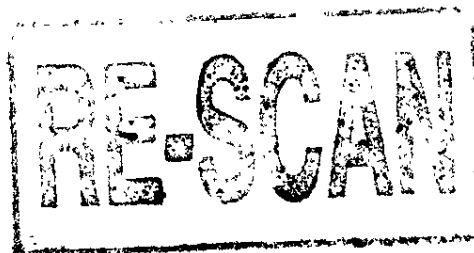


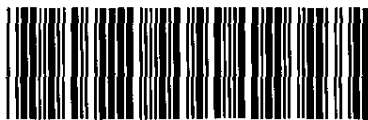
HYPERION INSURANCE GROUP LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2017

Company number 02937398

Registered Office:
16 Eastcheap,
London EC3M 1BD



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HYPERION INSURANCE GROUP LIMITED

YEAR ENDED 30 SEPTEMBER 2017

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HYPERION INSURANCE GROUP LIMITED
DIRECTORS' REPORT

Directors' report for the year ended 30 September 2017

The Directors of Hyperion present their report for the financial year ended 30 September 2017.

The Directors are required to prepare annual report and audited financial statements containing certain disclosures. The following information has been included in the strategic report and is incorporated into this report by reference.

- Review of the performance and future development of the Group (strategic report, pages 4 - 9)
- Principal risks and uncertainties (strategic report, pages 4 - 9)

The following sections of the annual report and accounts contain all other information required in the Directors' report. To the extent necessary, information relating to financial instruments and financial risk management is incorporated into this report by reference to notes 22 and 28 to the consolidated financial statements.

Hyperion Insurance Group Limited is the parent company for the Hyperion group of companies ("the Group"). The principal activity of the Company during the year was that of a holding and investment company for a group of insurance intermediaries and underwriting agencies. The Group's trading operations comprise retail insurance broking, specialty and reinsurance broking and underwriting agencies.

Results and dividends

The financial statements set out the Group's consolidated results for the year ended 30 September 2017 and are shown on pages 13 to 77. These are prepared in accordance with International Financial Reporting Standards.

The financial statements for the Company for the year ended 30 September 2017 are detailed on pages 78 to 89. These are prepared in accordance with FRS102.

The loss of the Group for the year after taxation and minority interests amounted to £(56)m (2016: £48m loss). During the year no equity dividends were paid (2016: £nil).

Events after the reporting period

There are a number of post balance sheet events relating to a change in organisational structure, commitment to the consolidation of four London office locations into one location and Caisse de dépôt et placement du Québec ("CDPQ") signing a conditional agreement to become a significant minority shareholder of the Group alongside General Atlantic. Further information is incorporated into this report by reference to note 38.

Directors during the year

Details of the Directors of the Company at the date of this report are set out below.

Dominic Collins, Chairman
David Howden, Chief Executive Officer
Oliver Corbett, Chief Financial Officer
Luis Muñoz-Rojas Entrecanales, Non-Executive Director
John Bernstein, Non-Executive Director
David Hodgson, Non-Executive Director
Clement Booth, Non-Executive Director

Directors' indemnities

The Directors are entitled to an indemnity under the Articles of Association of the Company. In addition, Directors and Officers of the Company and its subsidiaries benefit from Directors' and Officers' liability insurance cover in respect of legal actions brought against them.

Articles of Association

The Company's Articles of Association set out certain matters relating to the Company's internal governance and activities and cover such matters as the rights of shareholders, the appointment and removal of Directors, the power to issue and buy back shares and the conduct of Board and general meetings. A copy of the Articles of Association is available on request to any shareholder from the Company Secretary. Amendments to the Articles of Association must be approved by at least 75% of those voting in person or by proxy at a general meeting of the Company.

In accordance with the Company's Articles of Association, Directors can be appointed or removed by the Board or by the shareholders in a general meeting. Subject to the provisions of relevant legislation, the Company's Articles of Association and any directions given by a special resolution of shareholders, the Board of Directors may exercise all the powers of the Company and may delegate authorities to committees and management as it sees fit.

HYPERION INSURANCE GROUP LIMITED
DIRECTORS' REPORT

Share capital

The table below details the numbers of shares in issue by the Company on 30 September 2017;

Share class	Number of issued shares
Ordinary A Shares of £0.01	78,076,396
Ordinary A1 Shares of £0.01	1,037,178
Ordinary A2 Shares of £0.01	518,591
Ordinary B shares of £0.01	1,479,000
Ordinary C shares of £0.01	4,281,000
Ordinary D shares of £0.00001	35,620,778
Ordinary E shares of £0.00001	7,300,000

Political donations and expenditure

The Group made political donations of £nil during the year ended 30 September 2017 (2016: £nil).

Charitable donations

During the year to 30 September 2017 the Group made cash donations of £38,170 (2016: £158,877) for the benefit of charitable causes

Employees and employment policies

The average number of persons employed by the Company and its subsidiaries during the year was 3,794 (2016: 3,587) . Their annual aggregate remuneration was £290m (2016: £251m). An analysis of employee remuneration is shown in note 6.

The Board recognises that the continuing success of the Group depends on its employees and its ability to continue to attract, motivate and retain employees of the highest calibre and it aims to provide an environment where individuals can excel.

The Group is an equal opportunities employer and bases decisions on individual ability regardless of race, religion, gender, age, sexual orientation or disability. Our equal opportunities policy is designed to ensure that disabled persons are given the same consideration as others when they apply for jobs, and that they enjoy the same training career development and prospects as other employees.

The Group seeks to achieve a common awareness among its employees of the financial and economic factors affecting the business by means of consultation and effective employee communication through a variety of media.

Research and development

The Group invests in software development to protect and enhance its business activities. See note 10 for more details.

Environmental policy

The Group is committed to reducing its impact on the environment. To this end it seeks to:

- Minimise energy, water and paper use
- Optimise waste recycling by providing facilities and encouraging people to recycle
- Reduce travel, encouraging people to communicate without travelling when practicable
- Ensure appropriate regulatory compliance

HYPERION INSURANCE GROUP LIMITED
DIRECTORS' REPORT

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts

Disclosure of audit information

The Directors confirm that, as at the date this annual report and accounts was approved, so far as each Director is aware there is no relevant audit information of which the Company's auditor is unaware and that he or she has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditor

Deloitte LLP, the Company's independent auditor, has expressed its willingness to continue in office.

By order of the Board,



Andrew Moore
Company Secretary
13 December 2017

HYPERION INSURANCE GROUP LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2017

Principal activities

The Company is a holding company which receives dividends from its operating subsidiaries

The principal activities of the Group's trading operations comprise retail insurance broking, specialty and reinsurance broking and underwriting agencies. It does not take insurance risk.

The retail broking and risk management business serves clients throughout the world. Its clients range from sole practitioners to associations, SMEs and multinational corporations. It operates a network of subsidiary and associated companies in 27 countries outside of the USA.

The specialty and reinsurance lines broking business creates risk solutions, programmes and facilities across a wide range of industries and risk classes, designing and placing insurance and reinsurance programmes for large international businesses. It does this by accessing specialist international markets and expertise for their clients and delivers individual large corporate placements or multiline facilities as appropriate to each client

The underwriting agency business provides end-to-end insurance solutions for a wide range of specialty risks. It is involved in most parts of the insurance cycle from pricing to policy issuance and claims administration, acting on behalf of major insurance carriers. It does not take underwriting risk and is therefore not capitalised to assume such risk. It has operations in 15 countries and it provides insurance solutions to over 4,500 insurance brokers around the world who act on behalf of insured clients.

Business activity

Integration and consolidation

Operational and structural integration and consolidation of the Group's businesses has continued throughout the 12 months to 30 September 2017 following Hyperion's acquisition of R K Harrison Holdings Limited on 29 April 2015. The Group continues to work to achieve deeper operational integration and clarity of client offering, as well as to ensure that it is agile and appropriately resourced to achieve for future growth.

This activity has centred on:

1. Alignment of capabilities into the Group's three segments;
 - Consolidation of wholesale trading hubs under RKH to ensure the provision of service to wholesale clients around the world is delivered effectively and efficiently by specialist teams with in-depth product knowledge;
 - Consolidation of the Group's retail broking businesses under Howden with the UK retail business moving into this segment and out of RKH on 1 October 2017;
2. Formation of a regional management board to lead DUAL and increased investment in operational resilience and scalability within DUAL;
3. Further streamlining and operational scalability in the delivery of central support services by Hyperion Services.

Strategic expansion

In addition to increasing its ownership in a number of partly-owned subsidiaries, the Group made a series of focused acquisitions and launched new operations in order to strengthen its product and distribution capabilities both geographically and in terms of specialist market positions

1. In July 2017 the Group expanded its Iberoamerican operations with the acquisition of automotive, ports and logistics specialist Bergé y Asociados Correduría de Seguros in Spain, bringing niche expertise across Howden's Spanish and Portuguese speaking markets.
2. In July 2017 the Group expanded its retail broking operations in Asia with the acquisition of Singapore-headquartered Sterling Knight, strengthening existing specie capabilities and combining employee benefits businesses to create a strong proposition in the region.
3. In August 2017 the Group expanded its retail broking operations in the United Arab Emirates with the launch of Howden Abu Dhabi.

The Group made good progress in establishing Howden One, its retail broking partner network. The aim of Howden One is to improve distribution and service provision to its international clients, welcoming 33 independent broking partners to a single set of service standards and increasing geographic coverage to 75 territories with a total of over 5,000 insurance professionals.

People

Attraction and retention of talent at all levels remains a core objective of the Group.

The Group's commitment to broad employee ownership saw the launch of a second D and E share programme and the completion of its fourth employee share offer. More than 20% of Group employees own shares in Hyperion and its subsidiaries

HYPERION INSURANCE GROUP LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2017

Performance review

The Group's 2017 audited financial statements reflect both its organic performance and the results of its corporate activity during the year. In particular, its Consolidated Income Statement reflects the accounting treatment of the deferred consideration payable to the vendors of RKH and other subsequent transactions and put option held by ex-Windsor shareholders, both of which distorts reported financial performance

Set out below is a reconciliation between the financial performance of the Group prepared under IFRS and the underlying performance of the Group. The Group's preferred measure of profitability is earnings before interest, tax, depreciation and amortisation ("EBITDA"). The underlying performance basis of presentation is regarded by the Board as a more informative and useful analysis of the Group than the statutory basis of reporting

	FY2017	FY2016
	£m	£m
EBITDA	141	103
Depreciation and amortisation	(41)	(38)
Non-recurring items/restructuring costs	(75)	(82)
Financing costs/fair value adjustments	(49)	(18)
Impairment charges	(2)	-
IFRS loss before tax	(26)	(35)

Revenue grew from £434m in 2016 to £542m in 2017, an increase of 25%. EBITDA, the Group's preferred measure of profitability, increased by 37% from £103m to £141m. Organic revenue growth was 8%, which the Board regards as a strong result in a highly competitive operating environment. EBITDA margin increased from 24% to 26% reflecting full year benefits of RKH synergies and the benefits of operational scale. Margin improved despite challenging market conditions and with ongoing investment in people and operations

The key items in moving from EBITDA to profit or loss before tax are as follows

Depreciation and amortisation.

There have been a number of acquisitions, in particular that of RKH, which have resulted in the recognition of customer relationship intangible assets. Customer relationship assets recognised in acquisitions are amortised over their estimated useful economic lives.

Non-recurring items.

This includes £62m relating to consideration for acquisitions, the payment of which are linked to ongoing service obligations and which are therefore expensed over the period of the service obligation. This relates to the RKH acquisition in 2015 as well as a number of subsequent transactions. The balance relates to retention awards relating to acquisitions, onerous contracts, gain or loss on sale of subsidiaries and other non-current assets, hedge termination accounting and other transactions of a non recurring nature

Financing costs.

The finance charge for the year includes £48m of interest costs, of which £42m relates to the Term Loan and RCF (including £4m amortisation of issue costs), with the balance relating to financing derivatives, shareholder loans and other loans. This was partially offset by £1m of interest income and £2m relating to foreign exchange gain.

Fair value adjustments:

The fair value adjustment for the year reflects £21m charge for the changes in the fair value for deferred consideration for acquisitions or put options held by non-controlling shareholders, a £1m charge for changes in fair value for derivatives not used for hedging offset by an £18m gain for changes in fair value for the put option held by certain shareholders arising from the Windsor acquisition in 2012 ("liquidity put option").

Impairment charges:

This relates to impairment in relation to the goodwill of Harmonia due to continued weak local economic conditions.

HYPERION INSURANCE GROUP LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2017

Financial position

The Group has net liabilities of £87m at 30 September 2017 (net liabilities of £110m at 30 September 2016) and net current assets of £134m at 30 September 2017 (2016 £35m net current liabilities). The increase in net current assets is due to the drawdown of additional borrowings increasing cash, repayment of the RCF and the partial extinguishment of the liquidity put option. The decrease in total liabilities is attributable to positive gain on translation on consolidation, positive movement on hedging and share based payment credits offsetting the loss for the year. The loss for the year was largely driven by IFRS accounting for the RKH deferred consideration (£62m).

The overall borrowing of the Group net of capitalised fees was £712m at September 2017 which compares to £613m at 30 September 2016. During the year, the Group entered into incremental financing agreements to drawdown \$60m and €150m of net additional term loan to repay the RCF, to pre fund deferred consideration in 2017 and to allow flexibility for other corporate activities. The Board of Directors monitor the level of borrowings of the Group and continues to be confident in the ability of the Group to service its ongoing debt obligations as they fall due, particularly due to USD and EUR cash generation which is used to settle USD and EUR debt obligations.

Future developments

The Group will continue to grow and develop by investing in.

People

- To continue to promote employee ownership in the Group
- To attract, develop and retain talented individuals

Products

- To be product specialists and to diversify into new and emerging risk areas by recruiting and acquiring like-minded individuals and businesses
- To be market leaders and makers in the geographies in which Hyperion operate

Distribution

- To build a business model focused around clients and their needs
- To deliver data and technology-enabled distribution

Growth

- To generate higher growth than the Group's peers by delivering attractive and innovative products and services
- To have a financial model that allows Hyperion to invest in future growth whilst balancing debt and equity to ensure shareholder value

Data and technology

- To harness the Group's data to drive value in all areas from the retention and development of talent to the achievement of cross-selling
- To invest in, develop and embed technology in all areas of the Group in order to empower employees, advance product solutions, enhance service, and speed distribution to meet changing client needs

HYPERION INSURANCE GROUP LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2017

Risk and governance model
Risk management

As an insurance broking and risk management business, Hyperion deals with risks on behalf of its clients. Understanding, identifying and managing Hyperion's own risk profile is an important foundation in safeguarding and optimising the interests of shareholders, clients, employees and other stakeholders.

The Group faces multiple risks which could cause financial results to be materially different or operational outcomes to be contrary to management's objectives and expectations for the business. Risk, as a function of uncertainty, can be both positive and negative, and Hyperion seeks to ensure operational and regulatory platforms are designed to mitigate the downside and maximise potential upside of risk. Hyperion's risk management approach takes the form of the three lines of defence framework. Core risk management activities are built into business processes, monitored by compliance and risk management teams within entities and divisions, and independently tested through both internal and external audit, as well as through reviews required by its insurer trading partners.

Risks at trading level are managed within each division and monitored through risk based assurance processes. Risk management forums are established at various levels within the operating businesses. The Audit Committee provides oversight and challenge across the Group. As Hyperion grows, the function and composition of its assurance mechanisms and governance forums are reviewed to ensure that independent challenge remains robust and effective.



HYPERION INSURANCE GROUP LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2017

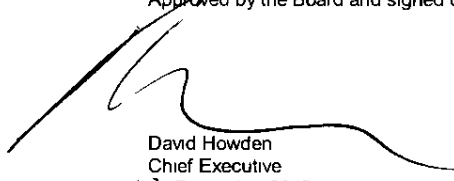
The following table sets out the Group's principal risks with examples given of actions taken to mitigate such risks, transferring, avoiding, reducing or accepting such risks within agreed tolerances. It is not intended to be taken as an exhaustive list, but illustrative of significant risks to which the Group is exposed

RISK	DETAIL AND POTENTIAL IMPACT	EXAMPLES OF MITIGATION
STRATEGIC RISKS		
COMPETITIVE MARKET	The insurance market is highly competitive. There is a focus on client relationships, branding, cost, market penetration and diversity of product offering.	Hyperion focuses on serving clients in certain markets where the Board believe it has a competitive advantage. Hyperion seeks to maintain strong relationships with clients at many levels. Hyperion monitors this via divisional reporting on key metrics including organic and inorganic growth.
EXTERNAL ECONOMIC FACTORS AFFECTING OUR BUSINESS	As economic activity increases and reduces, risk events may or may not occur, and the demand for insurance coverage generally rises and falls. These changes affect brokerage, commissions and fees earned in the market.	The balanced distribution model covering both broking and underwriting helps mitigate external risks facing the wider industry. Hyperion's devolved management structure enables decisions to be taken at the right level for risk to be mitigated and opportunities brought by external change to be optimised.
INTEGRATION WITH ACQUIRED COMPANIES	An important part of Hyperion's growth is to join with high quality businesses in emerging markets	Hyperion empowers businesses to manage integration locally. This approach provides management with the opportunity to move quickly in identifying, assessing and integrating businesses into the Group.
FINANCIAL RISKS		
ABILITY TO MAKE INTEREST AND CAPITAL PAYMENTS	Interest and capital payments depend on cash flow generated from operations.	In addition to the day to day financing of operations, servicing the term loan raised is predicated on appropriate financial controls. These controls ensure that adequate cash flows are maintained and working capital is in place to meet financial obligations. Self imposed working capital buffers enable cash use to be optimised. Interest rate risk is mitigated by appropriate hedging.
HOLDING OF FOREIGN EXCHANGE CURRENCY	A proportion of the Group's business is conducted in currencies other than sterling, in which Hyperion's accounts are reported. Receipts, expenses, assets and liabilities are therefore exposed to movements in foreign currency exchange rates. The main exposures are to the US Dollar, Euro, Australian Dollar and Canadian Dollar. In the UK, part of Hyperion's revenue is in foreign currencies, however, expenses are borne in sterling.	Financial transactions are frequently naturally hedged but where natural hedging is deemed to be inadequate to meet risk appetite, the Board has approved a risk mitigation strategy that is exercised within a defined appetite and through appropriate approval and authorisation controls.
ACCOUNTING ASSUMPTIONS AND ESTIMATES	Financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). Hyperion is required to make assumptions and judgmental estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of our financial statements	Management review assumptions and judgmental estimates including those related to carrying value of goodwill in acquired entities, revenue recognition, derivative liabilities contingent liabilities and taxation, and these are the subject of second and third line of defence oversight and review

HYPERION INSURANCE GROUP LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2017

OPERATIONAL RISKS		
LOSS OF KEY PERSONNEL	Hyperion relies on highly trained and experienced staff to support and undertake broking and underwriting business.	Hyperion remains committed to employee ownership, empowering managers to act as 'owners' of the business. Hyperion is managed by senior employees within the Group who have many years of experience and expertise and who understand and value the contribution of its staff across the Group. In addition, a high level of employee ownership aligns interests across the Group.
LOSS OF KEY CLIENTS	Hyperion depends on underlying operations to ensure client satisfaction. If Hyperion is unable to operate effectively the loss of client satisfaction could result in harm to the business and financial performance.	Hyperion seeks to observe best practice, along with the necessary regulatory controls, due diligence and care to ensure that its operations meet our clients' satisfaction. Diversification of business line and geography, and successful new business strategies further helps mitigate the impact of natural client turnover.
FAILURE OF INFORMATION TECHNOLOGY SYSTEMS	Information technology systems are a key part of Hyperion's business and any disruption of systems or the supporting infrastructure and networks could adversely affect its operations, income and financial results.	Management continue to invest in information technology solutions, with a focus on robust, safe and reliable systems and controls. Risk based testing is undertaken to satisfy management that its IT infrastructure remains robust.
LEGAL AND REGULATORY RISKS		
PROCESS CONTROL FAILURE	Hyperion may be subject to errors and omissions claims in placing or underwriting insurance or dealing with claims. It is not always possible to prevent errors and omissions claims occurring and damages under such claims may cause its financial position to be adversely affected, as well as diverting management time and causing reputational damage.	Internal controls embedded into the day-to-day operations of the business are designed to mitigate the risk to an acceptable level.
POLITICAL RISK	Hyperion may be subject to risk due to political changes impacting the jurisdictions in which it trades. In recent times, the most relevant political risk is Brexit	Hyperion's diversified business model means that its exposure to concentrated political risk is mitigated. In respect of Brexit, Hyperion has undertaken detailed analysis to determine potential exposure and has put into place contingency plans to ensure it is well placed to meet the risk.
REGULATORY RISK	Hyperion may be subject to legal and regulatory issues that, once crystallised, may adversely affect its financial results.	Hyperion recognises and upholds its responsibilities to all stakeholders, including regulators, in all jurisdictions

Approved by the Board and signed on its behalf by.



David Howden
Chief Executive
13 December 2017

HYPERION INSURANCE GROUP LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the parent company financial statements, the Directors are required to

- Select suitable accounting policies and then apply them consistently
- Make judgments and accounting estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

In preparing the Group financial statements, International Accounting Standard 1 requires that the Directors:

- Properly select and apply accounting policies
- 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
- Make an assessment of the Company's ability to continue as a going concern

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
Hyperion Insurance Group Limited**

Opinion

In our opinion the group financial statements.

- Give a true and fair view of the state of the Group's affairs as at 30 September 2017 and of the Group's loss for the year then ended
- Have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Hyperion Insurance Group Limited (the 'parent company') and its subsidiaries (the 'Group') which comprise:

- The consolidated income statement
- The consolidated statement of comprehensive income
- The consolidated balance sheet
- The consolidated statement of changes in equity
- The consolidated cash flow statement
- The related notes 1 to 38

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Other information

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

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

We have nothing to report in respect of these matters

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
Hyperion Insurance Group Limited**

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

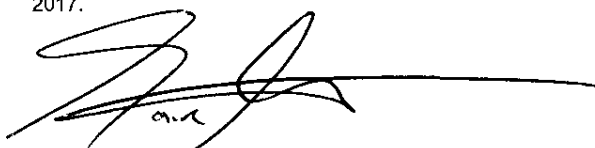
In our opinion, based on the work undertaken in the course of the audit

- The information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements
- The strategic report and the directors' report have been prepared in accordance with applicable legal requirements

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

Other matters

We have reported separately on the parent company financial statements of Hyperion Insurance Group Limited for the year ended 30 September 2017.



