

Enterprise Holdings Limited

GROUP REPORT & FINANCIAL STATEMENTS

31 March 2014

Enterprise Holdings Limited

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Enterprise Holdings Limited

DIRECTORS, OFFICERS AND OTHER INFORMATION

Directors:

A Flowers
N Cruz
J Jacobson
P Martinez

Joint Secretaries:

Acquarius Company Secretaries Limited
Elaine Jones

Auditors:

EY Limited
Regal House
Queensway
Gibraltar

Registered Office:

Suite 3, 2nd Floor
ICOM House
1/5 Irish Town
Gibraltar

Enterprise Holdings Limited

DIRECTORS' REPORT

The directors submit their report and the audited financial statements of Enterprise Holdings Limited and its subsidiaries ("the Group") for the year ended 31 March 2014.

Principal activity

Enterprise Holdings Limited ("the Company") is registered in Gibraltar and is an investment holding company. The principal activity of its main subsidiary undertaking, Enterprise Insurance Company Plc ("EICP") is the provision of a number of bespoke and tailored wholesale insurance solutions.

Review of business and future developments

The Group has worked hard in the twelve months at caption to significantly re-engineer the operations of its principal trading Company Enterprise Insurance Company. The Company has now virtually completed the run-off of two loss making UK motor accounts and we are pleased to report that we are seeing strong profit contributions going into the new financial year from each of our motor territories. The establishment of Enterprise Assist, the Group's new UK claims handling operation, has begun to deliver significant savings in claims handling costs and reductions of leakage and will begin to deliver year on year benefits over the next few months. Linked to a new underwriting process we are targeting very significant improvement in margin on our motor accounts in the new financial year. These initiatives will see improved claims handling, tighter underwriting controls and a platform for business growth, which will all see increased business growth with a return to significant profitability for the Group in the new financial year.

The Group's subsidiary, Enterprise Insurance Company Plc, continues to prepare for the introduction of Solvency II. New Corporate Governance structures in line with those envisaged for Solvency II, Pillar II have been introduced and have been fully operational for some 12 months. This has seen the formation of a number of new committees which have added additional quality to decisions made within the Company. Further changes to decision making groups will be introduced in the next twelve months to ensure they meet both the demands of the business and Solvency II.

The Company issued a €35 million Bond on the Frankfurt Stock Exchange in 2012 achieving a credit rating for the debt instrument of A- from Creditreform, one of Germany's leading credit reference agencies. The directors are delighted to report that the A- rating was maintained at a recent review and now carries one of the leading ratings of any Company with debt instruments listed on the Mittelstand exchange.

In a year of much positive change the directors believe that we have shaped a platform for the future. A great deal has been achieved and the directors look forward with anticipation to significantly profitable growth, utilising the platform that has been created within its subsidiary businesses. The directors are continuing to seek out further strategic investments as part of its on-going strategy to further enhance business growth, shareholder value and to deliver a highly profitable future for the Company through its subsidiaries.

Results and dividends

The results of the Group for the year are shown in the profit and loss account on pages 6 and 7. The directors do not recommend the payment of a dividend.

Enterprise Holdings Limited

DIRECTORS' REPORT *(continued)*

Directors

The directors of the Company during the period and to the date of signing the financial statements were as stated on page 1.

Financial risk management objectives and policies

The Group is exposed to financial risk through its financial assets, reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The financial risk management objectives and policies are set out in note 2 to the financial statements.

Statement of Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:


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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the accounts comply with the Gibraltar Companies Act and the Insurance Companies (Accounts Directive) Regulations 1997. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

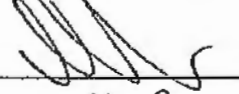
The maintenance and integrity of the Group's website is the responsibility of the directors. The directors' responsibility extends to the ongoing integrity of the financial statements contained therein.

Auditors

The retiring auditors are EY Limited who are eligible for reappointment.



A. Flowers
Director



N. Cruz
Director

30 / 9 / 14

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENTERPRISE HOLDINGS LIMITED

Report on the Financial Statements

We have audited the group financial statements of Enterprise Holdings Limited for the year ended 31 March 2014 which comprise the group profit and loss account, the group and parent company balance sheets, the group cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 182 of the Companies Act and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Directors' responsibilities for the financial statements

The directors are responsible for the preparation and true and fair presentation of these financial statements in accordance with the Gibraltar Companies Act, the Insurance Companies (Accounts Directive) Regulations 1997 and Gibraltar Accounting Standards (Gibraltar Generally Accepted Accounting Practices). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ENTERPRISE HOLDINGS LIMITED (Continued)**

Opinion

In our opinion, the financial statements:

- give a true and fair view, in accordance with Gibraltar Generally Accepted Accounting Practice, of the state of the group and the company's affairs as at 31 March 2014 and of the group's loss and cash flows for the year then ended; and
- have been properly prepared in accordance with the Gibraltar Companies Act and the Insurance Companies (Accounts Directive) Regulations 1997.

Emphasis of matter – going concern

In forming our opinion we have considered the adequacy of the disclosures made in note 1 (Going concern basis of preparation of the financial statements) to the financial statements concerning the directors' decision to prepare the financial statements on a going concern basis based on continued shareholder support. Our opinion is not qualified in this respect.

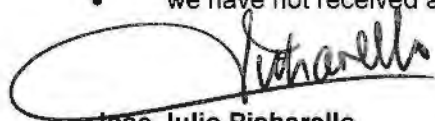
Opinion on other matter prescribed by the Companies Act

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

Matters on which we are required to report by exception

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

- the company has not kept proper accounting records; or
- if information specified by law regarding directors' remuneration and other transactions is not disclosed; or
- we have not received all the information and explanations we require for our audit.



