.1)**	
Reclassification of exchange differences on the disposal of a foreign subsidiary	-	-	-	-	(16.7)	-	**(16.7)**	-	**(16.7)**	29
Change in the scope of the consolidation	-	-	-	-	-	(0.5)	**(0.5)**	(0.2)	**(0.7)**	30
Transactions with owners										
Share based payments	-	-	0.1	-	-	-	**0.1**	-	**0.1**	29
Reclassification of amounts relating to own shares cancelled in 2012	-	1.4	-	0.3	-	(1.7)	**-**	-	**-**	28, 29 & 30
Total transactions with owners	-	1.4	0.1	0.3	-	(1.7)	**0.1**	-	**0.1**	
Balance at 31 December 2013 (restated)	**11.3**	**57.5**	**2.6**	**0.3**	**7.3**	**(17.7)**	**61.3**	**0.4**	**61.7**	
Balance at 1 January 2014 reported in $m	22.2	112.8	4.2	0.4	0.7	(40.4)	**99.9**	0.7	**100.6**	
	£m	£m	£m	£m	£m	£m	**£m**	£m	**£m**	
Balance at 1 January 2014 restated in £m	11.3	57.5	2.6	0.3	7.3	(17.7)	**61.3**	0.4	**61.7**	
Comprehensive profit										
Profit for the year	-	-	-	-	-	3.8	**3.8**	-	**3.8**	
Other comprehensive losses										
Currency translation differences	-	-	-	-	(0.1)	-	**(0.1)**	-	**(0.1)**	
Total comprehensive (loss) for the year	-	-	-	-	(0.1)	3.8	**3.7**	-	**3.7**	
Reclassification of exchange differences on demerger	-	-	-	-	(6.8)	(0.2)	**(7.0)**	-	**(7.0)**	
Transactions with owners										
Capital reduction	(9.0)	(57.5)	-	-	-	66.5	**-**	-	**-**	26, 27, 28 & 30
Share based payments	-	-	0.1	-	-	-	**0.1**	-	**0.1**	29
Non-cash distribution	-	-	-	-	-	(49.9)	**(49.9)**	(0.7)	**(50.6)**	26
Total transactions with owners	(9.0)	(57.5)	0.1	-	-	16.6	**(49.8)**	(0.7)	**(50.5)**	
Purchase of Non Controlling Interest re ASS	-	-	-	-	-	(0.3)	**(0.3)**	0.3	**-**	
Balance at 31 December 2014	**2.3**	**-**	**2.7**	**0.3**	**0.4**	**2.2**	**7.9**	**-**	**7.9**	

The notes on pages 21 to 64 form part of these financial statements.

Pro.

Consolidated statement of cash flows

For the year ended 31 December 2014

	Notes	31 Dec 2014 £m	31 Dec 2013 (restated) £m
Cash flows from operating activities			
Results of continuing operating activities		**(1.4)**	(5.7)
Adjustments for:			
- depreciation		**0.4**	0.3
- share based payment expense		**0.1**	0.1
-investment income in profit & loss		**(0.4)**	-
- amortisation of intangible asset		**0.2**	0.1
- other gains and losses		**0.1**	(0.9)
		(1.0)	(6.1)
Change in operating assets and liabilities			
Net decrease in insurance receivables and liabilities		**-**	(31.2)
Net increase in loans and receivables		**(1.0)**	(5.2)
Net decrease in other operating liabilities		**(3.4)**	(6.3)
Cash used in operations		**(5.4)**	(48.8)
Interest paid		**(0.7)**	(0.8)
Taxation paid		**-**	(0.3)
Net cash used in continuing operations		**(6.1)**	(49.9)
Net cash used in discontinued operations	14	**(2.7)**	(8.4)
Net cash used in operating activities		**(8.8)**	(58.3)
Cash flows from Investing activities			
Cash transferred on demerger	7	**(8.7)**	-
Cash transferred on sale of Subsidiary		**(3.5)**	(16.2)
Cash receipts from interest		**-**	2.6
Purchases of property, plant and equipment		**(0.7)**	(0.1)
Proceeds from the disposal of a subsidiary		**3.1**	9.7
Proceeds paid for acquisition of subsidiary		**(0.8)**	-
Cash receipts from Asta		**2.5**	-
Cash generated from discontinued investing activities	14	**(1.2)**	61.5
Net Cash (used in) / generated by investing activities		**(9.3)**	57.5
Cash flows from Financing activities			
Proceeds from financial borrowings	31	**3.1**	-
Repayments of financial borrowings	31	**(0.6)**	(5.2)
Cash used in discontinued financing activities	14	**(0.4)**	(5.0)
Net Cash flows generated by / (used in) by financing activities		**2.1**	(10.2)
Net (decrease)/increase in cash and cash equivalents		**(16.0)**	(11.0)
Cash and cash equivalents at the beginning of year		**23.8**	35.5
Effects of exchange rate changes of cash held in foreign currencies		**-**	(0.7)
Net Cash and cash equivalents at end of year		**7.8**	23.8
As presented in the consolidated statement of financial position			
Cash and cash equivalents		**7.8**	13.3
Cash and cash equivalents classified as held for sale	15	**-**	10.5
Cash and cash equivalents at end of year		**7.8**	23.8

The notes on pages 21 to 64 form part of these financial statements.

Notes to the consolidated financial statements

For the year ended 31 December 2014

1. General information

On 4 April 2014 Tawa plc was renamed Pro Global Insurance Solutions plc (the "Company"). The risk carrier business was demerged on 3 April 2014 and the remaining subsidiaries (together the "Group") are now engaged in the principal business activity of providing specialised services to a broad array of international clients across the insurance market.

The demerger is fully disclosed in note 7.

The Company is incorporated in the United Kingdom under the Companies Act. The address of the registered office is disclosed on page 76

2. Application of new and revised International Financial Reporting Standards ("IFRSs")

The new and revised standards and interpretations that have been adopted in the current year are set out in 2a. Amendments to IFRSs that are effective in the current year are set out in 2b. Standards, interpretations and amendments in issue and not yet adopted are set out in 2c.

a New or revised standards and interpretations adopted in the current year

The following new and revised standards and interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions or arrangements. The adoption of these standards has not led to any retrospective application of changes in the Group's accounting policies.

- The following standards on consolidation, joint arrangements, associates and related disclosures have been issued. The standards need to be applied collectively and are effective for annual periods beginning on or after 1 January 2014:
  - IAS 27 (2011) Separate Financial Statements – Now only deals with the requirements for separate financial statements, requirements for consolidated financial statements are now contained in IFRS 10 Consolidated Financial Statements;
  - IAS 28 (2011) Investments in Associates and Joint Ventures – The standard supersedes IAS 28 and prescribes the accounting for investments in associates and joint ventures and sets out the requirements for the application of the equity method of accounting;
  - IFRS 10 Consolidated Financial Statements – The standard introduces a single consolidation model for all entities based on control, irrespective of the nature of the investee. Under IFRS 10, control is based on whether an investor has:
    - Power over the investee;
    - Exposure, or rights, to variable returns from its involvement with the investee; and
    - The ability to use its power over the investee to affect the amount of the returns;
  - IFRS 11 Joint Arrangements – The standard replaces IAS 31 Interest in Joint Ventures and requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement. Joint arrangements are either joint operations or joint ventures; and
  - IFRS 12 Disclosure of Interests in Other Entities – Requires extensive disclosure to enable users of the financial statements to evaluate the nature of, and risks associated with, interests in other entities.

b Amendments to IFRSs that are effective in the current year

These amendments have not led to any retrospective application of changes in the Group's accounting policies.

- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities – To provide additional transition relief by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Effective for annual periods beginning on or after 1 January 2014. The Group's adoption of the standards has not led to any retrospective application and consequently the transition relief is not relevant.

- Investment entities amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial statements – Provides investment entities (as defined) an exemption from the consolidation of particular subsidiaries and instead requires their measurement at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement. Effective for annual periods beginning on or after 1 January 2014. As the Company is not an investment entity the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

- Amendments to IAS 32 Financial Instruments Presentation – To clarify the application of the requirements on offsetting financial assets and financial liabilities effective for annual periods beginning on or after 1 January 2014. As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

- Amendments to IAS 36 Impairment of Assets – To reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. Effective for annual periods beginning on or after 1 January 2014. The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

- Amendments to IAS 39 Financial Instruments: Recognition and Measurement – To clarify that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met. Effective for annual periods beginning on or after 1 January 2014. As the Group does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

2. Application of new and revised International Financial Reporting Standards ("IFRSs")

continued

c Standards, interpretations and amendments in issue but not yet effective

At the date of authorisation of these financial statements the following standards, interpretations and amendments, which have not been applied in these financial statements, were in issue but not yet effective. The Directors anticipate that the adoption of these standards, interpretations and amendments in future periods will have no material impact on the financial statements of the Group. A full assessment of the potential impact will be made at a later date.

- IFRS 9 Financial Instruments (as revised in 2014) – This standard has not yet been endorsed by the EU and is effective for annual periods beginning on or after 1 January 2018. The replacement project on IFRS 9 Financial Instruments consists of the three phases.
  - **Phase 1: Classification and measurement of financial assets and financial liabilities**. All recognised financial assets that are currently within the scope of IAS 39 will be subsequently measured at either amortised cost or fair value. Specifically:
    - A debt instrument that (i) is held within a business model whose objective is to collect the contractual cash flows and (ii) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding must be measured at amortised cost (net of any write down for impairment), unless the asset is designated at fair value through profit or loss ("FVTPL") under the fair value option.
    - A debt instrument that (i) is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and (ii) has contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, must be measured at fair value through other comprehensive income ("FVTOCI"), unless the asset is designated at FVTPL under the fair value option.
    - All other debt instruments must be measured at FVTPL.
    - All equity investments are to be measured in the statement of financial position at fair value, with gains and losses recognised in profit or loss except that if an equity investment is not held for trading, an irrevocable election can be made at initial recognition to measure the investment at FVTOCI, with dividend income recognised in profit or loss.
  - **Phase 2: Impairment methodology.** IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the impairment approach it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

- IFRS 15 Revenue from Contracts with Customers – This standard provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows:
  - Identify the contract with the customer;
  - Identify the performance obligations in the contract;
  - Determine the transaction price;
  - Allocate the transaction price to the performance obligations in the contracts; and
  - Recognise revenue when (or as) the entity satisfies a performance obligation.

New disclosures about revenue are also introduced, effective for annual periods beginning on or after 1 January 2017.

- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:
  - requires full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business
  - requires the partial recognition of gains and losses where the assets do not constitute a business

These requirements apply regardless of the legal form of the transaction and are effective for annual periods beginning on or after 1 January 2016.

- Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations – requires an acquirer of an interest in a joint operation in which the activity constitutes a business to:
  - apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11; and
  - disclose the information required by IFRS 3 and other IFRSs for business combinations.

The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation. For annual periods beginning on or after 1 January 2016.

- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets, effective for annual periods beginning on or after 1 January 2016, to:
  - clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment;
  - introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated; and
  - add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

- Amendments to IAS 27 Separate Financial Statements – to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements. Effective for annual periods beginning on or after 1 January 2016.

Pro.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

2. Application of new and revised International Financial Reporting Standards ("IFRSs") continued

c Standards, Interpretations and amendments in issue but not yet effective continued

- Annual improvements to IFRSs 2010-2012 cycle for annual periods beginning on or after 1 July 2014. The amendments impact the following standards:
  - IFRS 2 Share-Based Payment – Amends the definitions of "vesting condition" and "market condition" and adds definitions for "performance condition" and "service condition";
  - IFRS 3 Business Combinations – Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date;
  - IFRS 8 Operating Segments – Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets are only required if segment assets are reported regularly;
  - IFRS 13 Fair Value Measurement – Clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only);
  - IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount; and
  - IAS 24 Related Party Disclosures – Clarifies how payments to entities providing management services are to be disclosed.

- Annual improvements to IFRSs 2011-2013 cycle for annual periods beginning on or after 1 July 2014. The amendments impact the following standards:
  - IFRS 1 First-time Adoption of IFRSs – Clarifies which versions of IFRSs can be used on initial adoption (amends basis for conclusions only);
  - IFRS 3 Business Combinations – Clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself;
  - IFRS 13 Fair Value Measurement — Clarifies the scope of the portfolio exception in paragraph 52; and

- Annual improvements to IFRSs 2012-2014 cycle for annual periods beginning on or after 1 July 2016. The amendments impact the following standards:
  - IFRS 5 — Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued;
  - IFRS 7 — Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements; and
  - IAS 9 —IAS 34 — Clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference.

3. Significant accounting policies for Continuing Operations

a Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") adopted for use in the European Union. The financial statements also comply with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Group has 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. Further detail is contained in the report of the Directors.

The financial statements are presented in millions of pounds sterling, rounded to the nearest hundred-thousand. As detailed in note 6, the presentational currency has been changed from U.S. Dollars to pounds sterling as this is the predominate currency of the group post demerger. They have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

In accordance with IFRS 4 "Insurance contracts", the Group has applied existing accounting practices for insurance contracts and investment contracts within each of its subsidiaries, modified as appropriate, to comply with the IFRS framework and applicable standards. This is only applicable to the comparatives as the demerged group has not retained any insurance risk.

b Basis of consolidation

These financial statements consolidate all the enterprises over which the Group exercises control either directly or indirectly (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit or loss from the effective date of acquisition or up to the effective date of disposal. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

(i) Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in profit or loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet conditions for recognition under IFRS 3 are recognised at fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non current assets held for sale and discontinued operations", which are measured at fair value less costs to sell.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

3. Significant accounting policies for continuing operations continued

b Basis of consolidation continued

(i) Business combinations continued

Where the vendor retains a non-controlling interest in the subsidiary, the value of equity attributable has been accounted for as a proportionate share of identifiable net assets acquired as defined under IFRS 3. The treatment can however be varied based on choice made on acquisition-by-acquisition basis, with the alternative method to account for the non-controlling interest at fair value.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised of a subsidiary, associate or jointly controlled entity at the date of acquisition. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination "negative goodwill", the excess is recognised immediately in the profit or loss.

When the consideration in a business combination is subject to a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and is included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments may arise from additional information becoming available during the period up to one year from the date of acquisition in relation to the position at the acquisition date.
The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with IAS 39 or IAS 37, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. The results of subsidiaries disposed of during the year are included in the consolidated profit or loss up to the effective date of disposal, as appropriate. The financial results, profit on disposal and deferred consideration adjustments relating to the sale of Group operations are included in "Profit/(loss) for the year from discontinued operations" in the consolidation of profit or loss.

(ii) Investments in associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting except when classified as held for sale. Investments in associates are carried in the statement of financial position at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associates, less any impairment in the value of individual investments. Losses of the associates in excess of the Group's interest in those associates are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associates.

Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any deficiency of the cost of acquisition below the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition (i.e. discount on acquisition) is credited in the profit or loss in the period of acquisition.

Where a Group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the associates. Losses may provide evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment with the impairment loss recognised forming part of the carrying amount of the investment.

(iii) Goodwill

Goodwill arising on consolidation represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or associate at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in the profit or loss as a separate line item, impairment of goodwill, and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Goodwill arising on acquisitions before the date of transition to IFRSs has been retained at the previous GAAP amounts subject to being tested for impairment at that date.

c Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Chief Executive Officer.

d Discontinued operations and assets held for sale

Business components that represent separate major lines of business or geographical areas of operations are recognised as discontinued if the operations have been disposed of, or meet the criteria to be classified as held for sale under IFRS 5.

Assets and disposal groups are classified as held for sale if their carrying amount will be principally recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, expected to be completed within one year and the asset (or disposal group) is available for immediate sale in its present condition. Operations held for sale are held at the lower of their carrying amount, on the date they are classified as held for sale, or fair value less costs to sell.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

3. Significant accounting policies for continuing operations continued

e Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currencies of the major Group entities are:

Pro Global Insurance Solutions plc	GBP
Pro Insurance Solutions Limited (UK)	GBP
Pro IS Inc (US)	USD
Chiltington Group of Companies	EUR
STRIPE Global Services Limited	GBP

The consolidated financial statements are presented in millions of pounds sterling which is the Group's presentational currency.

The GBP to USD rate of exchange applicable at the balance sheet date is1.56937 (2013: 1.63399).

The average GBP to USD rate of exchange over the period is 1.63662 (2013: 1.56391).

The GBP to Euro rate of exchange applicable at the balance sheet date is 1.24237.

The average GBP to Euro rate of exchange over the period is 1.23311.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss. Non-monetary assets and liabilities are initially translated at transaction date. Non-monetary items are measured at the rate applicable when the transaction occurred and not retranslated.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing exchange rates at the date of the most recent statement of financial position presented;
- profit or loss items are translated at the rate prevailing throughout the relevant period; and
- all resulting exchange differences are recognised in other comprehensive income and accumulated in a separate reserve within equity.

f Revenue recognition

(i) Revenue from Outsourcing services

Revenue is attributable to providing management and operational services relating to the insurance industry and all income derived from associated concerns and is recognised in the profit or loss on an accrual basis. Incentive fees are attributable to providing transaction facilitation and structuring services and are recognised in the period in which the services are provided to the extent that a reliable measurement of the revenue can be made, subsequent changes in the initial estimate are recognised in later periods. Fees are recognised in the profit or loss over the period to which the services relate.

