



Iris



Iris Insurance Brokers Limited

Directors Report for the Year Ended
30 September 2016

Broker at **LLOYD'S**



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Iris Insurance Brokers is a member of the British Insurance Brokers' Association.
Iris Insurance Brokers is registered in England and Wales. 4072404

• Who we are

Iris is an independent specialist insurance and reinsurance broker with offices in the heart of the city of London along with support offices in Southend-on-Sea and Hertford. After gaining our Lloyds accreditation in 2007, the group concentrates on the provision of wholesale insurance and reinsurance solutions to our business partners. Our teams work in very specialist areas seeking out niche solutions to complex insurance requirements. The provision of these specialist solutions has generated tremendous customer loyalty and provided a unique platform to expand our business and build on our success by better servicing our customers.

• Key developments

Since our establishment in 2000 we wanted to create a stable, efficient and well-funded trading platform to allow our business to grow whilst attracting new teams and business opportunities.

The financial year ending September 2016 has been another year of continued growth. We have continued to build our infrastructure in anticipation for further expansion. We have achieved our results by investing in dedicated teams that supplement our core business. Our unique JVC business model has continued to work for IRIS in attracting new business teams. Our total operational divisions remain at ten with more staff being recruited into existing divisions. In 2016-2017, we expect our business to expand further with new divisions in the pipe line.

• Operational highlights

- Good consolidation across all teams with positive income growth.
- Staff numbers increased to 51.
- Expansion of the IT and Compliance departments.
- Investment in a new website for IRIS.
- Gaining 22 new cover holders across the globe.
- Continuous expansion of Blink Intermediary Solutions across the UK.

• **Financial highlights**

Maintaining our growth and profitability has been a key challenge but we are pleased that we have sustained excellent results.

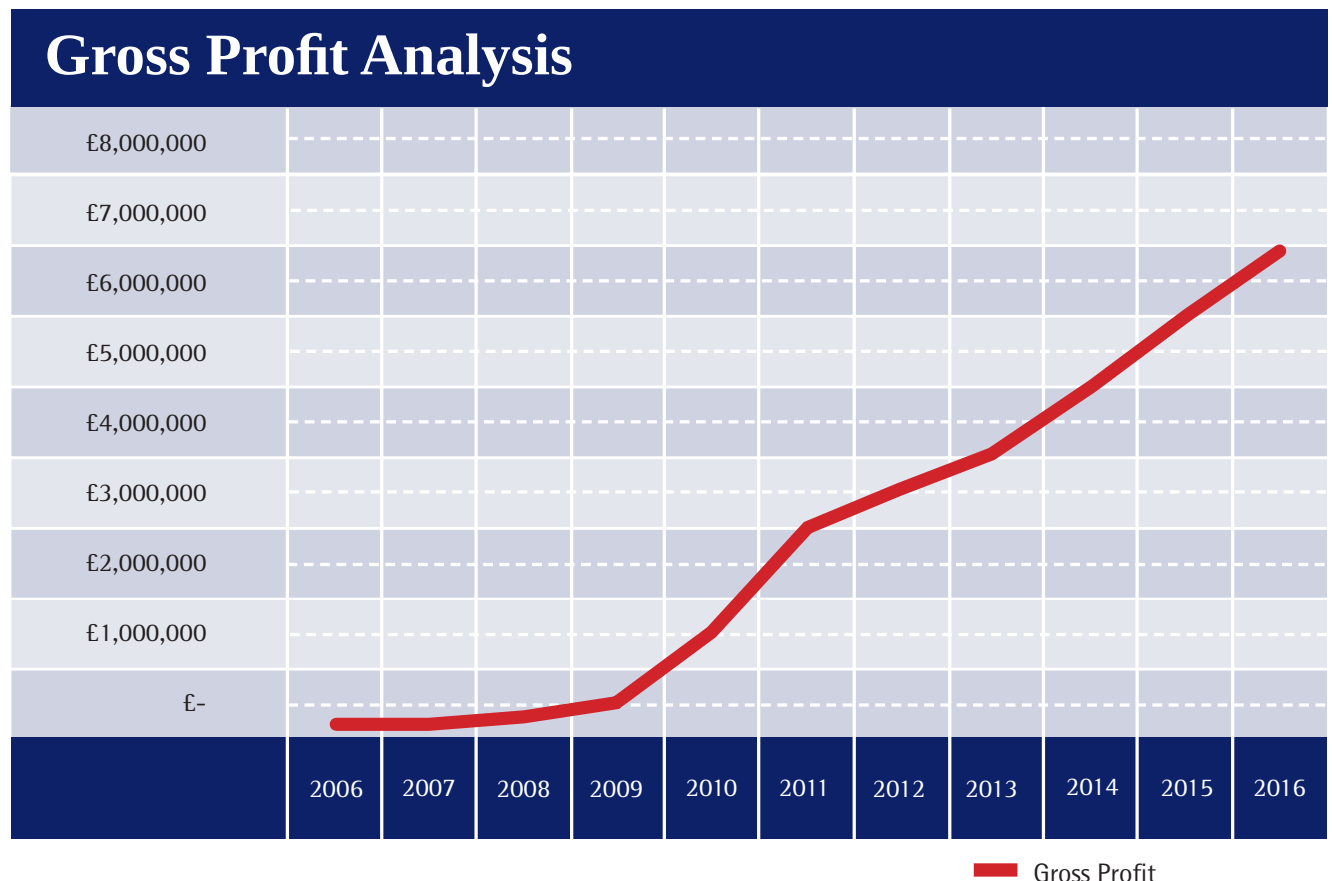
Our gross profit projection for 2016 was £6,700,000. Results have shown that IRIS’ retained fee and commission income has increased 12% in the financial year ending September 2016 to £6,670,493 which is only 0.44% off our projection. This has increased our Gross Profit Margin from 90.51% to 93.28%