Jose Julio Pisharello

Statutory auditor for and on behalf of

EY LIMITED

Registered auditors

Chartered Accountants
Regal House
Queensway
Gibraltar

1 October 2014

Enterprise Holdings Limited

GROUP PROFIT AND LOSS ACCOUNT for the year ended 31 March 2014

TECHNICAL ACCOUNT

		2014		2013	
	Notes	£	£	£	£
Earned premiums, net of reinsurance					
Gross written premiums	3	152,749,840	134,809,542		
Outward reinsurance premiums	3	(65,771,280)	(57,509,054)		
Net written premiums		86,978,560		77,300,488	
Change in the gross provision for unearned premiums	3	(9,156,740)	(18,828,660)		
Change in the provision for unearned premiums, reinsurers' share	3	3,219,671	9,531,414		
		(5,937,069)		(9,297,246)	
Earned premiums, net of reinsurance		81,041,491		68,003,242	
Other technical income		2,210,102		2,740,762	
Claims incurred, net of reinsurance					
Claims paid					
Gross amount	4	(65,006,347)	(46,616,735)		
Reinsurers' share	4	27,007,821	16,331,627		
		(37,998,526)	(30,285,108)		
Change in the provision for claims					
Gross amount	4	(17,835,877)	(31,409,327)		
Reinsurers' share	4	2,992,123	15,203,200		
		(14,843,754)	(16,206,127)		
Claims incurred, net of reinsurance		(52,842,280)		(46,491,235)	
Net operating expenses	5	(21,109,492)		(24,912,104)	
Balance on the Technical Account		9,299,821		(659,335)	

The notes on pages 13 to 35 form part of these financial statements.

Enterprise Holdings Limited

GROUP PROFIT AND LOSS ACCOUNT for the year ended 31 March 2014

NON - TECHNICAL ACCOUNT

	Notes	2014 £	2013 £
Balance on the General Business Technical Account		9,299,821	(659,335)
Investment income			
Interest receivable		1,576,176	566,114
Unrealised (loss) / gain on investments		(834,258)	18,652
Realised (loss) / gain on investments		(60,630)	22,879
Other income		20,000	43,225
Other charges	6	(15,183,000)	(12,591,335)
Loss on ordinary activities before tax		(5,181,890)	(12,599,800)
Tax on loss on ordinary activities	7	(610,441)	(152,183)
Loss on ordinary activities after taxation		(5,792,331)	(12,751,983)
Minority interest		47	133
Loss for the financial year		(5,792,284)	(12,751,850)

The Group has had no discontinued activities in the year. Accordingly, the above results for the Group relate solely to continuing activities and include all recognised gains and losses in arriving at the loss for the year. This loss is stated on an historical cost basis modified by marking to market of other financial investments and revaluation of land and buildings to fair value.

The notes on pages 13 to 35 form part of these financial statements.

Enterprise Holdings Limited

GROUP BALANCE SHEET as at 31 March 2014

ASSETS

	Notes	2014 £	£	2013 £	£
Intangible asset					
Goodwill	8		-	172,797	
Investments					
Land and buildings	9	2,727,583	2,050,083		
Other financial investments	10	40,128,693	22,262,279		
			42,856,276	24,312,362	
Reinsurers' share of technical provisions					
Provision for unearned premiums	3	26,039,952	22,820,281		
Claims outstanding	4	27,862,518	24,870,395		
			53,902,470	47,690,676	
Debtors					
Debtors arising out of direct insurance operations		38,161,622	41,508,363		
Debtors arising out of reinsurance operations		5,944,023	13,320,947		
Other debtors		3,986,120	2,927,242		
			48,141,765	57,756,552	
Other assets					
Tangible fixed assets	11	339,504	235,344		
Cash at bank and in hand	12	25,672,225	21,105,107		
			26,011,729	21,340,451	
Prepayments and accrued income					
Accrued interest		319,980	273,906		
Deferred acquisition costs		14,902,791	13,087,977		
Other prepayments and accrued income		2,760,451	878,214		
			17,983,212	14,240,097	
Total assets			188,895,452	165,512,935	

The notes on pages 13 to 35 form part of these financial statements.

Enterprise Holdings Limited

GROUP BALANCE SHEET as at 31 March 2014 (*continued*)

LIABILITIES

	Notes	2014 £	£	2013 £	£
Capital and reserves					
Called up share capital	13, 14	700		700	
Share premium account	14	699,550		699,550	
Profit and loss account	14	(10,502,129)		(4,709,845)	
Equity shareholders' funds			(9,801,879)		(4,009,595)
Equity minority interests			2,756,410		2,632,434
Technical provisions					
Provision for unearned premiums					
- gross amount	3	62,369,662		53,212,922	
Claims outstanding					
- gross amount	4	75,885,330		58,049,453	
			138,254,992		111,262,375
Creditors					
Creditors arising out of direct insurance operations		3,322,736		3,811,021	
Creditors arising out of reinsurance operations		15,287,029		23,196,762	
Debenture loans	15	27,066,735		17,993,079	
Other creditors - including taxation and social security	16	5,619,075		5,171,213	
			51,295,575		50,172,075
Accruals and deferred income			6,390,354		5,455,646
Total liabilities and shareholders' equity			188,895,452		165,512,935

Approved and signed on behalf of the Board of directors on 30/9/14.

A Flowers

Director

N Cruz

Director

The notes on pages 14 to 35 form part of these financial statements.

Enterprise Holdings Limited

COMPANY BALANCE SHEET as at 31 March 2014


ASSETS


		2014		2013	
	Notes	£	£	£	£
Investments					
Investments in group undertakings	10(b)	43,798,298		12,000,000	
Debtors					
Amount due from subsidiary undertaking		6,891		4,000,000	
Sundry debtors		1,717		250	
Other assets					
Cash at bank	12	3,994,039		3,181,952	
Total assets		<u>47,800,945</u>		<u>19,182,202</u>	

LIABILITIES

Capital and reserves					
Called up share capital	13,14	700		700	
Share premium account	14	699,550		699,550	
Profit and loss account	14	(6,171,283)		(1,246,969)	
Equity shareholders' funds		<u>(5,471,033)</u>		<u>(546,719)</u>	
Creditors					
Amounts due to group undertakings		25,441,254		970,067	
Debtenture loans	15	27,066,735		17,993,079	
Other creditors		756,006		89,027	
		<u>53,263,995</u>		<u>19,052,173</u>	
Accruals and deferred income		<u>7,983</u>		<u>676,748</u>	
Total liabilities and shareholders' equity		<u>47,800,945</u>		<u>19,182,202</u>	