(ii) Revenue from Consultancy Services

Revenue is attributable to providing consultancy services related to the insurance industry and all income derived from the associated concerns are recognised in the profit or loss on an accrual basis. Fees are recognised in the profit and loss over the period to which the service relates.

(iii) Investment return

Investment return consists of dividends, interest, realised gains and losses, and unrealised gains and losses on fair value assets. Investment income is accounted for on a receivable basis, gross of any imputed tax credit. Interest is accrued up to the statement of financial position date.

(iv) Debt purchase income

Debt purchase income is reflected as a service fee with the group receiving a percentage of the recoveries that are made. The revenue is recognised when invoices are raised which follows the cash receipt of recoveries into the fund.

3. Significant accounting policies for continuing operations continued

g Employee benefits

(i) Pension costs

The Group operates defined contribution pension arrangements. Contributions are charged to the profit or loss as employee benefit expenses as they become payable in accordance with the rules of each scheme. The Group has no further payment obligations once the contributions have been paid.

(ii) Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

At the end of each reporting period, the group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of its original estimates, if any, is recognised in profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share based payment reserve.

Fair value is measured by use of two stochastic valuation models, namely the Monte Carlo method and the Black-Scholes valuation model. The expected life used in the models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restriction, and behavioural considerations.

h Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

i Taxation

Income tax expense represents the sum of the tax payable or receivable in the year and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the statement of financial position date.

Deferred income tax is provided in full, using the liability method, on all temporary differences, which are based on the differences between the financial statement carrying values and the tax bases of assets and liabilities using enacted income tax rates and laws that are expected to apply when the asset is realised or the liability is settled. Deferred income tax assets are recognised to the extent that it is regarded as probable that they will be utilised against sufficient future taxable income. Deferred income tax assets and liabilities are not discounted.

Current tax payable by any Group company on distribution to the holding company of the undistributed profits of any subsidiaries is recognised as deferred tax unless the timing of the distribution of those profits is controlled by the holding company and the temporary difference is not expected to reverse in the foreseeable future.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

j Other intangible assets

(i) Software

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from the Group's software development is recognised only if all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the development costs of the asset can be measured reliably.

It is amortised on a straight-line basis over its estimated useful life. The estimated useful lives are as follows:

Software (Development costs, Patents and trademarks)	5 years

Amortisation is included in total expenses in the profit or loss.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred. The impairment policy is set out in note l below.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

(ii) Arising from acquisition

An intangible asset arising from an acquisition of a subsidiary by the Group is initially valued on a provisional basis, pending the final valuation of these assets on completion of the fair value exercise. The final valuation will be specific to the nature of the business acquired, based on an assessment of the type of intangible assets identified matched with the application of the most appropriate valuation technique.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

3. Significant accounting policies for continuing operations continued

j Other intangible assets continued

(ii) Arising from acquisition continued

The types of intangible asset that may be identified are:
- Market related;
- Contract based;
- Customer related; and
- Technology based.

The valuation methods applied can be:
- Market - by reference to transactions that occurred recently in similar markets, or benchmarks of comparable assets;
- Income - on the basis of the future economic benefits derived from the ownership of the asset; and
- Cost - by assessing the development or replacement cost of an asset.

The intangible assets recognised are amortised on a straight line basis, over their estimated useful lives as follows:

Contract based 'valued on the income method'	2 years
Customer related 'valued on the income method'	5 years

Amortisation is included in expenses in the profit or loss.

k Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses when appropriate. Depreciation is charged to the profit or loss on a straight line basis over the estimated useful lives of the assets. The estimated useful lives are as follows:

Fixtures and fittings	4 years
Computer equipment	4 years

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

The residual values and useful lives of the assets are reviewed at each statement of financial position date and adjusted if appropriate.

l Impairment of non-financial assets

The Group reviews the carrying amounts of its non-financial assets at each statement of financial position date to determine whether there is any indication of impairment. If any indication exists, the asset's recoverable amount is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the greater of fair value less costs to sell and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

Impairment reviews on non-financial assets, with the exception of goodwill, may be reversed in subsequent periods.

m Financial instruments

The Group recognises a financial asset or a financial liability on its statement of financial position when it becomes a party to the contractual provisions of the instrument. On initial recognition, the Group determines the category of the financial instrument and values it accordingly with financial assets and financial liabilities being measured at fair value. The classification depends on the purpose for which the financial instruments are acquired.

The Group does not deal in any derivatives.

(i) Financial assets

The only financial asset held with the Group is classified as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are designated on initial recognition and measured at fair value including transaction costs. They are subsequently measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

3. Significant accounting policies for continuing operations continued

m Financial instruments continued

(ii) Financial liabilities

The Group classifies its financial liabilities as other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or they expire.

(iii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a current legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

n Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

o Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax. Incremental costs directly attributable to the issue of equity instruments as consideration for the acquisition of a business are included in the cost of acquisition.

4. Additional accounting policies for Discontinued Operations

a Basis of consolidation

Insurance risk premium

On acquisition of a subsidiary, in determining the fair value of an acquired company's assets and liabilities, the technical provisions are increased to include an insurance risk premium, which reflects management's consideration of the uncertainty of the technical provisions acquired.

At acquisition the level of the risk premium is determined on an actuarial basis as the difference between the acquiree's level of technical provisions held and those that bring them up to the 75th percentile level of confidence.

Following acquisition the in-house actuaries undertake a full actuarial review of the acquired company's technical provisions. At that time a review of the risk premium held is determined with any resultant increase or decrease in the risk premium charged or released to the profit or loss.

Management determines, through its business plan for the acquired company, the rate of de-scale for the company of its technical provisions and in each individual case sets a period over which the remaining risk premium will be released on a straight line basis.

b Product classification

The Group's products are classified, for accounting purposes, as either insurance contracts or deposit contracts either at inception or upon acquisition, where the Group's interest arises in a business combination. A contract classified as an insurance contract remains an insurance contract until all rights and obligations are extinguished or expire. Deposit contracts can be reclassified as insurance contracts after inception if insurance risk becomes significant.

Insurance contracts are those contracts that transfer significant insurance risk, if and only if, an insured event could cause an insurer to make significant additional payments in any scenario, excluding scenarios that lack commercial substance. Such contracts may also transfer financial risk.

c Revenue recognition

(i) Net earned insurance premium revenue

Written premiums, gross of commission payable to intermediaries, comprise the Group's share of written premiums on contracts entered into during a financial period, exclusive of taxes and duties levied on premiums. Premiums written include adjustments to premiums written in prior accounting periods and estimates for pipeline premiums. For inwards proportional reinsurance treaties and certain binding authorities and lineslips, written premium is included in line with anticipated writing patterns of cedants and agents. Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct insurance or inwards reinsurance business. There was no material unearned premium for either the current or comparative year.

(ii) Investment return

Investment return consists of dividends, interest, realised gains and losses, and unrealised gains and losses on fair value assets. Investment income is accounted for on a receivable basis, gross of any imputed tax credit. Interest is accrued up to the statement of financial position date.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

4. Additional accounting policies for Discontinued Operations continued

c Revenue recognition continued

(iii) Debt purchase income

This income reflects the anticipated return on the cashflows forecast in respect of the debt purchase portfolio. Under IFRS, there is a requirement to account for these transactions at amortised cost. The amortised cost is calculated as the present value of the expected future cash flows over the life of the instrument, discounted by the Internal Rate of Return ("IRR") estimated at acquisition of each debt purchased. The income is calculated as the assumed return on this valuation at the IRR and is recorded in the consolidated profit or loss as a component of other income. The debt purchase debtor is included in other debtors.

d Insurance claims incurred

Claims incurred include all claims and internal and external claims settlement expense payments made in respect of the financial period, together with the movement in the provision for claims outstanding and internal and external claims settlement expenses, including claims incurred but not reported. Outwards reinsurance recoveries are accounted for in the same accounting period as the claims for the related direct or inwards reinsurance business being reinsured. Provision for claims outstanding and reinsurance recoveries are recorded net of discount for the time value of money.

e Impairment of non-financial assets

The Group reviews the carrying amounts of its non-financial assets at each statement of financial position date to determine whether there is any indication of impairment. If any indication exists, the asset's recoverable amount is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the greater of fair value less costs to sell and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

Impairment reviews on non-financial assets, with the exception of goodwill, may be reversed in subsequent periods.

f Financial instruments

The Group recognises a financial asset or a financial liability on its statement of financial position when it becomes a party to the contractual provisions of the instrument. On initial recognition, the Group determines the category of the financial instrument and values it accordingly. The classification depends on the purpose for which the financial instruments are acquired.

The Group does not deal in any derivatives. Purchases and sales of securities and currencies are recognised on trade date, the date on which the Group commits to purchase or sell the asset.

(i) Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL") and loans and receivables.

Financial assets at FVTPL

The Group has classified its investments as financial assets at FVTPL. The Group manages financial investments held to cover its insurance liabilities on the same basis, being fair value. As such the Group's investments are classified as FVTPL at inception. Investments are stated at fair value at the statement of financial position date with any resultant gain or loss recognised in the profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in net investment return in the profit or loss. Transaction costs directly attributable to the acquisition of financial instruments at FVTPL are recognised immediately in the profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprises cash held by the Group and short-term bank deposits with an original maturity of three months or less in the statement of financial position.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are designated on initial recognition and measured at fair value including transactions costs. They are subsequently measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

4. Additional accounting policies for discontinued operations continued

f Financial instruments continued

(i) Financial assets continued

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets and the loss is recognised in the profit or loss.

Reclassification of financial assets

The Group has not reclassified any non-derivative financial assets out of FVTPL to available for sale financial assets. Reclassification is only permitted in rare circumstances and where the asset is no longer held for the purpose of selling in the short term. In all cases, reclassifications of financial assets are limited to debt instruments. Reclassifications are accounted for at the fair value of the financial asset at the date of reclassification.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(ii) Financial liabilities

The Group classifies its financial liabilities as other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or they expire.

(iii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a current legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

g Technical provisions

(i) Claims outstanding, related reinsurance recoveries and loss adjustment expenses

Claims outstanding comprise provisions for the estimated cost of settling all claims incurred up to, but not paid at, the statement of financial position date, whether reported or not, together with provisions for future costs related to the management of the run-off of the portfolio of claims. Where applicable, prudent estimates are made for salvage recoveries.

The gross claims outstanding provisions and related reinsurance recoveries, net of specific provisions for doubtful recoveries, are determined on the basis of information currently available. Adjustments to the amount of the provisions are reflected in the financial statements for the period in which the adjustments are made. The methods used and the estimates made are reviewed regularly. Claims outstanding are carried at actuarial "best-estimates".

(ii) Discounting

The Group's net technical provisions will be paid over a period of many years dependent upon the nature of the underlying risk, the claims outstanding and the related reinsurance recoveries. The net future liabilities have been reduced or "discounted" by an amount representing an estimate of future investment income from income-producing assets set aside to meet net claims liabilities. Discounting is applied to claims with a mean term of at least 4 years. The payment patterns for claims outstanding are derived by the Group's actuaries from analysis of historical patterns experienced by the Group and other comparable companies in run-off. The Group's investment portfolio has been structured to minimise interest rate exposure such that the maturity profile of the fixed income investments matches the maturity profile of the technical provisions. The discount rate, hence anticipated future investment income, has been calculated with reference to relevant dates on the yield curve for treasury bonds in the currencies in which the investments are held.

h Liability adequacy testing

At each reporting date, an assessment is made of whether the long-term business provisions are adequate, using current estimates of future cash flows. If that assessment shows that the carrying amount of liabilities (less related assets) is insufficient in the light of the future estimated cash flows, the deficiency is recognised in the profit or loss by setting up an additional provision in the statement of financial position.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

4. Additional accounting policies for discontinued operations continued

i Pension costs

Following the acquisition of HIR, the Group assumed an employer-sponsored defined benefit pension plan. In accordance with IAS 19, the Projected Unit Credit method (PUCM) is used to determine the present value of the defined benefit obligation. Actuarial valuations of plan assets and the present value of the defined benefit obligations are used as measurement criteria and there may be actuarial gains or losses charged to other comprehensive income. Key actuarial assumptions include the mortality tables of Prof. Dr. Klaus Heubeck to estimate life expectancy and a suitable discount rate derived from the Bundesbank.

5. Critical accounting judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to exercise judgement in making estimates and assumptions that affect the application of the Group's accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the periods in which the estimates are revised if the revisions affect only those periods or in the periods of the revision and future periods if applicable.

Judgements made by management in the application of IFRS that have a significant effect on the consolidated financial statements and estimates with a significant risk of material adjustments in following years include:

Accounting Judgements

a Accounting treatment of Lincoln General Insurance Company

In October 2011, the Company acquired 51% of Lincoln General Insurance Company ("LGIC") for a nominal sum.

The Company has determined that its ownership interest does not constitute control on the following basis:

- In 2009, LGIC had a total adjusted capital deficit which placed the Company at the National Association of Insurance Commission ("NAIC") risk-based capital ("RBC") mandatory action Level 5 Mandatory Control. As a result, the Pennsylvania Insurance Department ("PID") was required to take steps to place the insurer under its control.
- In June 2009, LGIC became subject to a "Letter Agreement" with the PID which placed significantly restrictions on the financial and operating policies of LGIC.

Since LGIC is de facto under the regulator's supervision because of the restrictions contained in the Letter Agreement, the Company cannot be deemed to have the necessary substantive rights that give it the ability to direct those activities that would significantly affect the investee's returns within the meaning of IFRS 10.

Since the Company does not control LGIC, within the meaning of applicable accounting standards, it does not consolidate the results of LGIC. Consequently, the Company's investment in LGIC is accounted for as a financial asset.

b Accounting treatment of QX Reinsurance Company Limited ("QX Re")

As disclosed in note 7 the ownership of QX Re was not transferred as part of the demerger. The economic interest and benefits arising from QX Re are no longer held by the Group and therefore it is no longer consolidated.

Accounting Estimates

a Technical provisions

(i) Outstanding claims provisions and related reinsurance recoveries

There is uncertainty as regards the eventual outcome of the claims and related reinsurance recoveries that have occurred by the statement of financial position date but remain unsettled. This includes claims that may have occurred but have not yet been notified and those that are not yet apparent to the insured. Significant delays occur in the notification of certain claims and a substantial measure of experience and judgement is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with certainty at the statement of financial position date.

In particular, estimates of technical provisions inevitably contain inherent uncertainties because extensive periods of time may elapse between the occurrence of an insured loss, the reporting of that claim and the payment of the claim and the receipt of reinsurance recoveries.

The adequacy of the claims outstanding provision is assessed by reference to actuarial projections of the ultimate development of claims in respect of each underwriting year. In addition, in certain areas of the portfolio, exposure analysis has been performed. This provision is derived through extensive analysis by the Group's in-house actuaries. The methods used, and the estimates made, are reviewed regularly. This is detailed further in note 40 c (i).

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

5. Critical accounting judgements and estimates continued

Accounting Estimates continued

a Technical provisions continued

(ii) Basis of discounting

The Group's net technical provisions are discounted as set out in note 4g (ii). The use of discounted technical provisions depends upon the accuracy of the following estimates:

- future claims and expense payments and associated reinsurance recoveries;
- the payment profiles attributable to claims payments and related reinsurance recoveries; and
- the future rate of return expected on invested assets.

b Fair value of financial assets – measurement considerations

Determining the fair value of a financial instrument requires estimation. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The appropriate quoted market price for an asset held is usually the current bid price. When current bid prices are unavailable, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction. If conditions have changed since the time of the transaction (e.g. a change in the risk-free interest rate following the most recent price quote for a corporate bond), the fair value reflects the change in conditions by reference to current prices or rates for similar financial instruments, as appropriate.

c Deferred assets – deferred consideration

The deferred consideration receivable on the sale of the majority of the Group's shareholding in CX Reinsurance Company Limited ("CX Re"), is impacted by the net asset value of the company. A number of risks, in particular the availability of consortium relief, impact the fair value of CX Re and any changes in the fair value will have a direct impact on the value of deferred consideration carried in the statement of financial position. The deferred consideration receivable is classified as an asset held for sale.

6. Change in accounting policy

Following the demerger the Group's revenues, profits and cash flows are primarily generated in pounds sterling, and are expected to remain principally denominated in pounds sterling for the foreseeable future. Historically the Group presented its consolidated financial statements in US dollars. In 2014, the Group changed the currency in which it presents its financial statements from US dollars to pounds sterling, because pounds sterling is the predominate currency of the Group.

A change in the presentation currency is considered a change in accounting policy and has been accounted for retrospectively. Financial information included in the financial statements for the period ended 31 December 2013 previously reported in US dollars has been restated into pounds sterling using the following procedures:

- assets and liabilities were translated into pounds sterling at the closing rates of exchange on the relevant reporting dates. At 31December 2013 the closing rate of exchange used to translate the assets and liabilities into pounds sterling was 1.634 ;
- income and expenditure were translated at the average rates of exchange prevailing for the relevant periods, for the year ended 31 December 2013 the average rate of exchange used to translate the profit or loss into pounds sterling was 1.564;
- Equity was translated at the rate of exchange prevailing when the original transaction took place; and
- the translation reserve was recalculated from accumulated gains and losses using average rates of exchange prevailing for the relevant periods.

The change of reporting currency created a translation reserve of £22.6 million as at 1 January 2013, which was released as subsidiaries were sold in 2013 (£16.7 million) and on the demerger in 2014 (£6.8 million). The outstanding balance at the end of 2014, that relates to the current group structure, is £0.4 million.

