

Registered No: 39814

RSA Northern Ireland Insurance Limited
Directors' Report and Audited Financial Statements
Year Ended 31 December 2016

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DIRECTORS AND OTHER INFORMATION

Board of Directors at 31 December 2016

Gavin Mitchell *
Ciaran McGettrick ** (appointed 22 August 2016)
Roy Keenan ** (resigned 13 December 2016)
Jack McIllduff * (resigned 5 September 2016)

* Executive director

** Independent non-executive director

Solicitors

O'Hare & Co
St. George's Building
37/41 High Street
Belfast
BT1 2AB

Secretary and Registered Office

Wendy Cree
Law Society House
90-106 Victoria Street
Belfast
BT1 3GN

Banker

Bank of Ireland
4-8 High Street
Belfast
BT1 2BA

Independent Auditor

KPMG
1 Harbourmaster Place
IFSC
Dublin 1

STRATEGIC REPORT

Business Review

RSA Northern Ireland Insurance Limited ("the Company" or "RSANI") has continued to produce a robust result despite losing some business, specifically in the Motor and Liability products.

Commission Revenue has increased in 2016 (£8.86m) from 2015 (£8.25m).

Despite this, profit after tax has decreased from £17k profit in 2015 to £63k loss in the current year 2016. This is mainly due to:

- Additional IT costs for use of UK networks and additional IT spend
- Group deferred tax allocation to RSANI stood at £139k charge in 2016, compared to a credit of £21k in 2015. This is the main driver of the 2016 loss of £63k.

Overall, this year reported a steady level of overhead costs from £4.731m in 2015 to £4.729m in 2016.

KPI's

- Revenue commissions net of brokerage costs was 13.1% of written premiums (13.2% in 2015)
- Amounts paid to Brokers as a percentage of premiums written on behalf of RSA Ireland DAC across all products was 10.94% (9.56% in 2015)
- Cost of Sales and Administration Expenses to run the business were 12.8% of written premiums (12.9% in 2015)
- Debt management showed 1.25% of debts outside credit terms (2% in 2015)


Principal risks and uncertainties

The Company complies with the RSA Risk Framework including assessing risk appetite as agreed by the Board annually, risk event reporting and assessing and monitoring of key risks through the Risk Profile.

The Board is closely involved in risk management. The Company is involved in assessing and monitoring key risks through the Quarterly Risk Profile reports which are reported both to the RSANI Board and the Ireland Executive Team Risk & Control Committee.

The Company is currently completing its business planning for 2017-2019 with plans to achieve the growth targets agreed with RSA Insurance Ireland.

Signed On behalf of the board by:

 18/9/17

Director
Gavin Mitchell

Date: 18 September 2017

DIRECTORS' REPORT

The directors present the Directors' report together with the audited financial statements of RSA Northern Ireland Insurance Limited ("the Company" or "RSANI") for the year ended 31 December 2016.

Principal activities of the business

The principal activity of the Company is to carry out business as insurance underwriting agents.

Review of the development of the business

RSA Insurance Ireland DAC provides underwriting capacity to the Company. This facility is provided by a delegated binding authority in regard to general liability and motor insurance for risk domiciled in Northern Ireland. The continuation of support from the carrier is based on profitable underwriting performance. The risk carrier continues to be satisfied with this performance.

After the successful merger of Europa General Underwriters (NI) Limited and a RSA Insurance plc branch based in Belfast in 2013, RSA Northern Ireland Insurance Ltd continue to use seconded (not transferred) staff from RSA Insurance plc and continues to offer a consolidated, broader range of products for the insurance market.

Results for the year and state of affairs as at 31 December 2016

The Statement of Comprehensive Income for the year is set out on page 8. The Directors consider the results for the year to be satisfactory and expect that the present level of activity will be sustained for the foreseeable future.

Proposed dividend

The Directors do not recommend the payment of a dividend (2015: £Nil).

Future developments

The Company continues to act as an Underwriting Agency, principally on behalf of RSA Group companies but we will however continue to run off the claims and underwriting responsibilities of all previous binders operated by the Company. The risk carrier has already confirmed their support for the period 2017-2019.

