



Iris



Iris Insurance Brokers Limited

Directors Report for the Year Ended
30 September 2018

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 2018 has been a great year for IRIS in terms of 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. We started to see a big return on our newest investments in 2018. Our newest division returned a profit in its first year of trading and we expect this to increase going forwards.

Our unique JVC business model has continued to work for IRIS in attracting new business teams. Our total operational divisions increased to 12 with more staff being recruited into existing divisions. In 2018-2019, we expect our business to expand further.

• Operational highlights

- Good consolidation across all teams with positive income growth.
- Recruitment of 1 new division for European business
- Staff numbers increased to 61
- Expansion of the IT and Compliance departments
- Continuous development of new bespoke SharePoint development team
- Gaining 3 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.

2018 proved to be a very prosperous year for IRIS. We are pleased to report pre-tax profits of £1,582,918. This is an increase of 123% from 2017 and has seen our net profit margin increase from 9.42% to 16.47% before tax.

Reasons for this include:

- Whilst turnover increased by 27.82%, overheads only increased by 18.14%
- No FX trade exchange losses were recognised in this financial year.
- New JVC division's starting to return on their investment costs in some, and fully remunerated in others.

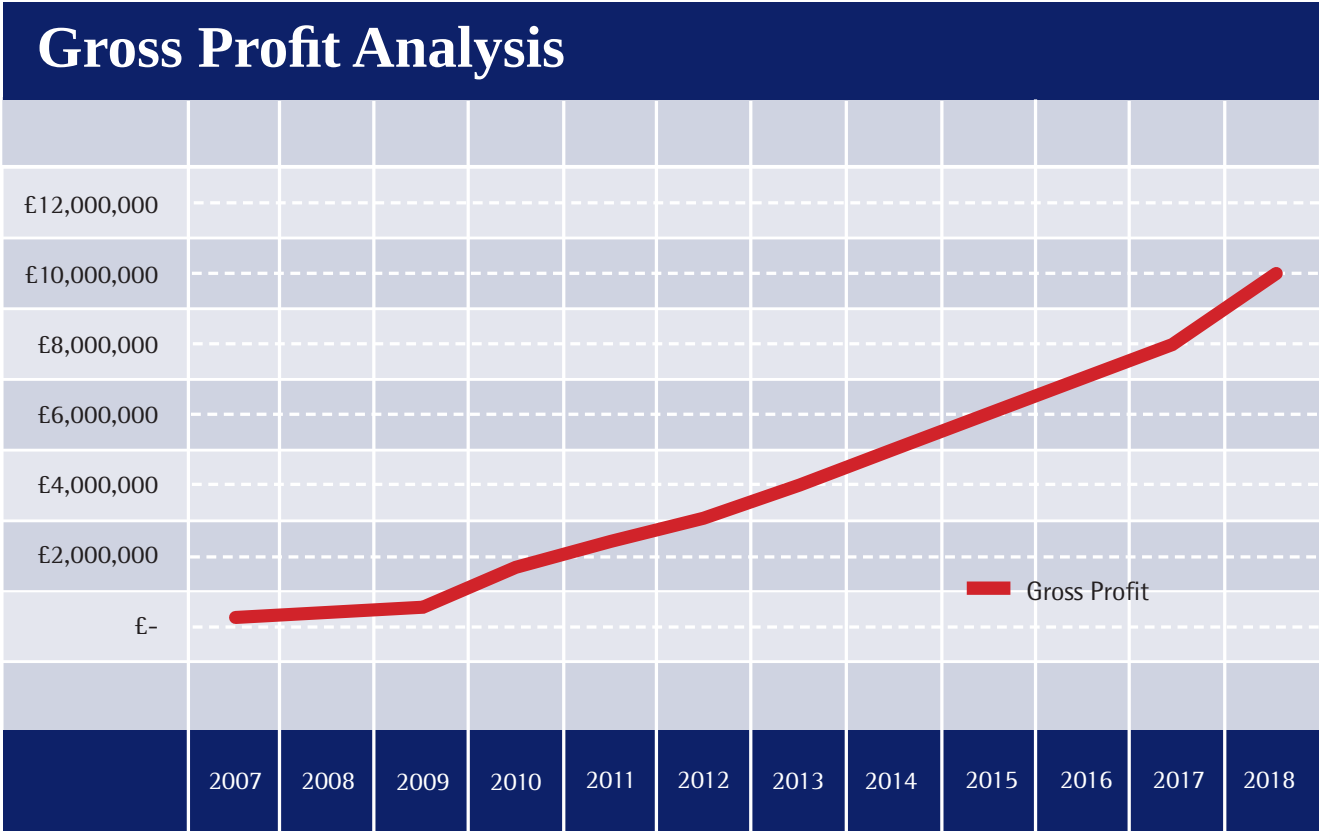
As a multi-currency business, the ongoing topic of BREXIT continues to surface into our day to day business activities. With a leaving date set for March 2019, Lloyds of London have prepared for this. Predominately, IRIS' Income is mostly USD and CAD, which will have a limited impact and will not negatively affect IRIS too drastically.