7. Demerged entities

On 20 December 2013 the Group announced its plan to demerge the risk carrier business with the remaining service business becoming the focus of the Group.

On 26 March 2014 the High Court approved a reduction of the Company's share capital to facilitate the demerger, share premium of £57.5 million was cancelled and the nominal value of the ordinary shares was reduced from 10 pence to 2 pence. These changes are detailed in the statement of changes in equity.

On 3 April 2014 the demerger became effective and the risk carriers' and other companies' net assets were transferred by means of a dividend in specie.

Following the demerger, the deferred asset arising from the disposed of CX Re is payable to the risk carrier business. This is currently shown as held for sale as the transfer is not yet complete and is disclosed in note 15. The demerger also meant that the Group ceased to have significant influence over the 12.65% interest in CX Re. Subsidiaries QX Re and LGIC Holdings, LLC continue to be owned by the Group but certain economic rights have transferred to the risk carrier business.

The demerged subsidiaries and transferred economic rights are detailed overleaf:

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

7. Demerged entities continued

Analysis of entities over which control was lost

Demerged subsidiaries	Place of incorporation (or registration) and operation	Portion of ownership interest transferred	Net assets transferred £m
Tawa Associates Limited	Great Britain	100.00%	24.3
Tawa Management Limited	Great Britain	100.00%	1.6
WT Holdings Incorporated	United States Delaware	100.00%	12.7
PXRE Reinsurance Company	United States Connecticut	100.00%	16.6
Tawa Management (Bermuda) Limited	Bermuda	100.00%	(0.1)
Amberley Alternative Assets Limited	Great Britain	100.00%	0.1
CX Reinsurance Company Limited	Great Britain	12.65%	0.8
ICL Holdings Incorporated	United States Delaware	100.00%	
Island Capital (Europe) Limited (in Liquidation)	Great Britain	94.30%	
Island Capital Limited	Bermuda	94.30%	11.0
Pocono Holdings Limited	Great Britain	100.00%	0.1
Q360, Inc	United States Delaware	100.00%	
Q360 Limited	Great Britain	100.00%	(3.7)
Lodestar Marine Limited	Great Britain	100.00%	(5.9)
Economic rights transferred			
CX Reinsurance Company Limited, deferred asset (held for sale)	Great Britain	n/a	28.4
QX Reinsurance Company Limited	Bermuda	100.00%	0.7
LGIC Holdings, LCC	United States Delaware	51.00%	-
Consolidation and IFRS valuation adjustments			(36.3)
Total net assets transferred			50.3

Analysis of assets and liabilities over which control was lost

	Entities demerged £m	Consolidation and IFRS valuation adjustments £m	Economic rights transferred £m	**Net assets transferred 3 April 2014 £m**
Assets				
Investments in subsidiaries	39.3	(39.3)	-	**-**
Intercompany balances	4.7	(4.7)	-	**-**
Property, plant and equipment	0.1	-	-	**0.1**
Interest in associate	2.8	0.4	-	**3.2**
Deferred assets	-	2.5	29.1	**31.6**
Reinsurers' share of technical provisions	2.4	-	-	**2.4**
Loans and receivables including insurance receivables	15.0	4.7	-	**19.7**
Financial assets - investments	20.0	-	-	**20.0**
Cash and cash equivalents	8.7	-	-	**8.7**
Total assets over which control was lost	93.0	(36.4)	29.1	**85.7**
Liabilities				
Financial liabilities - borrowings	(19.6)	-	-	**(19.6)**
Technical provisions	(6.7)	0.1	-	**(6.6)**
Creditors arising out of insurance operations	(3.3)	-	-	**(3.3)**
Other liabilities	(5.9)	-	-	**(5.9)**
Total liabilities over which control was lost	(35.5)	0.1	-	**(35.4)**
Net assets over which control was lost	57.5	(36.3)	29.1	**50.3**

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

7. Demerged entities continued

Gain/(loss) on demerger

	31 Dec 2014 £m
Dividend in specie	(50.3)
Fair value of net assets transferred	50.3
	-

Net cash flow on the demerging of entities

	31 Dec 2014 £m
Consideration received in cash and cash equivalents	-
Less: cash and cash equivalents disposed of	(8.7)
	(8.7)

8. Segmental information

Following to the demerger disclosed in note 7, the Company changed its reportable segments to reflect the reconstitution of the Company's business as a pure service provider and its reorganization into two distinct business segments; Outsourcing and Consulting. These revised reportable segments reflect the basis upon which the results of the group are now reported to the Group Chief Executive, the Group's chief operating decision maker, for management information and decision making purposes.

The amounts reported in the prior period have been restated accordingly.

Management reporting provided to the CEO is focussed around the revenues and gross margins (revenue less direct costs) of each segment and net income of the consolidated group. The two principal segments have been further subdivided as set out below.

Management information's primary focus is gross margin of each segment and subgroup. The second key focus is indirect and overhead expense reporting which is reported on a global basis since resources of the group are shared across segments.

The demerged Group's revenue is generated in a number of countries and geographies, principally, the United Kingdom, United States, Europe and Latin America.

The Group derives revenue from a number of distinct service lines. These service lines are grouped into reportable segments that share distribution channels and human resource pools.

Details of the reportable segments are as follows:

- **Outsourcing** - Comprised of Legacy Solutions and Technical Outsourcing services provided to insurance and reinsurance industry clients in both the live and run-off markets. Services include:
    - Risk portfolio management, exit solutions, asset collection; and
    - Underwriting support, claims and TPA services, technical accounting, intermediary services.

- **Consulting** – Comprised of Operational Consulting and Risk, Audit and Compliance ("RAC") also exclusively within the insurance and reinsurance industry. Services include:
    - Project management, Change management, process improvement, system transformation; and
    - Risk framework, claims peer reviews, regulatory compliance, coverholder audits and litigation support.

- **Other** includes revenue from STRIPE Global Services Limited and incidental revenue that is generated outside of the core services by shared services resources.

The Group monitors revenue on both a product and territory basis. However, the group does not have significant assets and liabilities that are product or service specific. All segments share the Group infrastructure and costs are shared between segments based primarily on direct headcount. Segments do not have specifically identifiable assets and liabilities other than receivables related to revenue generated within each group. Monitoring of receivables is a group function and not managed on a segment basis.

None of the Group segments are materially impacted by seasonality. However, variability in segment results can occur from year to year due primarily to variations in demand driven principally be macroeconomic factors.

Revenue is derived from the provision of services to clients, which although targeted to the needs of the client are categorised as outsourcing or consultancy services.

In 2014, the Group incurred significant restructuring and reorganisation costs which are not deemed part of normal operating activities. As a result, these costs have been allocated to "Other".

Occasionally, resources are shared across territories resulting in revenue and expense charges between segments. Intersegment revenue and expenses are eliminated within these accounts.

Pro.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

8. Segmental information continued

a Segment income and results

The following is an analysis of the Group's revenue and result by reportable segment.

For the year ended 31 December 2014	Outsourcing £m	Consulting £m	Other £m	Eliminations / Adjustments £m	Discontinued operations £m	**Total £m**
Revenue						
Third party	18.8	6.2	0.6	0.2	-	**25.8**
Inter-segment	0.3	-	-	(0.3)	-	**-**
Total revenue	19.1	6.2	0.6	(0.1)	-	**25.8**
Interest Expense	(0.2)	(0.5)	-	-	-	**(0.7)**
Depreciation & Amortisation	(0.1)	(0.3)	(0.2)	-	-	**(0.6)**
Profit/(loss) on continuing operations before taxation	1.0	0.1	(2.9)	1.0	-	**(0.8)**
Profit on discontinued operations	-	-	-	-	4.7	**4.7**

For the year ended 31 December 2013	Outsourcing £m	Consulting £m	Other £m	Eliminations / Adjustments £m	Discontinued operations £m	Total £m
Revenue						
Third party	18.7	5.6	0.3	-	-	24.6
Inter-segment	0.8	-	1.4	(2.2)	-	-
Total revenue	19.5	5.6	1.7	(2.2)	-	24.6
Interest Expense	(0.3)	(0.5)	-	-	-	**(0.8)**
Depreciation & Amortisation	(0.1)	(0.4)	-	-	-	**(0.5)**
Profit/(loss) on continuing operations before taxation	1.4	0.3	0.4	(6.9)	-	(4.8)
Loss on discontinued operations	-	-	-	-	(28.4)	(28.4)

No adjustments are required for revenue recognition. Intersegment revenue is generated through the charging for resources between group companies and is consolidated out in full.

b Geographical information

Revenue is generated in a number of territories; the revenue is booked within the territory that is providing the principal resources to fulfil the contract.

Revenue from external customers	**31 Dec 2014 £m**	31 Dec 2013 (restated) £m
United Kingdom	**18.0**	16.0
United States	**4.5**	5.6
Europe	**2.4**	2.4
Latin America	**0.9**	0.6
Total revenue	**25.8**	24.6

The following is a geographical analysis of the Group's non-current assets. Non-current assets for this purpose consist of property, plant and equipment (£1.4 million), intangible assets (£0.3 million) and investments in associates (£6.8 million).

Location of non-current assets	**31 Dec 2014 £m**	31 Dec 2013 (restated) £m
United Kingdom	**8.1**	8.2
Europe	**0.4**	0.4
Total non-current assets	**8.5**	8.6

c Information about major customers

The Group does not derive revenue from an individual policyholder or intermediary that represents 10% or more of the Group's total revenue.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

9. Directors' emoluments

31Dec 2014	Fees as Directors £m	Other emoluments £m	Company pension contributions £m	Share Based Payments	**Total £m**	Highest paid Directors' emoluments £m	Highest paid Directors' emoluments
Services as Directors of the Company	0.2	0.2	0.1	0.1	**0.6**	0.4	
Services as Directors of subsidiaries	-	-	-	-	**-**	-	
Directors' emoluments	**0.2**	**0.2**	**0.1**	**0.1**	**0.6**	**0.4**	**-**

31Dec 2013 (restated)	Fees as Directors £m	Other emoluments £m	Company pension contributions £m		Total £m	Highest paid Directors' emoluments £m	
Services as Directors of the Company	0.1	0.6	0.1	0.1	0.9	0.5	
Services as Directors of subsidiaries	-	-	-	-	-	-	
Directors' emoluments	0.1	0.6	0.1	0.1	0.9	0.5	-

The highest paid director received a pension contribution of £25,200 (2013: £53,954), both payments were made into a defined contribution scheme. Three directors (2013: three) accrued benefits in defined contribution schemes.
No directors exercised share options during the year (2013: None).

10. Auditor's remuneration

The following fees were incurred directly by the Group in respect of audit and related services set out below and paid to Mazars LLP:

	31 Dec 2014 £m	31Dec 2013 (restated) £m
Fees payable to the Company's auditor for the audit of the Company's annual accounts	0.1	0.1
Fees payable to the Company's auditor for audit of the Company's subsidiaries pursuant to legislation	0.1	0.1
Fees payable to the Company's auditor for audit of the Company's associate pursuant to legislation	0.1	0.1
Total audit fees	**0.3**	0.3
Other services	-	0.1
Total non-audit fees	**-**	0.1

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

11. Staff costs

The average monthly number of employees (including Executive Directors) was:

	31 Dec 2014	31 Dec 2013
Outsourcing	**193**	167
Consulting	**48**	36
Incubators	**-**	23
Actuarial	**-**	3
Executive and management	**37**	40
Support	**74**	29
Number of employees	**352**	298

Their aggregate remuneration comprised:

	31 Dec 2014 £m	31 Dec 2013 (restated) £m
Wages and salaries	**15.3**	215
Social security costs	**1.9**	2.4
Other pension costs	**1.9**	19
Restructuring	**0.1**	-
Other costs	**-**	12
Staff costs	**19.2**	27.0

12. Finance costs

Continuing operations	**31 Dec 2014** **£m**	31 Dec 2013 (restated) £m
Interest on corporate borrowings	**(0.7)**	(1.4)
Interest on debentures	**-**	(0.3)
Deposit contract charges	**-**	0.3
Other	**-**	0.6
Total finance costs	**(0.7)**	(0.8)

Pro.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

13. Taxation

UK corporation tax is 21.5% (2013: calculated at 23.25%) of the estimated assessable UK profit for the year. The tax (credit)/charge for the periods presented varied from the stated rate of UK corporation tax as explained below:

	31 Dec 2014			31 Dec 2013 (restated)		
	Continuing operations £m	Discontinued operations £m	**Total £m**	Continuing operations £m	Discontinued operations £m	Total £m
UK Corporation taxation on profits / (loss) for the year	(0.1)	-	**(0.1)**	-	-	-
Adjustments in respect of prior periods	-	-	**-**	(0.3)	-	(0.3)
Total taxation	(0.1)	-	**(0.1)**	(0.3)	-	(0.3)

The taxation expense for the year can be reconciled to the accounting profit / (loss) as follows:

Profit / (loss) before taxation	(0.8)	4.7	**3.9**	(4.8)	(28.4)	(33.2)
Standard corporation tax of 21.5% (2013: 23.25%)	(0.2)	1.0	**0.8**	(1.1)	(7.0)	(8.1)
Factors affecting taxation charge:						
Temporary differences	-	-	**-**	(0.1)	-	(0.1)
Income/expenses not taxable/deductible for tax	(0.5)	(2.4)	**(2.9)**	5.4	7.0	12.4
Adjustments in respect of prior periods	-	-	**-**	(0.3)	-	(0.3)
Utilisation of tax losses in respect of which no deferred tax assets were recognised	0.6	1.4	**2.0**	(4.2)	-	(4.2)
UK Corporation taxation on profit / (loss) for the year	(0.1)	-	(0.1)	(0.3)	-	(0.3)

At 31 December 2014 the Group has recognised deferred tax assets of £0.3 million (2013: £0.2 million) in regard of capital allowances. In addition the Group had unrecognised tax assets of £4.4 million (2013: £5.8 million) in respect of tax losses carried forward. Recognised deferred tax assets relate to accelerated capital allowances. Unrecognised deferred tax assets are not anticipated to become recoverable until the Group becomes profitable. £0.5 million of tax losses were utilised in 2014.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

14. Discontinued operations

Demerger of Tawa Associates Limited ("TAL")

On 3 April 2014 the Group effected the demerger of the risk carrier business. The results and gain on demerger are presented as discontinued in both the current and comparative year. The entities which have been transferred to the TAL group have been presented in note 7.

CX Reinsurance Company Limited ("CX Re")

Following the Group's disposal in 2006 of the majority of its shareholding in CX Re any adjustments to the deferred consideration are accounted for as a profit/(loss) on sale of investment in the year in which the adjustments to the deferred consideration arise. CX Re formed part of the demerger, however at the end of the financial year the transfer to TAL had not yet been completed, therefore the deferred asset and related liability to TAL remain classified as held for sale.

Hamburger Internationale Rückversicherung AG ("HIR")

On 20 December 2013 the Group announced the sale of the entire issued share capital of HIR and its subsidiaries Pavant SAS, Chiltington International Holdings Limited, and Hamburg International Reinsurance Ltd to Compre Holdings Limited whilst retaining the Chiltington consulting companies in Argentina, USA, UK and Germany. Regulatory approval was received on 14 August 2014 from BaFin, the German regulator, and the transaction completed subsequent to the reporting period. The results are presented as discontinued in both the current and comparative year and the related net assets are disclosed as held for sale.

KX Reinsurance Company Limited ("KX Re") and OX Reinsurance Limited ("OX Re")

On 14 April 2013, the Group disposed of its risk carrier KX Re and its direct subsidiary OX Re. The results and the loss on disposal are presented as discontinued operations in the comparative year. Discontinued operations are as follows:

				31 Dec 2014					31 Dec 2013 (restated)
	TAL	CX Re	HIR	**Total**	KX Re	TAL	CX Re	HIR	Total
Discontinued operations	£m	£m	£m	**£m**	£m	£m	£m	£m	£m
Net earned premium	0.7	-	-	**0.7**	-	19	-	-	19
Total other income	15	-	0.7	**2.2**	0.3	11	-	0.4	18
Net insurance claims	0.7	-	-	**0.7**	(0.3)	(19.1)	-	13	(18.1)
Expenses	(3.8)	-	(0.9)	**(4.7)**	0.1	(5.5)	-	(3.0)	(8.4)
Share of results of associate	(0.1)	(0.7)	-	**(0.8)**	-	-	-	-	-
Finance costs	(0.4)	-	-	**(0.4)**	-	(0.6)	-	-	(0.6)
Net profit/(loss) from discontinued operations before taxation	(14)	(0.7)	(0.2)	**(2.3)**	0.1	(22.2)	-	(13)	(23.4)
Taxation	(0.1)	-	-	**(0.1)**	-	-	-	(0.3)	(0.3)
Impairment of demerged subsidiary	-	-	-	**-**	-	(8.3)	-	-	(8.3)
Reclassification of translation reserve	6.8	-	-	**6.8**	-	13	-	-	13
Profit on disposal of discontinued operations	-	(0.1)	0.4	**0.3**	2.0	-	0.3	-	2.3
Total profit/(loss) from discontinued operations	**5.3**	**(0.8)**	**0.2**	**4.7**	2.1	(29.2)	0.3	(16)	(28.4)

	31 Dec 2014	31 Dec 2013 (restated)
Cash flow statement from discontinued operations	**£m**	£m
Net cash used in discontinued operations	(2.7)	(8.4)
Cash generated from discontinued investing activities	(12)	615
Cash used in discontinued financing activities	(0.4)	(5.0)

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

15. Assets and liabilities classified as held for sale

Demerger of Tawa Associates Limited ("TAL")

On 20 December 2013 the Group announced its plan to demerge the Group's risk carrier business and the related assets were shown as held for sale at 31 December 2013. A list of the demerged entities is disclosed in note 7. On 3 April 2014 the Group transferred these net assets by means of a dividend in specie, with the exception of CX Reinsurance Company Limited's ("CX Re") deferred asset, which has remained as held for sale and the transfer is progressing. As the economic rights of this asset transferred to TAL on 3 April 2014 a related liability is shown as due to TAL from this date.