Approved and signed on behalf of the Board of directors on 30/9/14


 Director A. Flowers


 Director N. Cruz

Enterprise Holdings Limited

GROUP CASH FLOW STATEMENT for the year ended 31 March 2014

	Note	2014 £	2013 £
Net cash inflow from operating activities	17(i)	15,588,683	1,349,536
Returns on investments and servicing of finance			
Interest received		1,576,176	566,114
Interest paid		(1,050,164)	(28,000)
		<u>526,012</u>	<u>538,114</u>
Taxation			
Taxation paid		(388,248)	(317,783)
Capital expenditure			
Payments to acquire tangible fixed assets		(227,524)	(62,058)
Sale of fixed assets		-	3,272
		<u>(227,524)</u>	<u>(58,786)</u>
Net cash inflow before financing		15,498,923	1,511,081
Financing			
Net proceeds from financing		8,506,997	17,825,494
Net increase in cash		24,005,920	19,336,575
CASH FLOWS WERE INVESTED AS FOLLOWS:			
Increase in cash at bank and in hand		4,567,118	11,517,790
Net portfolio investment (excluding cash)			
Increase in other financial investments		18,761,302	7,153,785
Payments to acquire land and buildings		677,500	665,000
Net investment of cash flows		24,005,920	19,336,575

The notes on pages 13 to 35 form part of these financial statements.

Enterprise Holdings Limited

GROUP CASH FLOW STATEMENT for the year ended 31 March 2014 *(continued)*

	Note	2014 £	2013 £
Movement in opening and closing portfolio investments net of financing:			
Net cash flow for the year		24,005,920	19,336,575
Transfer from fixed assets to land and buildings		-	329,083
Other changes including market values and exchange rate effects		(894,888)	41,531
Portfolio investments net of financing b/fwd		27,424,390	25,710,280
		<hr/>	<hr/>
		50,535,422	45,417,469
Net change in debenture loans		(9,073,656)	(17,993,079)
		<hr/>	<hr/>
Portfolio investments net of financing c/fwd		41,461,766	27,424,390
		<hr/>	<hr/>
Cash, portfolio investment and financing consisting of:			
Cash at bank and in hand		25,672,225	21,105,107
Other financial investments		40,128,693	22,262,279
Land and buildings		2,727,583	2,050,083
Debenture loans		(27,066,735)	(17,993,079)
		<hr/>	<hr/>
	17(ii)	41,461,766	27,424,390
		<hr/>	<hr/>

The notes on pages 13 to 35 form part of these financial statements.

Enterprise Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group financial statements:

Basis of accounting

The financial statements have been prepared under the historical cost convention (modified by the marking to market of other financial investments and revaluation of land and buildings to fair value), the accounting policies set out below, and applicable legislation and in accordance with Gibraltar Accounting Standards.

Gibraltar legislation applied in the preparation of these financial statements includes the Companies Act and the Insurance Companies (Accounts Directive) Regulations 1997.

The financial statements have been prepared in accordance with the Statement of Recommended Practice issued by the Association of British Insurers (the "ABI SORP") on Accounting for Insurance Business issued in December 2005.

Going concern basis of preparation of the financial statements

Shareholder Support - The directors have received confirmation from the shareholders of Enterprise Holdings Limited that they will provide unconditional financial support to the group should the need arise. Further the directors consider that the Group continues to have adequate resources to manage its business risks successfully and that it will return to profitability in the current financial year. Accordingly, the Company has adopted the going concern basis in preparing the financial statements.

Principal subsidiary - The Company's main subsidiary, Enterprise Insurance Company Plc ("EICP") is required to maintain a minimum solvency margin (RMM) as required by the Insurance Companies (Solvency Margins and Guarantee Funds) Regulations 2004. Furthermore, the Financial Services Commission ("FSC") specifies the minimum amount and type of capital that must be held by EICP and has indicated that the EICP should be at 150% of the RMM.

As at 31 March 2014, EICP had net assets of £20.8m (2013: £17.6m) and a solvency position of £2.0m in excess of the minimum solvency margin of £16.4m (2013: £0.1m surplus over the minimum solvency margin of £15.4m) but below the FSC's expected position of 150%. The solvency position as at 31 March 2014 is subject to normal regulatory review upon submission of this Report and Financial Statements, together with Regulatory Returns.

As stated in Note 4, EICP's booked reserves are £2 million below the external actuary's best estimate. Despite the fact that the directors believe this to be justified for the reasons given in Note 4 it is possible that the Gibraltar Regulator may require an enhanced capital requirement stemming from the decision not to book the reserves at the best estimate of the external actuary. This may include the submission by the company of a revised restoration plan.

In November 2010 (updated in August 2012) the Financial Services Commission ("FSC") requested the submission of a restoration plan to strengthen EICP's solvency position principally to increase the capital base of EICP. During the year EICP issued shares totalling £8.125m (see note 12) and subsequent to the year end EICP has been further capitalised by an additional £1.5m in share capital.

Enterprise Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies (*continued*)

Going concern basis of preparation of the financial statements (*continued*)

EICP's business plan for the financial year ending 31 March 2015 projects non technical profits before tax of £3.5m and a further £1.77m to September 2015. However it should be noted that whilst the business plan takes account of some of the expected improvements in ultimate loss ratios as a result of improvements to underwriting and claims handling as referred to in the Review of Business, the projections do not take account of reserve savings expected on open claims. Unaudited management accounts to June show a positive variance of circa £658k relative to the business plan.

Basis of consolidation

The group financial statements include the assets, liabilities and results of Enterprise Holdings Limited ("the Company") and its subsidiary undertakings (collectively, "the Group") in which the Group has a controlling interest, using accounts drawn up to 31 March 2014.

The Company has taken advantage of the exemption under Section 7 of the Insurance Companies (Accounts Directive) Regulations 1997 from presenting its own profit and loss account.

Business acquisitions

Business acquisitions are accounted for by applying the acquisition method of accounting, which adjusts the net assets of the acquired company to fair value at the date of purchase. The difference between fair value of net assets of the acquired company and the fair value of the consideration given represents goodwill.

Basis of accounting for insurance business

The results are determined on an annual basis, whereby the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums, net of reinsurance.