Mark McIlquham, ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London UK
13 December 2017

HYPERION INSURANCE GROUP LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Note	YEAR END 30 SEPTEMBER 2017 £'000	YEAR END 30 SEPTEMBER 2016 (restated) £'000
Continuing operations			
Fees and commissions	3	532,309	423,932
Other operating income	3	9,350	9,947
Other operating costs		(477,128)	(412,507)
Depreciation and amortisation	4	(41,198)	(37,947)
Operating profit/(loss)		23,333	(16,575)
Analysed as:			
Operating profit before non-recurring items		99,777	65,291
Acquisition costs	4	(1,331)	(750)
Non-recurring items	4	(75,113)	(81,116)
Operating profit/(loss)		23,333	(16,575)
Finance income	5	683	1,934
Finance costs	5	(45,663)	(32,177)
Loss before changes in fair value through profit or loss		(21,647)	(46,818)
Fair value through profit or loss	5	(4,052)	11,370
Loss before tax for the year		(25,699)	(35,448)
Income tax expense	7	(17,136)	(5,909)
Loss after tax from continuing operations		(42,835)	(41,357)
Loss attributable to			
Group shareholders		(56,383)	(48,063)
Non controlling interests		13,548	6,706
		(42,835)	(41,357)

Revenue and operating profit/(loss) for the year and prior year arose from continuing operations only. The comparative has been restated – see note 1 for details

The notes on pages 20 to 77 form an integral part of these consolidated financial statements.

HYPERION INSURANCE GROUP LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	YEAR END 30 SEPTEMBER 2017 £'000	YEAR END 30 SEPTEMBER 2016 (restated) £'000
Note	£'000	£'000
Loss for the year	(42,835)	(41,357)
Other comprehensive income		
<i>Items that may be reclassified to profit or loss in subsequent years</i>		
Revaluation of cash flow hedging instruments, net of tax	9,498	(18,495)
Amounts recycled from cash flow hedge reserve to income statement, net of tax	5,241	5,518
Translation of foreign operations, net of tax	24,485	(53,694)
	39,224	(66,671)
<i>Items that will not be reclassified to profit or loss in subsequent years</i>		
Remeasurement of defined benefit pension plans, net of tax	(6)	(116)
	(6)	(116)
Other comprehensive income/ (loss) for the year	39,218	(66,787)
Total comprehensive income for the period	(3,617)	(108,144)
Profits/(loss) attributable to		
Group shareholders	(16,962)	(118,472)
Non-controlling interests	13,345	10,328
	(3,617)	(108,144)

Comprehensive income for the year arose from continuing operations only. The comparative has been restated see note 1 for details

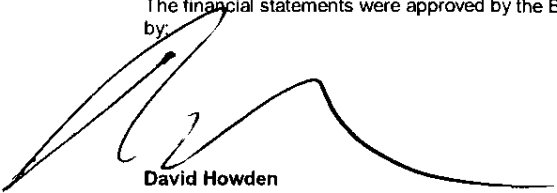
HYPERION INSURANCE GROUP LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 SEPTEMBER 2017

		2017	2016	2015
	Note	£'000	(restated) £'000	(restated) £'000
Non-current assets				
Goodwill	9	318,929	316,733	280,022
Intangible fixed assets	10	247,630	267,126	244,611
Property, plant and equipment	11	11,821	13,315	17,410
Investments held at cost	12	1,186	1,184	1,052
Investments in associates and joint ventures	13	508	23	-
Trade and other receivables	14	730	2,040	3,077
Deferred tax asset	23	14,627	8,688	10,027
		595,431	609,109	556,199
Current assets				
Trade and other receivables	14	51,833	61,098	53,947
Insurance receivable	14	113,135	125,304	94,214
Cash and cash equivalents	15	134,248	79,083	130,817
Insurance cash and cash equivalents	15	494,153	475,070	333,330
		793,369	740,555	612,308
Current payables				
Insurance payables	16	(475,444)	(473,035)	(329,690)
Trade and other payables	16	(135,823)	(172,110)	(143,674)
Bank overdraft	15	(1,636)	(1,359)	(1,190)
Corporation tax payable	16	(8,336)	(17,340)	(16,340)
Borrowings	18	(5,056)	(46,034)	(9,120)
Liquidity put option	19	(2,666)	(23,354)	-
Provisions	20	(4,368)	(7,139)	(7,066)
Derivative financial instruments	22	(26,535)	(35,158)	(7,337)
		(659,864)	(775,529)	(514,417)
Net current assets/ (payables)		133,505	(34,974)	97,891
Non-current payables				
Borrowings	18	(707,401)	(567,268)	(490,301)
Trade and other payables	17	(19,381)	(5,317)	(37,363)
Provisions	20	(5,431)	(3,634)	(4,385)
Deferred tax liabilities	23	(48,649)	(52,083)	(51,386)
Liquidity put option	19	(2,439)	-	(49,239)
Derivative financial instruments	22	(32,266)	(56,246)	(47,037)
		(815,567)	(684,548)	(679,711)
Total net payables		(86,631)	(110,413)	(25,621)
Equity				
Issued share capital		854	854	876
Share premium		4,094	4,094	254,209
Other reserves		(86,810)	(152,938)	(69,679)
Liquidity put option		-	(48,118)	(48,118)
Acquisition share reserve		(32,659)	(77,782)	(112,867)
Retained earnings		(10,656)	127,800	(76,580)
Shareholders' equity		(125,177)	(146,090)	(52,159)
NCI		38,546	35,677	26,538
Total equity		(86,631)	(110,413)	(25,621)

HYPERION INSURANCE GROUP LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 SEPTEMBER 2017

The comparative has been restated - see note 1 for details.

The financial statements were approved by the Board of Directors and authorised for issue on 13 December 2017. They were signed on its behalf by:



David Howden
Chief Executive Officer



Oliver Corbett
Chief Financial Officer

Company number 02937398

HYPERION INSURANCE GROUP LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	2017	2016
	£'000	£'000
Cash flow from operating activities		
Cash receipts from customers	553,507	403,676
Cash paid to suppliers and employees	(428,221)	(307,017)
Cash generated from operations	125,286	96,659
Corporation tax payments	(5,955)	(12,195)
Interest paid	(49,208)	(31,923)
Interest received	1,916	1,172
Net cash generated from operating activities	72,039	53,713
Cash flows from investing activities		
Purchase of property, plant and equipment and intangibles assets	(10,646)	(14,389)
Investment in subsidiaries	(7,170)	(22,377)
Acquisition costs	(1,390)	(381)
Investment in associates and joint ventures	(320)	(20)
Cash on acquisition of subsidiary	1,370	5,531
Proceeds from disposal of operations	-	1,862
Loans from investing activities - external	(1,100)	(100)
Net cash used in investing activities	(19,256)	(29,874)
Cash flows from financing activities		
Settlement of deferred consideration obligations	(72,285)	(89,630)
Repayment of shareholder loans	(10,815)	(2,722)
Issue of bank borrowings	224,961	38,000
Repayment of bank borrowings	(88,899)	-
Repayment of other borrowings	(723)	(7,281)
Purchase of own shares - employee share scheme	(4,989)	(3,050)
Finance lease capital repayments	(1,072)	(1,371)
Acquisition of non-controlling interests	(30,784)	(7,435)
Dividends payable to non-controlling shareholders	(12,222)	(8,765)
Net cash generated (used) from financing activities	3,172	(82,254)
Net increase/(decrease) in own cash and cash equivalents	55,955	(58,415)
Foreign exchange on retranslation of cash balances	(1,067)	6,512
Cash and cash equivalents at 1 October 2016	77,724	129,627
Cash and cash equivalents at 30 September 2017	132,612	77,724
Insurance cash at beginning of period	475,070	333,330
Net insurance cash inflow for the period	19,083	141,740
Insurance cash at end of period from continuing operations	494,153	475,070

Cash flows for the year arose from continuing operations only.

HYPERION INSURANCE GROUP LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Share capital £'000	Share premium £'000	Liquidity put option £'000	Acquisition share reserve £'000	Other reserves £'000	Retained earnings £'000	Sub total £'000	NCI £'000	Total £'000
2017									
As at 1 October 2016 (as previously reported)	854	4,094	(48,118)	(77,782)	(151,132)	123,682	(148,402)	35,677	(112,725)
Restatement	-	-	-	-	(1,806)	4,118	2,312	-	2,312
As at 1 October 2016 (as restated)	854	4,094	(48,118)	(77,782)	(152,938)	127,800	(146,090)	35,677	(110,413)
Loss for the year	-	-	-	-	-	(56,383)	(56,383)	13,548	(42,835)
Translation of foreign operations	-	-	-	-	24,688	-	24,688	(203)	24,485
Movement in cash flow hedging instruments	-	-	-	-	14,739	-	14,739	-	14,739
Remeasurement of defined benefit pension	-	-	-	-	-	(6)	(6)	-	(6)
Other comprehensive income for the year	-	-	-	-	39,427	(6)	39,421	(203)	39,218
Total comprehensive income for the year	-	-	-	-	39,427	(56,389)	(16,962)	13,345	(3,617)
Reserves transfer arising on utilisation of options	-	-	-	-	28,094	(28,094)	-	-	-
Share-based payment	-	-	-	46,475	2,620	-	49,095	-	49,095
Recycling of liquidity put option	-	-	48,118	-	-	(48,118)	-	-	-
Arising on acquisition and disposals	-	-	-	(1,352)	(3,156)	(5,855)	(10,363)	741	(9,622)
Dividends paid	-	-	-	-	-	-	-	(11,217)	(11,217)
Net movement in shares held by Employee Benefit Trust	-	-	-	-	(857)	-	(857)	-	(857)
As at 30 September 2017	854	4,094	-	(32,659)	(86,810)	(10,656)	(125,177)	38,546	(86,631)

The comparatives have been restated – see note 1 for more details

HYPERION INSURANCE GROUP LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Share capital £'000	Share premium £'000	Liquidity put option £'000	Acquisition share reserve £'000	Other reserves £'000	Retained earnings £'000	Sub total £'000	NCI £'000	Total £'000
2016									
As at 1 October 2015 (as previously reported)	876	254,209	(48,118)	(112,867)	(69,679)	(78,572)	(54,151)	26,538	(27,613)
Restatement	-	-	-	-	-	1,992	1,992	-	1,992
As at 1 October 2015 (restated)	876	254,209	(48,118)	(112,867)	(69,679)	(76,580)	(52,159)	26,538	(25,621)
Loss for the year	-	-	-	-	-	(48,063)	(48,063)	6,706	(41,357)
Translation of foreign operations	-	-	-	-	(57,316)	-	(57,316)	3,622	(53,694)
Movement in cash flow hedging instruments	-	-	-	-	(12,977)	-	(12,977)	-	(12,977)
Revaluation of defined benefit pension	-	-	-	-	-	(116)	(116)	-	(116)
Other comprehensive income for the year	-	-	-	-	(70,293)	(116)	(70,409)	3,622	(66,787)
Total comprehensive income for the year	-	-	-	-	(70,293)	(48,179)	(118,472)	10,328	(108,144)
Transfer from/(to) other reserve	-	-	-	-	1,650	(1,650)	-	-	-
Share premium transfer	-	(254,209)	-	-	-	254,209	-	-	-
Shares issued	8	4,094	-	-	-	-	4,102	-	4,102
Share based-payment	-	-	-	46,661	2,425	-	49,086	-	49,086
Share cancellation	(30)	-	-	-	30	-	-	-	-
Arising on acquisition and disposals	-	-	-	(11,576)	(19,969)	-	(31,545)	8,710	(22,835)
Dividends paid	-	-	-	-	-	-	-	(9,899)	(9,899)
Net movement in shares held by Employee Benefit Trust	-	-	-	-	2,898	-	2,898	-	2,898
30 September 2016	854	4,094	(48,118)	(77,782)	(152,938)	127,800	(146,090)	35,677	(110,413)

The comparatives have been restated – see note 1 for more details.

HYPERION INSURANCE GROUP LIMITED

Notes to the Consolidated Financial Statements

For the Year Ended September 30, 2017

1 Accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

(a) Accounting convention

Statement of compliance with IFRS

The Group has prepared its consolidated financial statements under International Financial Reporting Standards (IFRSs) as adopted by the European Union. IFRSs comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) as adopted in the European Union that are in effect as at 30 September 2017, or which have been adopted early

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments and derivative financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets

The significant accounting policies that have been applied in the preparation of these consolidated financial statements are summarised below. The accounting policies have been used throughout all the periods presented in the financial statements.

Going concern

Further information regarding the Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the notes to the accounts. In addition, note 28 to the financial statements includes the Group's financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk.

The Group is subject to one principal financial covenant as part of the drawdown of its USD and EUR term facilities totalling £722m (2016: £569m) gross of issuance costs, and was compliant with that covenant throughout the year ended 30 September 2017. The Group monitored the covenant position through rolling forecasts of the income statement and cash flow for a period to December 2018 and is forecast to be compliant during this forecast period and have sufficient cash resources to meet liabilities as they fall due.

Management have applied sensitivity analysis and identified scenarios where the Group would be forecast to breach the financial covenant or not have sufficient cash resources to meet liabilities as they fall due. Management have considered the likelihood of the scenarios and deem it to be low due to the mitigating actions management could undertake. These include cost control, increasing overseas repatriation of cash, reducing elective activity such as M&A and raising further cash through debt or equity.

Having considered these facts and circumstances, and after making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements

Presentation of financial statements in accordance with IAS 1 (Revised 2007)

The consolidated financial statements are prepared in accordance with IAS 1 "Presentation of Financial Statements" (Revised 2007). The Group has elected to present the "Consolidated Statement of Comprehensive Income" in two statements: the "Consolidated Income Statement" and the "Consolidated Statement of Comprehensive Income".

The consolidated cash flow statement has been prepared showing separately corporate funds, being the Group's own cash balances, and insurance funds, being funds held on behalf of clients and insurers in non-statutory trust accounts.

HYPERION INSURANCE GROUP LIMITED

Notes to the Consolidated Financial Statements

For the Year Ended September 30, 2017

Adoption of new International Financial Reporting Standards (Standards)

There are no new standards, amendments or interpretations which have been adopted for the first time and have a significant impact on the accounting policies applied in preparing the Group's consolidated financial statements.

At the date of the authorisation of the consolidated financial statements, the Directors are in process of assessing the impact of IFRS 15 "Revenue from Contracts with Customers", which will be effective for annual periods beginning on or after 1 January 2018, IFRS 16 "Leases", which will be effective for annual periods beginning on or after 1 January 2019, and IFRS 9 "Financial Instruments (2014)" which will be effective for annual periods beginning on or after 1 January 2018. A number of other new standards, amendments and interpretations were in issue but not yet mandatory or effective. Excluding IFRS 9, 15 and 16, the Directors do not anticipate that the adoption of these standards, amendments and interpretations will have a material impact on the Group's consolidated financial statements in future periods.

Changes in accounting policy

In January 2016 IFRIC issued a final agenda decision on IAS 39, Separation of an embedded floor from a floating rate host contract. IFRIC observed that in assessing whether an embedded floor was closely related to the host contract or not, an entity should compare the overall interest rate for the instrument with a floor to the market rate of interest for a similar contract without the interest rate floor. Historically the Group has compared only the interest rate of the floor component to the variable interest rate in assessing whether it is closely related or not. Based on the IFRIC agenda decision, the Group has changed its policy to compare the overall interest rate for instrument with a floor to the market rate of interest for a similar contract without the floor. The change in policy has resulted in previously separated embedded derivatives now being concluded as closely related and therefore not required to be separated from the host contract. The impact of the restatement is as follows:

As at 30 September 2015

	£'000s As restated	£'000s As previously reported
Consolidated Statement of Financial Position		
Non-current borrowings	(490,301)	(480,899)
Non-current derivative financial instruments	(47,037)	(58,431)
Net payables	(25,621)	(27,613)
Retained earnings	(76,580)	(78,572)
Total equity	(25,621)	(27,613)

As at 30 September 2016

	£'000s As restated	£'000s As previously reported
Consolidated Statement of Financial Position		
Current derivative financial instruments	(35,158)	(37,050)
Non-current borrowings	(567,268)	(557,828)
Non-current derivative financial instruments	(56,246)	(66,106)
Net payables	(110,413)	(112,725)
Other reserves	(152,938)	(151,132)
Retained earnings	127,800	123,682
Total equity	(110,413)	(112,725)
Consolidated Income statement		
Finance costs	(32,177)	(34,303)
Loss before tax	(46,818)	(48,944)
Loss after tax	(35,448)	(37,574)
Consolidated Statement of Comprehensive Income		
Translation of foreign operations	(53,694)	(51,888)
Total comprehensive loss	(108,144)	(108,464)

HYPERION INSURANCE GROUP LIMITED

**Notes to the Consolidated Financial Statements
For the Year Ended September 30, 2017**

(b) Basis of consolidation

The Group's financial statements consolidate the financial statements of the Company and its subsidiary undertakings for the year ended 30 September 2017. The results of acquired businesses are consolidated from the date on which the Group obtains effective control of the subsidiary

Subsidiaries are entities controlled by the Group. Control exists where the Group is exposed to or has the rights to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. Unrealised gains and losses on transactions with subsidiaries or associates are eliminated. Transactions with associates are eliminated to the extent of the Group's interest in those entities in preparing the consolidated financial statements

(c) Business combinations

The acquisitions of subsidiaries are accounted for using the acquisition method. The consideration transferred is measured as the fair value of assets given, liabilities incurred or assumed, and equity instruments issued by the Group at the date of exchange. Any costs directly attributable to the business combination are booked to the income statement as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed, meeting the conditions for recognition under IFRS 3 "Business Combinations", are recognised at their fair value at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the consideration transferred over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Subsequent changes in the fair value of consideration transferred or identifiable assets, liabilities and contingent liabilities assumed are adjusted where they qualify as measurement period adjustments. The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs

(d) Joint ventures and investments in associates

Joint ventures are those entities over which the Group has joint control with other investors but which are neither subsidiaries nor associates. Associates are those entities over which the Group is able to exert significant influence but which are neither subsidiaries nor joint ventures. Joint ventures and investments in associates are initially recognised at cost and subsequently accounted for using the equity method.

(e) Operating profit

Operating profit is stated before finance income, finance costs and changes in fair value through profit or loss.

(f) Foreign currencies

Items included in the financial statements of each of the Group's entities are measured in the currency of the primary economic environment in which it operates (its functional currency). The consolidated financial statements are presented in pounds sterling, which is the functional currency of the parent company and the presentational currency of the Group.

The results of the foreign subsidiaries have been translated using the average of monthly exchange rates. Assets and liabilities of overseas subsidiaries denominated in foreign currencies are translated at exchange rates prevailing at the balance sheet date; profits and losses are translated into pounds sterling at average exchange rates for the relevant accounting periods. Exchange differences arising, if any, are recognised in other comprehensive income and transferred to the translation reserve. On the sale of a subsidiary, such translation differences are recognised as income or expenses in the period in which the operation is disposed of

(g) Revenue recognition

Revenue consists principally of brokerage, commissions and fees associated with the placement of insurance and reinsurance contracts, net of commissions payable to other directly involved parties. Revenues from brokerage, commissions and fees are recognised on the inception date of the risk. Where risk inception is dependent on an event occurring outside the control of the Group, judgement is exercised as to the whether the outcome is highly probable or not. If the event is not deemed highly probable, then revenue is not recognised until the uncertainty has resolved. Where there is a risk of cancellation or return of commissions on inception/placement of the policy, an appropriate amount of revenue is deferred based on best estimate of probability of cancellation or return based on prior contract. Any adjustments to commissions arising from premium additions or reductions are recognised as and when they are notified by third parties

HYPERION INSURANCE GROUP LIMITED

Notes to the Consolidated Financial Statements

For the Year Ended September 30, 2017

Where contractual obligations exist for the performance of post placement activities, a relevant proportion of revenue received on placement is deferred and recognised over the period during which those activities are performed

Profit commission is recognised when the amount can be estimated, with a reasonable degree of certainty, and is equivalent to the minimum value expected to be received.

(h) Discontinued operations and non-current assets held for sale

Non-current assets and disposal groups classified as held for sale, and discontinued operations, are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale, and (a) represents a separate major line of business or geographical area of operations; and (b) is a part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with a view to resale.

Any gain or loss from disposal of a business, together with the results of these operations until the date of disposal, is reported separately as discontinued operations. The financial information of discontinued operations is excluded from the respective captions in the consolidated financial statements and related notes for all years presented.

(i) Goodwill

Goodwill represents the difference between the consideration transferred and the Group's interest in the fair value of the identifiable assets and liabilities of the business combinations at the dates of the acquisitions. Goodwill is initially recognised at cost and is subsequently reviewed for impairment annually. Any impairment is recognised immediately in the income statement.

Goodwill arising on acquisitions before the date of transition to IFRSs has been retained at the previous UK GAAP value subject to being tested for impairment at that date. Goodwill written off to reserves under UK GAAP prior to 1998 has not been reinstated and is not included in determining any subsequent profit or loss on disposal. All negative goodwill was eliminated on transition to IFRS.

The Group has determined that for the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGU), or group of CGUs to which it relates. Cash-generating units, or groups of CGUs, to which goodwill has been allocated are tested for impairment annually. Recoverable amounts for cash-generating units compared against their carrying value. If the recoverable amount of the unit is less than the carrying amount of the goodwill, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no further goodwill is recognised as a result of such transactions.

(j) Intangible assets

Patents & softwares

Acquired patents & computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives between three and ten years. Costs associated with maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and that will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs

HYPERION INSURANCE GROUP LIMITED

Notes to the Consolidated Financial Statements

For the Year Ended September 30, 2017

Customer relationships & brands

Customer relationships such as access to distribution networks and customer lists that arise because the acquiree company has a practice of establishing insurance contracts with its customers are measured at fair value at the date of the business combination. The fair value of customer relationships & brands are determined using a discounted cash flow analysis. Best estimate assumptions for renewal rates and expenses are used in calculating the fair value. Customer relationships & brands are amortised over the period over which benefits are expected to be derived from these relationships, which can be up to 19 years. Customer relationships & brands are reviewed annually for impairment.

Other intangible assets

Other intangible assets comprise of acquired identifiable non-monetary assets without physical form, these include non-compete contracts that have been recognised on the acquisition of subsidiaries. Other intangible assets are carried at cost less accumulated amortisation. Amortisation on other intangible assets is calculated using the straight-line method to allocate the cost over their estimated useful lives, which is normally estimated to be between five and ten years.

(k) Pension commitments

Defined contribution scheme

The Group operates a number of defined contribution schemes. The amount charged to the income statement in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Consolidated Statement of Financial Position. The Group has no legal or constructive obligation to make any further payments to the plans other than the contributions due.