The assets and liabilities classified as held for sale are shown in the table below:

	31 Dec 2014	31 Dec 2013 (restated)		
		TAL	CX Re	Total
	£m	£m	£m	£m
Assets				
Property, plant and equipment	**-**	0.1	-	0.1
Interest in associate	**-**	3.3	-	3.3
Deferred assets	**19.3**	-	32.1	32.1
Reinsurers' share of technical provisions	**-**	2.4	-	2.4
Loans and receivables including insurance receivables	**-**	16.6	-	16.6
Financial assets - investments	**-**	21.7	-	21.7
Cash and cash equivalents	**-**	10.5	-	10.5
Total assets held for sale	**19.3**	54.6	32.1	86.7
Liabilities				
Financial liabilities - borrowings	**-**	(17.9)	-	(17.9)
Technical provisions	**-**	(6.9)	-	(6.9)
Creditors arising out of insurance operations	**-**	(4.2)	-	(4.2)
Other liabilities	**(19.3)**	(6.7)	-	(6.7)
Total liabilities held for sale	**(19.3)**	(35.7)	-	(35.7)
Net assets classified as held for sale	**-**	18.9	32.1	51.0

As detailed in note 7 CX Re assets and liabilities are held as liabilities held for sale as they have not yet been transferred to the risk carrier. At demerger the 12.65% holding was transferred as part of the demerger. QX Re continue to be owned by the Group but have transferred certain economic rights to the demerged risk carrier business.

16. Profit or Loss for the year

Profit / (loss) for the year has been arrived at after crediting/(charging):

	31 Dec 2014	31Dec 2013 (restated)
	£m	£m
Continuing operations		
Depreciation of property, plant and equipment	**(0.3)**	(0.4)
Amortisation of intangible assets	**(0.2)**	(0.1)
Operating lease expense	**(0.9)**	(0.7)
Foreign exchange gains	**-**	0.8
Discontinued operations	**-**	-
Amortisation of risk premium	**-**	0.2
Foreign exchange gains/(losses)	**-**	(0.3)
Impairment of goodwill	**-**	(8.4)

Pro.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

17. Dividends

No cash dividend was distributed in 2014 in relation to the results for the 2013 financial year (2013: No dividend was distributed in relation to the 2012 financial year). The Directors do not recommend any dividend to be paid in 2015 relating to the results of 2014. As detailed in note 26, a dividend in specie of £50.6 million was declared as part of the demerger. This amounted to 44.7p per share.

18. Earnings per share

Share options granted in 2014 have been included on a weighted average basis or the purposes of calculating a diluted earning per share where a profit has been reported, There are no dilutive shares in 2013 as the Group incurred a loss.

Earnings	**31 Dec 2014 £m**	31 Dec 2013 (restated) £m
Earnings for the purposes of basic earnings per share from **continuing and discontinued operations** being net loss attributable to equity holders of the Group	**3.8**	(33.5)
Earnings for the purposes of basic earnings per share from **continuing operations** being net loss attributable to equity holders of the Group	**(0.9)**	(5.1)
Earnings for the purposes of basic earnings per share from **discontinued operations** being net loss attributable to equity holders of the Group	**4.7**	(28.4)

Number of shares	**31 Dec 2014**	31 Dec 2013
Weighted average number of Ordinary Shares for the purposes of basic earnings per share	**112.9**	113.2
Effect of dilutive potential Ordinary Shares: Share options	**3.6**	-
Weighted average number of Ordinary Shares for the purposes of diluted earnings per share	**116.5**	113.2

Basic earnings per share	**31 Dec 2014 UK pence**	31 Dec 2013 (restated) UK pence
From continuing and discontinued operations		
Basic (pence per share)	**3.37**	(29.59)
Diluted (pence per share)	**3.24**	(29.59)
From continuing operations		
Basic (pence per share)	**(0.80)**	(4.50)
Diluted (pence per share)	**(0.80)**	(4.50)
From discontinued operations		
Basic (pence per share)	**4.16**	(25.09)
Diluted (pence per share)	**4.03**	(25.09)

Reconciliation of movement in comparatives and impact on earnings per share

	Discontinued Earnings Millions	Discontinued Impact of EPS Cents / Pence	Continuing Earnings Millions	Continuing Impact of EPS Cents / Pence	**Total** Earnings Millions	**Total** Impact of EPS Cents / Pence
Previous U.S. Dollar Earnings	($40.1)	($35.43)	($38.2)	($33.74)	($78.3)	($69.17)
Translation to pounds sterling	(25.90)	(22.71)	(24.50)	(21.64)	(50.4)	(44.34)
Translation reserve movement	16.9	14.75	-	-	16.9	14.75
HIR to discontinued	(1.60)	(1.41)	1.60	1.41	-	-
QX to discontinued	(18.10)	(15.99)	18.10	15.99	-	-
Intercompany adjustments	0.30	0.26	(0.30)	(0.26)	-	-
31 Dec 2013 Restated	**(28.40)**	**(25.09)**	**(5.10)**	**(4.50)**	**(33.5)**	**(29.59)**

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

19. Property, plant and equipment

	31 Dec 2014 £m	31Dec 2013 (restated) £m
Computer equipment		
Cost or valuation		
Balance at 1 January	5.8	5.7
Additions	0.2	0.1
Disposals	(14)	-
Computer equipment cost or valuation	**4.6**	5.8
Accumulated depreciation and impairment		
Balance at 1 January	(5.0)	(4.8)
Charge for the year	(0.3)	(0.2)
Disposals	14	-
Computer equipment accumulated depreciation and impairment	**(3.9)**	(5.0)
Carrying amount of computer equipment at 31 December 2014	**0.7**	**0.8**
Fixtures and fittings		
Cost or valuation		
Balance at 1 January	13	16
Additions	0.6	0.1
Disposals	(0.3)	-
Reclassified as held for sale	-	(0.4)
Fixtures and fittings cost or valuation	**1.6**	13
Accumulated depreciation and impairment		
Balance at 1 January	(1.1)	(13)
Charge for the year	(0.1)	(0.1)
Disposals	0.3	-
Reclassified as held for sale	-	0.3
Fixtures and fittings accumulated depreciation and impairment	**(0.9)**	(1.1)
Carrying amount of fixtures and fittings at 31 December 2014	**0.7**	**0.2**
Total Carrying amount at 31 December	**1.4**	10

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

20. Goodwill

	31 Dec 2014 £m	31 Dec 2013 (restated) £m
Cost		
Balance at 1 January	**5.9**	17.0
Deferred consideration impairment	**(0.8)**	-
Goodwill classified as held for sale	**-**	(11.1)
Balance at 31 December	**5.1**	5.9
Accumulated impairment losses		
Balance at 1 January	**-**	(3.1)
Accumulated impairment classified as held for sale	**-**	3.1
Balance at 31 December	**-**	-
Carrying amount at 31 December	**5.1**	5.9

Before recognition of impairment losses the carrying amount of goodwill (other than goodwill relating to discontinued operations) is comprised of:

	31 Dec 2014 £m	31 Dec 2013 (restated) £m
Acquisition of the Pro group of companies comprising Pro Insurance Solutions Limited, Pro IS, Inc and SLU	**5.1**	5.9

Pro

The recoverable amount of this CGU is determined from a value in use calculation which uses cash flow projections based on financial budgets approved by the Directors for one year and thereafter extrapolated for four years using an estimated growth rate of 3%. This rate does not exceed the average long term growth rate for relevant markets. The rate used to discount the forecast cash flows is 11% (2013: 15%).

The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to prices and costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to this CGU.

Goodwill was recognised at the purchase date with deferred consideration becoming due through a profit share agreement which increased the value of goodwill. In 2014 the agreement with the vendor was concluded with no further deferred consideration payments due. This resulted in the total value of Goodwill being reduced to reflect the total payments made under the original purchase agreement.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

21. Other intangible assets

The intangible assets comprise software costs and other acquired intangible assets as disclosed in the table below:

	31 Dec 2014 £m	31 Dec 2013 (restated) £m
Software		
Cost		
Balance at 1 January	**0.7**	0.7
Software cost	**0.7**	0.7
Amortisation		
Balance at 1 January	**(0.3)**	(0.2)
Charge for the year	**(0.1)**	(0.1)
Software accumulated amortisation	**(0.4)**	(0.3)
Carrying amount pf software at 31 December 2014	**0.3**	0.4
Acquired intangible assets		
Cost		
Balance at 1 January	**1.2**	1.2
Acquired intangible assets cost	**1.2**	1.2
Amortisation		
Balance at 1 January	**(1.1)**	(1.0)
Charge for the year	**(0.1)**	(0.1)
Acquired intangible assets accumulated amortisation	**(1.2)**	(1.1)
Carrying amount of intangible assets at 31 December 2014	**-**	0.1
Other		
Cost		
Balance at 1 January	**0.1**	0.1
Additions and disposals	**(0.1)**	-
Other cost	**-**	0.1
Amortisation		
Balance at 1 January	**-**	-
Charge for the year	**-**	-
Other accumulated amortisation	**-**	-
Carrying amount of other assets at 31 December 2014	**-**	0.1
Total Carrying amount at 31 December	**0.3**	0.6

Software intangible assets represent development costs and costs in respect of patents and trademarks relating to STRIPE® which is a proprietary web based platform that was launched in September 2010, allowing principal to principal processing of claims and other post placement transactions between ceding company and reinsurer. Software (development costs, patents and trademarks) are amortised on a straight line basis over 5 years.

The Group recognised an intangible asset of £1.2 million as part of a business combination in 2009. The acquired intangible asset comprises a contract-based intangible of £0.8 million and a customer-related intangible of £0.4 million. The acquired contract-based and customer-related intangible assets were amortised on a straight line basis over 2 and 5 years respectively and now fully amortised.

The amortisation charge for the year is included within total expenses in the profit or loss.

22. Subsidiaries

A list of the investments in subsidiaries, including the name, country of incorporation, proportion of ownership interest is given in note 50 to the Company's financial statements.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

23. Associates

Details of the investment in associates, including the name, country of incorporation and proportion of ownership interest is given in note 51 to the Company's financial statements.

The Group has a 30% investment in Asta Capital Limited ("Asta"), a private company incorporated in the UK. Asta is a leading turnkey managing services company in Lloyds.

The Group owns 30% of the ordinary share capital (33% of Voting shares). The Group also owns £5.5 million (2013: £6.5 million) 8% preference shares.

Therefore, the directors have deemed the Group to have significant influence over Asta and as a result, it has been accounted for as an associate using the equity method in the consolidated financial statements.

Asta's shares are not traded in an active market, and there is no quoted market price available.

Set out below is the summarised financial information extracted from Asta's financial statements which are adjusted in accordance with IFRS and have been prepared to the same reporting date as the Group.

	31 Dec 2014	31Dec 2013 (restated)
Asta Capital Limited	**£m**	£m
Current Assets	**12.9**	15.2
Non Current Assets	**19.7**	21.6
Current Liabilities	**(9.9)**	(12.9)
Non Current Liabilities	**(2.0)**	(3.0)
Net assets	**20.7**	**20.9**
Group's carying amount of Investment	**6.8**	**7.2**
Turnover	**33.2**	29.8
Profit for the year	**3.8**	5.0
Group's share of profit for the year	**1.3**	1.7

Included in the above were:

Cash and cash equivalents	**5.0**	8.1
Current financial liabilities	**(9.9)**	(12.9)
Non current financial liabilities	**(2.0)**	(3.0)
Depreciation and amortisation	**(2.8)**	(2.8)
Interest expense	**(0.2)**	(0.2)
Income tax expense	**(1.9)**	(1.3)

Preference share dividends were received from Asta in the year of £1.5 million (2013: £Nil). The associate had no contingent liabilities or capital commitments as at 31 December 2014 or 2013. There are no significant restrictions on the investment's ability to be able to transfer funds to the Group.

Pro.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

24. Loans and receivables including insurance receivables

	31 Dec 2014 £m	31 Dec 2013 (restated) £m
Debtors arising out of reinsurance operations	-	1.6
Accrued income and prepayments	2.4	0.6
Deferred tax	0.3	0.2
Client debtors	3.2	5.2
Other debtors	0.7	0.3
Total loans and receivables	**6.6**	7.9
Due within one year	6.6	6.9
Due after one year	-	1.0

At the end of 2014 there were no debtors arising out of reinsurance and insurance operations. The ageing analysis included in the table below reflect the client debtors o the Group. 2013 comparatives include both client and reinsurance and insurance debtors. There were no debtors at 31 December 2013 arising out of reinsurance operations past the due date which are considered recoverable.

	0-6 months	6-12 months	12-14 months	>24 months
31 Dec 2014	92%	2%	2%	4%
31 Dec 2013	18%	17%	7%	58%

The Group holds no security or collateral against these balances. Loans and receivables including insurance receivables are classified as financial instruments – loans and receivables. The carrying amount of loans and receivables approximates their fair value. The value of overdue debtors is £0.3 million which have been assessed for recoverability. If debtors are deemed irrecoverable then they are permanently impaired (2014 £nil), where recovery is considered doubtful then debts are provided against in part (2014: £41k). The assessment is performed on the basis of the evidence that the debt is due and correct and then the reason for payment being delayed.

25. Financial assets – investments

Investments are designated at initial recognition as fair value through profit or loss. The fair values of these investments, disclosed in the table below, are based on bid market prices and fair value adjustments are made through the profit or loss.

Carrying amount	31 Dec 2014 £m	Fair value 31 Dec 2013 (restated) £m
Designated fair value through profit or loss ("FVTPL")		
Debt securities		
Foreign Government bonds	-	8.6
Corporate bonds	-	31.9
Mortgaged backed	-	3.7
Deposits with credit institutions	-	1.5
Balance at 31 December	-	45.7
Due within one year	-	8.3
Due after one year	-	37.4

A reconciliation of the carrying amount is below:

Movements in carrying amount	31 Dec 2014 £m	Fair value 31 Dec 2013 (restated) £m
Balance at 1 January	**45.7**	152.9
Additions	-	134.5
Maturities and redemptions	-	(30.5)
Disposals	**(7.1)**	(159.9)
Reclassification on non cash movements	-	(3.2)
Foreign exchange	**(0.5)**	(0.7)
Disposal of subsidiaries	**(38.1)**	(25.9)
Reclassified as held for sale	-	(21.5)
Balance at 31 December	-	45.7

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

25. Financial assets – investments (Continued)

At the year end, following the demerger the Group held no FVTPL investments. At the end of 2013 the duration of the Group's cash and investment portfolio was 2.6 years. The durations of the individual cash and investment portfolios of the Group's insurance subsidiaries are:

	31 Dec 2014 Duration (Yrs)	31 Dec 2013 Duration (Yrs)
HIR group of companies	**-**	3
QX Re	**-**	2

In accordance with normal market practice, Citibank N.A. has previously issued letters of credit for outstanding losses. There are no longer any such liabilities in place and no collateral pledged against an investment portfolio (2013: none).

26. Capital movements

The following notes outline the individual movements in the different capital classes, however activities of the Group in 2014 have impacted the capital balances overall.

Demerger

On 22 January 2014 Court permission was granted for the demerger of the Tawa Group which became effective on 3 April 2014. The effect of the Court permission and demerger was as follows:

Share Capital
The nominal value of the company ordinary shares were reduced from 10p to 2p per share by cancelling paid up share capital of 8p per share, reducing share capital by £9.0 million.

Share Premium
The Court approved the cancellation of share premium to the value of £57.5 million reducing the balance of share premium to Nil.

Retained Earnings
The transfer of cancelled share capital and share premium increased retained earnings by £66.5 million. This created a sufficient balance to allow the payment of a dividend in specie of £49.9 million from retained earnings with a further transfer of non controlling interest of £0.7 million.

Revaluation

Following the demerger the decision was taken to change the presentational currency of the financial statements from US Dollars to Pounds Sterling as this is the principal currency of the Group. This was completed as at 31 December 2012 for comparative purposes using a prevailing rate of 1.6046. Retained earnings are recorded at the time that they were earned and are not re-valued. On reverting the total capital of the Group to Pounds Sterling, a revaluation reserve of £22.6 million is created. The translation reserve has been released in both 2013 and 2014 as subsidiaries of the group have been disposed of or sold.

27. Share capital

	31 Dec 2014		31 Dec 2013 (restated)	
	Number	**£m**	Number	£m
Authorised:				
Ordinary shares of £0.02 (2013: £0.10)	**200,000,000**	**4.0**	200,000,000	20.0
Total authorised	**200,000,000**	**4.0**	200,000,000	20.0
Allotted, called up and fully paid:				
Ordinary shares of £0.02 (2013: £0.10)	**113,184,482**	**2.3**	113,375,177	11.3
Total allotted, called up and fully paid	**113,184,482**	**2.3**	113,375,177	11.3

As part of the demerger, the capital of the group was reduced by the cancellation of 190,695 ordinary shares.