Premiums

Premiums written relate to business inception during the period, together with any differences between the booked premiums for prior years and those previously accrued, and include estimates of premiums due but not yet receivable or notified to the Group less an allowance for cancellations, discounts, refunds and rebates but before deduction of reinsurance ceded and commission payable.

Premiums are payable on inception of the policy other than for deferred policies where payment is due when the claim has been settled.

Outward reinsurance premiums are accounted for in the same accounting period as the related direct insurance business.

Unearned premiums reserve

The unearned premiums reserve represents the proportion of premiums written in the period that relate to the unexpired terms of the policies in force at the balance sheet date. For policies with an indefinite period of insurance the premiums are fully earned on the inception date with an appropriate claims reserve created.

Critical accounting estimates - Claims provisions and related reinsurance recoveries

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities. These estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group's most critical accounting estimate is the ultimate liability arising from insurance claims.

Enterprise Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies (*continued*)

Critical accounting estimates - Claims provisions and related reinsurance recoveries (*continued*)

Claims incurred comprise claims paid during the financial period together with the movement in the provision for outstanding claims. Reinsurance recoveries are accounted for in the same accounting period as the claims for the related business being reinsured.

The provision for claims outstanding is made on an individual basis and is based on the ultimate cost of all claims notified but not settled by the balance sheet date. The provision also includes the estimated cost of claims incurred but not reported at the balance sheet date based on statistical methods.

Claims outstanding

The estimation of claims incurred but not reported ("IBNR") is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where more information about the claim event is generally available. Claims IBNR may often not be apparent to the insurer until many years after the event giving rise to the claim has happened. Classes of business where the IBNR proportion of the total reserve is high will typically display greater variations between the initial estimates and the final outcomes because of the greater degree of difficulty of estimating those reserves. Classes of business where claims are typically reported relatively quickly after the claim event will tend to display lower levels of volatility. In calculating the estimated cost of unpaid claims, the Group uses a variety of estimation techniques, generally based upon statistical analyses of historic experience, which assumes that the development pattern of the current claims will be consistent with past experience.

Reinsurance recoveries

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more insurance contracts issued by the Group are classified as reinsurance contracts held.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as long-term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Group assesses its reinsurance assets for impairment on an annual basis. The Group gathers the evidence that a reinsurance asset is impaired by having regard to market data on the financial strength of each of the reinsurance companies.

Acquisition costs

Acquisition costs are included within net operating expenses and comprise of direct acquisition costs (like brokerage and service company costs) and indirect acquisition costs (like advertising and marketing costs) in connection with the issuance of insurance contracts written during the financial year. When indirect acquisition costs include other costs but these cannot be reliably determined, the full costs are treated as acquisition costs. They are spread over an equivalent period to that over which the premiums on the underlying business are earned. Deferred acquisition costs represent the proportion of acquisition costs incurred in respect of unearned premiums at the balance sheet date.

Enterprise Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies (*continued*)

Sliding scale commission

Where applicable, sliding scale commission is accrued on business written using ultimate loss ratios to calculate the commission. It is spread over a period equivalent to that over which the premiums on the underlying business are earned.

Guarantee fund levies

Provision is made at the balance sheet date for levies declared by the Financial Services Compensation Scheme and Motor Insurers' Bureau based on premium income recognised in the financial statements. The charge in the technical account is matched to earned premiums.

Foreign currencies

(i) Functional and presentation currency

Items included in the group financial statements are measured and presented using British pounds (£), the currency of the primary economic environment in which the Group operates (the 'functional currency'), which is also the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the exchange rate ruling at the balance sheet of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Other financial investments

The Group has designated, on initial recognition, its financial assets held for investment purposes (investments) at fair value through profit and loss account. The fair values of quoted financial investments are based on current bid prices. If the market for an investment is not active, fair value is established by using other valuation techniques.

Financial investments comprise the following:

- Shares and other variable yield securities and unit trusts are shown at market value;
- Debt securities and other fixed income securities shown at market value;
- Deposits with credit institutions shown at fair value;
- Derivative contracts shown at market value; and
- Other loans secured by charges – at cost

Investments in group undertakings

Investments in group undertakings are recorded in the Company's balance sheet at cost less any necessary provision for impairment in value.

Impairment reviews

A review for impairment of investments is conducted if events or changes in circumstances indicate that the carrying amount of any asset may not be recoverable in full. To the extent that the carrying amount exceeds the recoverable amount, the asset is impaired and is written down. Any impairment loss is recognised in the profit and loss account.

Enterprise Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies (*continued*)

Land and buildings

Land and buildings include freehold and leasehold properties and are valued at open market valuation. Full valuations are made by independent, professionally qualified valuers every three years. The aggregate surplus or deficit on revaluation is taken to the non-technical account.

No depreciation or amortisation is provided in respect of land and buildings as the directors consider that the residual value is not less than the current carrying value. Depreciation is only one of the factors reflected in the annual valuations, and the amounts which might otherwise have been shown cannot reasonably be separately identified or quantified.

Leasehold improvements relating to properties that have been revalued are included in the value of land and buildings.

Investment income

Interest income is accounted for as and when it becomes due and receivable.

Realised gains or losses represent the difference between net sales proceeds and purchase price.

Unrealised gains and losses on investments represent the difference between the current value of investments at the balance sheet date and their purchase price. The movement in unrealised investment gains/losses includes an adjustment for previously recognised unrealised gains/losses on investments disposed of in the accounting period.

Investment return (including realised and the movement in unrealised investment gains and losses) on investments attributable to the general business and associated shareholder's funds is reported in the non-technical account.

Taxation and deferred tax

Current taxation

Current taxation is provided for on the basis of tax rates and tax laws that have been enacted or substantially enacted at the balance sheet date.

Deferred taxation

Deferred tax is recognised in respect of all significant timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

Enterprise Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies (*continued*)

Debenture loans

Debenture loans relate to capital instruments issued to raise capital. These include bonds and are recognised initially at fair value, net of bond issue costs. Capital instruments are subsequently recognised at amortised cost. The difference between the proceeds (net of bond issue costs) and the redemption value is recognised in the profit and loss account over the term of the instrument (the earlier of maturity date and early redemption date) using the effective interest method.

Goodwill

Positive goodwill arising on acquisition of a group undertaking represents the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired. This is stated at cost less amortisation.

Positive goodwill is capitalised and treated as an asset on consolidation. Positive goodwill is regarded as having a limited useful economic life of eight years and is amortised through the profit and loss account on a straight line basis over its useful economic life.

A provision for impairment is made when necessary.

Tangible fixed assets

The cost of fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Leasehold improvements	20%
Computer equipment	25%
Office equipment	25%

Operating leases

Rentals payable under operating leases are charged to the profit and loss account as incurred over the term of the lease.

Enterprise Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

2. Financial risk management objectives and policies

The Group's activities expose the business to a number of key risks which have the potential to affect its ability to achieve its business objectives.

The systems in place can only provide reasonable and not absolute assurance. The Board sets appropriate policies on risk management and internal control and seeks regular assurance as to their effectiveness. The following describes the Group's financial risk management policies.

The Group is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets and policyholder liabilities. In particular, the key financial risk is that the proceeds from the financial assets are not sufficient to fund the obligations arising from policies as they fall due. The most important components of financial risk are price risk, currency risk, credit risk, liquidity risk and cash flow interest rate risk.

The Group manages these positions with its investment managers to achieve investment returns in excess of obligations under insurance contracts.

Credit risk

The Group has four significant concentrations of credit risk.

These are (i) the placing of all reinsurance contracts with third party reinsurers (ii) the receipt of insurance premiums from policy holders and intermediaries (iii) the depositing of all of its cash with banks and money market funds, (iv) investments held in equities, variable yield securities (corporate and government bonds) and other fixed income securities.

In respect of its reinsurance contracts, these are placed with reputable reinsurers.

In respect of policy holders and intermediaries, the Group issues statements to all brokers and closely monitors the amounts due from them together with all payments made.

In respect of cash deposits, these are principally held with various high rated banks and money market funds.

In respect of other financial investments, these are managed together with the Group's advisors to ensure that credit risk is mitigated as far as possible.

Liquidity risk

The Group retains a significant proportion of gross written premiums in separately identifiable bank accounts thereby ensuring a prudent level of cash is available to meet its obligations arising from policies. In addition, the Group's other financial investments are held in short term and near cash instruments with money market funds deposits, sterling liquidity fund UCITS and liquid tradable securities.

Currency risk

During the year, one of the Group's subsidiaries, Enterprise Insurance Company plc, wrote insurance business in Austria, Belgium, France, Greece, Italy, Norway and the Republic of Ireland thereby exposing the Company to the variability of foreign currencies. The level of business written in these countries amounted to a sterling equivalent of £65,201,786 (2013: £48,053,359) relative to total premiums written of £152,749,840 (2013: £134,809,542). To the extent that the Directors are comfortable they have sufficient currency cash balances to discharge potential liabilities, surplus balances are exchanged for sterling.

Enterprise Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

2. Financial risk management objectives and policies *(continued)*

Interest rate risk and price risk

Interest rate risk and price risk arises primarily from cash at banks, debt securities and deposits with credit institutions. In addition, to the extent that claims inflation is correlated to interest rates, liabilities to policyholders are exposed to interest rate risk. The sensitivity analysis for interest rate risk illustrates how changes in fair values or future cash flows of financial assets will fluctuate as a result of changes in market interest rates at the reporting date. Below illustrates the sensitivity of the Group's debt and other fixed income securities to interest rate risk.

During the year, the Group entered into derivative transactions to hedge its exposure from the adverse movement of interest rates in its financial investments.

<u>Interest rate risk</u>	£	
Average interest bearing assets	16,041,162	
Actual interest received for the year	1,576,176	
Average rate of interest of - 10%		
Net loss for the year	(5,792,284)	
<hr/>		
If interest had been earned at 9% or 11%;	9%	11%
	£	£
Interest received for the year would be	1,443,705	1,764,528
Effect on net loss for the year	(132,471)	188,352
Net loss would be	(5,924,755)	(5,600,767)

Enterprise Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

3. Earned premiums, net of reinsurance

	2014		
	Gross £	Reinsurance £	Net £
Premiums receivable	152,749,840	(65,771,280)	86,978,560
Unearned premiums carried forward	(63,369,662)	26,039,952	(36,329,710)
Unearned premiums brought forward	53,212,922	(22,820,281)	30,392,641
Change in the provision for unearned premiums	(9,156,740)	3,219,671	(5,937,069)
Premiums earned	143,593,100	(62,551,609)	81,041,491
	2013		
	Gross £	Reinsurance £	Net £
Premiums receivable	134,809,542	(57,509,054)	77,300,488
Unearned premiums carried forward	(53,212,922)	22,820,281	(30,392,641)
Unearned premiums brought forward	34,384,262	(13,288,867)	21,095,395
Change in the provision for unearned premiums	(18,828,660)	9,531,414	(9,297,246)
Premiums earned	115,980,882	(47,977,640)	68,003,242

Enterprise Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

4. Claims incurred, net of reinsurance

	2014		
	Gross £	Reinsurance £	Net £
Claims paid	65,006,347	(27,007,821)	37,998,526
Outstanding claims carried forward	75,885,330	(27,862,518)	48,022,812
Outstanding claims brought forward	(58,049,453)	24,870,395	(33,179,058)
	17,835,877	(2,992,123)	14,843,754
Claims incurred	82,842,224	(29,999,944)	52,842,280
<i>Claims incurred in relation to current year</i>	<i>60,162,271</i>	<i>(24,532,931)</i>	<i>35,629,341</i>
<i>Run off deviations</i>	<i>22,679,953</i>	<i>(5,467,013)</i>	<i>17,212,939</i>
	2013		
	Gross £	Reinsurance £	Net £
Claims paid	46,616,735	(16,331,627)	30,285,108
Outstanding claims carried forward	58,049,453	(24,870,395)	33,179,058
Outstanding claims brought forward	(26,640,126)	9,667,195	(16,972,931)
	31,409,327	(15,203,200)	16,206,127
Claims incurred	78,026,062	(31,534,827)	46,491,235
<i>Claims incurred in relation to current year</i>	<i>49,568,829</i>	<i>(22,594,753)</i>	<i>26,974,076</i>
<i>Run off deviations</i>	<i>28,457,233</i>	<i>(8,940,074)</i>	<i>19,517,159</i>

EICP commissioned a full independent actuarial valuation of its geographically diverse motor book.

The review was carried out as at 31 March 2014 to coincide with EICP's reporting date.

Enterprise Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

4. Claims incurred, net of reinsurance (*continued*)

Gross claims reserves relating to the motor book amount to £72.6 million (2013: £52.4 million). EICP appointed an independent consulting actuarial firm to provide an actuarial valuation of the motor claims reserves as at 31 March 2014. The actuarial valuation provided the EICP with a range of undiscounted best estimates and their opinion of the best estimate reserve. The range of best estimates is as follows:

Gross of Coinsurance	Gross	Net (of XOL)
High end of range	92.9m	84.7m
Selected best	81.2m	76.8m
Low end of range	74.6m	72.6m

Adjusting for coinsurance, XOL and QS share of claims reserves, the actuarial estimates are as follows:

	Best	Low	Booked
Gross	81.2m	74.6m	72.6m
Gross (after coinsurance)	78.9m	72.9m	70.9m
Net (after XOL and Coins)	74.5m	70.9m	68.9m
Net (after XOL and Coins and QS)	47.7m	45.8m	43.8m

The amounts for claims paid applied by the independent actuarial firm differ with that of EICP's own records by £0.7 million arising from timing differences. The actuarial estimates have been adjusted by £0.7 million for consistency and comparability purposes

EICP has set its motor claims reserves at £68.9 million (net of XOL and net of coinsurance) and 43.8 million (net of XOL, Coinsurance and QS). The difference to the low end of the actuarial range of best estimates is £2.0 million on a net net basis.

It should be noted that subsequent to year-end and subsequent to the actuaries preparing their reserve review it was identified that a batch of circa 200 claims, on which there were outstanding reserves of circa £2 million, should have been closed at year-end. The actuaries acknowledge this in their Reserve Review report and state that had this information been available to them at the time they conducted their review then outstanding case estimates would have reduced by £2 million and this may have also impacted upon the estimated level of IBNR.

The directors have determined that in light of the above and taking other factors into account, the Board was satisfied that EICP reserve to an amount relative to the lower end of the best estimate range. Claims reserves for other lines of business are set at directors' valuation. The directors are confident that the reserves as set are adequate even without taking account of discounting.

5. Net operating expenses

	2014	2013
	£	£
Acquisition costs	35,571,894	34,429,319
Change in deferred acquisition costs	(1,814,803)	(4,988,479)
Change in reinsurance share of deferred acquisition costs	2,320,796	60,864
Administrative expenses	1,805,154	409,758
Reinsurance commissions and profit participation	(16,773,549)	(4,999,358)
	<u>21,109,492</u>	<u>24,912,104</u>

Administrative expenses include guarantee fund levies net of the reinsurance share.

Enterprise Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

6. Other charges

	2014 £	2013 £
Legal and professional fees	6,237,902	6,002,308
Gross wages and salaries	4,567,287	4,103,074
Finance costs	2,178,262	689,194
Depreciation of tangible fixed assets	122,957	105,509
Bank charges	162,173	88,780
Goodwill amortisation	172,797	76,800
Auditor's remuneration	73,941	65,473
Bank loan interest payable	28,000	28,000
Other expenses	1,639,681	1,432,197
	<u>15,183,000</u>	<u>12,591,335</u>

Directors emoluments included in gross wages and salaries during the year amounted to £2,882,876 (2013: £2,603,469).

The Group bore the cost of an average forty-eight (2013: thirty-two) employees during the year (including directors).

7. Taxation

	2014 £	2013 £
<i>Current tax</i>		
Gibraltar corporation tax on profit for the year	601,008	301,858
UK corporation tax on profit for the year	9,757	-
Adjustment in relation to prior period	(324)	(149,675)
	<u>610,441</u>	<u>152,183</u>
Tax on ordinary (loss) / profit on ordinary activities	610,441	152,183
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	-
	<u>-</u>	<u>-</u>
Tax on (loss) / profit on ordinary activities	610,441	152,183

Enterprise Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

7. Taxation (*continued*)

The tax assessed for the period is higher (2013: higher) than the standard rate of corporate tax in Gibraltar of 10%. The differences are explained below:

	2014 £	2013 £
Loss on ordinary activities before tax	(5,181,890)	(12,599,800)
Loss on ordinary activities multiplied by the standard rate of Gibraltar Corporation tax of 10%	(523,000)	(1,259,980)
standard rate of UK Corporation tax at 20%	9,623	-
Effects of:		
Expenses not deductible for tax purposes	161,741	569,771
Difference between depreciation and capital allowances	18,976	13,276
Income not taxable	(64,542)	(62,462)
Effect of tax losses on subsidiaries	1,007,643	1,041,253
	<hr/>	<hr/>
Current tax charge for the year	610,441	301,858

8. Goodwill

	£
Cost	
As at 31 March 2014 and 2013	614,397
Amortisation	
As at 1 April 2013	441,600
Charged during the year	<hr/>
	172,797
As at 31 March 2014	<hr/>
	-
Net book value	
As at 31 March 2014	<hr/>
	-
As at 31 March 2013	172,797

Goodwill represents the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired in EIG Holdings Limited. Goodwill was written off in the financial year as the subsidiary investments of EIG Holdings Limited were transferred to Enterprise Holdings Limited in preparation for the winding up of EIG Holdings Limited.

Enterprise Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

9. Land and buildings

	£
At the start of the year	2,050,083
Additions	677,500
As at 31 March 2014	2,727,583

Land and buildings include commercial property units and car parking spaces at Ragged Staff Wharf, Queensway Quay, Gibraltar. The commercial property units are being occupied by the Company as offices. The last open market revaluation on the commercial property units was on 7 June 2011 by Paul Gibson MRICS of Gibsons Chartered Surveyors. The market value of the properties (including cost of options to purchase and excluding parking spaces) was £1,300,000. The Directors consider that the market value of the property is still appropriate.

In prior year, the Company acquired a residential property in Gibraltar from a director.. The property was professionally valued by Gibson Gale Limited on 21 November 2012 at £665,000.

During the period, the Company acquired residential property in Gibraltar amounted to £677,500. The Directors consider that the purchase price represents its current market value.

A full valuation of each individual property will be coordinated during the financial year ending 31 March 2015.

10. Other financial investments

(a) Financial investments (Group)

	2014 £	2013 £
Shares and variable yield securities and units in unit trusts	20,821,522	9,487,127
Debt securities and other fixed income securities	18,047,171	11,275,152
Other loan	1,260,000	1,500,000
	40,128,693	22,262,279

The cost of other financial investments at 31 March 2014 was £40,138,308 (2013: £21,353,807).

Other loans represent 3.5% fixed rate secured loan notes which are repayable in December 2015. This is secured by way of a charge over certain of the issuer's bank accounts.

Enterprise Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

10. Other financial investments (continued)

(b) Investments in group undertakings (Company)

	2014	2013
	£	£
Investment in EIG Holdings Limited	12,000,000	12,000,000
Investment in Enterprise Insurance Company plc	31,600,000	-
Investment in EIG Services Limited	11,000	-
Investment in Quality Rating Limited	150,000	-
Investment in Enterprise Insurance N.V.	37,298	-

	Country of incorporation	Percentage held by the Company	Cost of the investments £	Capital and reserves £	Profit & loss £
EIG Holdings Limited	Gibraltar	100% (2013: 100%)	12,000,000 (2013: 12,000,000)	18,484,074 (2013: 22,499,978)	(15,905) (2013: 1,467,156)

This information is based on the subsidiary company's latest audited accounts as at 31 March 2014.

Direct holdings

Note: 2013 comparatives are indirect holdings through EIG Holdings Limited. The investments were transferred from EIG Holdings Limited during the course of the financial year ending 31 March 2014

Company	Country of incorporation	Percentage held by the Company	Cost of the investments £	Capital and reserves £	Profit & loss £
Enterprise Insurance Company Plc ("EICP")	Gibraltar	99.99% (2013: 99.99%)	31,600,000* (2013: 23,600,000)	20,763,575* (2013: 17,601,828)	(4,963,252) (2013: (10,427,320))
EIG Services Limited	Gibraltar	100% (2013: 100%)	11,000 (2013: 11,000)	7,249,203 (2013: 1,893,338)	5,355,865 (2013: 2,661,623)
Quality Rating Limited ("QRL")	United Kingdom	100% (2013: 100%)	150,000* (2013: 150,000)	144,825** (2013: 106,142)	38,683** (2012: 33,392)
Enterprise Insurance Company N.V.	Netherlands	100% (2013: 0%)	37,298 (2013: -)	37,227 (2013: -)	(71) (2013: -)
			£43,798,298 (2013: 23,761,000)		

*The directors consider that no provision for impairment of the investment is warranted at the current time considering the fact that across Enterprise Insurance Company plc and EIG Services Ltd the cost of investments ostensibly matches the capital and reserves of the two Companies given the plans for them in the current financial year as discussed in the Going Concern note.

** Figures are based on unaudited financial statements for the period from 1 April 2013 to 31 March 2014.

Enterprise Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

11. Tangible fixed assets

	Computer equipment £	Office equipment £	Total £
Cost			
At 1 April 2013	1,046,331	128,918	1,175,249
Additions during the year	196,850	30,674	227,524
Disposals during the year	(891)	-	(891)
At 31 March 2014	1,242,290	159,592	1,401,882
Depreciation			
At 1 April 2013	879,290	60,615	939,905
Charge for the year	89,720	33,237	122,957
Eliminated on disposal	(484)	-	(484)
At 31 March 2014	968,526	93,852	1,062,378
Net book value			
At 31 March 2014	273,764	65,750	339,504
At 31 March 2013	167,041	68,303	235,344

12. Cash at bank

In September 2012, the Group issued a Euro bond on the Frankfurt Stock Exchange (see note 15). As part of the bond issue, the Group is required to generate a cash fund over the term of the bond up to a level equivalent to the principal plus interest payable. As at the year end, the fund stood at £3.9 million and is included in cash at bank. The cash fund is only to be used for the repayment of the principal and interest upon redemption.

Enterprise Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

13. Called up share capital

	2014 £	2013 £
Authorised:		
1,000 ordinary shares of £1 each	1,000	1,000
1,000 non-cumulative redeemable preference shares of £1 each	1,000	1,000
	<hr/>	<hr/>
	2,000	2,000
Share capital allotted, called up and fully paid:		
500 ordinary shares of £1 each	500	500
200 non-cumulative redeemable preference shares of £1 each	200	200
	<hr/>	<hr/>
	700	700

The redeemable preference shares are non-cumulative, non-voting, participating redeemable shares which can be redeemed only at the option of the Company.

14. Reconciliation of shareholders' funds and movements in reserves

Group

	Share Capital £	Share Premium account £	Profit and loss account £	Total £
Balance at 1 April 2013	700	699,550	(4,709,845)	(4,009,595)
Loss for the year	-	-	(5,792,284)	(5,792,284)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2014	700	699,550	10,502,129	(9,801,879)

The share premium relates to 200 redeemable preference shares of £1 each issued at a premium of £3,497.75 each.

Enterprise Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

14. Reconciliation of shareholders' funds and movements in reserves (continued)

Company

	Share Capital £	Share Premium account £	Profit and loss account £	Total £
Balance at 1 April 2013	700	699,550	(1,246,969)	(546,719)
Loss for the period	-	-	(4,924,314)	(4,924,314)
Balance at 31 March 2014	700	699,550	(6,171,283)	(5,471,033)

15. Debenture loans

In September 2012, the Group offered 35 million Euro bonds on the Frankfurt Stock Exchange. As at the year-end, 35 million Euro bonds have been taken up.

The bonds offer a coupon rate of 7% payable annually in September. The bond has a maturity date of 26 September 2017. The bond has a call option (subject to a three month notice period before 28 September 2015) with an effective date of 28 September 2015 wherein the noteholder can demand repayment of the principal and interest accrued up to exercise date.