We continue to trade currency at spot rate. This year, IRIS has been able to benefit from a continually weaker GBP rate as the majority of our income is overseas.

Taking this into account, the board feel the underlying business model produces an overall operating profit margin of 12.77%. For our developed JVC divisions, this would sit at a higher level of 15%.

Our gross profit projection for 2017-2018 was £9,000,000. Results have shown that IRIS' retained fee and commission income has increased 28% in the financial year ending September 2018 to £9,613,326 which is over our projection by 6.81%.

We aim to increase brokerage earned by 10% in 2019 with projected total brokerage income of £10,600,000 and are on track to achieve our target.



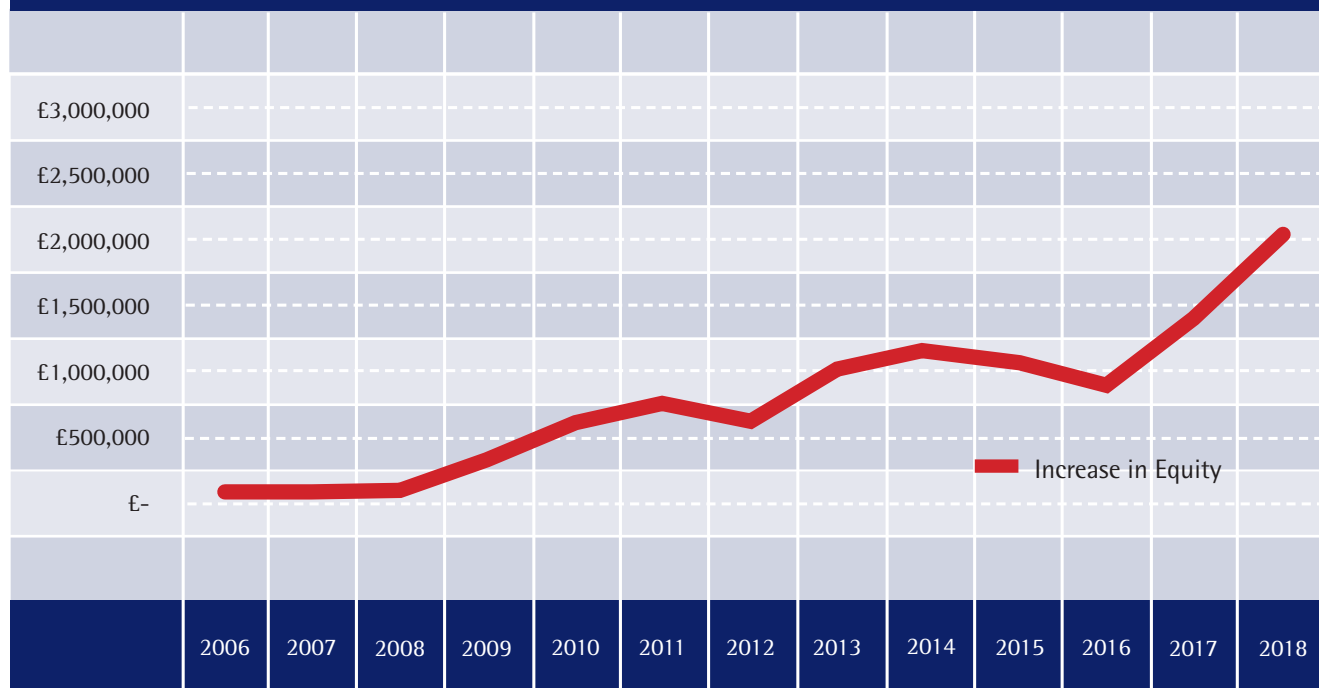
IRIS did not invest in any new properties in 2018, although re-valuation did occur, boosting our investment properties value by 0.89%. Overall equity increased by 51% to £2,095,579

With major planned works during 2018-2019, turning one of our properties into four separate units, we should see IRIS' equity increasing even more.

We have also utilised the opportunity to increase our floor space at our Southend Office, making future expansion more fluid. We aim to undergo a full office renovation in 2018-2019 at our Southend office.

IRIS current ratio increased from 1:1 in 2017 to 1.03:1 in 2018.

Increase in Equity



Years	2013	2014	2015	2016	2017	2018
Gross Profit	£4,149,598	£5,087,311	5,937,559	£6,670,493	£7,521,250	£9,613,326
Increase from last year	40%	23%	17%	12%	13%	28%
Profit before Tax	£424,582	£306,130	£374,975	£370,203	£708,963	£1,582,918
Increase from last year	8916%	-28%	22%	-1%	92%	123%
Increase in Equity	£1,016,553	1,065,968	1,029,230	£831,910	£1,387,710	£2,095,579
Increase from last year	44%	5%	-3%	-19%	67%	51%

- **Market opportunities**

The board has generated numerous exciting opportunities in 2018 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 dissatisfied 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.