During 2013 the Company purchased 508,552 ordinary shares from employees of HIR as part of the disposal of the subsidiary. The shares had a nominal value of £0.10, and represented 0.45% of the Company's called up ordinary share capital. Total consideration was £5,086.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

28. Share premium

	31 Dec 2014 £m	31Dec 2013 (restated) £m
Balance at 1 January	**57.5**	57.5
Capital reduction on demerger	**(57.5)**	-
Balance at 31 December	**-**	57.5

Following the approval of the Board of Directors the 20 December 2013 to demerge the group, the court approved the reduction of capital and the transfer of share premium to facilitate the dividend in specie. The demerger became effective on 3 April 2014.

29. Other reserves

	31 Dec 2014 £m	31Dec 2013 (restated) £m
Share base payments reserve		
Balance at 1 January	**2.6**	2.5
Share based payments	**0.1**	0.1
Share base payments reserve balance at 31 December	**2.7**	2.6
Capital redemption reserve		
Balance at 1 January	**0.3**	-
Reclassification of amounts relating to own shares cancelled in 2012	**-**	0.3
Capital redemption reserve balance at 31 December	**0.3**	0.3
Translation reserve		
Balance at 1 January	**7.3**	22.6
Reclassification of exchange differences on demerger	**(6.8)**	-
Reclassification of exchange differences on disposal of subsidiary	**-**	(16.7)
Currency translation differences	**(0.1)**	1.4
Translation reserve balance at 31 December	**0.4**	7.3
Total other reserves	**3.4**	10.2

(*) Correction due to the incorrect treatment of own shares cancelled in 2012. The comparative figures were not restated as the error was not material.

Share-based payments reserve: As detailed in the Directors' remuneration report, the Company operates a Performance Share Plan providing for the grant of awards over ordinary shares. Awards are recorded in this reserve.

Capital redemption reserve: The nominal value of share capital cancelled is recorded in this reserve.

Translation reserve: In accordance with the Group's accounting policy 3e, exchange differences relating to the translation of results and net assets of all the Group entities that have a functional currency different from the presentation currency, are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

30. Retained earnings

	31 Dec 2014 £m	31 Dec 2013 (restated) £m
Balance at 1 January	(17.7)	18.0
Change in the scope of the consolidation (*1)	16.6	(0.5)
Correction of error (*3)	(0.2)	(17)
Profit / (loss) for the year	3.8	(33.5)
Acquisition of non controlling interest in ASS (*2)	(0.3)	.
Balance at 31 December	**2.2**	**(17.7)**

(*1) On 3 April, the demerger of the Tawa Group was approved which resulted in the restructuring reducing the capital of the Group. The cancellation of share premium allowed a dividend in specie to be made transferring the assets of the risk carriers into the separate group of Tawa Associate Limited.

(*2) On 5 June 2012, Swiss Re transferred 74% of its shares in ASS Assekuranz Service-und Sachverständigen GmbH ("ASS") to Chiltington International Holdings GmbH (73%) and PRO Insurance Solutions Limited (1%). The statutory financial statements for the 2011 year-end and the acquisition date financial statements were still subject to formal approval at the 2012 year-end, therefore the entity was not consolidated into the Group. Consolidation has taken place in 2013 hence the accumulated reserves brought forward have been reflected in the Group retained earnings.

(*3) Correction due to the incorrect treatment of own shares cancelled in 2012. The comparative figures were not restated as the error was not material.

31. Financial liabilities - borrowings

	31 Dec 2014 £m	31 Dec 2013 (restated) £m
Working capital loan due within one year	3.1	-
Bank loan falling due within one year	9.4	-
Bank loan falling due after one year	-	10.0
Financial liabilities - borrowings	**12.5**	**10.0**

The Group has a loan facility with Natixis Bank which is secured on the Group's investment in Asta. This facility was drawn down in 2012 to fund the Group's investment in Asta, Chiltington and the incubators. Following the disposal of KX Re in April 2013, (£5.0) million was repaid against the facility. Repayments in 2014 have been made following distributions and preference share redemption from Asta leaving a balance due of £9.4 million (2013 £10.0 million) in the Group.

The facility is due to mature on 30 June 2015. The rate for interest payments during the year was 6 month LIBOR plus a margin of 4.5%. During the year the interest rate has varied between 5.22% and 5.70% (2013: 4.99% and 5.56%). The principal covenants comprise minimum net assets and maximum gearing for the Group, as defined in the agreement.

A €8 million facility is in place for an unsecured working capital loan with Financière Pinault, which has a closing balance of £3.1 million (2013: Nil).

Borrowings are classified as financial instruments - other liabilities. The carrying amounts of the other liabilities in the financial statements approximate to their fair value.

Pro.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

32. Technical provisions

Carrying amount	31 Dec 2014 £m	31 Dec 2013 (restated) £m
Gross claims outstanding		
Provision for gross claims outstanding	-	34.1
Discount	-	(3.1)
	-	31.0
Claims handling provisions	-	3.7
	-	34.7
Risk premium adjustment	-	1.8
Total gross claims outstanding	-	36.5
Reinsurance		
Provision for reinsurance reserves outstanding	-	(0.4)
Total reinsurers' share of claims outstanding	-	(0.4)
Undiscounted claims outstanding, net of reinsurance	-	39.2
Discount	-	(3.1)
Total claims outstanding net of reinsurance	-	36.1
Security held for reinsurance		
Letters of credit held	-	-
Total collateral held	-	-

The technical provisions were all within the Group's risk carrier subsidiaries which have now demerged from the Group.

Reserve development

Following the demerger in 2014 and the sale of HIR, the group no longer has any insurance risk within the balance sheet resulting in the technical reserves being reduced to Nil. The movements in the year represent the movement in HIR an CX prior to sale and transfer respectively.

The following table presents the development of the Group's outstanding claims and claims handling expense reserves net of reinsurance and after discounting.

Movements in carrying amount	31 Dec 2014 £m	31 Dec 2013 £m
Balance of net discounted reserves at 1 January	**36.1**	63.0
Disposal of subsidiary	**(26.5)**	(20.5)
Demerger of TAL	-	(4.5)
Impact of changes in foreign exchange rates	**(1.5)**	(0.5)
Net claims paid	**(8.1)**	(16.7)
Increase in ultimate for net claims before discounting	-	15.5
Risk premium released	-	(0.2)
Balance of net discounted reserves at 31 December	-	36.1

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

33. Other liabilities

	31 Dec 2014 £m	31 Dec 2013 (restated) £m
Accruals	**2.1**	2.2
Deferred consideration	**1.8**	0.1
Defined benefit obligation	**-**	8.6
Other creditors	**3.7**	9.7
Balance at 31 December	**7.6**	20.6
Due within one year	7.1	6.8
Due after one year	0.5	13.8

Other liabilities are classified as financial instruments – financial liabilities. The carrying amounts of the financial liabilities in the financial statements approximate to their fair value.

Included in other creditors is a restructuring provision for the anticipated legal costs in respect of the demerger. The details are as follows:

	31 Dec 2014 £m	31 Dec 2013 (restated) £m
Opening Balance	**0.4**	-
Additions	**0.5**	0.5
Utilised	**(0.4)**	(0.1)
Balance at 31 December	**0.5**	0.4

34. Share based payments

The Company now operates a single share plan that was introduced in 2007, being the Performance Share Plan which is designed to align the interests of senior management and shareholders to deliver outstanding results. There were two new awards granted in 2014 (2013: none) which are outlined below the table.

Details of the shares outstanding under the Performance Share Plan during the year are as follows:

	31 Dec 2014 Number of share awards	31 Dec 2013 Number of share awards
Outstanding at the beginning of the year	**1,418,137**	2,561,709
Granted during the year	**6,500,000**	-
Forfeited during the year	**-**	(30,072)
Vested during the year	**-**	-
Lapsed during the year	**(1,418,137)**	(1,113,500)
Outstanding at the end of the year	**6,500,000**	1,418,137

No share options were exercisable at the end of the year (2013: nil). The Group recognised total expenses of £0.1 million (2013: £0.1 million) related to share based payments in 2014.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

34. Share based payments (Continued)

The Company operates a Performance Share Plan introduced in 2007 which is designed to align the interests of senior management and shareholders to deliver outstanding results.

There are two sets of Stock awards, outlined in detail below, that have been valued under the IFRS2 fair value method. The two sets of stock awards were issued on the 11 April 2014 and 25 July 2014. The table below outlines the key data of this valuation process,

	Apr-14	Jul-14
Maximum term of options granted	3 years	3 years
Method of settlement	Equity	Equity
Option life used in model	1, 2, 3 Years	0.71, 171, 2.71years
Weighted Average exercise price of options granted in the year	Nil	2p
Range of exercise price of options o/s at end of year	Nil	Nil
Option pricing model used	Stochastic	Stochastic
Model Assumptions		
Weighted average share price	11p	11p
Exercise price used	Nil	2p
Weighted Average contractual life of options	2.3 years	2.6 years
Expected volatility used Y1/ Y2 / Y3	59.2% / 43.7% / 38.0%	64.17% / 47.27% / 40.23%
Dividends used	Nil	Nil
Risk free interest rate Y1/ Y2 / Y3	0.53% / 0.62% / 100%	0.67% / 0.82% / 1.10%
Market condition factors	Stochastic Model	Stochastic Model

A Monte Carlo Stochastic Model was used to calculate the fair value of the share options. The valuation took account of the volatility of the shares by taking account of the share price over a period prior to the grant date. The default volatility formula calculates the ratio of each week's return index, averaging the five days returns across the week. The volatility has been calculated over a period commensurate with the remainder of the performance period applying to the awards.

2014 Share Awards

1. A grant of awards in the form of a conditional Award to acquire 5,000,000 ordinary shares were made to the CEO on 11 April 2014. The vesting of awards being subject to performance conditions aligned to share price growth as outlined below:-

Vesting Date	Maximum percentage of shares held under the Award that will normally Vest on the Vesting Date	Performance Condition applying to the portion of the Award that will normally Vest on the vesting date. "VSRP" means the average of the mid-market closing prices of a share for the five dealing days immediately preceding the first anniversary of the Grant Date; "PSSP" means 12.5 per share.	
11 April 2015	16.66% (known as the "1st tranche")	Growth in PSSP up to the 1st anniversary of the Grant Date	Percentage of Shares held under the 1st Tranche that Vest subject to satisfaction of the Tranche 1 Condition
		VSRP/PSSP ratio between	
		0 - 1.145 1.145- 1.205 1.205 – 1.260 1.260 – 1.357 1.357 – 1.442 1.442 or more	0% 22.22% 44.44% 66.67% 83.33% 100%
11 April 2016	33.34% (known as the "2nd tranche")	Growth in PSSP up to the 2nd anniversary of the Grant Date	Percentage of Shares held under the 2nd Tranche that Vest subject to satisfaction of the Tranche 2 Condition
		VSRP/PSSP ratio between	
		0 – 1.310 1.310 – 1.452 1.452 – 1.587 1.587 – 1.842 1.842 – 2.080 2.080 – or more	0% 22.22% 44.44% 66.67% 83.33% 100%
11 April 2017	50% (known as the "3rd tranche")	Growth in PSSP up to the 3rd anniversary of the Grant Date	Percentage of Shares held under the 3rd Tranche that Vest subject to satisfaction of the Tranche 3 Condition
		VSRP/PSSP ratio between	
		0 – 1.500 1.500 – 1.750 1.750 – 2.000 2.000 – 2.500 2.500 – 3.000 3.000 or more	0% 22.22% 44.44% 66.67% 83.33% 100%

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

34. Share based payments (Continued)

A number of amendments were made to the plan in July 2014 and a grant of awards was made under the performance share plan on 25 July 2014 to three Executives of 500,000 Ordinary Shares of 2 p each.

The performance conditions for awards granted on 25 July 2014 are dependent on the Company's absolute shareholder return based on the average of the mid-market closing price of a Share for the five dealing days following the demerger on 3 April being 12.5p ("the Base price"). The awards vest in three tranches.

Vesting Date	Maximum percentage of shares held under the Award that will normally Vest on the vesting date	Percentage of shares held under the tranche that vest subject to satisfaction of the tranche condition (expressed as a percentage of the number of shares subject to the relevant tranche.	
11 April 2015	16.66%	Share price 1 on 11 April 2015	Percentage of Shares held under the 1st Tranche that Vest subject to satisfaction of the Tranche 1 Condition (expressed as a percentage of the number of Shares subject to the 1st Tranche)
		Less than 14.3 pence At least 14.3 pence but less than 15.1 pence At least 15.1 pence but less than 15.7 pence 15.7 pence or more	0% 33% 66% 100%
11 April 2016	33.34%	Share price 2 on 11 April 2016	Percentage of Shares held under the 2nd Tranche that Vest subject to satisfaction of the Tranche 1 Condition (expressed as a percentage of the number of Shares subject to the 2nd Tranche)
		Less than 16.4 pence At least 16.4 pence but less than 18.2 pence At least 18.2 pence but less than 19.8 pence 19.8 pence or more	0% 33% 66% 100%
11 April 2017	50%	Share price 3 on 11 April 2017	Percentage of Shares held under the 3rd Tranche that Vest subject to satisfaction of the Tranche 1 Condition (expressed as a percentage of the number of Shares subject to the 3rd Tranche)
		Less than 18.8 pence At least 18.8 pence but less than 21.9 pence At least 21.9 pence but less than 25.0 pence 25.0 pence or more	0% 33% 66% 100%

Awards held

The awards held over Ordinary Shares of 10p each in the Company as at 31 December 2013 by Executive Directors serving at the year-end are disclosed in the Report of the Directors on page 8.

Future grants of awards under the Performance Share Plan will be approved by the Board. The Board will have due regard to the Association of British Insurers Guidelines.

35. Retirement benefit schemes

Defined contribution schemes

The employees of the Group are covered by defined contribution schemes, the costs of which are charged to the income statement when incurred. The assets of the scheme are held separately from those of the group in funds under the control of the trustee. The total cost of retirement benefits for the Group in the year ended 31 December 2014 was £1.9 million (2013: £2.2 million).

The amount owing at the year end was nil (2013: £nil).

Defined benefit obligation

Following the acquisition of Chiltington, the Group assumed an employer-sponsored defined benefit pension plan. This liability was transferred as part of the sale of HIR. The Group has no remaining obligations or liabilities under this plan.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

36. Disposal of subsidiaries

Hamburger Internationale Rückversicherung AG ("HIR")

On 20 December 2013 the Group announced the sale of the entire issued share capital of HIR and its subsidiaries Pavant SAS, Chiltington International Holdings Limited, and Hamburg International Reinsurance Ltd to Compre Holdings Limited whilst retaining the Chiltington consulting companies in Argentina, USA, UK and Germany. Regulatory approval was received on 14 August 2014 from BaFin, the German regulator, and the transaction completed on 14 August 2014. The results are presented as discontinued in both the current and comparative year.

KX Reinsurance Company Limited (“KX Re”) and OX Reinsurance Company Limited (“OX Re”)

On 16 April 2013, the Group disposed of its risk carrier KX Re and its direct subsidiary OX Re. The sale was part of the Group's active investment management program with a view to volatility reduction.

The business of KX Re comprised a collection of mature portfolios of long-tail liabilities, including exposure to asbestos, environmental and other latent claims. OX Re was a small London market company which had been in run-off since 1994 and was acquired by the Group as a strategic investment in 2011. The Group’s objective for KX Re was to reduce the company’s liabilities by accelerating the natural run-off of the portfolio to enable the extraction of capital with regulatory approval. Since acquisition the Group extracted capital of £45.9 million from KX Re by way of dividends to its holding company.

Consideration received	**31 Dec 2014** **£m**	31 Dec 2013 (restated) £m
Consideration received in cash and cash equivalents	**3.1**	19.3
Intercompany loan repaid	**-**	(9.6)
Net consideration received in cash	**3.1**	9.7

Assets and liabilities over which control was lost	**31 Dec 2014** **HIR** **£m**	31 Dec 2013 (restated) KX Re £m	 Eliminations £m	 Total £m
Assets				
Investments in subsidiaries	**-**	3.6	(3.6)	-
Intercompany loan	**-**	9.6	(9.6)	-
Reinsurers' share of technical provisions	**0.3**	11.3	-	11.3
Loans and receivables including insurance receivables	**2.1**	4.2	-	4.2
Financial assets - investments	**30.1**	25.7	-	25.7
Cash and cash equivalents	**3.5**	16.2	-	16.2
Liabilities				-
Technical provisions	**(19.1)**	(32.7)	-	(32.7)
Creditors arising out of reinsurance operations	**(3.7)**	(1.3)	-	(1.3)
Other liabilities	**(11.3)**	(0.1)	-	(0.1)
Net assets disposed of	**1.9**	36.5	(13.2)	23.3

The profit on disposal is included in the loss for the year from discontinued operations (see note 14).

	31 Dec 2014 **£m**	31 Dec 2013 (restated) £m
Net consideration received in cash	2.3	9.7
Net assets disposed of	(1.9)	(23.3)
Reclassification of exchange differences on the disposal of a foreign subsidiary	-	15.6
Profit on disposal of subsidiary	**0.4**	2.0

The profit on disposal of £0.4 million created a tax charge £86k which was offset by other group losses to create an overall tax charge of £nil.

Pro.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

37. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associate are disclosed below. Transactions between the Company and its subsidiaries are disclosed in note 48.