Directors and secretary's interests in shares

The Directors of the Company during the year are as disclosed on Page 2. In accordance with the Articles of Association the directors are not required to retire by rotation.

Subsequent events

Lease renewal was entered into on 14th March 2017, with RSA Insurance plc on behalf of RSANI, and lease holders, Orby Investment Ltd. The value of this lease is £108,700 per annum for a period of five years, expiring on 31st December 2021. Ciaran Mc Gettrick resigned post year end on 5th August 2017. Enda Brazel is to be appointed Chairman on 12th September 2017.

Political and charitable contributions

The Company made charitable contributions of £1,835 (2015: £160). No political donations were made during 2016.


Independent Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG will therefore continue in office.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Signed On behalf of the board by:

 18/9/17

Director
Gavin Mitchell

Date: 18 September 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, Directors' Report, and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with FRS101 Reduced Disclosure Framework.

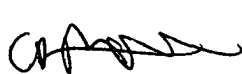
Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK 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 company will continue in business.

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

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

Signed On behalf of the board by:

 18/9/17

Director
Gavin Mitchell

Date 18 September 2017



KPMG
Audit
1 Harbourmaster Place
IFSC
Dublin 1
D01 F6F5
Ireland

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RSA NORTHERN IRELAND INSURANCE LIMITED

We have audited the financial statements of RSA Northern Ireland Insurance Limited ("the Company") for the year ended 31 December 2016 set out on pages 8 to 17 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS 101 *Reduced Disclosure Framework*. Our audit was conducted in accordance with International Standards on Auditing (ISAs) (UK & Ireland).

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

2 Our conclusions on other matters on which we are required to report by the Companies Act 2006 are set out below

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

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

3 We have nothing to report in respect of matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

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

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

We have nothing to report in respect of the above responsibilities.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RSA NORTHERN IRELAND INSURANCE LIMITED (continued)

Basis of our report, responsibilities and restrictions on use

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2006. Our responsibility is to audit and express an opinion on the financial statements in accordance with UK law and ISAs (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

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.

Ivor Conlon
for and on behalf of KPMG, Statutory Auditor
Chartered Accountants
1 Harbourmaster Place,
IFSC, Dublin 1.

18 September 2017

**Statement of Comprehensive Income
For the year ended 31 December 2016**

	Notes	2016 £	2015 £
Turnover	2	8,860,955	8,252,954
Cost of Sales – Broker Commission		<u>(4,041,604)</u>	<u>(3,466,348)</u>
Gross profit		4,819,351	4,786,606
Administrative expenses		<u>(4,729,353)</u>	<u>(4,731,346)</u>
Operating profit		89,998	55,260
Interest receivable		<u>28,313</u>	<u>3,477</u>
Profit on ordinary activities before taxation	3	118,311	58,737
Taxation on profit on ordinary activities	6	<u>(181,404)</u>	<u>(41,399)</u>
(Loss)/Profit on ordinary activities after taxation		<u>(63,093)</u>	<u>17,338</u>
Other Comprehensive income		-	-
Total Comprehensive (Loss)/Income for the Year		<u>(63,093)</u>	<u>17,338</u>

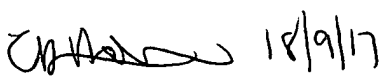
Turnover and operating profit arose solely from continuing operations.

The accompanying notes on pages 11 to 17 form an integral part of these financial statements.

Statement of Financial Position As at 31 December 2016	Notes	2016 £	2015 £
Fixed Assets			
Tangible assets	7	177,949	243,341
Intangible assets	7	848	19,055
		<u>178,797</u>	<u>262,396</u>
Current assets			
Debtors	8	11,397,656	11,656,676
Client bank account		2,695,053	5,223,511
Office bank account		1,343,357	51,099
Deferred tax	10	-	147,404
		<u>15,436,066</u>	<u>17,078,690</u>
Creditors - (amounts falling due within one year)	9	(12,016,667)	(13,679,797)
Net current assets		<u>3,419,399</u>	<u>3,398,893</u>
Total assets less current liabilities		<u>3,598,196</u>	<u>3,661,289</u>
Net assets		<u>3,598,196</u>	<u>3,661,289</u>
Capital and reserves			
Called up share capital	11	10,000	10,000
Profit and loss account		<u>3,588,196</u>	<u>3,651,289</u>
Shareholders' equity		<u>3,598,196</u>	<u>3,661,289</u>