Defined benefit scheme

The Group has one legacy defined benefit pension scheme which is closed to new members and which has one deferred member. Full actuarial valuations of the scheme are carried out at least every three years. A qualified independent actuary updated these valuations as at 30 September 2017. For the purposes of these annual updates, scheme assets are included at market value and scheme liabilities are measured on an actuarial basis using the projected unit method. The defined benefit surplus or deficit is included in the Group's statement of financial position. A surplus is included only to the extent that it is recoverable through reduced contributions in the future or through refunds from the scheme. The current service cost, any past service costs and the expected return on the scheme's assets, net of the impact of the unwinding of the discount on scheme liabilities, are included in the income statement. Actuarial gains and losses, including differences between the expected and actual return on scheme assets, are recognised through the Consolidated Statement of Comprehensive Income.

(l) Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value and as described below.

Financial assets

The Group's financial assets include cash and cash equivalent, loans and receivables and derivative financial assets. Financial assets other than those designated as hedging instruments or derivatives, are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Evidence of impairment includes the asset being past the due date of payment or it is probable that the specific counterparty will default. Impairment of financial assets is presented within "other operating costs".

Financial assets used as hedging instruments and derivatives are measured at fair value. Changes in the fair value are recognised within "Changes in fair value through profit or loss" unless the instrument is designated and effective as a hedging instrument, for which hedge accounting is applied.

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Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents and trade and other receivables fall into this category of financial instruments.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which hedge accounting is applied.

Assets in this category are measured at fair value with the gains and losses recognised in profit or loss. The fair values of derivative financial instruments are determined by reference to expected future payments.

Financial liabilities

The Group's financial liabilities include borrowings, trade and other payables, deferred and contingent consideration, put options in respect of minority interests, the liquidity put option and derivative financial instruments. Financial liabilities other than those designated as hedging instruments or designated as fair value through profit or loss are measured at amortised cost using the effective interest method.

Contingent consideration, put options to minority interests, the liquidity put option, financial liabilities used as hedging instruments and derivatives are measured at fair value. Changes in the fair value are recognised within "Changes in fair value through profit or loss" unless the instrument is designated and effective as a hedging instrument, for which hedge accounting is applied.

Trade and other payables

Trade payables are initially measured at fair value and subsequently measured at amortised cost.

Borrowings

Borrowings are initially measured at fair value, net of transaction costs incurred. They are subsequently measured at amortised cost using the effective interest rate method.

Impairment of financial assets

All financial assets except those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria for the determination of impairment are applied for each category of financial assets. The Group's financial assets are limited to loans and receivables and financial assets at fair value through profit or loss.

Individual receivables are considered for impairment when they are past the due date of payment or when other objective evidence is received that a specific counterparty will default. Impairment of trade receivables is presented within "other operating costs".

(m) Derivative financial instruments

The Group enters into derivative financial instruments in order to hedge underlying interest rate and foreign currency exposures. The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedge).

At the inception of the cash flow hedge the relationship between hedging instruments and hedged items, as well as the Group's risk management objective and strategy for undertaking various hedge transactions are documented.

Assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and

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will continue to be highly effective in offsetting changes in the cumulative change in fair value of the expected future cash flows on the cash flow hedged items, are also documented.

The effective portion of the changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in a hedge reserve in equity. The gain or loss in relation to the ineffective portion is recognised immediately in the Consolidated Income Statement. Amounts accumulated in the hedge reserve in equity are transferred to the Consolidated Income Statement in the periods when the hedged item will affect profit and loss.

In the situation where a hedge is terminated, a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in the hedge reserve and is recognised in the same periods during which the hedged commitment or forecast transaction affects the income statement. When a hedged commitment or forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Consolidated Income Statement.

(n) Share-based payments

The Group issues share awards to employees. The Group operates a number of share-based compensation schemes and applies the requirements of IFRS 2 "Share-based Payments".

The cost of employees' services received in exchange for the grant of rights under these schemes is measured at the fair value of the equity instruments granted and is charged in the Consolidated Income Statement over the vesting period. For cash-settled schemes the fair value is reassessed each year and any changes are recognised in the Consolidated Income Statement until the liability is settled.

(o) Leases

In accordance with IAS 17 "Leases", where the Group has substantially all the risks and rewards of ownership, leases are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding.

The asset subject to the finance lease is depreciated over the shorter of its useful life and the lease term. The corresponding rental obligations, net of finance charges, are recognised as a liability.

All other leases are treated as operating leases. Payments made under operating leases are charged to the Consolidated Income Statement on a straight-line basis over the lease term. Incentives provided by the lessor are credited to the Consolidated Income Statement on a straight-line basis over the full lease term.

(p) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of these items. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the costs can be measured reliably. All other costs, including repairs and maintenance costs, are charged to the Consolidated Income Statement in the period in which they are incurred.

Depreciation is provided on all property, plant and equipment, including those held under finance leases, at rates calculated to write off the cost of property, plant and equipment less their estimated residual value over their expected useful lives on the following bases:

Leasehold improvements	- over the lease period
Fixtures, fittings & equipment	- five years to ten years
Computer hardware	- four years to five years
Motor vehicles	- four years to five years

The assets' useful lives and residual values are reviewed and, if appropriate, adjusted at each balance sheet date.

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The gain or loss arising on disposal or scrapping of an asset is recognised in the income statement.

(q) Insurance intermediary assets and liabilities

Insurance brokers act as agents in placing the insurable risks of their clients with insurers and as such, generally, are not liable as principals for the amounts arising from such transactions. Accordingly, receivables arising from insurance broking transactions are not included as assets of the Group. Other than the receivable for fees and commissions earned on the transaction which is recognised within trade receivables, no recognition of the insurance transaction occurs until the Group receives cash in respect of premiums or claims, at which time a corresponding liability is established in favour of the insurer or the client and recognised on the Consolidated Statement of Financial Position as insurance payables.

Fiduciary cash arising from insurance broking transactions is included within insurance cash. The Group is entitled to retain the investment income on any cash flows arising from insurance related transactions and is recorded in "other operating income".

(r) Dividend distribution

Equity dividends declared at the discretion of the Company are recognised in the period in which they are declared and approved by the Board.

(s) Non-recurring items

Non-recurring items are separately identified to provide greater understanding of the Group's underlying performance. Items classified as non-recurring items include: closure costs for businesses, restructuring costs, acquisition costs, post acquisition integration costs, write-offs and other credits and charges of a non-recurring nature that require separate identification in order to provide additional insight into the underlying business performance. To assist in the analysis and understanding of the underlying trading position of the Group, these items are summarised in note 4.

(t) Acquisition costs

Acquisition related costs are costs the acquirer incurs to effect a business combination. These include mainly legal fees, finder's fees, valuation costs and other professional or consulting fees, which are expensed in the period they are incurred.

Other acquisition costs incurred which are directly attributable to obtaining finance in order to fund the acquisition are not expensed but included within the debt balance. The costs are then amortised (according to the effective interest rate method) through the Consolidated Income Statement over the period of the debt.

(u) Taxation

Current tax is the expected tax payable on the taxable income for the year, using tax rates and laws enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years. Income tax is recognised in the Consolidated Income Statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Deferred taxation is provided on temporary differences between tax bases of assets and liabilities and their carrying amounts in the Consolidated Statement of Financial Position on a full provision basis. Deferred tax assets are only recognised to the extent that they are considered recoverable against future taxable profits. Deferred tax balances are not discounted. Deferred tax is determined using the tax rates that have been enacted or substantively enacted by the balance sheet date, and are expected to apply when the deferred tax liability is settled or the deferred tax asset is realised.

(v) Treasury shares

Treasury shares are deducted from equity. No gain or loss is recognised on the purchase, sale, issue or cancellation of the treasury shares. Any consideration paid or received is recognised directly in equity.

(w) Share premium

The share premium account is the difference between the nominal value of shares issued and the value of the consideration received. The use of the share premium account is governed by the Companies Act 2006.

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(x) Provisions

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

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

2 Critical accounting estimates and judgements

The Directors make a number of estimates and assumptions regarding the future, and make significant judgements in applying the Group's accounting policies. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are.

(a) Fair value on acquisition

Identifiable assets and liabilities are measured at fair value in business combinations. Judgement is exercised in determining what adjustments are made to the book value of assets and liabilities acquired to measure them at fair value. This typically arises over valuing intangible assets and provisions, where assumptions and estimates are made about future cash flows and appropriate discount rates to determine fair value

(b) Impairment of assets

The Group tests annually whether goodwill and other assets that have indefinite useful lives suffered any impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of value-in-use calculations or fair value less costs to sell. Inputs in the value-in-use calculation includes future revenue growth, operating margin, long term growth rates and discount rate. These assumptions require significant judgement and are based on historical experience, current market conditions, market intelligence and known optimisation initiatives. Fair value less costs to sell is based on a multiple of adjusted EBITDA based recent transactions observed in the market place. Sensitivity analysis is performed by adjusting the key inputs for the value-in-use calculation and assessing input.

(c) Contingent consideration and put options on non-controlling interests

The value of contingent consideration payable and put options on non-controlling interests is contingent upon the results of the acquired businesses and any other specified performance criteria set out in the applicable sale and purchase agreements. Budgets and projections for acquired businesses for relevant future periods are reviewed each year

(d) Revenue recognition

Turnover includes commission and fees receivable at the later of policy inception date or when the policy placement has been completed and confirmed. Where risk inception is dependent on an event occurring outside the control of the Group, judgement is exercised as to the whether the outcome is highly probable or not based on consideration of specific risks to the contracts and prior experience on similar contracts. Where there is a risk of cancellation or return of commissions on inception/placement of the policy, judgement is exercised in the best estimate of probability of cancellation or return based on prior experience. To the extent that the Group is contractually obliged to provide services after this date, an appropriate proportion of income is deferred and recognised over the life of the relevant contracts to ensure that revenue appropriately reflects the fair value of fulfilment of these obligations. Profit commission and other contingent fee arrangements are recognised over the life of the relevant arrangement or when they can be measured with reasonable certainty.

(e) Provisions

On recognition of provisions, management's best estimates are made over the timing and amounts of cash flows to settle the obligation

(f) Liquidity put option liability

In the prior year the fair value of the liquidity put option liability is based on management's best estimate over number of Hyperion "A" shares subject to the put and Hyperion "A" share price on maturity in 2017. Significant judgement is exercised in forecasting the changes in the inputs based on known facts as at balance sheet date. See note 19 for further details on the liquidity put option liability

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3 Segmental analysis

(a) Operating segments

IFRS 8 "Operating Segments" requires operating segments to be determined based on the Group's internal reporting to the Chief Operating Decision Maker ("CODM"). The CODM is the Board of Directors, as it is this body which is primarily responsible for the allocation of resources to segments and the assessment of performance of the segments. Management has determined the operating segments based on the reports reviewed by the Board of Directors. The Board of Directors considers the business principally from a provision of service lines (being the provision of broking and underwriting services), and the broking service line on a geographical basis between UK and International.

The Board of Directors uses revenue and EBITDA, as reviewed on a monthly basis, as the key measure of the segments' results as it reflects the segments' underlying trading performance for the period under evaluation.

The Board of Directors does not review assets and liabilities by segment and only on a group consolidated basis.

On 1 October 2016, the Group changed its organisational structure to comprise three operating structure – RKH, Howden Group and DUAL. RKH comprises of Specialty and Reinsurance broking operations, Howden Group comprises of UK retail and international broking operations and DUAL comprises of underwriting operations. The Group has restated the comparative information to reflect the change in operating segments and other movements in operations between segments.

The divisional analysis has been provided for continuing operations only.

	RKH	Howden Group	DUAL	Head Office	Sub total	Statutory adjustments	Total Continuing Operations
Year to 30 September 2017	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees and commission	209,577	214,841	98,602	-	523,020	9,289	532,309
Other operating income	5,780	2,720	850	-	9,350	-	9,350
Other operating costs	(133,663)	(164,691)	(79,772)	(3,905)	(382,031)	(18,653)	(400,684)
EBITDA	81,694	52,870	19,680	(3,905)	150,339	(9,364)	140,975
Depreciation and amortisation							(41,198)
Finance income							683
Finance costs							(45,663)
Fair value adjustments							(4,052)
Non-recurring costs							(75,113)
Acquisition costs							(1,331)
Loss before taxation							(25,699)
Taxation							(17,136)
Loss after taxation							(42,835)

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The divisional analysis has been provided for continuing operations only.

Year to 30 September 2016 (restated)	RKH	Howden Group	DUAL	Head Office	Total Continuing Operations
	£'000	£'000	£'000	£'000	£'000
Fees and commission	165,540	173,506	84,886	-	423,932
Other operating income	3,730	2,571	1,027	2,619	9,947
Other operating costs	(112,117)	(141,543)	(71,963)	(5,018)	(330,641)
EBITDA	57,153	34,534	13,950	(2,399)	103,238
Depreciation and amortisation					(37,947)
Finance income					1,934
Finance costs					(32,177)
Fair value adjustments					11,370
Non-recurring costs					(81,116)
Acquisition costs					(750)
Loss before taxation					(35,448)
Taxation					(5,909)
Loss after taxation					(41,357)

(b) Geographical segment analysis

No single customer contributed 10% or more to the Group's revenue in either 2017 or 2016.

Fees and commissions	2017	2016
	£'000	£'000
Americas	149,871	157,169
UK	117,616	71,387
Northern Europe	113,298	73,416
Far East	47,126	31,187
Middle East	32,569	19,680
Australasia	30,568	19,519
Southern Europe	27,374	44,235
Eastern Europe	10,548	6,070
Africa	3,339	1,269
	532,309	423,932

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4 Operating profit

Operating profit for the year is stated after charging/(crediting)

	2017	2016
	£'000	£'000
Depreciation of property, plant and equipment	4,780	6,016
Amortisation of intangible assets	36,418	31,931
	41,198	37,947
Professional fees in relation to the Group's auditor		
Audit services		
- statutory audit of the Company	228	201
- statutory audit of subsidiaries	1,341	991
- audit-related regulatory supplementary reporting	151	174
All other services		
- taxation services	502	379
- professional fees associated with other advisory services	419	-
Operating lease rentals:		
- land and buildings	13,309	11,452
- equipment	972	1,087
Foreign exchange loss/(gain)	2,495	(9,338)

Non-recurring items recognised in the income statement

	2017	2016
	£'000	£'000
Post-acquisition integration costs	1,819	3,842
Closure of business units	-	1,493
Recycling from hedge termination	4,069	1,544
Other restructuring costs	2,868	841
Costs of fundamental restructuring	8,756	7,720
Goodwill impairment	1,941	-
Other expenses non-recurring in nature	92	261
(Gain)/loss on sale of subsidiaries and other non-current assets	1,169	(2,405)
Global transformation project	1,196	-
Employee services post-business combination	61,959	75,540
Other non-recurring administrative expenses	66,357	73,396
Total non-recurring items	75,113	81,116

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4 Operating profit continued

Post-acquisition integration costs relate to redundancy costs, retention awards, re-organisation costs and costs associated with onerous contracts following the a business combination.

Closure of business units relates to the costs of closing down existing business units

Recycling from hedge termination relates to the recycling from the cash flow hedge reserve when the forecast transaction occurs for terminated cash flow hedges, previously used to hedge foreign exchange risk.

Other restructuring relate to various restructures within the Group. Costs include redundancy, onerous contracts and re-organisation.

Goodwill impairment relate to impairment charges incurred from the goodwill impairment review (see note 9).

Other expenses non-recurring in nature relate to Group led projects such as legal entity rationalisation and other Group-wide transformation projects.

(Gain)/loss on sale of subsidiaries and other non-current assets arise from the disposal of subsidiaries, books of businesses or PPE to third parties.

Employee services post-business combination relate to the continuing provision of services rendered by employees in order to earn deferred consideration or gain the full benefit of Hyperion shares issued as consideration in a business combination (see note 24) In the year ended 30 September 2017, the charge of £61,959,000 (2016: £75,540,000) primarily related to employees who joined the Group following the acquisition of RKH in April 2015 (2017: £57,616,000, 2016: £74,752,000). These employees were in aggregate entitled to cash payments of £56,719,000 in two equal instalments in April 2016 and April 2017, and to £130,963,000 treated as an equity settled share based payment from the period April 2015 to April 2018. These amounts are expensed to the Consolidated Income Statement over the relevant service period as non-recurring costs, subject to leaver provisions. The residual balance relates to Hyperion shares issued as part of various transactions (see note 24), which have similar service conditions and are expensed over a three year period

The cash net of outflow in relation to non-recurring items in the year end 30 September 2017 was £23,819,000 (2016: £9,700,000).

Acquisition costs

Acquisition costs in the period are in relation to the acquisition of Sterling Knight and Berge. Acquisition costs are primarily professional fees and other incremental costs directly attributable to effecting the acquisition

	2017	2016
	£'000	£'000
Euroassekuranz Versicherungsmakler AG	-	269
Other acquisition costs	354	97
PMG Financial Services Limited	-	77
Sterling Knight	36	-
Howden Drive	28	-
Acquisition costs	418	443
Acquisition costs paid in respect of prior year acquisitions	913	307
Total acquisition costs	1,331	750

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5 Finance costs and income

	2017	2016
		(restated)
	£'000	£'000
Interest expense		
Other loan interest	(2,525)	(619)
Obligatory dividends to non-controlling interest	(653)	(1,065)
Term Loan finance costs	(37,200)	(30,284)
Finance leases	(98)	(97)
Shareholder loan interest	(351)	(530)
Shareholder loan note interest	(226)	(543)
Amortisation of bank and loan arrangement fees	(4,101)	(3,362)
Foreign currency gains on financing monetary items	2,087	4,323
Changes in fair value of financing derivatives	(2,596)	-
Total interest expense	(45,663)	(32,177)
Bank and other interest received	683	825
Changes in fair value of financing derivatives	-	1,109
Total interest income	683	1,934
Deferred and contingent consideration	(3,344)	(6,890)
Put options and earn-outs on non-controlling interests	(17,619)	(6,613)
Derivatives	(1,339)	(1,012)
Liquidity put option	18,250	25,885
Change in the fair value through profit or loss	(4,052)	11,370

See note 19 for more details on the liquidity put option.

6 Staff costs

The average monthly number of employees, including directors, employed by the Group during the year was:

	2017	2016
	Number	Number
Directors and senior management	267	248
Insurance professionals	2,233	2,012
Administration	1,294	1,327
	3,794	3,587

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The aggregate payroll costs of the above employees, including directors, were as follows

	2017	2016
	£'000	£'000
Wages and salaries	257,295	222,178
Social security costs	19,729	16,490
Pension contribution	10,596	9,966
Share based payment	2,620	2,425
	290,240	251,059
Directors' remuneration		
	2017	2016
	£'000	£'000
Aggregate emoluments	3,487	2,942
Aggregate share-based payments	144	114
Aggregate pension contributions	10	209
	3,641	3,265
Highest paid director		
Salary and benefits	1,599	1,298
Pension contributions	-	112
	1,599	1,410

	Number	Number
Number of directors at 30 September	7	7

During the year ended 30 September 2017, no Directors left the Group. Therefore there was a £nil charge in respect of compensation for loss of office (2016: £nil).

7 Taxation

	2017	2016
	£'000	£'000
Tax expense comprises:		
Corporation tax on profits for the year	24,275	12,232
Adjustment in respect of prior period	(1,322)	(1,626)
Total current tax	22,953	10,606
Deferred tax		
Originating and reversing temporary differences	(8,490)	(5,857)
Change in tax rates	7	(4,010)
Adjustment in respect of prior period	2,666	5,170
Total deferred tax (note 23)	(5,817)	(4,697)
Total tax on ordinary activities	17,136	5,909

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The total charge for the year can be reconciled to the accounting profit as follows:

	2017	2016 (restated)
	£'000	£'000
Loss on ordinary activities before tax	(25,699)	(35,448)
Loss on ordinary activities multiplied by the statutory rate of corporation tax in the UK of 19.5% (2016: 20.0%)	(5,011)	(7,090)
Tax effect of:		
Impact of differently taxed profits in overseas locations	3,847	-
Expenses not deductible for taxation purposes	16,710	15,683
Non-taxable income	-	(5,406)
Deferred tax rate change	(9)	(4,010)
Unrecognised deferred tax assets on losses	1,435	-
Adjustments in respect of prior periods	1,343	3,544
Tax losses utilised during the year	(746)	(2,286)
Impact of associates profits	(280)	-
Tax arising on intra group disposals	2,141	-
Other items	(2,294)	-
Deferred tax on intangible fixed assets	-	5,474
Total tax expense recognised in income statement	17,136	5,909

The Group's future tax charge will depend on the geographic mix of profits earned and the tax rates in force in the jurisdictions in which the group operates. Further changes to the UK corporation tax rate were substantively enacted in the Finance Act 2016. These include reductions in the main rate to 19% from April 2017 and to 17% from April 2020.

The tax effect relating to components of other comprehensive income was a tax charge of £2,465,000 (2016: tax credit of £1,199,000) relating to cash flow hedges.

8 Dividends

The Group has paid interim dividends in the year of £nil (2016: £nil). The Group has not declared any further dividends during the year ended 30 September 2017 (2016: £nil).

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9 Goodwill

	Positive Goodwill £'000	Impairment Losses £'000	Total £'000
Opening net book value as at 1 October 2016	340,777	(24,044)	316,733
Acquisitions (see note 34)	5,812	-	5,812
Changes relating to impairments	-	(1,941)	(1,941)
Movements due to foreign currency translation	(2,529)	854	(1,675)
Closing net book value as at 30 September 2017	344,060	(25,131)	318,929
Opening net book value as at 1 October 2015	305,726	(25,704)	280,022
Acquisitions (see note 34)	14,991	-	14,991
Changes relating to prior year acquisitions	(1,116)	-	(1,116)
Movements due to foreign currency translation	21,176	1,660	22,836
Closing net book value as at 30 September 2016	340,777	(24,044)	316,733

Goodwill is allocated to either individual cash generating units (CGUs), or groups of cash generating units (together "GCGU"), where the benefits of the synergies of the business combination in which the goodwill arises is expected to occur. Management have concluded that for the purpose of impairment testing of goodwill, the CGUs are the individual legal entities, which conduct the business operations.

An analysis of the net book value of goodwill by CGU or GCGU for impairment testing:

	2017 £'000	2016 (restated) £'000
RKH	127,301	127,566
DUAL Commercial	47,492	49,282
Howden Sicherheit International	35,972	35,492
UK Retail	19,022	19,062
Howden Israel	12,985	12,887
Euroassekuranz	11,365	11,223
Howden Germany	11,105	10,967
Howden Finland	7,615	7,520
DUAL UK	7,406	7,393
DUAL Australia	5,576	5,617
Harmonia	5,088	5,111
Sterling Knight	4,622	-
Howden Iberia	4,475	3,214
CIMB	3,965	4,219
Wacolda	3,381	3,574
DUAL Deutschland	3,173	3,149
Donoria	2,334	2,308
Other	7,993	8,149
Total	320,870	316,733
Impairment charge in the year	(1,941)	-
Total goodwill	318,929	316,733

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Due to reorganisation of the Group's reporting structure during the year ended 30 September 2017, this has changed the composition of certain CGUs to which goodwill has been allocated. The comparative has been restated as appropriate.

Annual Impairment review

The annual impairment review of goodwill is based on an assessment of each GCGU or CGU's recoverable which is the higher of value in use or fair value less costs to sell. Value in use is calculated from cash flow projections based on the medium-term business plan which have been approved by management covering a three-year period. These projections exclude any estimated future cash flows expected to arise from restructuring not yet committed to. Fair value less costs to sell is based on a multiple of EBITDA based on recent transactions observed in the market place.

The value in use calculation is based on the following key assumptions used in the cash flow projections:

- Future revenue growth based on historical experience and market intelligence
- Operating margin based on historical experience and known cost optimisation initiatives

Cash flows beyond the three-year period are extrapolated by using an estimated long-term growth rates stated below. The long-term growth rates do not exceed the long-term growth rate for the countries in which the GCGU or CGU operates in. Management has assessed the appropriate discount rate for each individual GCGU and CGU. This has been assessed using a weighted average cost of capital for comparable companies and adjusted for risks specific to each GCGU and CGU:

CGU / GCGUs	2017 long-term growth rate	2016 long-term growth rate	2017 pre-tax discount rate	2016 pre-tax discount rate
RKH	2%	2%	12%	14%
DUAL Commercial	2%	2%	16%	18%
Howden Sicherheit International	1%	1%	14%	15%
UK Retail	2%	2%	12%	14%
Euroassekuranz	1%	1%	14%	15%
Howden Germany	1%	1%	15%	16%
Howden Israel	3%	3%	15%	16%
Howden Finland	2%	2%	14%	15%
DUAL UK	2%	2%	12%	14%
DUAL Australia	3%	3%	15%	16%
Howden Iberia	2%	2%	17%	18%
CIMB	5%	5%	16%	17%
Sterling Knight	3-5%	-	13-16%	-
Wacolda	4%	4%	19%	18%
DUAL Deutschland	1%	1%	15%	16%
Harmonia	2%	3%	22%	24%
Donoria	3%	4%	14%	15%
Other	1-6%	1-6%	11-17%	12-20%

Impairment review

Following the Group's annual impairment review, it was identified that Howden Corretora (Harmonia) (acquired in November 2014) was identified as an impaired CGU. It was tested if the recoverable value would be supported by 8x EBITDA as a basis for fair value less costs to sell, and the result still showed that the CGU was impaired. Given that the subgroup was below its budgeted EBITDA in FY2017, management have impaired the goodwill relating to Harmonia by £1.9m, after adjusting for NCI.

In the prior year, no CGU/GCGUs were identified as having a goodwill impairment.

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Sensitivity analysis

Sensitivity analysis was performed whereby certain key assumptions were subjected to reasonable changes, whilst other assumptions were held constant. The sensitivity is as per below:

- Sensitivity one. Reduction of revenue growth rate by 10% and 25% of revenue reduction results in cash saved
- Sensitivity two. Reduction of the long term growth rate by 50%
- Applying sensitivities one and two simultaneously

The table below summarises the reduction in value in use which would arise in the sensitised scenarios, and result in an impairment charge if both sensitivities were applied simultaneously. There were no impairments arising for other CGUs/GCGUs in the sensitised scenarios. While the sensitised scenarios indicated Howden Germany and Donoria CGUs to have an impairment, management do not consider these CGUs to be impaired based on the results of the base scenario, the likelihood of the sensitised scenarios to occur and the mitigating actions open to management such as further reduction in discretionary costs and other cost optimisation actions

CGU / GCGUs	Sensitivity one	Sensitivity two	Apply both sensitivities	Impairment
	£'000	£'000	£'000	£'000
Harmonia	2,447	495	2,800	4,041
Howden Germany	5,798	1,099	6,603	338
Donoria	2,856	813	3,336	1,056

In the prior year, similar sensitivity analysis was applied, the table below summarises the reduction in value in use which would arise in the sensitised scenarios, and the impairment charge if both sensitivities were applied simultaneously.

CGU / GCGUs	Sensitivity one	Sensitivity two	Apply both sensitivities	Impairment
	£'000	£'000	£'000	£'000
DUAL Commercial	14,872	6,212	19,729	4,960
Harmonia	2,190	713	2,754	1,175
Howden Germany	4,654	939	5,361	345
Donoria	2,231	749	2,658	1,317

A reduction in EBITDA multiple to 7.5x would not result in an impairment of Howden Sicherheit International.

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10 Intangible assets

	Patents & software £'000	Customer relationships & brands £'000	Other £'000	Total £'000
Opening net book value 1 October 2016 (as previously stated)	26,693	238,615	1,818	267,126
Reclassification	(10,658)	9,454	1,204	-
Opening net book value 1 October 2016 (as restated)	16,035	248,069	3,022	267,126
Additions	10,262	48	214	10,524
Acquisitions of a subsidiary (see note 34)	-	6,877	-	6,877
Disposals	(154)	-	(3)	(157)
Reclassifications	(143)	-	(194)	(337)
Exchange differences	11	17	(13)	15
Amortisation	(4,466)	(31,132)	(820)	(36,418)
Closing net book value as at 30 September 2017	21,545	223,879	2,206	247,630
Costs	32,108	305,444	5,686	343,238
Accumulated amortisation	(10,564)	(81,566)	(3,478)	(95,608)
Closing net book value as at 30 September 2017	21,544	223,878	2,208	247,630
Opening net book value 1 October 2015 (as previously stated)	15,237	226,383	2,990	244,610
Reclassification	(10,515)	9,103	1,412	-
Opening net book value 1 October 2015 (as restated)	4,722	235,486	4,402	244,610
Additions	10,449	393	71	10,913
Acquisitions of a subsidiary	1,183	26,304	-	27,487
Disposals	(703)	(698)	(377)	(1,778)
Reclassifications	4,274	-	-	4,274
Exchange differences	208	10,549	127	10,884
Amortisation	(4,098)	(26,633)	(1,200)	(31,931)
Changes in relation to prior year acquisitions	-	2,667	-	2,667
Closing net book value as at 30 September 2016	16,035	248,068	3,023	267,126
Costs (as restated)	20,651	300,731	6,004	327,386
Accumulated amortisation (as restated)	(4,616)	(52,663)	(2,981)	(60,260)
Closing net book value as at 30 September 2016 (as restated)	16,035	248,068	3,023	267,126

Brands arising on acquisitions were previously reported within "Patents & software" but now reported within "Customer relationships & brands". The reclassification better represents the nature of the assets as customer relationships and brands are the material intangible assets which arise on acquisition under business combination accounting

The research and development expenditure recognised as an expense during the year was £171,000 (2016 £40,000) The amount capitalised during the period was £7,565,000 (2016 £5,533,000).

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11 Property, plant and equipment

	Fixtures, fittings & equipment	Motor vehicles	Leasehold improvements	Total
	£'000	£'000	£'000	£'000
30 September 2017				
Cost				
At 1 October 2016	19,159	1,263	9,506	29,928
Additions	2,427	210	959	3,596
Additions through business combinations	9	37	-	46
Disposals	(2,462)	(185)	(196)	(2,843)
Reallocations from intangibles	412	-	15	427
Foreign exchange movements	(51)	(17)	(82)	(150)
Balance at 30 September 2017	19,494	1,308	10,202	31,004
Depreciation and impairment losses				
At 1 October 2016	(10,552)	(481)	(5,580)	(16,613)
Disposals	1,959	133	89	2,181
Reallocations from intangibles	(75)	-	(15)	(90)
Depreciation	(3,387)	(250)	(1,143)	(4,780)
Foreign exchange movements	48	10	61	119
Balance at 30 September 2017	(12,007)	(588)	(6,588)	(19,183)
Carrying amount				
At 1 October 2016	8,607	782	3,926	13,315
At 30 September 2017	7,487	720	3,614	11,821
30 September 2016				
Cost				
At 1 October 2015	27,473	1,109	8,389	36,971
Additions	3,260	384	1,037	4,681
Additions through business combinations	444	96	-	540
Disposals	(321)	(395)	(440)	(1,156)
Reallocations to intangibles	(13,399)	-	-	(13,399)
Foreign currency adjustment	1,702	69	520	2,291
Balance at 30 September 2016	19,159	1,263	9,506	29,928
Depreciation and impairment losses				
At 1 October 2015	(15,360)	(394)	(3,807)	(19,561)
Disposals	317	244	388	949
Reallocations to intangibles	9,125	-	-	9,125
Depreciation	(3,748)	(310)	(1,958)	(6,016)
Foreign exchange movements	(886)	(21)	(203)	(1,110)
Balance at 30 September 2016	(10,552)	(481)	(5,580)	(16,613)
Carrying amount				
At 1 October 2016	12,113	715	4,582	17,410
At 30 September 2016	8,607	782	3,926	13,315

At 30 September 2017 the net book value of tangible fixed assets held under finance leases was £1,202,000 (2016: £1,247,000).

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12 Investments held at cost

	2017	2016
	£'000	£'000
Investment at beginning of year	1,184	1,052
Foreign exchange movements	2	132
Net investment	1,186	1,184

The Group does not exert any influence on the financial and operating policies of these investments

The Group continues to hold its investments in Howden Korea Limited (39.9%), Soassurancen Danmark A/S (20%), HY Marine Risks (24%), Charterama B.V (37.5%) and Precision NFP Limited (19.9%).

13 Investments in associates and joint ventures

	2017	2016
	£'000	£'000
Investment in associates at the beginning of the year	23	-
Acquisitions	-	23
Net investment in associate	23	23
Investment in and joint ventures at the beginning of the year	-	-
Acquisitions	485	-
Net investment in joint ventures	485	-
Net Investments in associate and joint ventures	508	23

During the year, the Group acquired 52% of New Generation Insurance Services LLC ("NGIS") (renamed Howden Insurance Brokers LLC on 20 August 2017), which is treated as a joint venture

The Group continues to hold its investment in Kanceleria Brokerska Modern Brokers Spóka Akcyjna ("Kanceleria") and is treated as an associate

The Group has not included the results of Kanceleria and NGIS in these accounts as the amounts are deemed immaterial.

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14 Trade and other receivables

	2017	2016
	£'000	£'000
Current		
Insurance receivable	113,135	125,304
Other debtors	36,122	32,487
Prepayments	14,102	10,027
Corporation tax recoverable	1,609	18,585
	164,968	186,403
Non-current		
Other debtors	730	2,040
	730	2,040
Total trade and other receivables	165,698	188,443

15 Cash and cash equivalents

	2017	2016
	£'000	£'000
Cash at bank and in hand - sterling	134,839	170,388
Cash at bank and in hand - other currencies	493,562	383,765
Bank overdrafts	(1,636)	(1,359)
	626,765	552,794
	2017	2016
	£'000	£'000
Insurance cash and cash equivalents	494,153	475,070
Own funds	132,612	77,724
	626,765	552,794

The Group holds short-term deposits that are made for varying periods, depending on the cash requirements of the Group. These deposits earn interest at market short-term deposit rates. The Group has unrestricted access to these deposits which meet the definition of a cash equivalent.

Fiduciary balances comprise client and insurer monies and fees and commissions earned but undrawn at the balance sheet date. These are held in insurance trust fund bank accounts for the benefit of clients and insurers

A portion of the Group's cash balance is not available for use due to legal and creditor restrictions. At 30 September 2017 the Group's restricted cash balance was £4.4m (2016 £22.9m). The decrease from the prior year relates to restricted cash which could as at prior year end only be used to settle deferred consideration.

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16 Trade and other payables less than one year

	2017	2016
	£'000	£'000
Insurance payables	(475,444)	(473,035)
Trade and other payables	(25,724)	(30,877)
Deferred consideration	(5,580)	(61,527)
Other tax and social security	(3,965)	(6,011)
Accruals and deferred income	(100,554)	(73,695)
	(135,823)	(172,110)
Total trade and other payables less than one year	(611,267)	(645,145)

	2017	2016
	£'000	£'000
Corporation tax payable	(8,336)	(17,340)

17 Trade and other payables due after more than one year

	2017	2016
	£'000	£'000
Trade and other payables	(8,425)	(1,791)
Deferred consideration	(10,956)	(3,525)
	(19,381)	(5,316)

18 Borrowings

	2017	2016
	£'000	(restated) £'000
Current		
Bank borrowings	(2,922)	(40,863)
Loans from equity holders	-	(718)
Finance lease liabilities	(351)	(800)
Other loans	(1,783)	(3,653)
	(5,056)	(46,034)
	2017	2016
	£'000	(restated) £'000
Non-current		
Bank borrowings	(699,756)	(550,161)
Loans from equity holders	-	(10,612)
Finance lease liabilities	(582)	(1,005)
Other loans	(7,063)	(5,490)
	(707,401)	(567,268)
Total borrowings	(712,457)	(613,302)

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Bank borrowings

In addition to the Group's Term Loan outstanding as at 30 September 2016, the Group drew down an additional amount of USD 120.0m of Term Loan in November and December 2016. In May 2017, the Group drew down EUR 150.0m of Term Loan and repaid USD 56.2m of Term Loan. The carrying value of the Term Loan, net of issuance costs, as at 30 September 2017 was £701.7m (2016: £551.7m) of which £572.6m (2016: £551.7m) related to the USD portion and £129.0m (2016: £nil) related to the EUR portion

The USD Term Loan bears interest payable monthly or quarterly at a variable interest rate based on either LIBOR or a base rate plus, in either case, an applicable margin. The applicable margin for the USD Term Loan is 4.0% (4.5% prior to May 2017) with a LIBOR floor of 1.0%. In terms of scheduled repayments, the USD Term Loan is repayable in equal quarterly instalments at approximately 1.0% of the original loan principal per annum with the remaining balance due at final maturity on 20 April 2022.

The EUR Term Loan bears interest payable monthly or quarterly at a variable interest rate based on either EURIBOR or a base rate plus, in either case, an applicable margin. The applicable margin for the EUR Term Loan is 4.0% with a EURIBOR floor of 0.0%. In terms of scheduled repayments, the EUR Term Loan is repayable in equal quarterly instalments at approximately 1.0% of the original loan principal per annum with the remaining balance due at final maturity on 20 April 2022.

Concurrent with the Term Loan, the Group also has £85.0m of Revolving Credit Facilities ("RCF") maturing on 20 April 2020. The RCF bears interest of LIBOR or a base rate plus, in either case, an applicable margin. The applicable margin for the RCF is 4.25% with a LIBOR floor of 1.0%. The carrying value of the RCF drawn down as at 30 September 2017 was £nil (2016: £38.0m).

The Term Loan and RCF are secured by cross guarantees and debentures over the Company and a number of subsidiaries

There are a number of smaller bank facilities drawn down totalling £1.0m (2016: £1.3m), of which £nil (2016: £nil) is secured on the net assets of subsidiaries.

Loans from equity holders

These are loans from current or previous HIG shareholders, or from non-controlling interests and were repaid as at 30 September 2017. In the prior year these loans had a weighted average interest rate of 8.0% and a weighted average maturity profile of one year. These loans were not secured.

Finance lease liabilities

See note 21 for more details.

Other loans

The Group has loans from Menorah Mivtachim Insurance Limited with a carrying value of £1.1m as at 30 September 2017 (2016: £1.6m). The loans attract both a fixed component of interest at 4.7% or 6.2%, and a variable component of interest at CPI + 3.75% maturing between February 2018 and July 2022. The loan is secured by both a local Israeli law security as well as a floating charge over the assets of the borrowing subsidiary company, Howden General and Marine Insurance Brokers (2011) Limited. Howden Insurance Brokers (2002) Limited also provided a local Israeli law security over its income flow.

The Group has a number of other loans with local insurers with a carrying value of £7.7m as at 30 September 2017 (2016: £7.5m). These loans bear interest at a rate of up to 6.3% (2016: 6.0%) and a maturity profile up to December 2023. At 30 September 2017 they have a weighted average rate of 3.0% and a weighted average life of 3.8 years.

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19 Liquidity put option

	2017	2016
	£'000	£'000
Liquidity put option	(5,105)	(23,354)

On 2 July 2012 6,876,900 "A" ordinary shares of £0.01 each ("Windsor consideration shares") were issued to shareholders of Windsor Limited as part of the consideration paid for the Windsor Group acquisition. Under the terms of the acquisition, the Company agreed that if no IPO or sale of the Company occurred before 27 September 2017, the holders of the Windsor consideration shares would have the right to convert their shares into loan notes which would be repayable in 2022. This constitutes a put option for the holders of the shares ("liquidity put option"). The liquidity put option has a cap on the value of the loan notes which can be issued of £50.0m.

On inception, the Group recognised the maximum redemption amount of £50.0m as a liability, which has been discounted to present value with a corresponding entry into the liquidity put option reserve in equity. Subsequently the Group has measured the liquidity put option liability at the probable redemption amount, discounted to present value, with movements recorded in the Consolidated Income Statement. On maturity, if the put option is not exercised, the final redemption amount is credited directly to equity against the liquidity put option reserve. All of the holders of the Windsor consideration shares have now forfeited the right to put the shares back or disposing of their shareholding before the maturity date of 27 September 2017, this has resulted in gain of £18.2m (2016: £25.9m).

There remain some shareholders who have waived the right to receive loan notes but were granted the right to put their Hyperion shares back to the Company under specific circumstances. Accordingly a liability of £5.1m has been recorded for this put, of which £2.7m is current and £2.4m is non-current.

The liquidity put option reserve has been recycled directly into retained earnings during the year ended 30 September 2017.

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20 Provisions

	Restructuring	Legal	Onerous contract	E&O provisions	Dilapidations	Other	Total
	£'000	£'000	£'000	£'000	£'000s	£'000s	£'000
At 1 October 2016	3,104	-	2,744	647	3,425	853	10,773
Settled in the year	(3,104)	-	-	(567)	-	(337)	(4,008)
Expensed to the Income Statement	1,069	-	138	120	930	777	3,034
At 30 September 2017	1,069	-	2,882	200	4,355	1,293	9,799
At 1 October 2015 (restated)	3,699	1,325	3,611	512	2,304	-	11,451
Settled in the year	(2,729)	(1,975)	(2,138)	-	-	-	(6,842)
Arising on business combinations	-	650	-	-	303	-	953
Expensed to the Income Statement	2,134	-	1,271	135	818	853	5,211
At 30 September 2016	3,104	-	2,744	647	3,425	853	10,773

Provisions have been analysed between current and non-current as follows:

	2017	2016
	£'000	£'000
Current	4,368	7,139
Non-current	5,431	3,634
Total	9,799	10,773

Provisions are generally recognised when the Group has a present or constructive obligation as a result of past events, it is more likely than not that there will be an outflow of resources to settle that obligation, and the amount can be reliably estimated. As an exception to above, provisions arising on business combination are recognised when the Group has a present or constructive obligation as a result of past events and the amount can be reliably estimated regardless of whether it is probable that there will be an outflow of resources to settle that obligation

The restructuring provision relate to integration activities post acquisition of RKH, business unit closures and other Group restructurings. This relates principally to redundancies and is expected to be utilised within one year.

The legal provision relates to a case brought against one of the acquisitions made in 2015 arising from historic past practices, which was settled during the year ended 30 September 2016.

Dilapidation provisions relate to restoring property sites on lease expiration and are expected to be utilised within five years. This was previously classed under "Other" provision.

Onerous contract provisions relate to property rationalisation post acquisition of RKH, and other onerous lease provisions and contracts. The onerous contract provisions are expected to be utilised between one and five years.

Other provisions relate largely to employee related matters, which are expected to be utilised within five years.

E&O provisions relate to claims made against the Group of in respect of errors and omissions. A provision has been made in respect of outstanding errors and omissions claims, which is expected to be utilised within one year.

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21 Finance leases

The Group holds a portion of its property, plant and equipment under finance leases. The Group has options to purchase the equipment for a nominal amount at the end of the lease terms. The Group's obligations under finance leases are secured by the lessor's title to the leased assets.

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 1% - 6% (2016:2% - 7%) per annum.

	Minimum lease payments		Present value of minimum lease payments	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Not later than one year	(457)	(896)	(351)	(800)
Later than one year and not later than five years	(726)	(1,097)	(583)	(988)
Later than five years	-	-	-	-
	(1,183)	(1,993)	(934)	(1,788)
Less. future finance charges	249	205	-	-
Present value of minimum lease repayments	(934)	(1,788)	(934)	(1,788)

22 Financial instruments

Categories of financial assets and liabilities

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities.

	Loans and receivables / other financial liabilities £'000	Fair value through profit or loss £'000	Carrying value £'000	Fair value £'000
30 September 2017				
Trade and other receivables	165,698	-	165,698	165,698
Cash and cash equivalents (including overdraft)	132,612	-	132,612	132,612
Trade and other payables	(155,204)	-	(155,204)	(155,204)
Corporation tax liabilities	(8,336)	-	(8,336)	(8,336)
Short-term borrowings	(5,056)	-	(5,056)	(9,523)
Long-term borrowings	(707,401)	-	(707,401)	(731,151)
Derivative financial instruments				
Interest rate swaps	-	(5,719)	(5,719)	(5,719)
Future payments to minority interests due in less than one year	-	(24,917)	(24,917)	(24,917)
Future payments to minority interests due in more than one year	-	(28,165)	(28,165)	(28,165)
Liquidity put option	-	(5,105)	(5,105)	(5,105)

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	Loans and receivables / other financial liabilities	Fair value through profit or loss	Carrying value	Fair value
	£'000	£'000	£'000	£'000
30 September 2016 (restated)				
Trade and other receivables	188,443	-	188,443	188,443
Cash and cash equivalents (including overdraft)	77,724	-	77,724	77,724
Trade and other payables	(177,426)	-	(177,426)	(177,426)
Corporation tax liabilities	(17,340)	-	(17,340)	(17,340)
Short-term borrowings	(46,034)	-	(46,034)	(49,069)
Long-term borrowings	(567,268)	-	(567,268)	(570,438)
Derivative financial instruments				
Interest rate swaps	-	(17,187)	(17,187)	(17,187)
Forward foreign currency contracts	-	(9,571)	(9,571)	(9,571)
Future payments to minority interests due in less than one year	-	(23,223)	(23,223)	(23,223)
Future payments to minority interests due in more than one year	-	(41,422)	(41,422)	(41,422)
Liquidity put option	-	(23,354)	(23,354)	(23,354)

The carrying value of other financial assets and liabilities approximate their fair value except for the Term Loan. The fair value of the Term Loan is derived using a quoted marker rate in an active market (level 1 classification).

Financial liability on payments to minority interests and contingent consideration

The fair value of the Group's financial liability on payments to minority interest and contingent consideration at the year end was £53,082,000 (2016: £64,643,000).

The future commitments include the earn-out due on recent acquisitions, and the future liability on put and call options. The option liability is carried at fair value and revalued each year with movements going through the income statement. The liabilities as at 30 September are as follows:

	2017	2016
	£'000	£'000
Howden Germany put option	-	6,474
Euroassekuranz put & call option	17,750	19,018
Chelsea Risk Management put option	1,457	1,398
FP Group put option	-	32
Howden Forsikringsmegling contingent consideration	-	1,909
Howden Employee Benefits contingent consideration	790	100
Howden Insurance Brokers AB put option	107	138
Howden Iberia put option	-	1,077
Howden Finland put option	1,928	2,429
DUAL Commercial put option	-	7,446
Bar-Ziv contingent consideration	2,836	3,710
Donoria put option	1,086	825
Howden Sicherheit International put option	7,632	11,750
Harmonia put option	1,978	686
Wacolda put option	1,664	742
CIMB put option	6,494	4,240
GRC Turkey put option	-	2,255
Howden Insurance Brokers West put option	499	133

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Financial liability on payments to minority interests and contingent consideration continued

	2017	2016
	£'000	£'000
DUAL Polska put option	245	281
DUAL Asset contingent consideration	234	-
Tamesis contingent consideration	513	-
Sterling Knight contingent consideration	2,947	-
Howden Singapore contingent consideration	229	-
Howden M&A put & call option	3,280	-
DUAL Peri put & call option	485	-
Berge contingent consideration	295	-
HGMI contingent consideration	633	-
Total derivative liabilities and payments to minority interests	53,082	64,643

Financial instruments held at fair value

The disclosure of fair value measurements by level is assessed using the following fair value measurement hierarchy

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability (Level 2)
- Inputs for the asset or liability that are not based on observable market data (Level 3)

The fair value of level 2 instruments have been determined using forward exchange rates or forward interest rates derived from market sourced data, with the resulting value discounted back to present value.

The fair value of level 3 instruments have been determined using the probable cash flow profile using management forecast data, with the cash flows discounted back to present value.

	Level 1	Level 2	Level 3
	£'000	£'000	£'000
30 September 2017			
Derivative financial instruments			
Interest rate swaps and caps	-	(5,719)	-
Future payments to minority interests	-	-	(53,082)
Liquidity put option	-	-	(5,105)
	-	(5,719)	(58,187)
30 September 2016 (restated)			
Derivative financial instruments			
Interest rate swaps	-	(17,187)	-
Forward foreign currency contracts	-	(9,571)	-
Future payments to minority interests	-	-	(64,643)
Liquidity put option	-	-	(23,354)
	-	(26,758)	(87,997)

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Reconciliation of movements in Level 3 financial instruments

	Financial liabilities on payments to NCI £'000	Liquidity put option £'000	Total £'000
Balance at 1 October 2016	(64,643)	(23,354)	(87,997)
Gains and losses recognised in Income Statement	(20,387)	18,249	(2,138)
Acquisitions	(8,450)	-	(8,450)
Adjustments due to foreign exchange	(295)	-	(295)
Settled during the year	40,693	-	40,693
Balance at 30 September 2017	(53,082)	(5,105)	(58,187)

	Financial liabilities on payments to NCI £'000	Liquidity put option £'000	Total £'000
Balance at 1 October 2015	(41,525)	(49,239)	(90,764)
Gains and losses recognised in Income Statement	(6,613)	25,885	19,272
Acquisitions	(19,969)	-	(19,969)
Adjustments due to foreign exchange	(471)	-	(471)
Settled during the year	3,935	-	3,935
Balance at 30 September 2016	(64,643)	(23,354)	(87,997)

Sensitivity analysis on level 3 instruments

Financial liabilities on payments to NCI are dependent on financial metrics such as revenue growth or future EBITDA. A change of 10% to these inputs would result in a liability between £47.8m to £58.4m (2016: £58.2m to £71.1m). An increase/decrease to the carrying amount of the liability on the Consolidated Statement of Financial Position would have the corresponding loss/gain on the Consolidated Income Statement.

The liquidity put option liability is dependent on shares subject to put and the share price on maturity. A reasonable change to these inputs would result in a liability between £4.6m to £5.6m as at 30 September 2017. An increase/decrease to the carrying amount of the liability on the Consolidated Statement of Financial Position would have the corresponding loss/gain on the Consolidated Income Statement.

23 Deferred taxation

	2017 £'000	2016 £'000
Fixed asset timing differences	1,564	1,493
Losses carried forward	11	1,299
Other short-term timing differences	12,291	5,896
Intangible assets	(47,888)	(52,083)
Net deferred tax balance	(34,022)	(43,395)
Deferred tax asset		
Balance at beginning of year	8,688	10,027
Deferred tax credit/(debit) in profit and loss account	1,736	(3,293)
Reclassification and other adjustments	4,203	1,954
Balance at end of year	14,627	8,688

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	2017	2016
	£'000	£'000
Deferred tax liability		
Balance at beginning of year	(52,083)	(51,386)
Deferred tax credit in profit and loss account	4,081	7,990
Acquisition of subsidiary	-	(7,301)
Reclassification and other adjustments	(647)	(1,386)
Balance at end of year	(48,649)	(52,083)
Net deferred tax liability at end of year	(34,022)	(43,395)
Total deferred tax credit in the income statement for the period (note 7)	5,817	4,697

The recoverability of losses is dependent on there being sufficient future taxable profits. Accordingly no deferred tax has been recognised in respect of losses not expected to be recovered in the foreseeable future.

The Group has capital losses of £1,508,000 (2016: £761,000) available to carry forward for offset against future capital gains. The Group has unrecognised trade and non trade losses of £16,368,000 (2016: £12,011,561) for offset against future income, subject to certain restrictions.

Factors that may affect future tax charges

The UK Government has confirmed the introduction of rules that will limit the deductions that groups can claim for their UK interest payable from 1 April 2017. Current estimates show that interest charges totalling £4,902,000 will not be allowed as a tax deduction for the year ended 30 September 2017.

The European Commission has opened formal investigations to examine whether certain decisions by the tax authorities in Luxembourg comply with European Union rules on state aid. In addition, the European Commission has opened an investigation into the UK controlled foreign company (CFC) rules that provide an exemption for certain financing income of multinational groups. Whilst no such investigation has been opened in respect of either the tax rulings received by Hyperion Euro Growth Sarl and Hyperion Development Sarl or the UK CFC rules, if they were to be opened, the Board believes it is more likely that not that the Group will suffer no additional taxation as a result. If the Group were to suffer additional tax as a result of an adverse European Commission investigation, the total financial impact of taxation and associated interest, with respect to current and prior periods, would not be more than £4.7m.

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For the Year Ended September 30, 2017

24 Share capital

2017	Allotted and called up	
	Number '000	£'000
Classified as equity		
A ordinary shares of £0.01	79,632	796
B ordinary shares of £0.01	1,479	15
C ordinary shares of £0.01	4,281	43
D ordinary shares of £0.00001	35,621	-
E ordinary shares of £0.00001	7,300	-
	128,313	854

2016	Allotted and called up	
	Number '000	£'000
Classified as equity		
A ordinary shares of £0.01	79,567	796
B ordinary shares of £0.01	1,479	15
C ordinary shares of £0.01	4,281	43
D ordinary shares of £0.00001	21,001	-
E ordinary shares of £0.00001	3,460	-
	109,788	854

During the year end 30 September 2017 the following number of shares were issued 64,968 A shares, 14,619,911 D shares and 3,840,000 E shares. During the year end 30 September 2017 nil shares were cancelled

Voting rights

The "A" ordinary, "B" ordinary and "C" ordinary shares each rank pari passu for voting rights. "D" ordinary and "E" ordinary shares do not carry voting rights.

Return on capital

On the sale or liquidation of the Company the proceeds shall be divided between the shareholders as follows:

- Firstly, the holders of the "A" ordinary shares will receive the first £2.6004 per share
- Secondly, the holders of the "A" ordinary and the "B" ordinary shares will each receive the sum of £0.4296 per share (£3.0300 - £2.6004)
- Thirdly, the balance between £3.03 and £3.60 shall be distributed between the holders of the "A" ordinary, "B" ordinary and "C" ordinary first issue (C1) shares equally as though they were one class of share
- Fourthly, the balance between £3.60 and £4.41 shall be distributed between the holders of the "A" ordinary, "B" ordinary, "C" ordinary first issue (C1) and "C" ordinary second issue (C2) shares equally as though they were one class of share
- Fifthly, the balance between £4.41 and £5.20 shall be distributed between the holders of the "A" ordinary, "B" ordinary, "C" ordinary first issue (C1), "C" ordinary second issue (C2) and "C" ordinary third issue (C3) shares equally as though they were one class of share
- Lastly, the balance over and above £5.20 shall be distributed between the holders of the "A" ordinary, "B" ordinary, "C" ordinary first issue (C1), "C" ordinary second issue (C2), "C" ordinary third issue (C3) and "C" ordinary fourth issue (C4) shares equally as though they were one class of share

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"A" shares are further divided into "A" (2017 78,076,396, 2016: 78,011,428), "A1" (2017: 1,037,178, 2016: 1,037,178) and "A2" (2017: 518,591, 2016: 518,591). These rank pari passu for return on capital when there is sale or liquidation of the Company except as follows

- If the amount received per "A" ordinary share is less than £11.52, the amount received for each "A1" and "A2" share is capped at £5.76
- If the amount received per "A" ordinary share is between than £11.52 and £14.40, the amount received for "A2" share is capped at £5.76
- If the amount received per "A" ordinary share is greater than £14.40, "A", "A1" and "A2" are treated equally

"D" shares are further divided into further a number of designations. D1-17 (2017: 21,000,867, 2016 21,000,867) and D18, D20-39 and D41-49 (2017: 14,619,911, 2016 nil). The different designations of D shares have the same rights except where set out below. On sale or liquidation of the Company, "D" shares convert to "A" shares if a hurdle of £7.50 (D1-17) or £8.50 (D18, D20-39 and D41-49) per "A" share is achieved. Conversion is also dependent on the relative value of A and D shares and certain other performance conditions.

"E" shares are further divided into number of designations. E1 (2017, 3,460,000, 2016: 3,460,000), E2 (2017 3,190,000, 2016. nil), E3 (2017, 600,000, 2016. nil) and E4 (2017 50,000, 2016 nil) The different designations of E shares have the same rights except where set out below. On sale or liquidation of the Company, "E" shares convert to "A" shares if a hurdle of £7.50 (E1), £8.50 (E2) or £9.50 (E3 and E4) per "A" share is achieved. Conversion is also dependent on the relative value of A and D shares and other performance conditions

Dividend rights

The "A" ordinary, "B" ordinary and "C" ordinary shares of £0.01 each rank pari passu in respect of dividends. "D" ordinary shares do not receive dividends. "E" ordinary shares are pari passu with "A", "B" and "C" ordinary shares subject to aggregated dividends for "A" ordinary shares exceeding £0.20 per share and the dividend per "E" ordinary share will be a fraction of the dividend per "A" ordinary share based on relative value between "A" ordinary and "E" ordinary shares

Conversion rights

If the sale or liquidation of the Company does not occur within a certain period after issuance date, "D" and "E" ordinary shares convert to "A" ordinary shares based on certain metrics. The time period to elapse before conversion for "D" ordinary shares varies between 34 months and 58 months depending on designations of "D" ordinary shares. Once the period has elapsed, "D" ordinary shares convert to "A" ordinary shares depending on the performance of certain business units and the growth of "A" share price versus specific targets. The time period to elapse before conversion for "E" ordinary shares is five years for all classes. Once the period has elapsed, "E" ordinary shares convert to "A" ordinary shares depending on growth in the "A" share price versus specific targets.

"D" and "E" ordinary shares which do not convert to "A" ordinary shares are converted to deferred shares. Deferred shares have no voting, return on capital or dividend rights.

Shares issued as part of business combinations or acquisition of NCI

As part of certain business combinations or acquisition of NCI, "A" ordinary shares were issued as consideration with service conditions attached. These conditions include that for a period of 3 years after acquisition, if a holder of these shares leaves employment from the Group and is deemed a bad leaver then the Group has the opportunity to buy back the "A" ordinary shares at the lower of the fair value or the price paid by the shareholders for the original shares, which the "A" ordinary shares relate to. The price paid by shareholders for the original acquiree shares is deemed to be the minimum guaranteed return for the holders of the "A" ordinary shares. As the holder of the "A" ordinary Shares do not receive full benefit of the shares until after 3 years, the difference between the fair value of the "A" Ordinary shares and the minimum guaranteed return has been treated as a debit to the "Acquisition share reserve" on issuance of the shares. Over the 3 years, the difference between the fair value of the "A" ordinary shares and the minimum guaranteed return is treated as an equity settled share based compensation scheme and charged to non-recurring costs. To the extent there is a bad leaver, the cumulative entries into the income statement and equity are reversed. The table below summarizes the shares issued with the service conditions attached:

Transaction	Year of transaction	Fair value of shares / £'000	Minimum guaranteed return / £'000	Maximum charge to income statement / £'000
RKH	2015	135,576	4,613	130,963
PMG	2016	4,100	50	4,050
Euroassekuranz	2016	8,603	301	8,302
DUAL Commercial	2017	1,416	64	1,352

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For shares issued as part of the Windsor acquisition in 2012, refer to note 19

Shares held in treasury

The Company has a number of Employee Benefit Trusts ("EBTs") which holds Hyperion ordinary shares in treasury and to be used to settle future obligations relating to the Group's share-based compensation plans. As at 30 September 2017, the EBTs collectively held the following shares: 127,585 "A" ordinary (2016: 735,372), 86,110 "B" ordinary (2016: 32,500), 82,805 "C" ordinary (2016: 264,700), 3,524,660 "D" ordinary (2016: 87,720) and 970,000 "E" ordinary (2016: 130,000).

25 Share-based compensation plans

During the year ended 30 September 2017 a total charge of £2,620,000 (2016: £2,425,000) was recognised in respect of share-based compensation plans. The value of liabilities arising from share-based payments as at 30 September 2017 has £5,000 (2016: £133,000). A summary of the most significant share based compensation plans are as follows:

Ordinary shares awarded

During the year 16,939 "A" ordinary shares (2016: 93,150) were awarded to employees for nil consideration. This resulted in a charge of £146,000 (2016: £537,000)

Due to the conversion nature of "D" and "E" ordinary shares into "A" ordinary shares, these have been treated as equity settled share based payments. The Group has used the Black-Scholes model (D1-17), Barrier Option Black-Scholes model (E1) or Stochastic model (D18, D20-39, D42-49 and E2-4) to calculate the fair value of one award on grant date.

Award	Grant date	Volatility	Dividend yield	Interest yield	Life / Months	Share price on grant date / £	Exercise price / £	Fair value of one award / £
D1-17	December 2015 – January 2016	19.7%	0.5%	0.9%	48	5.76	7.50	0.39
E1	December 2015 – January 2016	21.3%	0.5%	1.2%	60	5.76	7.50	0.51
D20-22, 27, 43-44	February – April 2017	16.6%	0.6%	0.1%	34	6.39	8.50	0.14
D23-26, 28-30, 33,35-37	February – April 2017	16.6%	0.6%	0.2%	46	6.39	8.50	0.22
D18	February – April 2017	16.4%	0.6%	0.3%	58	6.39	8.50	0.28
D32, 42, 45-49	June 2017	16.7%	0.6%	0.5%	43	6.39	8.50	0.21
E2	March 2017	16.6%	0.6%	0.4%	60	6.29	8.50	0.07
E3	July 2017	16.4%	0.6%	0.7%	60	8.29	9.50	0.44
E4	July 2017	16.4%	0.6%	0.7%	60	8.29	9.50	0.47

The share price on grant date was estimated by an external expert based on a blend of valuation techniques, including earnings multiple based on listed peer group and transactional precedents, value in use, and sum of the components parts of the Group. An estimate of future volatility is made with reference to historical volatility over a similar time period to the performance period. Historical volatility is calculated based on the annualised standard deviation of listed peer group's daily share price movement, being an approximation to the continuously compounded rate of return on the share.

Under the terms of the scheme, early conversion may only be granted in exceptional circumstances and therefore the effect of early exercise has not been incorporated into the calculation. Management have also assumed there will not be sale or liquidation of the Group, triggering early conversion, over the life the scheme.

"D" ordinary shares have hurdles and caps linked to the "A" ordinary shares prior to realising their potential, and these have been treated as effective exercise prices as inputs into the valuation models. "E" ordinary shares have hurdles linked to the "A" ordinary shares prior to realising their potential value and a proportion vest depending on "A" ordinary shares achieving certain hurdles. Where hurdles and caps are set in a currency other than sterling, the exchange rate on grant date is used when determining model inputs. A summary is presented below:

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Award	Hurdle / £	Cap / £	Vesting hurdle (25% vesting unless stated)	Vesting hurdle 2 (50% vesting unless stated)	Vesting hurdle 3 (75% vesting unless stated)	Vesting hurdle 4 (100% vesting unless stated)
D1-17	7.50	14.00	n/a	n/a	n/a	n/a
D18, D20-30, D32-33, D35-37, D42-49	8.50	15.00	n/a	n/a	n/a	n/a
E1	7.50	n/a	£9.00	£10.00	£11.00	£12.00
E2	8.50	n/a	\$15.00	\$17.00	\$19.00	\$21.00
E3	9.50	n/a	\$15.00	\$16.00	\$17.00 (100%)	n/a
E4	9.50	n/a	\$15.00	\$17.00	\$19.00	\$21.00

Assumptions have been made over performance criteria, primarily leavers and business unit performance. Management have assumed a 20% leavers' assumption and business unit performance is based upon the approved medium term plan.

A summary of the movement of awards for the year ended 30 September 2017 is as follows:

Award	Grant date	Fair value per option / £	Options outstanding 1 October 2016	Granted/ adjustments	Lapsed	Exercised	Options outstanding 30 September 2017
D1-17	December 2015 – January 2016	0.39	20,370,355	-	(234,160)	(2,348,242)	17,787,953
E1	December 2015 – January 2016	0.51	3,460,000	-	(270,000)	-	3,190,000
D20-22, 27, 43-44	February – April 2017	0.14	-	981,524	-	-	981,524
D23-26, 28-30, 33,35-37	February – April 2017	0.22	-	10,135,357	(283,563)	(28,183)	9,823,611
D18	February – April 2017	0.28	-	383,013	-	-	383,013
D32, 42, 45-49	June 2017	0.21	-	3,120,018	-	-	3,120,018
E2	March 2017	0.07	-	3,190,000	-	(250,000)	2,940,000
E3	July 2017	0.44	-	600,000	-	-	600,000
E4	July 2017	0.47	-	50,000	-	-	50,000

A summary of the movement of awards for the year ended 30 September 2016 is as follows.

Award	Grant date	Fair value per option / £	Options outstanding 1 October 2015	Granted/ adjustments	Lapsed	Exercised	Options outstanding 30 September 2016
D1-17	December 2015 – January 2016	0.39	-	21,000,867	(630,512)	-	20,370,355
E1	December 2015 – January 2016	0.51	-	3,460,000	-	-	3,460,000

A charge of £1,811,000 (2016: £1,244,000) was recorded for the year ended 30 September 2017.

Employee share purchase plan

During the year, employees of one of the subsidiaries of the Group were granted loans with which to acquire shares of the subsidiary. As the loan is a non-recourse loan, secured only on the shares of the subsidiary, this is treated as an equity settled share based payment. The loan is for a duration of five years and can be repaid at any point in time at the loan recipient's discretion. The holder of the shares receive dividends during the life of the loan but have restrictions whereby the shares cannot be sold for five years. After five years have elapsed, the disposal restrictions are lifted. Based on this, the shares are treated as fully vested when acquired by the employee and therefore the fair value of the options is expensed immediately. The fair value of the option is determined using a stochastic model and a summary of the inputs into the valuation model are as follows:

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Grant date	Volatility	Dividend yield	Interest yield	Life / Months	Share price on grant date / £	Exercise price / £	Fair value of one award / £
July – September 2017	16.4%	-%	2.19%	60	94.78	120.18	9.08

Assumptions have been made over performance criteria, primarily leavers and business unit performance. Management have assumed a 20% leavers' assumption and business unit performance is based upon the approved medium term plan.

While the loan can be repaid at any point in time, it has been assumed that the loan will be repaid after five years. Therefore the life of the option has been deemed to be five years. The exercise price is the total loan principal and interest expected to be repaid over the life of the loan.

None of the awards have lapsed as at 30 September 2017 and the outstanding life of the award is 4.8 years. A charge of £612,000 was recorded for the year ended 30 September 2017.

Incentive plan

The Group also operated an incentive plan, whereby certain senior employees were granted options over "B" ordinary shares. The options were granted on 24 December 2014 and have a life of three years. There are no vesting conditions other than the employee's continued employment for the three years. At the end of the vesting period, the employee can exercise the option award for nil consideration. A total of 12,500 (2016: 100,000) options were held at the start of the period, of which none (2016: 87,500) were forfeited during the year and 12,500 (2016: 12,500) were outstanding as at 30 September 2017. An immaterial charge was recorded in both 2016 and 2017.

26 Other reserves

	Capital redemption reserve £'000	Asset revaluation reserve £'000	Share option reserve £'000	EBT reserve £'000	Translation reserve £'000	Cash flow hedging reserve £'000	Minority option reserve £'000	Total other reserves £'000
As at 1 October 2016 (as previously reported)	49	286	3,399	(6,287)	(57,578)	(20,464)	(70,537)	(151,132)
Restatement	-	-	-	-	(1,806)	-	-	(1,806)
1 October 2016 (restated)	49	286	3,399	(6,287)	(59,384)	(20,464)	(70,537)	(152,938)
Share based payment	-	-	2,620	-	-	-	-	2,620
Reserves transfer arising on utilisation of options	-	-	-	-	-	-	28,094	28,094
Net foreign exchange adjustments	-	-	-	-	24,688	-	-	24,688
Arising on acquisitions and disposals	-	-	-	1,352	-	-	(4,508)	(3,156)
Net movement in shares held by Employee Benefit Trust	-	-	-	(857)	-	-	-	(857)
Movement in cash flow hedge	-	-	-	-	-	14,739	-	14,739
As at 30 September 2017	49	286	6,019	(5,792)	(34,696)	(5,725)	(46,951)	(86,810)

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	Capital redemption reserve	Asset revaluation reserve	Share option reserve	EBT reserve	Translation reserve	Cash flow hedging reserve	Minority option reserve	Total other reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2016 (restated)								
As at 1 October 2015 (as previously reported)	19	286	974	(9,185)	(2,068)	(7,487)	(52,218)	(69,679)
Restatement	-	-	-	-	-	-	-	-
As at 1 October 2015 (restated)	19	286	974	(9,185)	(2,068)	(7,487)	(52,218)	(69,679)
Share based payment	-	-	2,425	-	-	-	-	2,425
Reserves transfer arising on utilisation of options	-	-	-	-	-	-	1,650	1,650
Net foreign exchange adjustments	-	-	-	-	(57,316)	-	-	(57,316)
Arising on acquisitions and disposals	-	-	-	-	-	-	(19,969)	(19,969)
Cancellation of shares	30	-	-	-	-	-	-	30
Net movement in shares held by Employee Benefit Trust	-	-	-	2,898	-	-	-	2,898
Movement in cash flow hedge	-	-	-	-	-	(12,977)	-	(12,977)
As at 30 September 2016 (restated)	49	286	3,399	(6,287)	(59,384)	(20,464)	(70,537)	(152,938)

Capital redemption reserve

When share capital is cancelled, a capital redemption reserve is created, equal to the nominal value of the share capital cancelled

Asset revaluation reserve

This reserve relates to historic revaluation of certain assets.

Share option reserve

This reserve records the transactions in equity for equity-settled share-based payments. For equity-settled share-based payments arising over business combinations (see note 24), entries are recorded in the "Acquisition share reserve".

EBT reserve

This reserve records the transactions in equity for buyback of ordinary shares and consideration received in respect of reissuance of treasury shares.

Translation reserve

This reserve contains the accumulated foreign exchange differences arising on translation of foreign operations into the Group's presentational currency on consolidation.

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Cash flow hedge reserve

The Group has a number of cash flow hedge arrangements (see note 28). This reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments related to hedge transactions which are forecast and probable, but not yet occurred.

The reserve for minority options includes the initial fair value of put option liabilities granted to non-controlling shareholders, and future commitments or potential obligations to acquire shares in subsidiaries currently held by non-controlling shareholders. Subsequent changes in the fair value of the put option liability are recognised in the income statement. When a put option is exercised in full or in part, the element of the reserve relating to this acquisition is re-cycled from the minority option reserve through to retained earnings. The amount re-cycled in 2017 was £28,094,000 (2015: £387,000).

The movement in the minority option reserve represents the future commitments to purchase minority interests. The movement relates to the acquisition and disposal of the following:

	2017	2016
	£'000	£'000
Euroassekuranz	-	18,905
Chelsea Risk Management	-	1,064
Howden Germany	2,221	-
Howden Property	2,928	-
NAPC	3,687	-
FP Marine	1,623	-
Howden Norway	2,025	-
DUAL Commercial	4,698	-
HBG Asia	1,296	-
Howden Sicherheit International	6,072	-
GRC Turkey	1,865	-
HIB West AB	206	-
DUAL Asset	154	(387)
Colemont	1,114	(1,263)
Howden Singapore	(382)	-
HIB West	(394)	-
Howden M&A	(3,247)	-
DUAL PERL	(485)	-
Other	205	(1,263)
	23,586	17,056

27 Cash flow adjustments

The cash flows for the Group are presented for continuing operations only.

Cash acquired on acquisition of subsidiaries is separately shown instead within net cash outflow from acquisitions and disposals. Insurance cash acquired on acquisition of subsidiaries is shown within insurance cash generated from operating activities. For the year ended 30 September 2017, this was £0.7m (2016: £0.3m). Management considers that this approach provides a clearer view of the underlying cash flow movements.

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28 Financial risk management

Credit risk

The Group's principal financial assets are bank balances and cash as well as trade and other receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The credit risk on liquid funds and derivative financial instruments is limited as the counterparties are the Group's bankers with high credit ratings assigned by international credit rating agencies.

Ageing information of insurance receivables is as set out below:

	Not past due £'000	0-3 months £'000	More than 3 months £'000	Total £'000
At 30 September 2017				
Insurance receivables	85,090	18,813	9,232	113,135
	Not past due £'000	0-3 months £'000	More than 3 months £'000	Total £'000
At 30 September 2016				
Insurance receivables	92,920	19,681	12,703	125,304

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for on-going operations and future developments, the Group uses a mixture of long-term and short-term debt finance.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table includes the principal cash flows and interest. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	Less than 1 year £'000	1-5 years £'000	5+ years £'000	Total £'000
At 30 September 2017				
Bank borrowings	(42,103)	(855,251)	-	(897,354)
Loans from equity holders	-	-	-	-
Finance lease liabilities	(454)	(723)	-	(1,177)
Other loans	(2,082)	(6,457)	(1,341)	(9,880)
	(44,639)	(862,431)	(1,341)	(908,411)

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	Less than 1 year	1-5 years	5+ years	Total
At 30 September 2016	£'000	£'000	£'000	£'000
Bank borrowings	(75,741)	(139,785)	(565,710)	(781,236)
Loans from equity holders	(1,615)	(10,623)	-	(12,238)
Finance lease liabilities	(892)	(1,105)	-	(1,997)
Other loans	(3,843)	(4,486)	(1,765)	(10,094)
	(82,091)	(155,999)	(567,475)	(805,565)

The following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on discounted net cash flows on derivative instruments. Where the amount payable or receivable is not fixed, the amount disclosed is the fair value of the instrument at the balance sheet date.

	Less than 1 year	1-5 years	5+ years	Total
At 30 September 2017	£'000	£'000	£'000	£'000
Foreign exchange forward contracts	-	-	-	-
Interest rate swaps	(1,618)	(4,101)	-	(5,719)
Future payments to NCI	(24,917)	(27,204)	(961)	(53,082)
Liquidity put option	(2,666)	(2,439)	-	(5,105)
	(29,201)	(33,744)	(961)	(63,906)

	Less than 1 year	1-5 years	5+ years	Total
At 30 September 2016 (restated)	£'000	£'000	£'000	£'000
Foreign exchange forward contracts	(9,572)	-	-	(9,572)
Interest rate swaps	(2,364)	(12,937)	(1,887)	(17,188)
Future payments to NCI	(23,223)	(40,024)	(1,398)	(64,645)
Liquidity put option	(23,354)	-	-	(23,354)
	(58,513)	(52,961)	(3,285)	(114,759)

Interest rate risk

The Group's exposure to interest rate risk is on the interest payable on the Company's variable rate borrowings, including overdrafts, and interest receivable on banking deposits held in the ordinary course of business. As a result, the Group is subject to a certain degree of cash flow interest rate risk due to fluctuations in the prevailing levels of market interest rates. The Group is not subject to interest rate risk in relation to the fixed rate borrowings.

The exposure for the Group, at 30 September 2017, of financial assets and financial liabilities to interest rate risk is shown by reference to:

- Floating interest rates (i.e. giving cash flow interest rate risk) when the interest rate is due to be re-set, and
- Fixed interest rates (i.e. giving fair value interest rate risk) when the financial instrument is due for repayment

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At 30 September 2017	Fixed rate £'000	Floating rate £'000	Total £'000
Financial assets			
Cash and cash equivalents	-	134,248	134,248
Insurance cash	-	494,153	494,153
Total financial assets	-	628,401	628,401
Financial liabilities			
Cash and cash equivalents	-	(1,636)	(1,636)
Bank borrowings	-	(702,678)	(702,678)
Loans and loan notes from related parties	-	-	-
Finance leases	(933)	-	(933)
Other loans	(8,776)	(70)	(8,846)
Total financial liabilities	(9,709)	(704,384)	(714,093)

At 30 September 2016 (restated)	Fixed rate £'000	Floating rate £'000	Total £'000
Financial assets			
Cash and cash equivalents	-	79,083	79,083
Insurance cash	-	475,070	475,070
Total financial assets	-	554,153	554,153
Financial liabilities			
Cash and cash equivalents	-	(1,359)	(1,359)
Bank borrowings	-	(591,024)	(591,024)
Loans and loan notes from related parties	(5,008)	(6,322)	(11,330)
Finance leases	(1,805)	-	(1,805)
Other loans	-	(9,143)	(9,143)
Total financial liabilities	(6,813)	(607,848)	(614,661)

The Group's largest exposure to interest rate risk relates to the Term Loan, where the USD portion has interest payable based on LIBOR and the EUR portion has interest payable based on EURIBOR (see note 18). While there is a partial natural hedge with USD and EUR denominated insurance cash earning floating LIBOR or EURIBOR interest, the Group had entered into interest rate swaps and interest rate caps to manage the interest rate risk. It is estimated that through the combination of the natural hedge and interest rate derivatives, 95% of the notional of the Term Loan is hedged for the remainder of its life as at 30 September 2017 (2016 59% - 98%).

The interest rate swaps are used to hedge the LIBOR interest rate risk and receive floating, pay fixed. The swaps cover the period to 22 April 2022, covering a notional between \$479.5m and \$513.6m during its life and the fixed legs of the swap pay between 1.5095% to 2.3078%. The interest rate caps are used to hedge the EURIBOR interest risk and the cap rate is 0.0%.

The interest rate swaps and the intrinsic portion of the interest rate caps have been designated as hedging instruments in cash flow hedges on inception of the hedging instruments. The swaps and caps are recognised and measured at fair value on the Consolidated Statement of Financial Position, with movements on the swaps and intrinsic portion of the cap recognised in the Consolidated Statement of Comprehensive Income, as long as the requirements for hedge accounting are met and are effective. All other movements on the swaps and caps are recognised as a financing cost in the Consolidated Income Statement. Amounts are recycled from the cash flow hedge reserve as and when hedged forecast transactions occur.

For the year ended 30 September 2017, a gain of £9,498,000 (2016: loss of £11,647,000) has been recognised in other comprehensive income. The tax effect recognised in other comprehensive income was a gain of £646,000 (2016: £nil). A total of £1,822,000 was recycled from equity to profit and loss (2016: £nil). A total of £643,000 was recognised directly into finance costs from hedge ineffectiveness and other components of the interest rate caps not designated as an hedging instruments.

A reasonable change in interest rates would not have had a material impact in 2017 or 2016.

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Foreign currency risk

Foreign exchange risk arises where a subsidiary's assets, liabilities, income and expenses are denominated in currencies other than the subsidiary's functional currency. The Group's policy is to:

- Align the Term Loan's servicing costs in USD/EUR and operating profits in USD/EUR
- Monitor and where appropriate to hedge foreign currency transaction exposures

For the latter, this is most prevalent in certain subsidiaries where the costs are largely denominated in GBP but revenue is earned in a number of foreign currencies. In this situation, foreign exchange contracts to sell foreign currencies and buy GBP are entered into to cover a proportion of the forecast foreign currency receipts. Foreign currency receipts in USD and EUR are excluded from the hedging program due to Term Loan's servicing costs in USD and EUR.

The value of the Group's revenue, expenses and assets/liabilities that have USD, EUR and AUD foreign currency exposure is as follows.

	USD £'000	EUR £'000	AUD £'000
At 30 September 2017			
Net (liabilities)/assets	111,391	(29,882)	5,563
Revenue	170,731	34,339	5,207
Expenses	(2,104)	(141)	(348)

	USD £'000	EUR £'000	AUD £'000
At 30 September 2016			
Net (liabilities)/assets	48,478	37,739	5,766
Revenue	234,763	23,734	13,593
Expenses	(2,599)	(306)	(396)

During the year, the Group had a number of forward exchange contracts which were used to reduce the foreign exchange risk associated with revenue denominated in foreign currencies as well as hedge against the effect of foreign exchange movements on receivables denominated in foreign currencies. These forward contracts were designated as cash flow hedges on inception of the derivative. There were recognised and measured at fair value on the Statement of Financial Position, with movements recognised in the Consolidated Statement of Comprehensive Income, as long as the requirements for hedge accounting are met and are effective. All other movements on the forward contracts are recognised as an operating cost in the Consolidated Income Statement. Amounts are recycled from the cash flow hedge reserve as and when hedged forecast transactions occur. There are no contracts unsettled as at 30 September 2017 and the contracts which matured during the year are as below:

Currency	Total notional in local currency	Exchange rates
EUR	10,360,000	1.1764 - 1.2583
CAD	2,625,000	1.9897 - 1.9985
AUD	4,490,000	1.8735 - 1.8786

As at 30 September 2016, the unsettled forward contracts used for hedging purposes are as follows

Currency	Maturity	Total notional in local currency	Exchange rate
EUR	No later than March 2017	4,900,000	1.2529 - 1.2583
CAD	No later than March 2017	4,490,000	1.8735 - 1.8786
AUD	No later than March 2017	2,625,000	1.9897 - 1.9985

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As at 30 September 2015, the Group had a number of foreign exchange contracts to sell USD and buy GBP at a fixed rate designated as hedging instruments for cash flow hedges. On 1 July 2016, the cash flow hedging relationship was terminated. Subsequently, the fair value changes in value of these derivatives have been recorded in "Fair value change through profit or loss". At the point of hedge termination a debit amount of £5,614,000 was recorded in the cash flow hedge reserve and recycled to "non-recurring costs" as the highly probable forecast transaction occurs.

Accordingly, for the year ending 30 September 2017, £143,000 (2016: £9,340,000 charge) has been recognised in other comprehensive income. The amount reclassified from equity to profit and loss was a charge of £4,618,000 (2016: £6,812,000), of which £549,000 was in revenue (2016: £5,268,000) and £4,069,000 was in non-recurring costs (2016: £1,544,000). No amounts in the current or prior year have been recognised in the Consolidated Income Statement as a result of ineffectiveness. The tax effect recognised in other comprehensive income was a gain of £nil (2016: £2,493,000) and the amounts recycled into the tax charge was a credit of £1,199,000 (2016: £1,294,000).

In addition the Group designated a EUR 101m portion of the EUR Term Loan as an hedging instrument in a net investment hedge in a foreign operation. The hedged risk is the foreign exchange risk arising on the value of the Group's net investment in assets and liabilities in EUR functional currency entities. The net gain or loss under this arrangement is recognised in other comprehensive income. The net effect on other comprehensive income in the year ended 30 September 2017 was a loss of £nil (2016: nil).

The following table details the sensitivity of the Group's equity, revenue and expenses to a 10% decrease in GBP against USD, EUR and AUD

	USD	EUR	AUD
	£'000	£'000	£'000
At 30 September 2017			
Net (liabilities)/assets	12,377	(3,320)	618
Revenue	18,970	3,815	579
Expenses	(234)	(16)	(39)
	USD	EUR	AUD
	£'000	£'000	£'000
At 30 September 2016			
Net (liabilities)/assets	4,151	3,629	379
Revenue	20,101	2,283	893
Expenses	(223)	(29)	(26)

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group is funded through a mixture of debt and equity and in common with its peers, the Group has long-term debt as a core element of its capital structure. The Group manages the risk with regards to the availability of debt by maintaining a close relationship with a number of different debt providers. As at 30 September 2017 the Group has the following outstanding balances of senior secured loan: USD 794.2m (2016: USD 738.8m) and EUR 149.6m (2016: nil)

The Group is subject to certain financial covenants and was compliant with the relevant covenants for the year to 30 September 2017. These financial covenants operate at a consolidated level for the Group and are based on IFRS. The Group monitored the principal financial covenant through rolling forecasts of the income statement and statement of financial position and is forecast to be compliant during the forecast period.

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29 Contingent liabilities

At 30 September 2017 the Group had contingent liabilities in respect of guarantees and indemnities entered into as part of the ordinary course of the Group's business. No material losses are likely to arise from such contingent liabilities and therefore no provision has been recorded.

The Group is involved from time to time in the ordinary course of its business in certain claims and legal proceedings related to the Group's operations, including employment-related matters. In the opinion of management, liabilities, if any, arising from these claims and proceedings will not have a material adverse effect on the Group's consolidated financial position or the results of its operations.

The Group analyses its litigation exposure based on available information, including external legal consultation, where appropriate, to assess its potential liability. Aside from the amounts disclosed in note 20, the Group has accordingly made no provision in the financial statements.

30 Operating lease commitments

At 30 September 2017 the Group had commitments under non-cancellable operating leases as set out below

	Land and Buildings		Other	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Not later than one year	15,539	14,249	2,008	1,050
Later than one year and not later than five years	32,573	35,761	1,300	1,036
Later than five years	6,683	10,058	4	-
	54,795	60,068	3,312	2,086

As at 30 September 2017 total amounts expected to be received under non-cancellable sub-lease arrangements were £3,644,000 (2016: £5,119,000)

No amounts were credited to the income statement in respect of sub-lease arrangements as this forms part of the onerous lease provision (see note 20)

31 Defined contribution pension schemes

The Group operates a number of defined contribution pension schemes as well as a defined benefit scheme. The assets of the schemes are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £10,596,158 (2016: £9,966,000). Contributions outstanding at the end of the year amounted to £820,809 (2016: £679,914). See note 32 for details on the defined benefit scheme.

32 Defined benefit pension scheme

The Group operates one legacy defined benefit pension scheme, the Windsor Retirement Benefits Scheme No 2. The assets of the scheme are held in a separate trustee administered fund independent of the Company's finances.

The weighted average duration of the expected benefit payments from the scheme is around 12 years. The defined benefit scheme is operated from a trust, which has assets which are held separately from the Company, and trustees who ensure the scheme's rules are strictly followed.

Actuarial gains and losses are recognised in full in the period in which they occur. As permitted by IAS19, actuarial gains and losses are recognised outside profit or loss as other comprehensive income. The figure recognised in the statement of financial position represents the fair value of the scheme assets reduced by the present value of the defined benefit obligation.

An actuarial valuation was performed as at 30 September 2017 by an independent qualified actuary in accordance with IAS19. As required by IAS19, the value of the defined benefit obligation has been measured using the projected unit credit method and both the assets and liabilities include the value of those pensions in payment which are secured with insured annuities.

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The funding target is for the scheme to hold assets equal in value to the accrued benefits based on projected salaries. If there is a shortfall against this target, then the Company and trustees will agree on deficit contributions to meet this deficit over a period. There is a risk to the Company that adverse experience could lead to a requirement for the Company to make additional contributions to recover any deficit that arises.

No contributions have been paid by the Company in the period to 30 September 2017 and none are expected in 2018. There are no longer any active members in the scheme.

Assumptions	2017	2016
Price inflation	3.2% pa	3.0% pa
Discount rate	2.5% pa	2.1% pa
Pension increase in payment (LPI)	3.0% pa	3.0% pa

On the basis of the assumptions used for life expectancy, a male person age 65 at the accounting date would be expected to live a further 24.1 years (2016: 24.0 years). A male person who attains age 65 in 20 years' time is expected to live a further 26.5 years (2016: 26.4 years). A female person age 65 at the accounting date would be expected to live a further 25.7 years (2016: 25.7 years), and a female person who attains age 65 in 20 years' time is expected to live a further 27.7 years (2016: 27.6 years).

The amount included in the statement of financial position arising from the Company's obligations in respect of the scheme is as follows:

	2017	2016
	£'000	£'000
Fair value of scheme assets	2,991	3,142
Present value of scheme liabilities	(3,127)	(3,264)
Deficit	(136)	(122)
Balance sheet liability	(136)	(122)

The amounts recognised in profit and loss are as follows:

	2017	2016
	£'000	£'000
Employer's part of current service cost	(6)	(6)
Interest cost	(2)	-
Total expense included in profit and loss	(8)	(6)

The current allocation of the scheme's assets is as follows:

	2017	2016
	£'000	£'000
Equities	19%	18%
Bonds	21%	19%
Insured pensioner policies/other	60%	63%
	100%	100%

None of the assets of the scheme are directly invested in the Company's own financial instruments or in any property occupied by the Company.

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

	2017	2016
	£'000	£'000
Opening defined benefit obligation	3,264	2,728
Employers part of current service cost	6	6
Interest cost	67	99
Actuarial (gain)/loss	(72)	559
Benefits paid	(138)	(128)
Closing defined benefit obligation	3,127	3,264

Changes in the fair value of the scheme assets are as follows

	2017	2016
	£'000	£'000
Opening fair value of the scheme assets	3,142	2,816
Interest on scheme assets	65	102
Actual return on plan assets less interest on plan assets	(78)	352
Benefits paid to scheme members	(138)	(128)
Closing fair value of scheme assets	2,991	3,142

The actual return on the scheme's assets over the year ended 30 September 2017 was a loss of £13,000 (2016: a gain of £454,000).

The amount recognised outside profit and loss in other comprehensive income for the year ended 30 September 2017 was a charge of £6,000 (2016: £116,000), including the effect of the asset limit. This related to experience on benefit obligation of £34,000 charge (2016: £9,000 charge), charge in financial assumptions of £106,000 gain (2016: £550,000 charge), actual return on plan assets less interest on plan assets of £78,000 loss (2016: £352,000 gain) and effect of asset ceiling of £nil (2016: £91,000 gain).

Sensitivity analysis

	Increase	Decrease	Increase	Decrease
	2017	2017	2016	2016
	£'000	£'000	£'000	£'000
Discount rate				
Effect of a 0.5% change	(90)	110	(105)	118
Inflation				
Effect of a 0.5% change	20	(20)	28	(26)
Friends Life with profits fund				
Effect of 25% change in value	(320)	320	(330)	330
Life expectancy				
Effect of a 1 year increase	50	-	56	-

The 2017 and 2016 sensitivity analysis is on a deficit.

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33 Related party transactions

The Group had the following transactions with related parties during the year

		2017	2016
		£'000	£'000
Income/ (expense)	Relationship		
Fees paid to other Directors	Directors	(50)	(70)
Fees paid to General Atlantic Hawthorn B.V.	Major shareholder	(100)	(100)
Interest income on loans to key management	Key management	17	-
		(133)	(170)
Amounts receivable/ (payable) at the end of the year			
L Munoz Rojas directors fees payable	Director	(13)	(13)
General Atlantic Hawthorn B V fees payable	Major shareholder	(100)	(100)
		(113)	(113)
Amounts included within other short-term debtors and creditors			

The Group had the following settled transactions with key management during the year

- Short term loans totalling £1,000,000 (2016: £nil) were extended to members of key management which were interest bearing. These loans were repaid as at 30 September 2017
- Amounts totalling £7,490,000 (2016: £3,757,000) were paid to settle deferred consideration or to acquire NCI

Compensation awarded to the Directors of the Group is disclosed in note 6

Compensation awarded to key management (Group Executive Committee)

	2017	2016
	£'000	£'000
Short-term employee benefits	8,164	4,138
Post-employment benefits	48	282
Termination benefits	1,020	310
Share-based payment	346	83
	9,578	4,813

Share capital transactions

During the year ended 30 September 2017, General Atlantic Hawthorn B.V. acquired a net total of 2,249,401 "A" ordinary shares for £20,035,363 (2016: 3,908,197 "A" ordinary shares for £21,723,922) from the Group. As at 30 September 2017, General Atlantic Hawthorn B.V. held a total of 31,895,717 "A" ordinary shares (2016: 29,646,316 "A" ordinary shares).

During the year ended 30 September 2017, the Directors and other members of the Group Executive Committee disposed of a net total of 325,034 "A" ordinary, acquired a net total of 7,000 "B" ordinary and acquired 314,000 "C" ordinary shares for a net consideration received of £3,003,047. As at 30 September 2017, the directors and key management held a total of 19,659,770 "A" ordinary shares, 241,300 "B" shares, and 2,549,600 "C" shares (2016: 17,864,590 "A" ordinary shares, 140,000 "B" ordinary shares and 2,235,600 "C" shares). This excludes "D" and "E" shares, which are treated as share based payments

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34 Business combinations

Berge y Asociados. Correduria de Seguros, S.A.

On 11 July 2017, the Group acquired 100% of Berge y Asociados Correduria de Seguros, S.A. ("Bergé") (renamed Howden Drive, SAU on 11 July 2017), an insurance broker based in Spain specialising in motor insurance. This acquisition has opportunities for revenue synergies in this area

The purchase consideration and the fair value of the assets and liabilities recognised on acquisition are as follows

	2017 £'000
Purchase consideration	
Cash paid	2,433
Fair value of deferred consideration	2,046
Fair value of contingent consideration	295
Total purchase consideration	4,774
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	37
Identifiable intangible assets	4,092
Trade and other receivables	131
Cash and cash equivalents	715
Insurance cash and cash equivalents	671
Insurance payable	(671)
Trade and other payables	(86)
Corporation taxation	(197)
Deferred taxation	(983)
	3,709
Net assets acquired	3,709
Goodwill	1,065

Contingent consideration is payable to sellers complying with all provisions of agreement and due three years after acquisitions. Non-compliance will result in no contingent consideration paid. It has been assumed it will be paid out.

Goodwill represents assembled workforce, cost and revenue synergies to the Group. None of the goodwill recognised is expected to be deductible for income tax purposes.

Since acquisition Bergé has contributed revenue of £326,000 and an EBITDA of £186,000 to the Group.

Acquisition related costs of £28,000 were incurred during the year. These were included within acquisition costs in the consolidated income statement for the year ended 30 September 2017.

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Sterling Knight

On 11 and 21 July 2017, the Group acquired 100% of Sterling Knight (Private) Limited and Sterling Knight Sdn Bhd respectively (collectively referred to as "Sterling Knight"). They are insurance brokers based in Singapore and Malaysia specialising in Specie and Employee Benefits. This acquisition increases the Group's presence in Singapore and Malaysia and opportunities for revenue synergies in particular over Employee Benefits.

The purchase consideration and the fair value of the assets and liabilities recognised on acquisition are as follows:

	2017 £'000
Purchase consideration	
Cash paid	4,742
Fair value of contingent consideration	2,982
Total purchase consideration	7,724
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	9
Identifiable intangible assets	2,785
Trade and other receivables	88
Cash and cash equivalents	654
Trade and other payables	(8)
Income tax payable	(58)
Corporation taxation	23
Deferred taxation	(516)
	2,977
Net assets acquired	2,977
Goodwill	4,747

Contingent consideration is due one year after acquisition depending on performance. The amount can vary between 0% to 115% of a base amount. It has been assumed the base amount will become payable.

Goodwill represents assembled workforce, cost and revenue synergies to the Group. None of the goodwill recognised is expected to be deductible for income tax purposes.

Since acquisition Sterling Knight has contributed revenue of £1,123,000 and an EBITDA of £903,000 to the Group.

Acquisition-related costs of £36,000 were incurred during the year. These are included within acquisition costs in the consolidated income statement for the year ended 30 September 2017.

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If these acquisitions had been made on 1 October 2016, the consolidated income statement, under IFRS, for the year ended 30 September 2017 would have been revenue of £544.1m and EBITDA of £142.0m

Finalisation of fair value adjustments

In the year end 30 September 2016, the Group made a number of acquisitions. The fair values of the identifiable asset and liabilities at the date of acquisition were provisionally estimated and disclosed in the 2016 Financial Statements. In 2016, the provisional values have been finalised within one year of the acquisition date, leading to the following changes, which have not been restated for 2016:

	Increase/(decrease)
	£'000
Property, plant and equipment	11
Intangible assets	(109)
Trade and other receivables	(16)
Cash and cash equivalents	894
Trade and other payables	(1,840)
Insurance cash and cash equivalents	(1,147)
Insurance payables	1,136
	(1,071)
Non-controlling interest	428
Net assets acquired	(643)
Goodwill	643

35 Ultimate controlling party

The Group had no controlling shareholder at 30 September 2017, or at 30 September 2016.

36 Capital commitments

The Group has capital commitments in relation to the acquisition of minority shareholdings and put options over Hyperion shares, further information is in note 19 and 22. The Group had no other capital commitments as at 30 September 2017, or at 30 September 2016.

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37 Subsidiary and associated companies

The following were the subsidiary and associate entities at 30 September 2017. Unless otherwise shown, the capital of each company is wholly owned, is in ordinary shares and the principal country of operation is the country of incorporation

DUAL Australia Pty Limited	Australia	79	Level 6, 160 Sussex Street, Sydney NSW 2000
FP Marine Risks Australia Pty Limited	Australia	60	Level 10, 140 Arthur Street, North Sydney 2060
Howden Insurance Brokers (Bermuda) Limited	Bermuda	100	14 Par-la-Ville Road, Hamilton, HM 08
Benefit Administradora de Beneficios Ltda	Brazil	75	Av Luiz Carlos Berrini, 105 andar, sala 102 B, Torre Berrini One, São Paulo
Harmonia Corretora de Seguros S.A	Brazil	75	Av Luiz Carlos Berrini, 105 andar, sala 102 B, Torre Berrini One, São Paulo
Pluris Re Corretora de Resseguros Ltda	Brazil	75	Av Luiz Carlos Berrini, 105 andar, sala 102 B, Torre Berrini One, São Paulo
BluCurve Limited	BVI	50	PO Box 957 Offshore Incorporations Centre, Tortola
Chalgrove Limited	BVI	100	PO Box 957 Offshore Incorporations Centre, Tortola
FP Group Limited	BVI	100	PO Box 957 Offshore Incorporations Centre, Tortola
FP International Holdings Limited	BVI	100	PO Box 957 Offshore Incorporations Centre, Tortola
Lansdown Hill Limited	BVI	100	PO Box 957 Offshore Incorporations Centre, Tortola
DUAL Commercial (Canada) Inc.	Canada	100	Suite 2500 1 Dundas Street West, Toronto M5G1Z3
Pensiones y Salud Agente de Medicina Prepagada S.A	Colombia	58	Carrera 7 No. 32-33 Piso (Floor) 23 Bogotá D.C.
Howden Re Corredores de Seguros S A	Colombia	84	Carrera 7 No. 32 – 33 Piso 23 , Bogotá
Proseguros Corredores de Seguros S.A.	Colombia	84	Carrera 7 No. 32 – 33 Piso 23 , Bogotá
Howden Wacolda S.A. Corredores de Seguros	Colombia	58	Carrera 7 No. 32 – 33 Piso 23 , Bogotá
HC Consulting SAS	Colombia	58	Carrera 7 No. 32 – 33 Piso 23 , Bogotá
Asesorias e Inversiones Howden-Patagonia S.A	Chile	51	Apoquindo 4660 Of 301, Las Condes, Santiago de Chile
Howden-Patagonia Corredores de Seguros SpA	Chile	50	Avienda Apoquindo N 4660 , Oficina 301, Las Condes, Santiago
Sociedad Corredora de Reaseguros Howden Chile S.A.	Chile	75	Miguel Claro 195 810, Providencia
RKH Specialty Curacao N.V.	Curacao	51	Julianaplein 39A, Willemstad
RKH Specialty Caribbean N.V.	Curacao	51	Julianaplein 39A, Willemstad
Søassurancen Danmark A/S	Denmark	19	Skolegade 1, 5960 Marstal, Denmark
Howden Insurance Brokers LLC***	Dubai	33	Al Nasr Plaza,3rd floor, Oud Metha, PO BOX 49195
Wacolda S.A Agencia Asesora Productora de Seguros	Ecuador	58	Catalina aldaz , N34155 y Portugal, Quito
DUAL Finland Oy	Finland	100	Merimiehenkatu 29, 00150, Helsinki
Howden Finland Oy	Finland	96	Malminkaari , 9 B 00700 Helsinki
Howden Insurance Brokers Oy	Finland	100	Malminkaari 9 B , HELSINKI, 00700
Epc Euro-Pensions Consult GmbH	Germany	60	Dr.-Gessler-Straße 37, 93051, Regensburg
Euro Engineer Consulting GmbH	Germany	60	Dr -Gessler-Straße 37, 93051, Regensburg
Euro Risk Immobilien Services GmbH	Germany	60	Kurze Mühren 20, 20095, Hamburg
Euroassekuranz Versicherungsmakler AG	Germany	60	Dr.-Gessler-Straße 37, 93051, Regensburg
IMMO Versicherungsmakler GmbH	Germany	3	Lilienthalallee 25, 80939, Munich, Germany
Howden Caninenberg GmbH	Germany	89	Belfortstrasse 15, 50668, Cologne
Howden M&A (Germany) GmbH	Germany	51	Frankfurt am Main, Theresienhöhe , 80339, Munich
DUAL Specialty M&A GmbH	Germany	100	Schanzenstr 36, 51063 Köln,
DUAL Deutschland GmbH	Germany	100	Schanzenstraße 36, 51063, Köln
Erwin Himmelseher Assekuranz-Vermittlung Beteiligungsgesellschaft GmbH***	Germany	45	Theodor-Heuss-Ring 23, 50668 Köln
Erwin Himmelseher Assekuranz-Vermittlung GmbH & Co. KG	Germany	45	Theodor-Heuss-Ring 23, 50668 Köln
Howden Germany GmbH	Germany	100	Arnheimer Str. 142, 40489, Dusseldorf
Howden Germany HoldCo GmbH	Germany	100	Belfortstrasse 15, 50668, Cologne
HVR Hamburger Vermögensshaden-Haftpflicht Risikomanagement GmbH	Germany	100	Jungfernstieg 49, 20354 Hamburg
Howden Sicherheit International GmbH	Germany	89	Belfortstrasse 15, 50668, Cologne
SPS -Sales Promotions & Solutions GmbH & Co. KG	Germany	89	Am Gries 4f, 85435, Erding
SPS - Verwaltungsgesellschaft Sales Promotions & Solutions mbH	Germany	89	Am Gries 4f, 85435, Erding
SRC Special Risk Consortium GmbH	Germany	72	Belfortstrasse 15, 50668, Cologne

HYPERION INSURANCE GROUP LIMITED

Notes to the Consolidated Financial Statements

For the Year Ended September 30, 2017

DUAL Underwriting Agency (Hong Kong) Limited	Hong Kong	100	Suite 2103, 21/F, Fu Fai Commercial Centre, 27 Hillier Street, Sheung Wan
FP Marine Risks Limited	Hong Kong	100	5001, 50th Floor, Central Plaza, 18 Harbour Road
FP Reinsurance Brokers Limited	Hong Kong	100	27F Alexandra House, 18 Chater Road, Central
HBG Asia Holdings Limited	Hong Kong	100	26/F, The Centrium, 60 Wyndham Street, Central
Howden Insurance Brokers (HK) Limited	Hong Kong	100	26/F, The Centrium, 60 Wyndham Street, Central
Howden Insurance Brokers India Private Ltd***	India	26	6th Floor Peninsula chambers, Peninsula Corporate Park, Mumbai
PT Howden Insurance Brokers Indonesia	Indonesia	100	Mayapada Tower 8th Floor, Jl Jend Sudiman Kav 28, Jakarta
PT RKH Specialty Indonesia	Indonesia	100	Mayapada Tower Fl. 08-01, Jl. Jend. Sudirman kav. 28, Jakarta
Bar-Ziv Ravid Insurance Agency Limited	Israel	100	35 Efal Street, Petah Tikva
Eldan Bar-Ziv Ravid Insurance Agency (2009) Ltd***	Israel	44	20 Hamasger Street, Tel Aviv, 61366
Howden General and Marine Insurance Brokers (2011) Limited	Israel	100	Adgar Tower, 35 Efal Street, Petach Tikva, 4951132
Howden Insurance Brokers (2002) Limited	Israel	88	Adgar Tower, 35 Efal Street, Petach Tikva, 4951132
Howden International Underwriters General Insurance Agency (2009) Limited	Israel	100	Adgar Tower, 35 Efal Street, Petach Tikva, 4951132
MMI Management Risk Consultants Limited	Israel	100	35 Efal Street, Petah Tikva
DUAL Italia S.p.A	Italy	95	Via Edmondo De Amicis, 51, 20123, Milan
Howden Korea Company Limited	Korea	40	8th Floor Seorin Bldg, 88 Seorin-dong, Jongno-gu, Seoul
Hyperion Development S.à.r.l.	Luxembourg	100	128 Boulevard de la Petrusse, L-2330
Hyperion Euro Growth S.à.r.l.	Luxembourg	100	128 Boulevard de la Petrusse, L-2330
Hyperion Refinance S.à.r.l.	Luxembourg	100	128 Boulevard de la Petrusse, L-2330
CH Global (L) Limited**	Malaysia	49	Brumby Centre , Lot 42, Jalan Muhibbah 87000 Labuan F.T Mala
CH International PCC (L) Bhd**	Malaysia	49	Brumby Centre , Lot 42, Jalan Muhibbah 87000 Labuan F.T Mala
CIMB Howden Insurance Brokers Sdn. Bhd ***	Malaysia	49	13.03, Menara Tan & Tan, 207 Jalan Tun Razak, 50400 KL
HIG Risk Management Services Sdn. Bhd.	Malaysia	100	1-10-E1A CPS Tower, 1 Centre Point Sabah, Jalan Centre Point 88000 Kota Kinabalu, Sabah
Howden Risk Management Consultants Sdn Bhd	Malaysia	100	C-25-03, 3 Two Square 2, Jalan 19/1, 46300 Petaling Jaya Selangor Darul Ehsan
Howden Risk Solutions Sdn. Bhd.	Malaysia	100	1-10-E1A CPS Tower, 1 Centre Point Sabah, Jalan Centre Point 88000 Kota Kinabalu, Sabah
Sterling Knight Sdn Bhd	Malaysia	100	3A, Wisma Mohamed Ebrahim 87, Jalan Tuanku Abdul Rahman, 50100 KL
HBG (Mauritius) Ltd	Mauritius	100	c/o ML Administrators Ltd, 4th Floor Hennessy Tower , Pope Hennessy Street, Port Luis
Howden (Mauritius) Ltd	Mauritius	100	42 Hotel Street, 3 GFin Tower Cybercity, Ebene, 72201
Charterama B.V	Netherlands	38	Veerkaade 1,3016 DE, Rotterdam
DUAL Netherlands B.V.	Netherlands	100	World Trade Center, Beursplein 37, 3011 AA Rotterdam, 3001 DD ROTTERDA, PO Box 30150
Howden Insurance Brokers Nederland B.V.	Netherlands	51	Veerhaven 7, 3016 CJ , Rotterdam
DUAL New Zealand Limited	New Zealand	98	20 AXA Centre, 191 Queen Street, Auckland, 1010
Howden Forsikringsmegling AS	Norway	100	Karenslyst Allé 55, Oslo, 0277
Howden Insurance Brokers LLC	Oman	52	Alwattayah / Muttrah / Muscat, 117
Wacolda Risk Management and Transfer S.A C ***	Peru	40	Mlc.Cisneros Nro, 740 DPTO, 302 Lima, Miraflores
Accette Life & Accident Insurance Brokers, Inc.	Philippines	100	331 Gil Puyat, Building,331 Sen., Gil Puyat Avenue, Makati City 1200
Howden Insurance & Reinsurance Brokers (Phil), Inc	Philippines	100	331 Gil Puyat, Building,331 Sen., Gil Puyat Avenue, Makati City 1200
Ultramar Reinsurance Brokers, Inc.	Philippines	100	331 Gil Puyat, Building,331 Sen , Gil Puyat Avenue, Makati City 1200
Donora Spółka Akcyjna	Poland	51	ul Wielkie Garbary 7A, 87-100 Torun
DUAL Polska Sp. z o.o	Poland	51	87-100 Torun, ul. Browarna 10
Kanceleria Brokerska Modern Brokers Sp. z o.o	Poland	13	Wszystkich Swietych 2B/3, 50-136 , Wroclaw
HY Manne Risks Limited	PRC	24	Room 906, 173 Guangji Road, Shanghai
DUAL Specialty Underwriters Inc.	Puerto Rico	100	361 San Francisco Street, San Juan, 00901
DUAL Underwriting Agency (Singapore) Pte. Limited	Singapore	100	4 Shenton Way, #21-01 SGX Centre 2, 068807
HBG Holdings (Singapore) Pte Limited	Singapore	100	61 Robinson Road 7-1, Robinson Centre, 068893
Howden Insurance Brokers (S.) Pte Limited	Singapore	98	61 Robinson Road 7-1, Robinson Centre, 068893
RKH Specialty Asia Pacific Pte. Ltd.	Singapore	100	61 Robinson Road, 18-1 Robinson Centre, 068893
Sterling Knight (Private) Limited	Singapore	100	11 Keng Cheow Street, #02-03, 059608
DUAL Ibérica Riesgos Profesionales S.A	Spain	100	Plaza de la Lealtad 2 , 2a planta, 28014, Madrid

HYPERION INSURANCE GROUP LIMITED

Notes to the Consolidated Financial Statements

For the Year Ended September 30, 2017

Howden America Investments S.L	Spain	84	Avenida de la Palmera 28B 2ª , 41012 Sevilla
Howden Iberia S.A	Spain	100	C/ Montalbán nº7, 28014, Madrid
Howden Latin America Holdings S.L.U	Spain	100	Calle Montalbán nº 7 , 28014 Madrid
Howden Drive, S A U	Spain	100	Calle Alcalá, 65, Madrid,
Howden Insurance Brokers AB	Sweden	95	Linnégatan 2, SE-114 47 , Stockholm
Howden Insurance Brokers West AB	Sweden	67	Fredsgatan 1, 411 07 Gothenburg
Howden Pur Insurance Brokers Limited	Tanzania	51	60 Ursino Street, Regent Estate, PO Box 79958, Dar ES Salaam
Howden Insurance Brokers (Thailand) Limited***	Thailand	49	2 Ploenchit Center, Sukhumvit Road, Bangkok
TWB (Thailand) Limited***	Thailand	49	496 Amarin Plaza Building, Ploenchit Road, Bangkok
GRC Howden Reasurans Brokerligi Anonim Sirketi	Turkey	96	19 Mayıs Mah. Sümer Sok , Zitas Ismerkezi C5 Blok, No:11 Kadiköy, Istanbul
Howden Sigorta Brokerligi Anonim Sirketi	Turkey	100	19 Mayıs Mah. Sümer Sok., Zitas Ismerkezi C5 Blok, No 11 Kadiköy, Istanbul
Clinical Trials Insurance Services Limited	U.K.	100	16 Eastcheap, London, EC3M 1BD
DCR (FI) Limited	U.K.	100	First Floor, 107 Leadenhall Street, London, EC3A 4AF
DUAL Asset Underwriting Limited	U.K.	54	First Floor, 107 Leadenhall Street, London, EC3A 4AF
DUAL Corporate Risks Limited	U.K.	100	First Floor, 107 Leadenhall Street, London, EC3A 4AF
DUAL International Limited	U.K.	100	First Floor, 107 Leadenhall Street, London, EC3A 4AF
DUAL International Underwriting Limited	U.K.	100	First Floor, 107 Leadenhall Street, London, EC3A 4AF
DUAL Marine & Energy Limited	U.K.	100	First Floor, 107 Leadenhall Street, London, EC3A 4AF
DUAL Oliva Limited	U.K.	87	First Floor, 107 Leadenhall Street, London, EC3A 4AF
DUAL Overseas Investments Limited*	U.K.	100	First Floor, 107 Leadenhall Street, London, EC3A 4AF
DUAL PERL Limited	U.K.	83	First Floor, 107 Leadenhall Street, London, EC3A 4AF
DUAL Specialty Risks Limited	U.K.	100	First Floor, 107 Leadenhall Street, London, EC3A 4AF
DUAL Underwriting Limited	U.K.	100	First Floor, 107 Leadenhall Street, London, EC3A 4AF
Global Services 1999 Limited*	U.K.	100	16 Eastcheap, London, EC3M 1BD
Group Central Services Ltd	U.K.	100	Frp Advisory Llp, 1 Queen Street, Bristol, BS2 0HQ
HB&A Services Limited	U.K.	50	16 Eastcheap, London, EC3M 1BD
HIG Finance Limited**	U.K.	100	16 Eastcheap, London, EC3M 1BD
HIG Finance 2 Limited**	U.K.	100	16 Eastcheap, London, EC3M 1BD
Howden (NA2) Limited	U.K.	100	16 Eastcheap, London, EC3M 1BD
Howden Broking Group Limited**	U.K.	100	16 Eastcheap, London, EC3M 1BD
Howden Workplace Consulting Limited	U.K.	65	16 Eastcheap, London, EC3M 1BD
Howden Insurance Brokers Limited	U.K.	100	16 Eastcheap, London, EC3M 1BD
Howden UK Group Limited	U.K.	100	16 Eastcheap, London, EC3M 1BD
Howden M&A Limited	U.K.	51	16 Eastcheap, London, EC3M 1BD
Hyperion Development UK Limited	U.K.	100	16 Eastcheap, London, EC3M 1BD
Hyperion Marine Holdings Limited*	U.K.	100	16 Eastcheap, London, EC3M 1BD
Hyperion Services Limited**	U.K.	100	16 Eastcheap, London, EC3M 1BD
Hyperion & Partners Limited**	U.K.	100	16 Eastcheap, London, EC3M 1BD
Ostrakon Capital (2) Limited*	U.K.	100	71 Fenchurch Street, London, EC3M 4BS
Howden Mexico HoldCo Limited	U.K.	100	16 Eastcheap, London, EC3M 1BD
Perkins Slade Limited	U.K.	100	16 Eastcheap, London, EC3M 1BD
Aqueduct Portfolio Management Limited	U.K.	100	16 Eastcheap, London, EC3M 1BD
RKH Specialty Limited	U.K.	100	16 Eastcheap, London, EC3M 1BD
Prime Care Insurance Services Limited	U.K.	100	16 Eastcheap, London, EC3M 1BD
Precision NFP Limited	U.K.	20	Epsilon House, West Road, Ipswich, Suffolk, IP3 9FJ
R K Harrison Corporate Trustee Limited	U.K.	100	16 Eastcheap, London, EC3M 1BD
RKH Group Limited	U.K.	100	16 Eastcheap, London, EC3M 1BD
R K Harrison Insurance Brokers Limited	U.K.	100	16 Eastcheap, London, EC3M 1BD
R K Harrison Insurance Services Limited	U.K.	100	16 Eastcheap, London, EC3M 1BD
R K Harrison Reinsurance Brokers Limited	U.K.	100	16 Eastcheap, London, EC3M 1BD
Tamesis DUAL Limited	U.K.	75	First Floor, 107 Leadenhall Street, London, EC3A 4AF
Windsor Insurance Brokers Limited	U.K.	100	16 Eastcheap, London, EC3M 1BD
Windsor Limited*	U.K.	100	16 Eastcheap, London, EC3M 1BD
Windsor Partners Limited	U.K.	100	71 Fenchurch Street, London, EC3M 4BS
Windsor Professional Indemnity Limited	U.K.	100	16 Eastcheap, London, EC3M 1BD
Windsor Services Limited	U.K.	99	16 Eastcheap, London, EC3M 1BD
Windsor Trustees Limited*	U.K.	100	16 Eastcheap, London, EC3M 1BD
Chelsea Risk Management & Insurance Services, Inc.	USA	75	1100 5th Avenue S, Suite 301, Naples FL 34102
DUAL Commercial LLC	USA	100	1100 5th Avenue S, Suite 301, Naples FL 34102
DUAL Re America LLC	USA	100	1100 5th Avenue S, Suite 301, Naples FL 34102
DUAL North America Inc	USA	100	1100 5th Avenue S, Suite 301, Naples FL 34102
Energy, Industrial & Utility Risk Solutions LLC	USA	100	1100 5th Avenue S, Suite 301, Naples FL 34102
Howden Insurance Services, Inc	USA	100	Suite 507, One University Plaza, Hackensack NJ 07601

HYPERION INSURANCE GROUP LIMITED

Notes to the Consolidated Financial Statements

For the Year Ended September 30, 2017

RKH Specialty Miami LLC	USA	100	Sabadell Financial Center, 1111 Brickell Avenue, Suite 2725, Miami FL 33131
Howden Specialty Underwriters, LLC	USA	100	1100 5th Avenue S, Suite 301, Naples FL 34102
Odyssey Insurance GP, LLC	USA	100	1100 5th Avenue S, Suite 301, Naples FL 34102
Odyssey Insurance, Inc.	USA	100	1100 5th Avenue S, Suite 301, Naples FL 34102
Odyssey Insurance, LP	USA	100	1100 5th Avenue S, Suite 301, Naples FL 34102
Tamesis DUAL Americas LLC	USA	75	1100 5th Avenue S, Suite 301, Naples FL 34102
VK Underwriters LLC	USA	100	1100 5th Avenue S, Suite 301, Naples FL 34102

* Subsidiaries that are exempt from audit by virtue of section 479A of the Companies Act 2006

** Held directly by Hyperion Insurance Group Limited

*** Although legal ownership is less than 50%, financial results are 100% consolidated for the purposes of these financial statements, as the Group has effective control over these entities

HYPERION INSURANCE GROUP LIMITED

Notes to the Consolidated Financial Statements

For the Year Ended September 30, 2017

Summarised financial information in respect of each of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2017	2016
	£'000	£'000
Euroassekuranz Versicherungsmakler AG and controlled entities		
Statement of financial position		
Non-current assets	25,328	26,082
Current assets	11,947	14,634
Non-current liabilities	(6,773)	(7,468)
Current liabilities	(9,210)	(9,573)
Equity attributable to owners of the Group	12,775	14,205
Non-controlling interests	8,517	9,470
Income statement		
Revenue	15,809	-
Expenses	(15,009)	-
Dividends received	-	-
Profit for the year	800	-
Profit attributable to owners of the Group	480	-
Profit attributable to the non-controlling interests	320	-
	800	-
Other comprehensive income attributable to owners of the Group	-	-
Other comprehensive income attributable to the non-controlling interests	-	-
Other comprehensive income	-	-
Total comprehensive income attributable to owners of the Group	480	-
Total comprehensive income attributable to the non-controlling interests	320	-
Total comprehensive income	800	-
Dividends paid to non-controlling interests	1,718	-

HYPERION INSURANCE GROUP LIMITED

Notes to the Consolidated Financial Statements

For the Year Ended September 30, 2017

	2017	2016
	£'000	(restated) £'000
Howden Sicherheit International GmbH and controlled entities		
Statement of financial position		
Non-current assets	24,924	28,598
Current assets	32,199	29,113
Non-current liabilities	(10,307)	(9,864)
Current liabilities	(30,196)	(28,971)
Equity attributable to owners of the Group	6,828	6,379
Non-controlling interests	9,792	12,497
Income statement		
Revenue	23,976	21,478
Expenses	(18,567)	(14,948)
Dividends received	10,072	8,947
Profit for the year	15,481	15,477
Profit attributable to owners of the Group	11,081	10,315
Profit attributable to the non-controlling interests	4,400	5,162
	15,481	15,477
Other comprehensive income attributable to owners of the Group	-	-
Other comprehensive income attributable to the non-controlling interests	-	-
Other comprehensive income	-	-
Total comprehensive income attributable to owners of the Group	11,081	10,315
Total comprehensive income attributable to the non-controlling interests	4,400	5,162
Total comprehensive income	15,481	15,477
Dividends paid to non-controlling interests	4,705	4,224

HYPERION INSURANCE GROUP LIMITED

**Notes to the Consolidated Financial Statements
For the Year Ended September 30, 2017**

	2017 £'000	2016 £'000
Howden Insurance Brokers LLC (Dubai).		
Statement of financial position		
Non-current assets	380	152
Current assets	25,958	11,012
Non-current liabilities	-	-
Current liabilities	(19,828)	(7,840)
Equity attributable to owners of the Group	2,148	1,097
Non-controlling interests	4,362	2,732
Income statement		
Revenue	6,490	3,983
Expenses	(3,549)	(2,204)
Dividends received	-	-
(Loss)/profit for the year	2,941	1,779
Profit attributable to owners of the Group	971	587
Profit attributable to the non-controlling interests	1,970	1,192
	2,941	1,779
Other comprehensive income attributable to owners of the Group	-	-
Other comprehensive income attributable to the non-controlling interests	-	-
Other comprehensive income	-	-
Total comprehensive income attributable to owners of the Group	971	587
Total comprehensive income attributable to the non-controlling interests	1,970	1,192
Total comprehensive income	2,941	1,779
Dividends paid to non-controlling interests	203	253

38 Events after balance sheet date

On 1 October 2017, the Group underwent a legal entity re-organisation in relation to UK broking operation. This does not have a significant financial impact at Group level or result in a change in operating segment

On 10 November 2017, the Group committed to consolidate four London office locations into one location with lease inception expected to be on 25 December 2017. The office move is expected to result in a non-recurring charge of approximately £29m reflecting onerous leases (£11m), impairment of fixed assets (£5m), lease, rates and service costs in relation to the new office during the fit out phase (£8m) and other project related costs. Capital expenditure of approximately £28m is expected to be incurred in relation to fitting out the new offices during calendar year 2018

On 4 December 2017, Hyperion announced that Caisse de dépôt et placement du Québec ("CDPQ") had signed a conditional agreement to become a significant minority shareholder in the Company alongside General Atlantic. Subject to regulatory consents, CDPQ will invest more than \$400m to provide new growth equity as well as liquidity to existing shareholders

HYPERION INSURANCE GROUP LIMITED

Independent Auditor's Report on the Parent Company to the members of Hyperion Insurance Group Limited

For the Year Ended 30 September 2017

Report on the audit of the financial statements

Opinion

In our opinion:

- The financial statements give a true and fair view of the state of the Company's affairs as at 30 September 2017
- The financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006

We have audited the financial statements of Hyperion Insurance Group Limited (the 'parent company') which comprise:

- The Company balance sheet
- The statement of accounting policies
- The related notes 1 to 21

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

HYPERION INSURANCE GROUP LIMITED

Independent Auditor's Report on the Parent Company to the members of Hyperion Insurance Group Limited

For the Year Ended 30 September 2017

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements
- The strategic report and the directors' report have been prepared in accordance with applicable legal requirements

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

Matters on which we are required to report by exception

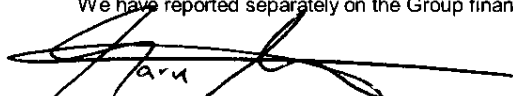
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Other matter

We have reported separately on the Group financial statements of Hyperion Insurance Group Limited for the year ended 30 September 2017.



Mark McIlquham, ACA (Senior statutory auditor)

for and on behalf of Deloitte LLP

London UK

13th December 2017

HYPERION INSURANCE GROUP LIMITED

PARENT COMPANY BALANCE SHEET

30 SEPTEMBER 2017

	Note	2017 £'000	2016 £'000
Fixed assets			
Investments in subsidiary undertakings	6	84,562	57,296
Current assets			
Debtors due within one year	7	10,477	151,849
Debtors due after more than one year	7	385,736	416,209
Cash and cash equivalents		18,355	19,787
		414,568	587,845
Creditors			
Amounts falling due with one year	9	(218,793)	(357,747)
Net current assets		195,775	230,098
Total assets less current liabilities		280,337	287,394
Creditors			
Amounts falling due after more than year	10	-	(11,003)
Net assets		280,337	276,391
Capital and reserves			
Called up share capital	14	854	854
Share premium	16	4,094	4,094
Other reserves	16	(1,378)	(3,504)
Retained earnings	16	276,767	274,947
		280,337	276,391

The financial statements were approved by the Board of Directors and authorised for issue on 13 December 2017. They were signed on its behalf by



David Howden
Chief Executive



Oliver Corbett
Chief Financial Officer

Company number 02937398

The notes on pages 83 to 89 form an integral part of these financial statements.

HYPERION INSURANCE GROUP LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 SEPTEMBER 2017

	SHARE CAPITAL	SHARE PREMIUM	OTHER RESERVES	RETAINED EARNINGS	TOTAL EQUITY
	£'000	£'000	£'000	£'000	£'000
As at 1 October 2016	854	4,094	(3,504)	274,947	276,391
Profit for the year	-	-	-	1,820	1,820
Other Comprehensive income for the year	-	-	-	-	-
Total Comprehensive income for the year	-	-	-	1,820	1,820
Share-based payments	-	-	1,632	-	1,632
EBT share reserve movement	-	-	494	-	494
As at 30 September 2017	854	4,094	(1,378)	276,767	280,337

HYPERION INSURANCE GROUP LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 SEPTEMBER 2016

	SHARE CAPITAL £'000	SHARE CAPITAL £'000	OTHER RESERVES £'000	RETAINED EARNINGS £'000	TOTAL EQUITY £'000
As at 30 September 2015	876	254,209	(8,857)	15,044	261,272
Profit for the year	-	-	-	5,694	5,694
Other Comprehensive income for the year	-	-	-	-	-
Total Comprehensive income for the year	-	-	-	5,694	5,694
Shares issued during the year	8	4,094	-	-	4,102
Purchase of own shares	(30)	-	30	-	-
Share based payments	-	-	2,425	-	2,425
Transfer to/from profit and loss account	-	(254,209)	-	254,209	-
EBT share reserve movement	-	-	2,898	-	2,898
As at 30 September 2016	854	4,094	(3,504)	274,947	276,391

HYPERION INSURANCE GROUP LIMITED
PARENT COMPANY ACCOUNTING POLICIES
FOR YEAR ENDED 30 SEPTEMBER 2017

1 General information

The Company is a private company limited by shares and is incorporated in the United Kingdom. The address of its registered office is 16 Eastcheap, London, EC3M 1BD.

These financial statements present information about the Company as an individual undertaking.

2 Accounting policies

(a) Basis of preparation of financial statements

The following accounting policies have been applied in dealing with items that are considered material in relation to the financial statements.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

(b) Financial reporting standard 102 - reduced disclosure exemptions

For the year ended 30 September 2017 and subsequent periods, the Company has taken advantage of the following disclosure exemptions in preparing the financial statements as permitted by FRS 102 paragraph 1.12 (a) – (e) .

- The requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv)
- The requirements of Section 7 Statement of Cash Flows
- The requirements of Section 3 Financial Statement Presentation paragraph 3.17(d)
- The requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A
- The requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29
- The requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23
- The requirements of Section 33 Related Party Disclosures paragraph 33.7

This information will be included in the consolidated financial statements of Hyperion Insurance Group Limited as at 30 September 2017 and these financial statements may be obtained from The Group Finance Department, 16 Eastcheap, London, EC3M 1BD.

(c) Going concern

The Company's business activities, future outlook, business risks and uncertainties and risk management are set out in the Directors' Report and Strategic Report.

Having considered the aforementioned, and after making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

(d) Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

(e) Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

HYPERION INSURANCE GROUP LIMITED
PARENT COMPANY ACCOUNTING POLICIES
FOR YEAR ENDED 30 SEPTEMBER 2017

(f) Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

(g) Financial instruments

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income Statement.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

(h) Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

(i) Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the Income Statement within 'finance income or costs'.

(j) Finance costs

Finance costs are charged to the Income Statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

(k) Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

HYPERION INSURANCE GROUP LIMITED
PARENT COMPANY ACCOUNTING POLICIES
FOR YEAR ENDED 30 SEPTEMBER 2017

(l) Interest income

Interest income is recognised in the Income Statement using the effective interest method.

(m) Borrowing costs

All borrowing costs are recognised in the Income Statement in the year in which they are incurred

(n) Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date

(o) Share capital transactions

When the Company purchases equity share capital, the amount of the consideration paid, including attributable costs, is recognised as a change in reserves. Purchased shares are either held in treasury in order to satisfy future liabilities arising from business combinations or share insensitive scheme, or cancelled and in order to maintain capital an equivalent amount to the nominal value of the shares cancelled is transferred from retained earnings.

The Company uses the Hyperion Insurance Group EBT ("EBT") to facilitate the purchase of shares in itself. As the Company is the sponsoring company of the EBT, the assets and the liabilities of the EBT are reported as part of the Company. The EBT's assets are primarily shares of the Company and liabilities relate to deferred payments for the shares.

(p) Share-based payments

The cost of employees' services rendered to subsidiaries received in exchange for the grant of rights under share incentive schemes is measured at the fair value of the equity scheme granted. Where there are performance conditions, an assessment is made of the likelihood of these conditions being achieved at the end of each reporting year and reflected in the accounting entries made. The grant by the Company over share incentive schemes to employees of subsidiary undertakings is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the Company accounts.

HYPERION INSURANCE GROUP LIMITED
PARENT COMPANY NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

3 Judgments in applying accounting policies and key sources of estimation uncertainty

The estimates and judgments that have a significant effect on the carrying value of assets and liabilities are.

(a) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable value of an asset is determined based on value-in-use calculations or multiple earnings calculation prepared on the basis of management's assumptions and estimates. For value in use calculations, assumptions include discount rates, cash generation potential and long term growth rates depending on regional economic performance and industry trends. For multiple earnings calculations, assumptions include adjustments to historic or projected earnings to form a baseline earning and which multiple to use based on recent market trends.

4 Profit and loss account

As permitted by section 408 of the Companies Act 2006, the Company has not included its own profit and loss account in these financial statements. The Company's profit after tax for the year was £1.8m (2016: £5.7m). This is dealt with in the financial statements of the Group.

5 Dividends

The Company has not declared any dividends during the year ended 30 September 2017 (2016: £nil).

6 Investments

	Investments in subsidiary companies £'000
Cost or valuation	
At 1 October 2016	57,296
Additions	30,804
At 30 September 2017	88,100
Provision for impairment	
At 1 October 2016	-
Charge for the period	(3,538)
At 30 September 2017	(3,538)
Net book value	
At 30 September 2017	84,562
At 30 September 2016	57,296

For details of all direct and indirect investments in subsidiaries please see note 37 of the Group accounts.

7 Amounts falling due within one year

	2017 £'000	2016 £'000
Other debtors	478	785
Amounts due from Group undertakings	9,999	151,064
	10,477	151,849
<hr/>		
	2017 £'000	2016 £'000
Amounts falling due after more than one year		
Loans to subsidiaries	385,736	414,910
Deferred tax	-	1,299
	385,736	416,209

HYPERION INSURANCE GROUP LIMITED
PARENT COMPANY NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

8 Cash and cash equivalents

	2017	2016
	£'000	£'000
Cash at bank and in hand	18,355	19,787

A portion of the Company's cash balance is not available for use due to creditor restrictions. As at 30 September 2017, the Company's restricted cash balance is £nil (2016: £18.7m)

9 Creditors - amounts falling due within one year

	2017	2016
	£'000	£'000
Amounts owed to Group undertakings	(215,241)	(297,030)
Accruals and deferred income	(465)	(952)
Deferred consideration	-	(56,537)
Trade and other payables	(2,904)	(3,228)
Corporation tax payable	(183)	-
	(218,793)	(357,747)

10 Creditors - amounts falling due after more than one year

	2017	2016
	£'000	£'000
Shareholder loan	-	(6,037)
Shareholder loan notes	-	(4,966)
	-	(11,003)

11 Loans

Analysis of the maturity of loans is given below.

	2017	2016
	£'000	£'000
Amounts falling due in 1-2 years		
Shareholder loans	-	6,037
Shareholder loan notes	-	4,966
	-	11,003

The shareholder loans were repaid in the year.

12 Financial instruments

The Company has granted put options to certain shareholders in respect of their Hyperion shares. The put options are carried at fair value. As the instruments allows the holders to put Company shares back to the Company at fair value, the instruments have a fair value of nil. Management's best estimate of the liability which would arise if all the options were exercised would be £5.1m as at 30 September 2017 (2016: £nil). Sensitivity analysis, allowing for a reasonable change in assumptions indicates a maturity range of £4.6m-£5.6m.

In respect of the liquidity put option (refer to note 19 of the Group accounts), this has been extinguished during the year. Accordingly management's best estimate of loan notes to be issued if the holders put all their shares and received loan notes would be £nil (2016: £23.4m). Sensitivity analysis, allowing for a reasonable change in assumptions indicated a maturity range of £19.7m - £27.7m in the prior year.

HYPERION INSURANCE GROUP LIMITED
PARENT COMPANY NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

13 Deferred tax

	Deferred tax £'000
At 1 October 2016	1,299
Released in year	(1,299)
At 30 September 2017	-

The deferred tax balance is made up as follows

	2017 £'000	2016 £'000
Losses carried forward	-	1,299
	-	1,299

The Company has unrecognised trade losses of £0.7m (2016 - £6.8m) available for offset against future income, subject to certain restrictions.

14 Share capital

Details of the Company's share capital are given in the Group financial statements on note 24.

	2017 £'000	2016 £'000
Allotted, called up and fully paid		
79,632,165 (2016: 79,567,197) A ordinary shares of £0.01 each	796	796
1,479,000 (2016: 1,479,000) B ordinary shares of £0.01 each	15	15
4,281,000 (2016: 4,281,000) C ordinary shares of £0.01 each	43	43
35,620,778 (2016: 21,000,867) D ordinary shares of £0.00001 each	-	-
7,300,000 (2016: 3,460,000) E ordinary shares of £0.00001 each	-	-
	854	854

15 Treasury shares

The Company holds shares in itself via the Hyperion Insurance Group EBT. Refer to note 24 of the Group accounts for further detail.

16 Other reserves

Share premium

This reserve records the amount above the nominal value received for shares sold, less transaction costs

Capital redemption reserve

This reserve records the nominal value of shares repurchased by the company

Other reserves

This reserve relates to shares held in itself via the HIG EBT, along with any profits made on transactions with these shares and the translation reserve which contains the accumulated foreign exchange differences arising on translation of investments

Profit and loss account

Made up of all current and prior period retained profits and losses.

HYPERION INSURANCE GROUP LIMITED
PARENT COMPANY NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

17 Employees

The average monthly number of persons employed by the Company during the year was 3 (2016. 3), who were the Directors.

	2017	2016
	£'000	£'000
Employee costs		
Wages and salaries	3,300	2,782
Pension contribution	10	114
Share based payment	144	209
	3,454	3,105

18 Share based payments

Refer to the Group accounts for details of share based payments. The Company recognised a charge of £0.2m and has no employees but is the ultimate settling entity for certain awards to subsidiaries. The Company recognised an increase in investments in subsidiaries of £1.4m in respect of share-based payments.

19 Contingent liabilities

On 29 April 2015, the ultimate parent company Hyperion Insurance Group Limited along with wholly owned subsidiaries HIG Finance Limited and Hyperion Refinance S.a.r.l., entered into a financing agreement with Morgan Stanley Senior Funding, Inc., Royal Bank of Canada, HSBC Bank plc, Lloyds Bank plc, Royal Bank of Scotland and ING Capital LLC. Under the terms of this agreement, the company together with a number of other subsidiaries have given guarantees in respect of HIG Finance Limited's and Hyperion Refinance S a r.l.'s obligations under the terms of the agreement.

The Company has given parental guarantees to members of wholly-owned UK subsidiaries relating to outstanding liabilities to which the subsidiary companies are subject to

20 Related party transactions

The Company has taken advantage of the exemption available in FRS 102 to not disclose related party transactions with subsidiaries that are wholly owned within the group.

Details of balances and transactions with related parties that are not wholly owned are shown in the below tables:

	2017	2016
	£'000	£'
Debtors/(creditors) at 30 September		
FP Marine Risks Limited	3,750	
Howden Insurance LLC	(764)	
	2,986	

Interest income/(expense)

FP Marine Risks Limited

For details of related party transactions with key management personnel please refer to note 6 and 33 of the C

21 Post balance sheet events

See note 38 of the Group accounts for details of all events occurring after the balance sheet date.