Trading transactions

Three of the Company's subsidiaries, Pro Insurance Solutions Ltd, Pro IS, Inc and Tawa Consulting Limited, provide insurance run-off management services to companies that have been demerged from the group but have the same ultimate parent company.

Run-off services are provided on a negotiated fee basis. Run-off management expenses are recharged at cost by Pro Insurance Solutions Ltd and Pro IS, Inc.

During the year Group companies entered into the following transactions with related parties who are not members of the Group:

	31Dec 2014 £m			31Dec 2013 (restated) £m		
	Management Fee	Expenses Recharged	Total Income	Management Fee	Expenses Recharged	Total Income
From Amberley Alternative Assets Limited	0.1	0.1	0.2	-	-	-
From CX Reinsurance Company Limited	4.0	0.3	4.3	1.8	1.6	3.4
From Island Capital Limted	0.1	-	0.1	-	-	-
From Lodestar Marine Limited	0.6	0.3	0.9	0.5	1.9	2.4
From PXRE Reinsurance Company	0.4	0.1	0.5	0.3	0.4	0.7
From Q360 Limited	-	0.1	0.1	0.2	1.5	1.7
From Tawa Associates Limited	0.5	0.4	0.9	-	0.1	0.1
From Lincoln General Insurance Company	1.7	0.3	2.0	-	-	-
Pocono Holdings Limited	-	-	-	-	0.1	0.1
WT Holdings Incorporated	-	-	-	-	0.2	0.2
	7.4	**1.6**	**9.0**	**2.8**	**5.8**	**8.6**

There were no amounts outstanding at the end of the year (2013: £nil).

Remuneration of key management personnel

The Group considers its key management personnel to include its Executive and Non-Executive Directors and those members of management reporting directly to its Board that have executive management responsibility for Group-wide operations. The remuneration of key management is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Further information about the remuneration of the individual Directors is provided in note 9.

	31 Dec 2014 **£m**	31Dec 2013 (restated) £m
Short-term employee benefits	**1.6**	2.6
Post-employment benefits	**0.2**	0.3
Share based payments	**0.1**	0.1
Termination payments	**0.3**	-
Management Remuneration	**2.2**	3.0

No dividends were paid in the year in respect of Ordinary Shares held by the Company's Directors (2013: £nil). As at 31 December 2014, the Group had no loans outstanding to key management (2013: £nil).

Immediate and ultimate parent

The immediate and ultimate parent company is Financière Pinault S.C.A., a Société en commandite par actions incorporated in France. The Pinault family members are, in the opinion of the Directors, the ultimate controlling parties of the Company. The parent undertaking of the largest group which includes the Company and for which group accounts are prepared is Financière Pinault, a company incorporated in France. Copies of the group financial statements of Financière Pinault S.C.A. may be obtained from the Tribunal de Commerce de Paris, 1 Quai de Corse, 75004, Paris, France.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

38. Operating lease arrangements

Costs in respect of operating leases are charged on a straight line basis over the term of the lease. The Group has four lease agreements all of which contain rent free periods. The benefit received relating to the rent free period is allocated over the life of the lease term.

The Group has the following operating leases and the lease payments recognised as an expense for the year are:

	31 Dec 2014	31Dec 2013 (restated)
	£m	£m
Bruton Court (expired March 2014)	0.1	0.3
Isis Building (expired March 2014)	0.1	0.3
Southgate House (lease expiring January 2019)	0.2	-
521 Fifth Avenue (lease expiring February 2019)	0.2	-
York Office (lease expiring December 2018)	0.1	-
Walsingham House, 6th Floor (lease expiring December 2015)	0.2	0.1
Land and buildings	**0.9**	0.7

In addition to the above, there are 2 small operating leases. Ground Floor Walsingham House (£5k) and Swiss Branch Office (£8k)

Minimum lease payments over term of lease, under non cancellable operating leases are as follows:

	31 Dec 2014	31Dec 2013 (restated)
Land and buildings	£m	£m
Expiring within one year	0.2	0.1
Expiring during years two to five inclusive	1.3	0.4
Financial commitments and guarantees	**1.5**	0.5

39. Group financial instruments

This note provides details of the risks in relation to the Group and excludes any assets and liabilities classified as held for sale.

a Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt which includes borrowings, cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued share capital, share premium and retained earnings.

As at 31 December 2014 the Group was required to hold sufficient capital to meet the conditions of bank loan covenants in respect of loans of £9.4 million (2013: £10.0 million). In addition the company operates a working capital Loan facility of £3.1 million at the end of 2014 (2013: £nil).

b Categories of financial instruments

Financial assets
Cash and cash equivalents
Loans and receivables
Financial liabilities
Financial liabilities - borrowings
Contingent consideration for a business combination
Other liabilities

c Financial risk

The Group's activities expose it to a variety of financial and non financial risks. The Board of Directors retains overall responsibility for the risk management framework that has been established to minimise the Group exposure to risk and assesses the effectiveness of the controls established to identify, monitor and mitigate the risks faced by the Group.

The demerger completed at 3 April 2014 effectively removed all insurance risk from the group, with technical provisions being reduced to nil and significantly reduced the financial risk due to financial assets being reduced to nil.

The financial risks of the Group include but are not limited to:

(i) Credit risk in respect of service income

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The Company has a policy of making appropriate checks on potential customers before service contracts are agreed and manages outstanding payments through its aged debtor process. The process will evaluate all items that exceed the payment terms of 30 days to establish the expectation that payment will be made, with provisions for bad debt established if doubt of recovery exists. The maximum exposure to credit risk is the value of our client debtors which at the end of 2014 was £3.2 million (2013: £5.2 million)

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

39. Group financial instruments (continued)

c Financial risk continued

(ii) Foreign exchange risk

Foreign exchange risk is the risk that the value of assets denominated in, and profits realised in, foreign currencies will be devalued by fluctuations in exchange rates when converting to a Company's reporting currency. During the financial period the Company held cash in foreign currencies, predominantly US dollars, and does not currently hedge the value of future cash flows because of the uncertainty of timing of these flows.

The Group will raise invoices in currencies other than Pound Sterling, although the significant majority of this will be invoiced in the home country of the currency. FX exposure exists primarily within the UK where other currencies are invoiced.

(iii) Liquidity Risk

The Group liquidity risk is mitigated through the use of Barclays bank to deposit its working cash with draw down facilities in place to cover any short term short falls in cash. The risk of utilising a single bank and subsequent failure of that bank is deemed to be within acceptable levels and does not warrant the separation of cash into multiple deposits.

The table below shows the maturity duration of the assets and liabilities of the group

		Maturity date or contractual re-pricing date				
Group 31 Dec 2014	**Total £m**	Less than one year £m	After one year but less than two years £m	After two years but less than three years £m	After three years but less than five years £m	More than five years £m
Assets classified as held for sale	19.3	19.3	-	-	-	-
Cash and cash equivalents	7.8	7.8	-	-	-	-
Other assets	20.2	20.2	-	-	-	-
Total assets	47.3	47.3	-	-	-	-
Liabilities classified as held for sale	19.3	19.3	-	-	-	-
Financial liabilities - borrowings	12.5	12.5	-	-	-	-
Other liabilities	7.6	7.1	0.1	0.1	0.2	0.1
Total liabilities	39.4	38.9	0.1	0.1	0.2	0.1
Surplus / (deficit)	7.9	8.4	(0.1)	(0.1)	(0.2)	(0.1)
Cumulative surplus	7.9	8.4	8.3	8.2	8.1	7.9

40. Financial instruments that no longer form part of the Group

This note provides details of the financial instruments that no longer from part of the Group, as disclosed in note 36 and note 7, and excludes any assets and liabilities classified as held for sale.

a Capital management

The demerged and disposed of entities are subject to externally imposed capital requirements in respect of all insurance entities that previously wrote insurance and reinsurance business. These requirements, which have been complied with during the year, are enforced within the individual locations and are detailed below:

- QX Reinsurance Company Limited ("QX Re") is regulated by the BMA, and it is required by the BMA to submit an annual statutory return and to hold capital resources in excess of its capital resources requirement;

- Hamburger Internationale Rückversicherung ("HIR") and Pavant International Re S.A. ("PIR") are regulated by the Federal Financial Supervisory Authority in Germany ("BaFin");

- PXRE Reinsurance Company ("PXRE") is regulated by the Connecticut Department of Insurance. It is required by the Connecticut Department to submit an annual risk-based capital statement and to hold total adjusted capital in excess of the Company Action Level which is 200% of its Authorised Control Level Risk-Based Capital; and

- Island Capital Limited ("ICL") is regulated by the Bermuda Monetary Authority ("BMA"), and it is required by the BMA to submit an annual statutory return and to hold capital resources in excess of its capital resources requirement;

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

40. Financial instruments that no longer form part of the Group continued

b Fair value of financial instruments

The Group is exposed to liquidity risk arising from the Group's ability to realise the fair value of its financial instruments. The Group manages this risk by ensuring its exposure to financial assets valued at other than quoted prices is monitored by the Group's management. Valuations are determined by the Group's external investment managers and the suitability of the pricing methodologies are reported to and considered by the Group's management.

(i) Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3. The table gives information about how the fair values of these financial assets are determined, in particular the valuation techniques and inputs used:

Group	**Fair value hierarchy**	**Fair value as at 31 Dec 2014 Total £m**	Fair value as at 31 Dec 2013 (restated) Total £m	Valuation techniques and key inputs
Financial assets at fair value through profit or loss ("FVTPL")				
Treasuries and other cash	**Level 1**	**-**	10.0	Measured by reference to quoted prices (unadjusted) in an active market for identical assets.
Corporates	**Level 2**	**-**	32.0	Measured using inputs other than quoted prices for identical assets included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Asset backed securities	**Level 2**	**-**	3.7	Measured using inputs other than quoted prices for identical assets included within Level 1 that are observable for the asset or liability, either directly or indirectly.
		-	45.7	

c Risk management

The Group's activities expose it to a variety of financial and non-financial risks. The Board of Directors retains overall responsibility for the risk management framework that has been established to minimise the Group's exposure to risk and assesses the effectiveness of the controls established to identify, monitor and mitigate the risks faced by the Group.

The risks that the Group faces include but are not limited to:

- Insurance risk; and
- Financial risk.

(i) Insurance risk

Insurance risk is the risk associated with the uncertainty and the quantum of the claim or the time when claims payments will fall due. In order to mitigate these risks the Group uses actuarial techniques to project future claim payments.

Sources of uncertainty in the estimation of future claim payments

The uncertainty in the financial statements principally arises in respect of the outstanding claims provisions and related reinsurance recoveries, as set out in note 4. As a consequence of this uncertainty, the Group needs to apply sophisticated estimation techniques to determine the appropriate provisions. The Group sets its provision for claims outstanding based on the estimated ultimate cost of all claims notified but not settled by the statement of financial position date, together with the provision for related claims handling costs net of salvage and subrogation recoveries. The provision also includes the estimated cost of claims incurred but not reported at the statement of financial position date based on statistical methods and market benchmarks, as appropriate.

The adequacy of the claims outstanding provision is assessed with reference to actuarial projections of the ultimate development of claims in respect of each underwriting year. In addition, in certain areas of the portfolio, exposure analysis has been performed. This provision is derived through extensive analysis by the Group's in-house actuaries including reference to internal and external benchmarks. The methods used, and the estimates made, are reviewed regularly. The methodology used to project ultimate development for liability classes is reviewed annually.

(ii) Interest Rate Risk

The Group is exposed to interest rate risk, in that it has borrowings outstanding that are linked to Libor. At the end of 2014 an increase in interest rates of 1% would create an additional £0.1 million in interest payments on the outstanding borrowings of £12.5 million.

(iii) Exchange Rate Risk

The Group is exposed exchange rate risk through the UK operation which generates revenue in Euro and US Dollar currencies while associated expenses are generated pounds sterling. US Dollar revenue in 2014 was $3.2 million (2013: 1.1 million), Euro revenue in 2014 was €1.7 million (2013: €0.8 million). The Group is sensitive to exchange rate movements and a 10% movement in exchange rates would generate a £0.2 million impact on the value of US dollar revenue and £0.1 million on Euro revenue. The Group does not hedge its exchange rate risk.

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

40. Financial instruments that no longer form part of the Group continued

Risk management continued

(i) Insurance risk continued

An analysis of the gross and net claims development is below:

Group	As at 1 January 2009 £m	Entities acquired in 2010 £m	Entities acquired in 2011 £m	Entities acquired in 2012 £m	Total £m
Gross reserves at:					
1 January 2009 / At acquisition	107.2	9.4	2.7	15.2	
Take on claims of QX Re	-	-	23.7	-	
One year later	102.9	9.4	42.7	17.7	
Two years later	106.9	16.8	44.2	29.6	
Three years later	112.7	19.7	61.3	-	
Four years later	108.3	16.6	-	-	
Five years later	108.8	-	-	-	
Six years later	-	-	-	-	
Estimate of cumulative claims	108.8	16.6	61.3	29.6	
Cumulative payments	(73.4)	(16.2)	(47.7)	(8.9)	
	35.4	0.4	13.6	20.7	
Disposal of subsidiaries reserves	(28.9)	-	(13.6)	(20.7)	
Reserves classified as held for sale	(6.4)	(0.4)	-	-	
Change in impact of discounting	(0.1)	-	-	-	
Gross position at 31 December	**-**	**-**	**-**	**-**	**-**

Group	As at 1 January 2009 £m	Entities acquired in 2010 £m	Entities acquired in 2011 £m	Entities acquired in 2012 £m	Total £m
Net reserves at:					
1 January 2009 / At acquisition	89.4	5.9	0.1	14.8	
Take on claims of QX Re	-	-	23.7	-	
One year later	83.8	5.9	30.6	17.3	
Two years later	85.2	11.1	40.4	29.3	
Three years later	87.0	11.0	57.7	-	
Four years later	83.7	10.3	-	-	
Five years later	83.7	-	-	-	
Six years later	-	-	-	-	
Estimate of cumulative claims	83.7	10.3	57.7	29.3	
Cumulative payments	(57.9)	(10.1)	(41.8)	(9.0)	
	25.8	0.2	15.9	20.3	
Disposal of subsidiaries reserves	(24.5)	-	(15.9)	(20.3)	
Reserves classified as held for sale	-	(0.2)	-	-	
Change in impact of discounting	(1.3)	-	-	-	
Net position at 31 December	**-**	**-**	**-**	**-**	**-**

The demerger completed on 3 April 2014 removed all insurance risk from the Group, The table below show the claims reserves have been reduced to Nil at the end of 2014.

	31 Dec 2014 %	31 Dec 2013 %
Case reserves	-	61.4%
IBNR	-	38.6%
Total	-	100.0%

	31 Dec 2014 £m	31 Dec 2013 (restated) £m
Asbestos, pollution and other latent claims	**-**	34.1
Total	**-**	34.1

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

40. Financial instruments that no longer form part of the Group continued

c Risk management continued

(i) Insurance risk continued

These claims arose from policies issued prior to 1986 on a losses occurring basis and since 2011, the take-on claims in respect of lead paint exposures. This means that a claim being notified any time after the exposure period would attach back to that exposure period regardless of the length of delay. For lead paint exposures, claims can be reported any time up until the child affected reaches 21 years of age. By their nature such claims are frequently subject to disputes such as the extent of coverage and definitions of occurrence and possible legislative changes. Consequently, reserves for claims of this type could not be determined using traditional actuarial techniques and the uncertainty surrounding the ultimate cost of settlement is greater than for more standard claims within the Group's portfolio. No liability for these claims remains within the Group.

Other

All books of business have been closed to new exposures for a number of years now and the result is that they do not suffer from attritional claims activity. However, the age of these claims means that more will be subject to disputes on the extent of coverage and size of loss and allocation of loss amounts. Market rulings and legal judgements can have a material effect on groups of these claims, although no liability remains within the Group.

Basis for establishing provision for claims outstanding

Loss reserves for insurance and reinsurance business are established based on claims data reported to the Group by insured and ceding companies supplemented with relevant industry benchmark loss development patterns used to project the ultimate incurred loss. Ultimate incurred loss indications are calculated by the Group's actuaries used several standard actuarial methodologies. No liability remains within the Group for these claims.

(ii) Financial risk

Insurance risk sensitivity analysis

If net claims reserves of £nil (2013: £36.1 million) carried in the statement of financial position moved by 1% the impact on the profit or loss would be a change in the profit before tax and net assets of £nil (2013: £0.4 million).
The Group was subject to several types of financial risk:

- Market risk (including interest rate risk) and currency risk;
- Credit risk, which are the risks associated with the Group's reinsurance arrangements, investment portfolios, and other counterparty credit risks; and
- Liquidity risk, the risk that cash may not be available to pay obligations when due.

Market risk (including interest rate risk)

The investment strategy of the Group was based on a high quality diversified portfolio of liquid investment grade fixed income and other securities as a method of preserving equity capital and prompt claim payment capability.

The Group used external investment managers to invest and manage its assets. The Board establishes investment policies and creates guidelines for such external investment managers. These guidelines specify criteria on the overall credit quality and liquidity characteristics of the portfolio and include limitations on the size of certain holdings as well as restrictions on purchasing certain types of securities.

The table below shows that at the end of 2014 the Group did not invest in any financial assets.