The accompanying notes on pages 11 to 17 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 12 September 2017 and signed on its behalf by:



 Director
 Gavin Mitchell

Date 18 September 2017

Statement of Changes in Equity

For the year ended 31 December 2016

	Called up Share Capital	Profit & Loss	Total
	£	£	£
Balance at 1 January 2016	10,000	3,651,289	3,661,289
Total comprehensive income for the period			
Loss for the period	-	(63,093)	(63,093)
Balance at 31 December 2016	10,000	3,588,196	3,598,196

Statement of Changes in Equity

For the year ended 31 December 2015

	Called up Share Capital	Profit & Loss	Total
	£	£	£
Balance at 1 January 2015	10,000	3,633,951	3,643,951
Total comprehensive income for the period			
Loss for the period	-	17,338	17,338
Balance at 31 December 2015	10,000	3,651,289	3,661,289

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

The following policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

General and background

RSA Northern Ireland Insurance Limited ("the Company of "RSANI") is a company incorporated and domiciled in the United Kingdom, with its registered office located at Law Society House, 90-106 Victoria Street, Belfast, BT1 3GN. The principal activity of the Company is to carry out business as insurance underwriting agents.

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and in compliance with the Companies Act 2006.

The financial statements have been prepared on the going concern basis.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRS"), but makes amendments where necessary in order to comply with Companies Act 2006, and in availing of certain disclosure exemptions permitted by FRS101.

The exemptions used by the Company are as follows:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for tangible fixed assets;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of RSA Insurance Group plc includes the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Disclosures of related party transactions entered into between two or more of group members, where any subsidiary which is party to the transaction is a wholly owned subsidiary or such a member; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instruments: Disclosures.

Administrative expenses

All costs in relation to the running of the business are recorded as administrative expenses on the Statement of Comprehensive Income. These cost will typically include items such as salaries, motor & travel costs, information technology, sales & marketing as well as any print, post and stationery costs and financial costs including depreciation. Administration expenses are recognised in the Statement of Comprehensive Income on the accruals basis of accounting policy.

Debtors

Known bad debts are written off and specific provision is made for any amounts, the collection of which is considered doubtful.

Debtors & Creditors

Insurance debtors reported on the Statement of Financial Position represent the amounts owing from insurance broking firms based in Northern Ireland and represent the value of insurance premiums of the broking agent for various commercial business. Brokers' receive individual broker statements monthly.

Intercompany debtors represents the value of claims paid on behalf of the capacity provider for RSA NI being RSA Insurance Ireland DAC.

Creditors reported on the Statement of Financial Position represent supplier creditors, Tax and Amounts owed to Group undertakings for premium collected from the broker accounts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (continued)**Interest Receivable**

Represents interest from deposit bank accounts and interest on certain insurance products paid by instalment. Interest income is recognised in the Statement of Comprehensive Income as it accrues and is calculated using the effective interest rate method.

Tangible fixed assets and depreciation

The cost of tangible fixed assets is their purchase cost, together with any incidental costs 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 expected useful economic lives are:

Fixtures and fittings	5 Years
Computer equipment	3 Years
Property improvements	5 Years

Leasehold Assets (to term of lease)	Dec 2016
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Lease not renewed with RSANI in Dec 2016. Lease renewed under RSA Insurance plc.

Foreign currencies

The accounts are expressed in pounds sterling (GBP £). Transactions in foreign currencies are recorded using the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the Statement of Financial Position date and the gains and losses on transactions are included in the Statement of Comprehensive Income.

Pensions

The Company operates a defined contribution pension scheme which is financially separate from the Company. Contributions are charged to the Statement of Comprehensive Income as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and contributions actually paid are disclosed as either accruals or prepayments in the Statement of Financial Position.

Taxation

Taxation and deferred tax is recognised in the Statement of Comprehensive Income, except to the extent that the tax arises from a transaction or event recognised either in other comprehensive income or directly in equity.