We are also pleased to report pre-tax profits of £370,203 with a net profit margin of 5.18% before tax. We continue to choose a policy of investing some, or all, of our profits each year into growing the company. Our Investment costs for 2016 were for our 2 newest divisions totalling £253,451.

As noted by the auditors this year, IRIS had some exceptional items of expenditure. With the BREXIT vote outcome in June 2016, IRIS suffered some FX trade losses however in the long run; IRIS has been able to benefit from a weaker GBP rate as the majority of our income is overseas. IRIS also had to write off an intercompany balance which affected our bottom line profit.

Taking this into account, the board feel the underlying business model produces an operating profit margin of 13.57%.

We aim to increase brokerage earned by 6% in 2017 with projected gross profit of £7,100,000 and are on track to achieve our target.



2016 saw IRIS investing in another new property, boosting our fixed assets value by 35%. IRIS current ratio decreased from 1.02:1 in 2015 to 0.98:1 in 2016. This was mainly down to writing off an intercompany debt and an increase in creditors due to larger JVC profit shares. However, we feel our equity position is still adequate to meet the company's operational needs.

Year Ending	2011	2012	2013	2014	2015	2016
Commission income	£2,451,331	£2,973,806	£4,149,598	£5,087,311	£5,937,559	£6,670,493
Increase from last year	55%	21%	40%	23%	17%	12%
Profit before tax	£118,457	£4,709	£424,582	£306,130	£374,975	£370,203
Increase from last year	-69%	-96%	8916%	-28%	22%	-1%
Increase in reserves	£756,256	£704,590	£1,016,553	£1,065,968	£1,029,230	£812,718
Increase from last year	24%	-7%	44%	5%	2%	-21%

• Market opportunities

The board has generated numerous and exciting opportunities in 2016 for both team acquisition and organic market growth. The company's cost base and efficiency to market enables us to offer an attractive home to disaffected teams. Companies looking to form strategic partnerships are attracted by our strong financial performance and independence. We will only consider those partnerships that share our core values of client service and specialist product solution that fit with the company's on-going growth strategy.