Group	31 Dec 2014 %	Average rating 31 Dec 2013	31 Dec 2013 %	Average rating 31 Dec 2012
Governments	-	n/a	18.3%	AA+
US corporates	-	n/a	68.0%	A
Asset backed securities	-	n/a	7.8%	AAA-
Equities	-	n/a	-	NR
Cash and other	-	n/a	5.9%	AAA
Total Group	**-**		**100.0%**	

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

In practice, the Group mitigated the majority of its exposure to interest rate movements by broadly matching the duration of its assets and liabilities by comparing the discounted cash flows from its cash and investments (principal and interest) according to the period in which such cash flows arise.

The Group's exposure to equity price risk is now nil as all equities have been transferred as part of the demerger.

The Group's financial borrowings are subject to interest payable which is determined with reference to 3 month LIBOR. This exposure to changes in LIBOR, which is not considered material because of the likely profile of repayments, is not hedged.

The following table shows the securities' maturity dates or contractual re-pricing dates and interest rate ranges:

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

40. Financial instruments that no longer form part of the Group continued

c Risk management continued

	Total £m	Less than one year £m	After one year but less than two years £m	After two years but less than three years £m	After three years but less than five years £m	More than five years £m
				Maturity date or contractual re-pricing date		
31 Dec 2014						
Group invested assets fixed interest rate	**-**	**-**	**-**	**-**	**-**	**-**
Group invested assets variable interest rate	**-**	**-**	**-**	**-**	**-**	**-**
31 Dec 2013						
Group invested assets fixed interest rate	45.4	8.0	10.2	9.5	10.2	7.5
Group invested assets variable interest rate	0.3	0.2	-	0.1	-	-

						Interest rates range
		%	%	%	%	%
31 Dec 2014						
Group debt securities fixed interest rate		**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
31 Dec 2013						
Group invested assets fixed interest rate		0.0% - 7.5%	0.1% - 5.8%	0.4% - 6.0%	0.5% - 5.7%	0.7% - 5.5%

(ii) Financial risk continued

Market risk (including interest rate risk) sensitivity analysis

The Group's invested assets were subject to interest rate risk, although as part of the demerger all financial assets have been transferred. The interest rate risk is concentrated in investments in US dollar, pounds sterling and euro and is sensitive to many factors, including governmental monetary policies and domestic and international economic and political conditions. Based on the Group's invested assets including cash at external managers of £nil (2013: £45.7 million), a 1% increase/decrease in interest rates across the yield curve would result in no loss/profit respectively (2013: £0.4 million profit/loss), net of the impact of the discounted net technical provisions.

The Group was also exposed to interest rate risk on its insurance reserves and floating rate borrowings. Where appropriate, reserves are discounted as permitted by IFRS 4. Discount rates are based on the relevant currencies' risk-free rates which are derived from yields on securities issued by UK, US and European Governments. A reduction of 1% in risk-free yields would reduce the net discount in the statement of financial position by approximately £nil as at 31 December 2014 (2013: £3.6 million). Such a reduction would also reduce the amortised cost of the Group's borrowings by £nil (2013: £0.1 million). Details of the Group's borrowings that have demerged or being disposed can be found in note 7 and note 35 respectively and at the end of 2014 the Group retained a balance of Nil.

Currency risk

The demerged insurance companies were exposed to foreign currency risk generated through regular trading activity denominated in currencies other than their functional currencies. The Group now reports its results in pounds sterling and accordingly, to the extent that shareholders' funds were invested in assets denominated in currencies other than pounds sterling, exchange gains or losses may arise on translation. The most significant currencies to which the Group is exposed are US dollars and euro and the Group controls its currency risk by investing in assets that match the currency in which it expected related insurance liabilities to be paid and by investing the majority of assets backing shareholder funds in US dollars. The summary of the major currencies to which the Group was exposed are shown in the table below.

	31 Dec 2014		31 Dec 2013	
Group	**Sterling in £m**	**Euro in £m**	Sterling in £m	Euro in £m
Cash and cash equivalents	-	-	6.1	7.1
Financial assets - investments	-	-	-	27.7
Deferred assets	-	-	29.4	-
Other assets	-	-	13.4	6.4
Total assets	**-**	**-**	48.9	41.2
Financial liabilities - borrowings	-	-	10.0	0.1
Technical provisions	-	-	7.2	23.1
Other liabilities	-	-	8.8	16.4
Total liabilities	**-**	**-**	26.0	39.6
Net assets	**-**	**-**	22.9	1.6

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

40. Financial instruments that no longer form part of the Group continued

c Risk management continued

At 31 December 2014 the Group approximates that 0% (2013: 38%) of shareholders' funds consists of US dollars.

Currency sensitivity analysis

A 1% increase/decrease in the US dollar against the relevant foreign currencies would result in an approximate £nil foreign exchange profit/loss (2013: £0.3 million).

Credit risk

When the Group's portfolio of insurers were underwriting, it purchased reinsurance to manage its catastrophe exposure and mitigate insurance risk. However, the ceding of insurance risk exposed the Group to credit risk from its reinsurers and retrocessionaires.

In designing the reinsurance programme the Group took account of the risk assessment, the financial strength of reinsurance counterparties, the benefits to shareholders of capital efficiency and reduced volatility, and the cost of reinsurance protection.

When underwriting, the Group purchased retrocessional reinsurance to improve the extent to which it could manage risk exposures, protect against catastrophic losses, access additional underwriting capacity and stabilise financial ratios.

Credit risk includes the risk of reinsurer default. The Directors have assessed exposure to bad debts arising from reinsurance dispute or failure and, following careful review, have made a provision against bad debts based on current information available.

Reinsurance recoveries are calculated by reference to the gross claims including IBNR utilising the Group's recovery programmes for facultative, proportional and excess of loss reinsurance. There is a quarterly review process to ensure the recoveries calculated are accurate.

The following table summarises the average credit ratings of the reinsurance counterparties:

Credit rating of reinsurance counterparties	31 Dec 2014	31 Dec 2013
A++	-%	-%
A+	-%	100.00%
A	-%	-%
A-	-%	-%
B++	-%	-%
Other	-%	-%
Total	**-%**	**100.00%**

(ii) Financial risk continued

Credit risk continued

The management of the Group mitigated risks associated with reinsurers by monitoring aged debt profiles. All factors which may impact recoverability were taken into account in determining the bad debt provisions and where possible management reduced bad debt exposure through commutations or settlements with counterparties.

For bad debt provisioning purposes, all insolvent security had a 100% provision. Well rated reinsurers were not provided against. In addition to a security provision there is a provision for losses classified as contentious and a provision for time barred losses which was calculated on a case by case basis. Any claim set-offs were netted off fully.

Additionally, the Group will subject to credit risk in respect of third party entities in which the Group held debt securities issued by those entities. As a consequence of the established investment policies and in order to mitigate investment risk, the average credit quality of the portfolio was not applicable (2013: AA). Other than with respect to US, Canadian and European Union Government and agency securities, the Group's investment guidelines limited its aggregate exposure to any single issuer to 2% of its portfolio. All securities had to be rated BBB or better at the time of purchase and the weighted average rating requirement of the Group's portfolio is A. There were no investment write-offs in 2014 (2013: £nil).

The following table illustrates the split of total debt securities by rating of investee, and shows a Nil exposure for the Group at the end of 2014.

Credit rating of investee	31 Dec 2014	31 Dec 2013
AAA / US Government or equivalent	-%	24.3%
AA	-%	41.5%
A	-%	13.2%
A1	-%	5.3%
BBB+	-%	11.6%
CCC	-%	-%
Not rated	-%	4.1%
Total	**-%**	**100.0%**

At 31 December 2014 the Group's largest aggregate exposure to any single issuer other than with respect to the United States Government and agency securities was £0 million (2013: £2.3 million in respect of holdings in corporate bonds issued by GE Capital European Funding rated AA).

The investment duration targets for the Group were set in the context of the duration of the underlying liabilities. The duration of an investment was based on the maturity of the security and also reflects the payment of interest and the possibility of early principal payment of such security. The Group sought to utilise investment benchmarks that reflect this duration target. The Board periodically revised the Group's investment benchmarks based on business and economic factors including the average duration of the Group's potential liabilities. At 31 December 2014 the Group's investment portfolio had an effective duration of 0 years (2013: 2.6 years).

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

40. Financial instruments that no longer form part of the Group continued

c Risk management continued

The following table shows the carrying value of assets that are neither past due nor impaired, the ageing of assets that are past due but not impaired and assets that have been impaired. The carrying amount represents the maximum exposure to credit risk. Reinsurers' share of technical provisions is disclosed before discounting:

Group 31 Dec 2014	Neither past due nor impaired £m	Past due but less than 180 days £m	Past due more than 180 days £m	**Carrying amount Net £m**	Impaired assets £m	**Carrying amount Gross £m**
Invested assets	-	-	-	**-**	-	**-**
Loans and receivables including insurance receivables	-	-	-	**-**	-	**-**
Group 31 Dec 2013						
Invested assets	45.7	-	-	45.7	-	45.7
Loans and receivables including insurance receivables	7.9	0.4	2.8	11.1	-	11.1

(ii) Financial risk continued

Liquidity risk

In order to ensure that adequate liquid resources are available to fund insurance liability cash outflows when they fall due, the Group's practice was to invest in assets to establish a sufficient matching with the duration of the expected related liabilities for liquidity purposes. The tables below show the matching of assets and liabilities for the years under review:

		Maturity date or contractual re-pricing date				
	Total £m	Less than one year £m	After one year but less than two years £m	After two years but less than three years £m	After three years but less than five years £m	More than five years £m
Group 31 Dec 2013 - Restated						
Assets classified as held for sale	86.7	86.7	-	-	-	-
Cash and cash equivalents	13.3	13.3	-	-	-	-
Financial assets - investments	45.7	8.3	10.2	9.5	10.2	7.5
Reinsurers' share of technical provisions	0.4	0.1	-	-	0.1	0.2
Other assets	22.6	3.1	2.4	1.6	0.8	14.7
Total assets	168.7	111.5	12.6	11.1	11.1	22.4
Liabilities classified as held for sale	35.7	35.7	-	-	-	-
Technical provisions	36.5	17.0	1.1	1.1	2.0	15.3
Financial liabilities - borrowings	10.0	-	10.0	-	-	-
Other liabilities	24.8	9.8	7.5	5.0	2.5	-
Total liabilities	107.0	62.5	18.6	6.1	4.5	15.3
Surplus / (deficit)		49.0	(6.0)	5.0	6.6	7.1
Cumulative surplus		49.0	43.0	48.0	54.6	61.7

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2014

40. Financial instruments that no longer form part of the Group continued

c Risk management continued

(ii) Financial risk continued

Liquidity risk continued

The analysis of assets and liabilities by maturity has been prepared on the following basis:

- Assets are disclosed according to the date of maturity; and
- Net liabilities, represented as undiscounted cash flows, are disclosed according to the timing of payment.

41. Contingent liabilities

The Group has no contingent liabilities at 31 December 2014 (2013: no contingent liabilities).

42. Events after the reporting period

The Group had no events after the reporting period.

Company statement of profit or loss

For the year ended 31 December 2014

	Notes	31 Dec 2014 £m	31 Dec 2013 (restated) £m
Continuing operations			
Other income	60	**2.3**	2.3
Total income		**2.3**	2.3
Administrative expenses	44	**(5.2)**	(33.6)
Loss on sale of investment		**-**	(8.3)
Results of operating activities		**(2.9)**	(39.6)
Finance costs	45	**(0.7)**	(0.8)
Loss before taxation		**(3.6)**	(40.4)
Taxation	46	**0.6**	-
Loss for the year from continuing operations		**(3.0)**	(40.4)
Loss for the year from discontinued operations		**(3.9)**	-
Loss for the year	47	**(6.9)**	(40.4)
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		**(3.2)**	-
Total comprehensive expense for the year		**(10.1)**	**(40.4)**

The notes on pages 69 to 75 form part of these financial statements.

Pro.

Company statement of financial position

As at 31 December 2014

	Notes	31 Dec 2014 £m	31 Dec 2013 (restated) £m
ASSETS			
Non-current assets			
Investment in subsidiaries	49	**10.4**	14.4
Investment in associates	50	**5.5**	6.2
		15.9	20.6
Current assets			
Loans and receivables	51	**4.2**	4.8
Cash and cash equivalents		**2.5**	0.6
		6.7	5.4
Assets classified as held for sale	48	**19.3**	59.6
Total assets		**41.9**	85.6
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	52	**2.3**	11.3
Share premium	52	**-**	57.5
Other reserves	53	**3.0**	6.1
Retained earnings	54	**0.7**	(8.3)
Total equity attributable to owners of the Company		**6.0**	66.6
Non-current liabilities			
Financial liabilities - borrowings	55	**12.5**	10.0
		12.5	10.0
Current liabilities			
Other liabilities	56	**4.1**	4.4
		4.1	4.4
Liabilities directly associated with assets classified as held for sale	48	**19.3**	4.6
Total liabilities		**35.9**	19.0
Total equity and liabilities		**41.9**	85.6

The notes on pages 69 to 75 form part of these financial statements.

The financial statements of Pro Global Insurance Solutions plc (formerly Tawa plc) (Company number 4200676) were approved by the Board of Directors and authorised for issue on 18 March 2015 and were signed on its behalf on 30 March 2015 by:

Tim Carroll
Chairman

Artur Niemczewski
Chief Executive Officer

Company statement of changes in equity

As at 31 December 2014

	Share capital	Share premium reserve	Share based payments reserve	Capital redemption reserve	Translation reserve	Retained earnings	Total	Note
			Other reserves					
Balance at 1 January 2013 reported in $m	22.2	110.6	4.1	-	(0.3)	35.1	**171.7**	
	£m	£m	£m	£m	£m	£m	**£m**	
Balance at 1 January 2013 restated in £m	11.3	56.1	2.5	-	3.2	33.8	**106.9**	
Comprehensive losses								
Loss for the year (restated)	-	-	-	-	-	(40.4)	**(40.4)**	
Total comprehensive loss for the year	-	-	-	-	-	(40.4)	**(40.4)**	
Transactions with owners								
Share based payments	-	-	0.1	-	-	-	**0.1**	
Reclassification of amounts relating to own shares cancelled in 2012	-	1.4	-	0.3	-	(1.7)	**-**	52, 53 & 54
Total transactions with owners	-	1.4	0.1	0.3	-	(1.7)	**0.1**	
Balance at 31 December 2013 (restated)	11.3	57.5	2.6	0.3	3.2	(8.3)	**66.6**	
Balance at 1 January 2014 reported in $m	22.2	112.8	4.2	0.4	1.0	(31.6)	**109.0**	
	£m	£m	£m	£m	£m	£m	**£m**	
Balance at 1 January 2014 restated in £m	11.3	57.5	2.6	0.3	3.2	(8.3)	**66.6**	
Comprehensive expense								
Loss for the year	-	-	-	-	-	(6.9)	**(6.9)**	54
Other comprehensive expenses for the year	-	-	-	-	(3.2)	-	**(3.2)**	
Total comprehensive expense for the year	-	-	-	-	(3.2)	(6.9)	**(10.1)**	
Transactions with owners								
Capital reduction	(9.0)	(57.5)	-	-	-	66.5	**-**	26, 52 & 54
Share based payments	-	-	0.1	-	-	-	**0.1**	53
Non-cash distribution	-	-	-	-	-	(50.6)	**(50.6)**	54
Total transactions with owners	(9.0)	(57.5)	0.1	-	-	15.9	**(50.5)**	
Balance at 31 December 2014	2.3	-	2.7	0.3	-	0.7	**6.0**	

The notes on pages 69 to 75 form part of these financial statements.

Company statement of cash flows

For the year ended 31 December 2014

	31 Dec 2014 £m	31Dec 2013 (restated) £m
Cash flows from operating activities		
Loss for year including discontinued operations	**(6.9)**	(40.4)
Adjustments for:		
- Loss on disposal of subsidiary	**1.1**	8.3
- revaluation of subsidiary	**(0.2)**	-
-impairment of a subsidiary	**1.9**	26.5
- Groups tax credit	**0.6**	-
-share based payment expense	**0.1**	0.1
-Other gains	**1.0**	0.9
	(2.4)	(4.6)
Change in operating assets and liabilities		
Net decrease in loans and receivables	**0.6**	9.1
Net (decrease) in other liabilities	**(0.3)**	(12)
	(2.1)	3.3
Interest paid	**(0.7)**	(0.8)
Taxation paid		-
Net cash (used) / generated by operating activities	**(2.8)**	2.5
Investing activities		
Net cash generated by associate	**1.0**	-
Payments to acquire subsidiary	**(1.9)**	-
Proceeds from disposal of subsidiary	**3.1**	9.7
Cash generated by investing activities	**2.2**	9.7
Financing activities		
Proceeds from / (repayment of) financial borrowings	**2.5**	(14.5)
Cash flows generated from / (used in) financing activities	**2.5**	(14.5)
Net increase / (decrease) in cash and cash equivalents	**1.9**	(2.3)
Cash and cash equivalents at beginning of year	**0.6**	2.9
Cash and cash equivalents at end of year	**2.5**	0.6

The notes on pages 69 to 75 form part of these financial statements.

Notes to the Company financial statements

For the year ended 31 December 2014

43. Significant accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 2006. As permitted by that Act, the separate financial statements have been prepared in accordance with International Financial Reporting Standards as adopted for use in the European Union.

The financial statements have been prepared on the historical cost basis. The principal accounting policies are the same as those set out in note 3 to the consolidated financial statements except as noted below.

Investments in subsidiaries and associates are stated at cost less, where appropriate, provisions for impairment.