Taxation is based on profits and income for the year as determined in accordance with the relevant tax legislation, together with adjustments for prior years.

Deferred tax

Deferred tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and the carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the related deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which unused tax losses and temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies (continued)**Dilapidation Provision**

A provision is recognised in the Statement of Financial Position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Company enters into an operating lease for land and buildings, a provision is recognised on inception to cover the present value of the estimated costs of removing any assets it has installed in the property; for example, internal walls or partitions. A leasehold asset is simultaneously recognised and is amortised over the life of the lease. The lease will typically contain a requirement to return the property to the lessor at the end of the lease term in specified condition. A provision for wear and tear is built up over the life of the lease to discharge this obligation.

Turnover

Turnover comprises commission receivable and recognised on policies incepting up to 31 December 2016. The full amount of commission is recognised in the month the policy is incepted across all the products in the business portfolio which are Motor and General Liability (see split in Note 2).

2 Turnover	2016	2015
	£	£
Motor commissions	4,891,293	4,205,714
Liability Commissions	3,969,662	4,047,240
Total	<u>8,860,955</u>	<u>8,252,954</u>
3 Profit on ordinary activities before taxation	2016	2015
	£	£
After charging:		
Depreciation of tangible fixed assets	<u>152,660</u>	<u>156,512</u>
4 Remuneration	2016	2015
	£	£
Director's emoluments	<u>162,506</u>	<u>164,633</u>
Auditor's Remuneration – Audit of company financial statements	<u>26,900</u>	<u>27,500</u>

There are no tax advisory, other assurance or non-audit services provided by statutory auditors for either 2016 or 2015.

5 Staff numbers and costs

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

	2016	2015
	Number	Number
Administration	<u>75</u>	<u>63</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

5 Staff numbers and costs (continued)	2016 £	2015 £
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	1,950,146	1,633,433
Social security costs	239,963	213,787
Pension costs	55,233	48,151
	<u>2,245,342</u>	<u>1,895,371</u>

6 Taxation	2016 £	2015 £
The tax amounts charged in the Statement of Comprehensive Income are as follows:		
Current tax		
UK corporation tax	34,000	48,460
Deferred tax		
Timing differences – origination and reversal	139,215	(21,095)
Adjustments for change in tax rates	8,189	14,034
Total deferred tax	<u>147,404</u>	<u>(7,061)</u>
Total Tax charge	<u>181,404</u>	<u>41,399</u>

The UK corporation tax for the current year is based on a rate of 20% (2015: 20.2%).

Reconciliation of the total tax charge

The tax charge for the year is more than 20% (2015: more than 20.2%) due to items set out in the reconciliation below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>118,311</u>	<u>58,737</u>
Tax at the UK rate of 20% (2015: 20.2%)	23,577	11,892
<i>Factors affecting the tax charge:</i>		
Expenses not deductible for tax purposes	732	12,840
Movement in deferred tax assets not recognised	164,885	-
Group relief received without payment	(20,509)	-
Effective change in tax rates – CT/DT variance	4,530	2,633
Effective change in tax rates – change in DT rate	8,189	14,034
Total Tax Charge	<u>181,404</u>	<u>41,399</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

7 Fixed assets	Property improvements £	Computer equipment £	Fixtures & fittings £	Leasehold assets £	Total £
Cost					
At 31 December 2015	362,104	196,835	124,303	117,042	800,284
Additions	25,777	33,530	-	9,753	69,060
Disposals	-	-	-	-	-
At 31 December 2016	387,881	230,365	124,303	126,795	869,344
Accumulated Depreciation					
At 31 December 2015	215,670	143,388	80,842	97,987	537,887
Charge for the year	73,439	29,894	21,367	27,960	152,660
Disposals	-	-	-	-	-
At 31 December 2016	289,109	173,282	102,209	125,947	690,547
Net book value					
At 31 December 2016	98,772	57,083	22,094	848	178,797
At 31 December 2015	146,434	53,447	43,460	19,055	262,396

8 Debtors: (amounts falling due within one year)	2016 £	2015 £
Insurance debtors	7,250,000	6,670,750
Amounts due from group undertakings	4,043,320	4,946,292
Other debtors	67,189	-
Prepayments and accrued income	37,147	39,634
	11,397,656	11,656,676

2015 Amounts due from group undertakings have been presented on a net basis to ensure similar treatment and comparison to current year 2016.

9 Creditors: (amounts falling due within one year)	2016 £	2015 £
Amounts falling due within one year:		
Insurance creditors	-	103,537
Payroll accruals	37,259	58,537
Other creditors	6,270	124,845
Accruals and deferred income	143,924	358,773
Dilapidation provision (Note 12)	126,796	117,042
Corporation tax	34,000	48,460
Amounts due to group undertakings	11,667,818	12,868,603
	12,016,667	13,679,797

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

9 Creditors: (amounts falling due within one year) (continued)

2015 Amounts due to group undertakings have been presented on a net basis to ensure similar treatment and comparison to current year 2016.

10 Deferred Taxation	2016	2015
	£	£
Deferred tax for current year is based on a rate of 17% (2015: 18%)		
At 1 January	147,404	140,343
Amount (charged)/ credited to the Statement of Comprehensive Income	(139,215)	21,095
Effect of change in tax rates – Statement of Comprehensive Income	(8,189)	(14,034)
At 31 December	<u>-</u>	<u>147,404</u>

The elements of deferred taxation are as follows:

Depreciation in excess of capital allowance	-	145,511
Provisions and other timing differences	-	1,893
Deferred tax asset	<u>-</u>	<u>147,404</u>

At the end of the reporting period, the Company has deductible temporary differences of £969,912 (2015: Nil) for which no deferred tax has been recognised.

11 Called up share capital	2016	2015
	£	£
Authorised:		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

12 Provision

	Dilapidation Provision	Total
	£	£
1 January 2016	117,042	117,042
Provision made during the year	9,754	9,754
At 31 December 2016	<u>126,796</u>	<u>126,796</u>

The dilapidation provision was created for the leasehold property currently occupied. The expectation is that this provision will cover the RSANI obligations to restore the property to its original condition on lease expiration.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

13 Operating Lease

Table of future minimum lease payments under each non-cancellable operating lease for each of the following periods:

	2016	2015
	Total	Total
	£	£
No Later than 1 year	-	102,286
1 to 5 Years	-	-
Later than 5 years	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>102,286</u>

14 Ultimate Parent Company

The immediate parent company of RSA Northern Ireland Insurance Limited is EGI Holdings Limited, a Company incorporated in the Republic of Ireland. The smallest and largest Group into which the results of the company are consolidated is RSA Insurance Group Plc and those consolidated financial statements are available from 20 Fenchurch Street, London, EC3M 3BD, UK.

15 Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The unpaid contributions outstanding at the year end, included in 'Payroll accruals' (note 9), are £37,259 (2015: £58,537).

16 Related party transactions

RSA Northern Ireland Insurance Limited transact business with Active Health Solutions Limited who provide physiotherapy services as part of insurance services to two clients of RSA Northern Ireland Insurance Limited. A daughter of Jack McIllduff, who was a director of RSA Northern Ireland Insurance Limited until September 2016, is a joint owner of Active Health Solutions Ltd. The amounts paid to Active Health Solutions Ltd was £25,000 in the year 2016 (£25,000 in the year 2015). RSA Northern Ireland Insurance Limited does not control or manage the work undertaken by Active Health Solutions Ltd who deal with the client directly. Jack McIllduff has no financial interests in Active Health Solutions Limited.

17 Subsequent events

Lease renewal was entered into on 14th March 2017, with RSA Insurance plc on behalf of RSANI, and lease holders, Orby Investment Ltd. The value of this lease is £108,700 per annum for a period of five years, expiring on 31st December 2021.

Ciaran Mc Gettrick resigned post year end on 5th August 2017.
Enda Brazel to be appointed Chairman on 12th September 2017.

18 Contingent liabilities

The Company has no contingent liabilities at 31 December 2016. (2015: Nil)

19 Approval of financial statements

The directors approved the financial statements on 12 September 2017.