Interest payable on the bonds is treated as finance costs in the profit and loss account.

16. Other creditors including taxation and social security

	2014 £	2013 £
Insurance premium tax	3,906,743	4,216,333
Taxation and social security costs	298,054	75,861
Rhone Holdings Limited loan	700,000	700,000
Sundry creditors	714,278	179,019
	5,619,075	5,171,213

The loan from Rhone Holdings Limited was secured via a debenture over the Group's subsidiary, EIG Holdings Limited, in the previous financial year but the liability was transferred to Enterprise Holdings Limited during the current financial year. It is subject to interest linked to the French law administrative rate. The loan is repayable on demand.

Enterprise Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

17. (i) Reconciliation of loss to net operating cash flows

	2014 £	2013 £
Loss before taxation and minority interest	(5,181,890)	(12,599,800)
Adjustments for:		
Depreciation	122,956	112,809
Amortisation of goodwill	172,797	76,800
Interest receivable	(1,576,176)	(566,114)
Interest expense	1,050,164	717,194
Changes in market values	894,888	(41,531)
Decrease / (increase) in debtors and prepayments	5,871,672	(26,775,855)
Increase in net technical provisions	20,780,823	25,503,373
(Decrease) / increase in creditors and accruals and deferred income	(6,670,982)	14,695,702
Increase in minority interests	124,023	175,000
Fixed assets expensed during the year	-	51,182
Loss on disposal of fixed assets	408	776
Net cash inflow from operating activities	15,588,683	1,349,536

(ii) Movement in opening and closing portfolio investments net of financing

	As at 31/03/13 £	Cash flows for the year £	Other movements £	As at 31/03/14 £
Cash at bank and in hand	21,105,107	4,567,118	-	25,672,225
Land and buildings	2,050,083	677,500	-	2,727,583
Other financial investments	22,262,279	18,761,302	(894,888)	40,128,693
Debenture loans	(17,993,079)	(8,506,997)	(566,659)	(27,066,735)
	27,424,390	15,498,923	(1,461,547)	41,461,766

Enterprise Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

18. Segmental reporting

2014

	Motor	Fire and other damage to property	Legal expense	Miscellaneous	Liability	Total
	£	£	£	£	£	£
Gross written premiums	139,726,817	446,941	(247,766)	8,429,958	4,393,890	152,749,840
Gross earned premiums	129,598,323	343,033	154,773	7,757,914	5,739,057	143,593,100
Gross claims incurred	(76,844,656)	(42,789)	1,141,106	(5,531,210)	(1,564,673)	(82,842,222)
Gross operating expenses	(32,030,367)	(73,334)	(593,180)	(1,395,852)	(1,469,513)	(35,562,246)
Other technical income	2,123,947	-	86,155	-	-	2,210,102
Reinsurance balance	(17,216,959)	(20,353)	243,042	(726,723)	(377,922)	(18,098,915)

Premiums written for direct insurance business total £152,569,994 and for reinsurance business £179,846 and have been concluded by EICP in Gibraltar.

Enterprise Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

18. Segmental reporting (*continued*)

2013

	Motor £	Fire and other damage to property £	Legal expense £	Liability £	Miscellaneous £	Total £
Gross written premiums	106,390,328	240,378	13,989,184	7,189,235	7,000,417	134,809,542
Gross earned premiums	89,072,606	315,559	13,746,688	5,830,752	7,015,277	115,980,882
Gross claims incurred	(70,130,724)	(287,614)	(1,123,224)	(1,371,775)	(5,112,725)	(78,026,062)
Gross operating expenses	(22,946,934)	235,233	(3,738,054)	(1,569,744)	(1,831,099)	(29,850,598)
Other technical income	2,575,261	-	165,501	-	-	2,740,762
Reinsurance balance	(7,981,480)	656	(2,583,626)	(176,527)	(763,342)	(11,504,319)

Premiums written for direct insurance business total £134,771,352 and for reinsurance business £38,189 and have been concluded by EICP in Gibraltar.

Enterprise Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

19. Related party transactions

Significant transactions during the period and balances at the end of the period with related parties that require disclosure in accordance with Financial Reporting Standard 8, Related Party Disclosures, were as follows:

	Expenses		Amounts due from / (to) parties	
	2014	2013	2014	2013
	£	£	£	£
Rhone Holdings Limited	1,528,000	2,353,000	(702,333)	(702,333)
Monitor Insurance Services Ltd	60,262	2,204,663	12,549	974
A Flowers	1,850,000	1,900,000	-	-
Aquarius Company Secretaries Limited	4,928	19,697	(8,902)	-
Cruz & Co	51,275	62,173	-	92
PDL International	60,000	60,000	614	614
Minori Holdings Ltd	32,000	-	(4,000)	-
Bradsure Limited	20,291	34,084	-	-
Enterprise Hellas	6,716,649	198,730	10,124,453	-

The amount for Rhone Holdings Limited includes £2,333 (2013: £2,333) accrued interest included in accruals and deferred income account.

A Flowers is a director and a beneficial owner of the Company. See note 6 for director's emoluments.

Rhone Holdings Limited is a related party by virtue of it being a shareholder of Enterprise Holdings Limited. The rest of the above are considered related parties due to having common directors with the Group during the year.

	Expenses		Amounts due (to)/from parties	
	2014	2013	2014	2013
	£	£	£	£
Eurodommage Assurances S.A	(2,349,978)	(2,219,235)	1,257,966	102,287
Andeva Underwriting Agency Ltd	(5,036,479)	(1,721,925)	2,512,111	(421,079)
Claims Consulting Solutions Ltd	(857,107)	-	(314,410)	-

During the year Claims Consulting Solutions Ltd earned fees of £168,806 (2013: £31,200) from a contractual relationship between Enterprise Insurance Company Ltd and a third party claims handler.

The above are considered related parties due to having common ownership with the Group during the year.

Enterprise Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

20. Future rental commitments under operating leases

The Group has annual commitment of £29,494 (2013: £29,494) under a six year non-cancellable operating lease commencing on 4 May 2011.

21. Ultimate controlling party

No one individual has a controlling interest in the shares of the Company.