44. Administrative expenses

	31 Dec 2014 **£m**	31 Dec 2013 (restated) £m
Demerger costs	**-**	(0.5)
Impairment of investment in subsidiaries	**(2.8)**	(26.5)
Other administrative expenses	**(2.4)**	(6.6)
Administrative expenses	**(5.2)**	(33.6)

45. Finance costs

	31 Dec 2014 **£m**	31 Dec 2013 (restated) £m
Interest on borrowings	**0.7**	0.8
Finance costs	**0.7**	0.8

46. Taxation

UK corporation tax is calculated at 21.5% (2013: 23.25%) of the estimated assessable UK profit for the year. The tax charge for the periods presented varied from the stated rate of UK corporation tax as explained below:

	31 Dec 2014 **£m**	31 Dec 2013 (restated) £m
UK Corporation tax on loss for the year	**-**	-
Group relief recoverable at non-standard rates	**(0.6)**	-
Total taxation	**(0.6)**	-
Loss before taxation	**(6.9)**	(40.4)
Standard corporation tax of 215% (2013: 23.25%)	**(1.6)**	(9.4)
Factors affecting taxation charge:		
Group relief recoverable at non-standard rates	**(0.6)**	-
Income/expenses not taxable/deductible for tax purposes	**1.3**	8.2
Effect of tax losses	**0.3**	12
UK Corporation tax on loss for the year	**(0.6)**	-

At 31 December 2014 the Company has unrecognised tax assets of £4.0 million (2013: £3.4 million) in respect of tax losses carried forward.

Notes to the company financial statements (continued)

For the year ended 31 December 2014

47. Loss for the year

The auditor's remuneration for audit and other services is disclosed in note 10 to the consolidated financial statements. The loss for the year has been arrived at after (charging) / crediting:

	31 Dec 2014 £m	31Dec 2013 (restated) £m
Loss on sale of investments	(1.1)	(8.3)
Impairment of investments	(2.8)	(26.5)
Non cash distribution	1.9	-
Foreign exchange gain	-	0.8

48. Assets and liabilities classified as held for sale

As detailed in note 7, on 20 December 2013 the Group announced its plan to demerge the Group's risk carrier business. The Company has shown the value of its direct investment in subsidiaries subject to the demerger and any related assets and liabilities as detailed in the demerger agreements as assets and liabilities classified as held for sale.

The assets and liabilities as at 31 December 2014 classified as held for sale are shown in the table below:

	31 Dec 2014 £m	31Dec 2013 (restated) £m
Assets		
Investment in subsidiaries	-	11.8
Investment in associate	-	2.4
Deferred assets	19.3	29.4
Loans and receivables	-	16.0
Total assets	19.3	59.6
Liabilities		
Financial liabilities - borrowings	-	(0.4)
Other liabilities	19.3	5.0
Total liabilities	19.3	4.6
Net assets held for sale	-	55.0

49. Investment in subsidiaries

	31 Dec 2014 £m	31Dec 2013 (restated) £m
Balance at 1 January	14.4	77.3
Additions	1.9	-
Disposals during the year	(4.2)	(25.8)
Deferred consideration adjustment	-	(26.5)
Revaluation of subsidiary	0.2	-
Other changes during the year	-	12
Re-classified as held for sale	-	(11.8)
Impairment	(1.9)	-
Balance at 31 December	10.4	14.4

Impairment losses in subsidiaries of £1.9 million, were recognised by the Company in the year.

Sale of subsidiary in the year generated a loss of £1.1 million through the disposal of assets held at a cost of £4.0 million, revalued to £4.2 million at the transfer date for the consideration of £3.1 million.

Notes to the company financial statements (continued)

For the year ended 31 December 2014

49. Investment in subsidiaries Continued

The consolidated financial information presents the financial record of the Group for the year ended 31 December 2014. A list of all investments in Group subsidiaries, including the name and country of incorporation is given below:

Name of subsidiary	Place of incorporation (or registration) and operation	2014 Portion of ownership interest	2014 Portion of voting power held	2013 Portion of ownership interest	2013 Portion of voting power held
Ass Assekuranz Service UND	Germany	100.0%	100.0%	75.0%	75.0%
C.I.R.A.S Limited	Great Britain	100.0%	100.0%	100.0%	100.0%
Chiltington Holdings Limited	Great Britain	100.0%	100.0%	100.0%	100.0%
Chiltington Internacional S.A de CV	Mexico	85.0%	85.0%	85.0%	85.0%
Chiltington Internacional S.A.	Argentina	98.0%	98.0%	98.0%	98.0%
Chiltington Internacional S.L.	Spain	100.0%	100.0%	100.0%	100.0%
Chiltington International GmbH	Germany	100.0%	100.0%	100.0%	100.0%
Chiltington International Holding GmbH	Germany	100.0%	100.0%	100.0%	100.0%
Chiltington International Inc	United States	100.0%	100.0%	100.0%	100.0%
Chiltington International Limited	Great Britain	100.0%	100.0%	100.0%	100.0%
Hermes People Limited (formerly Stopstart Limited)	Great Britain	100.0%	100.0%	100.0%	100.0%
LGIC Holdings, LCC	United States Delaware	510%	510%	510%	510%
Participant Run-Off (PRO) Iberica, SLU	Spain	100.0%	100.0%	100.0%	100.0%
PRO Insurance Solutions Limited	Great Britain	100.0%	100.0%	100.0%	100.0%
PRO IS, Inc	United States Delaware	100.0%	100.0%	100.0%	100.0%
Professional Resources Limited	Great Britain	100.0%	100.0%	100.0%	100.0%
Professional Resources SA	Argentina	85.0%	85.0%	85.0%	85.0%
QX Reinsurance Company Limited	Bermuda	0.0%	0.0%	100.0%	100.0%
STRIPE Global Services Limited	Great Britain	100.0%	100.0%	100.0%	100.0%
Tawa Consulting Limited	Great Britain	100.0%	100.0%	100.0%	100.0%
Subsidiaries demerged during the year					
Amberley Alternative Assets Limited	Great Britain	0.0%	0.0%	100.0%	100.0%
ICL Holdings Incorporated	United States Delaware	0.0%	0.0%	100.0%	100.0%
Island Capital (Europe) Limited (in Liquidation)	Great Britain	0.0%	0.0%	94.3%	94.3%
Island Capital Limited	Bermuda	0.0%	0.0%	94.3%	94.3%
Lodestar Marine Limited	Great Britain	0.0%	0.0%	100.0%	100.0%
Pocono Holdings Limited	Great Britain	0.0%	0.0%	100.0%	100.0%
PXRE Reinsurance Company	United States Connecticut	0.0%	0.0%	100.0%	100.0%
Q360 Limited	Great Britain	0.0%	0.0%	100.0%	100.0%
Q360, Inc	United States Delaware	0.0%	0.0%	100.0%	100.0%
Tawa Associates Limited	Great Britain	0.0%	0.0%	100.0%	100.0%
Tawa Management (Bermuda) Limited	Bermuda	0.0%	0.0%	100.0%	100.0%
Tawa Management Limited	Great Britain	0.0%	0.0%	100.0%	100.0%
WT Holdings Incorporated	United States Delaware	0.0%	0.0%	100.0%	100.0%
Subsidiaries disposed of during the year					
Chiltington International Holdings Limited	Great Britain	0.0%	0.0%	100.0%	100.0%
Hamburg International Reinsurance Limited	Great Britain	0.0%	0.0%	100.0%	100.0%
Hamburger Internationale Rückversicherung AG (HIR)	Germany	0.0%	0.0%	100.0%	100.0%
Pavant International Re S.A. (PIR)	France	0.0%	0.0%	100.0%	100.0%

The investments in subsidiaries are stated at cost.

51% of LGIC Holdings, LLC was acquired in 2011. It has not been consolidated as a subsidiary for the reasons set out in note 5a to the consolidated financial statements. The assets of QX were not transferred at the time of the demerger but the full economic value was transferred.

50. Investment in associates

	31 Dec 2014 £m	31 Dec 2013 (restated) £m
Balance at 1 January	**6.2**	8.6
Redemption of preference shares	**(1.0)**	-
Other changes during the year	**0.3**	-
Reclassified as held for sale	**-**	(2.4)
Balance at 31 December	**5.5**	6.2

A list of all investments in Group associates, including the name and country of incorporation is given below:

Name of associate	Place of incorporation (or registration) and operation	Portion of ownership interest	Portion of voting power held
Asta Capital Limited	Great Britain	30.0%	33.3%
Asta Insurance Markets Limited	Great Britain	30.0%	0.0%
Asta Managing Agency Limited	Great Britain	30.0%	0.0%
Asta Insurance Services Limited	Great Britain	30.0%	0.0%
Asta Management Services Limited	Great Britain	30.0%	0.0%
Ama Underwriting Services Limited	Great Britain	30.0%	0.0%
Bricome Limited	Great Britain	30.0%	0.0%
Associate disposed of during the year			
CX Reinsurance Company Limited	Great Britain	12.7%	50.0%

The investments in associates relates to Asta Capital Limited with all other associates being a subsidiary of Asta Capital Limited.

Pro.

Notes to the company financial statements (continued)

For the year ended 31 December 2014

51. Loans and receivables

At the period end amounts due from Group companies of £4.2 million (2013: £4.8 million) were outstanding. The carrying amount of these assets approximates their fair value. There are no past due impaired balances (2013: £nil).

52. Share capital and share premium

Details are fully disclosed in notes 27 and 28 of the consolidated financial statements.

53. Other reserves

	31 Dec 2014 £m	31 Dec 2013 (restated) £m
Share based payments reserve		
Balance at 1 January	**2.6**	2.5
Share based payments	**0.1**	0.1
Balance at 31 December	2.7	2.6
Capital redemption reserve		
Balance at 1 January	**0.3**	-
	-	0.3
Balance at 31 December	**0.3**	0.3
Translation reserve		
Balance at 1 January	**3.2**	3.2
OCI / Other movement	**(3.2)**	-
Balance at 31 December	**-**	3.2
Total other reserves	**3.0**	6.1

Share-based payments reserve: As detailed in the Directors' remuneration report, the Company operates a Performance Share Plan providing for the grant of awards over ordinary shares. Awards are recorded in this reserve.

Capital redemption reserve: The nominal value of share capital cancelled is recorded in this reserve.

Translation reserve: The reserve created through the movement in values in subsidiaries, released with the change in reporting currency.

54. Retained earnings

	31 Dec 2014 £m	31 Dec 2013 (restated) £m
Balance at 1 January	**(8.3)**	33.8
Shares Cancelled	**-**	(17)
Non cash distributions	**(50.6)**	-
Capital reduction	**66.5**	-
Loss for year	**(6.9)**	(40.4)
Balance at 31 December	**0.7**	(8.3)

A dividend in specie was made in 2014 (£50.6 million) (2013: £nil).

The Directors do not recommend any dividend to be paid in 2015 relating to the results for 2014.

Notes to the company financial statements (continued)

For the year ended 31 December 2014

55. Borrowings

At the beginning of the year, the Company had an outstanding balance of £10.0 million on the facility drawn down. During the year funds were drawn down to cover additional costs due to the demerger and restructuring activities in 2014. The total balance of outstanding borrowings at the end of the year was £12.5 million.

Further details of these borrowings may be found in Note 31.

56. Other liabilities

	31 Dec 2014 £m	31 Dec 2013 (restated) £m
Deferred consideration payable	-	1.1
Amounts payable to Group companies	2.9	2.8
Accruals	0.7	0.5
Other creditors	0.5	-
Balance at 31 December	**4.1**	4.4
Due within one year	4.1	3.2
Due after one year	-	1.2

57. Financial instruments

All financial assets and financial liabilities of the Company are carried at amortised cost. There are no significant differences between the book value and the fair value of financial assets and financial liabilities of the Company. The Company has only a limited exposure to interest rate risk relating to cash and borrowings. A 1% increase/decrease in interest rates would result in an approximate £0.1 million loss/profit (2013: £0.1 million). The maximum exposure of the Company to credit risk is limited to cash, intercompany balances and a deferred asset (which is classified as held for sale). In addition, refer to the financial instrument disclosures of the Group where these are also applicable to the Company.

58. Related party transactions

Transactions between the Company, its subsidiaries and demerged group companies are included below.

a Trading transactions

During the year the following transactions between the Company and related parties occurred:

	Group income received	
	31 Dec 2014 £m	31 Dec 2013 (restated) £m
From associate CX Reinsurance Company Limited for expenses recharged	-	0.4
From subsidiary Hamburger Internationale Rückversicherung AG (HIR) for expenses recharged	-	0.1
From subsidiary Island Capital Limited for expenses recharged	-	0.1
From subsidiary Pro Insurance Solutions Inc for expenses recharged	-	0.1
From subsidiary Pro Insurance Solutions Limited for expenses recharged	4.4	0.3
From subsidiary PXRE Reinsurance Company for expenses recharged	-	0.3
From associate Asta	2.5	-
From subsidiary WT Holdings Incorporated for expenses recharged	-	0.1
Total Group income received	**6.9**	1.4

Notes to the company financial statements (continued)

For the year ended 31 December 2014

59. Related party transactions continued

a Trading transactions continued

The following amounts were outstanding at the statement of financial position date:

	Amounts owed (to)/from related parties	
	31 Dec 2014	31 Dec 2013 (restated)
	£m	£m
Intercompany loan from CX Reinsurance Company Limited to Pro plc	**(0.2)**	-
Intercompany loan from Pro Insurance Solutions Limited to Pro plc	**(0.2)**	(11)
Intercompany loan from Tawa Associates Limited to Pro plc	**(0.3)**	(13)
Intercompany loan from Tawa Management Limited to Pro plc	**-**	(0.3)
Intercompany loan to Amberley Alternative Assets Limited from Pro plc	**-**	0.2
Intercompany loan to Island Capital Limited from Pro plc	**-**	0.1
Intercompany loan to Lodestar Marine Limited from Pro plc	**0.1**	6.4
Intercompany loan to Pocono Holdings Limited from Pro plc	**-**	3.1
Intercompany loan to Pro Insurance Solutions Inc from Pro plc	**0.3**	0.1
Intercompany loan to PXRE Reinsurance Company from Pro plc	**-**	0.1
Intercompany loan to Q360 Limited from Pro plc	**-**	3.6
Intercompany loan to QX Reinsurance Company Limited from Pro plc	**0.7**	0.7
Intercompany loan to Stripe Global Services Limited from Pro plc	**0.4**	0.4
Intercompany loan to Tawa Management (Bermuda) Limited from Pro plc	**-**	0.1
Intercompany loan to Chiltington International GmbH from Pro plc	**0.1**	-
Intercompany loan to WT Holdings Inc from Pro plc	**-**	3.4

b Loans to related parties

During 2014 two loans were issued to group companies:

1. £0.1 million to Chiltington international GmbH with interest charged at 200 basis points above EUIBOR and is repayable under this agreement by 31 December 2015.
2. £0.2 million to Pro Insurance Solutions Inc with interest charged at 200 basis points above US LIBOR and is repayable under this agreement by 31 December 2015.

c Key management personnel

The Company considers its key management personnel to include its Executive and Non-Executive Directors and those members of management reporting directly to its Board that have executive management responsibility for Group-wide operations. The remuneration of key management is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures:

	31 Dec 2014	31 Dec 2013 (restated)
	£m	£m
Short-term employee benefits	**1.6**	2.6
Post-employment benefits	**0.2**	0.3
Share based payments	**0.1**	0.1
Termination payments	**0.3**	-
Management Remuneration	**2.2**	3.0

No dividends were paid in the year in respect of Ordinary Shares held by the Company's Directors (2013: £nil). As at 31 December 2014, the Group had no loans outstanding to key management (2013: £nil).

Immediate and ultimate parent

The immediate and ultimate parent company is Financière Pinault S.C.A., a Société en commandite par actions incorporated in France. The Pinault family members are, in the opinion of the Directors, the ultimate controlling parties of the Company. The parent undertaking of the largest group which includes the Company and for which group accounts are prepared is Financière Pinault, a company incorporated in France. Copies of the group financial statements of Financière Pinault S.C.A. may be obtained from the Tribunal de Commerce de Paris, 1 Quai de Corse, 75004, Paris, France.

Notes to the company financial statements (continued)

For the year ended 31 December 2014

60. Other income

Other income arises from preference share dividend income from the Company's investment in Asta and a non cash distribution from a subsidiary company prior to demerger.

Pro.

Pro Global Insurance Solutions plc (formerly Tawa plc) Company information

Directors

Tim Carroll
Independent Non-Executive Chairman

Artur Niemczewski
Chief Executive Officer (appointed 1 April 2014)

Gilles Erulin
Chief Executive Officer (resigned as Chief Executive Officer 1 April 2014)

Colin Bird
Executive Director (resigned 1 April 2014)

Anthony Hamilton
Independent Non-Executive Director (resigned 19 June 2014)

Loïc Brivezac
Non-Executive Director

Registered Office

Walsingham House
35 Seething Lane
London
EC3N 4AH

Company registration number

4200676

Secretary

Michael Dalzell (appointed 1 September 2014)
Christopher Jones (resigned 31 August 2014)

Nominated Advisor and Broker

Peel Hunt Ltd
120 London Wall
London EC2Y 5ET

Auditor

Mazars LLP
Tower Bridge House
St Katharine's Way
London E1W 1DD

Solicitors

DLA Piper UK LLP
3 Noble Street
London EC2V 7EE

Principal Bankers

Barclays Bank plc
1 Churchill Place
Canary Wharf
London E14 5HP

Registrars

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZY