

Company registration number 2368571

Ecclesiastical Underwriting Management Limited
2010 Annual Report

TUESDAY



AQSD9T18

A11

05/04/2011

129

COMPANIES HOUSE

Ecclesiastical Underwriting Management Limited

2010 Annual Report

Page	Contents
2	Officers and Professional Advisers
3	Directors' Report
5	Independent Auditor's Report
6	Profit and Loss Account
7	Balance Sheet
8	Notes to the Financial Statements

Ecclesiastical Underwriting Management Limited

Officers and Professional Advisers

Directors	M H Tripp BSc, ARCS, FIA <i>Chairman</i> K P Cannon FCII S A Wood BSc, FCII
Company Secretary	Mrs R J Hall FCIS
Auditors	Deloitte LLP, London
Bankers	National Westminster Bank Plc
Solicitors	Speechly Bircham LLP, London
Registered Office	Beaufort House, Brunswick Road, Gloucester, GL1 1JZ
Company Registration Number	2368571

Ecclesiastical Underwriting Management Limited

Directors' Report

The directors present their annual report and audited financial statements for the year ended 31 December 2010

Principal activity

The principal activity of the company is the provision of underwriting management and ancillary services

Business review

The results of the company for the year are shown on page 6 and the position at the year end is shown on page 7

The directors consider the level of business and the year end financial position to be satisfactory. The company's parent undertaking, Ecclesiastical Insurance Group plc, manages its operations on a segmental basis. For this reason, the company's directors believe that key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance and position of the business. Copies of the Ecclesiastical Insurance Group plc financial statements, including relevant key performance indicators, are available from the registered office of the company as shown on page 2.

Principal risks and uncertainties

The principal risks and uncertainties, together with details of the financial risk management objectives and policies of the company are disclosed in note 3 to the financial statements.

Ownership

The entire equity share capital of the company is owned by Ecclesiastical Insurance Group plc. The ultimate parent company is Allchurches Trust Limited.

Future prospects

The company provides underwriting management and ancillary services to Ecclesiastical Insurance Office plc in relation to its London Market business. In line with the Ecclesiastical group strategy to reduce non-core operations, Ecclesiastical Insurance Office plc ceased underwriting London Market business on 30 September 2010. The period of insurance coverage on existing contracts will expire on 1 April 2012 and operations will run off over the next few years. The company will continue to provide services to Ecclesiastical Insurance Office plc over the period of run off and the directors therefore have no intention to cease trading at this time. The company's business is financed internally by group loans and other appropriate methods. The Ecclesiastical group has considerable financial resources and, as a consequence, the directors believe the group is well placed to continue to support the company in the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Dividend

The directors do not recommend the payment of a dividend for the year ended 31 December 2010 (2009: £nil).

Board of directors

The directors of the company at the date of this report are stated on page 2 (all of whom served throughout the financial period).

The company has qualifying third party indemnity provisions for the benefit of its directors which were in place throughout the year and remain in force at the date of this report.

Ecclesiastical Underwriting Management Limited

Directors' Report

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities

Auditor and the disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

By order of the board



Mrs R J Hall
Secretary
18 March 2011

Ecclesiastical Underwriting Management Limited

Independent Auditor's Report

Independent auditor's report to the members of Ecclesiastical Underwriting Management Limited

We have audited the financial statements of Ecclesiastical Underwriting Management Limited for the year ended 31 December 2010 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit 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.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

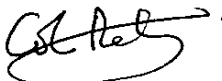
Opinion on other matter prescribed by the Companies Act 2006

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 2006 requires us 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.



Colin Rawlings (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
18 March 2011

Ecclesiastical Underwriting Management Limited

Profit and Loss Account

for the year ended 31 December 2010	Notes	2010 £	2009 £
Continuing operations			
Turnover	2	1,351,111	1,331,637
Administrative expenses		<u>(1,351,111)</u>	<u>(1,331,637)</u>
Result on ordinary activities before interest		-	-
Interest receivable		<u>4,180</u>	<u>8,393</u>
Profit on ordinary activities before taxation		<u>4,180</u>	<u>8,393</u>
Tax on profit on ordinary activities	7	<u>(14,070)</u>	<u>(13,924)</u>
Loss for the financial year	9	<u>(9,890)</u>	<u>(5,531)</u>

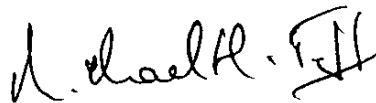
The company had no recognised gains or losses during the current financial year and the preceding financial year other than that included in the profit and loss account. Accordingly no separate statement of total recognised gains and losses has been presented.

Ecclesiastical Underwriting Management Limited

Balance Sheet

at 31 December 2010	Notes	2010 £	2009 £
Current assets			
Prepayments and accrued income		16,883	22,603
Cash at bank and in hand		<u>3,421,298</u>	<u>2,947,984</u>
		<u>3,438,181</u>	<u>2,970,587</u>
Creditors amounts falling due within one year			
Amounts due to group undertakings		2,623,728	2,225,311
Other creditors including taxation	8	14,070	4,200
Accruals and deferred income		<u>170,992</u>	<u>101,795</u>
		<u>2,808,790</u>	<u>2,331,306</u>
Net current assets, being net assets		<u>629,391</u>	<u>639,281</u>
Capital and reserves			
Called up share capital	9	500,000	500,000
Profit and loss account	9	<u>129,391</u>	<u>139,281</u>
Shareholders' funds	10	<u>629,391</u>	<u>639,281</u>

The financial statements of Ecclesiastical Underwriting Management Limited, registered number 2368571, on pages 6 to 11, were approved by the board of directors on 18 March 2011 and signed on their behalf by



M H TRIPP

Chairman

Ecclesiastical Underwriting Management Limited

Notes to the Financial Statements

1 Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards

The company is a wholly owned subsidiary of Ecclesiastical Insurance Group plc, and has taken advantage of the provisions of FRS 1, *Cash Flow Statements (revised)*. Accordingly there is no cash flow statement in these financial statements

Going concern

The company's business is financed internally by group loans and other appropriate methods. The Ecclesiastical group has considerable financial resources and, as a consequence, the directors believe the group is well placed to continue to support the company in the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts

Foreign currency translation

Assets and liabilities in overseas currencies are translated at the rate of exchange ruling at the balance sheet date. Revenue in overseas currencies is stated at the rate ruling on the balance sheet date or, where appropriate, at the actual rate obtained on exchanging each currency remittance for sterling. Resultant gains or losses are included in balances owed to parent and fellow subsidiary undertakings

Pensions

Pension costs represent contributions to a group defined benefit scheme. In accordance with FRS 17, *Retirement Benefits*, these contributions are accounted for as defined contribution scheme contributions, as the employer cannot identify the company's share of the underlying assets and liabilities of the defined benefit scheme

Turnover

Turnover arises from the supply of services to other group companies and is recognised to the extent that there is a right to consideration and recorded at the value of the consideration due

Offset of assets and liabilities

Assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously

Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the profit and loss account except to the extent that it relates to items taken directly to the statement of total recognised gains and losses if applicable, in which case it is recognised in that statement

Current tax is the expected tax payable/(receivable) on the taxable profit/(loss) for the period and any adjustment to the tax payable in respect of previous periods

Deferred tax is provided in full on timing differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax is measured using tax rates expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled based on tax rates and laws which have been enacted or substantively enacted at the balance sheet date

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the timing differences can be utilised

Deferred tax assets and liabilities are not discounted

2 Turnover

Turnover represents the UK revenue receivable by the company for underwriting and administrative services

3 Financial risk and capital management

The company is exposed to financial risk through its financial assets and financial liabilities. The most important components of financial risk are interest rate risk, credit risk and liquidity risk. The company does not have any hedging arrangements in place

There has been no change from the prior period in the financial risks that the company is exposed to, nor in the manner in which it manages and measures these risks

Ecclesiastical Underwriting Management Limited

Notes to the Financial Statements

3 Financial risk and capital management (continued)

Interest rate risk

The company is exposed to cash flow interest rate risk in respect of its cash at bank and in hand

Credit risk

The company's principal financial asset is cash at bank and in hand, for which the carrying amount represents the company's maximum exposure to credit risk

Liquidity risk

The company has robust processes in place to manage liquidity risk and has adequate available funds to pay obligations when due

4 Employee information

The average number of employees during the year, including Mr K P Cannon, director, was 4 (2009 4) Staff costs during the year amounted to

	2010 £	2009 £
Wages and salaries	487,797	433,888
Social security costs	52,556	48,578
Pension costs	74,252	71,563
	<u>614,605</u>	<u>554,029</u>

Pension liabilities are dealt with by payment to the Ecclesiastical Insurance Office plc Staff Retirement Benefit Fund in accordance with group policy. The group operates a defined benefit scheme the details of which are disclosed in the accounts of Ecclesiastical Insurance Office plc, copies of which are available from the registered office of the company as shown on page 2. At 31 December 2010 there was a surplus in the scheme of £22.6 million (2009 £14.6 million) on a FRS17/IAS19 basis. In accordance with the actuary's recommendation, the employer's contribution rate is 26%. The company cannot, however, identify its share of the underlying assets and liabilities. An updated valuation of the scheme for FRS17/IAS19 purposes at 31 December 2010 using the projected unit method indicated that scheme assets represented 111% of scheme obligations.

5 Directors' emoluments

Mr K P Cannon received emoluments from the company amounting to £263,773 (2009 £275,016) including pension contributions of £34,082 (2009 £32,888). He was a member of the group's defined benefit pension scheme during the current and prior year.

Messrs Tripp and Wood were employed by Ecclesiastical Insurance Office plc, a subsidiary of the company's immediate parent company, and received emoluments from that company during the current and prior year. It is not practicable to allocate their remuneration between the group companies of which they were directors during the year. Mr Tripp was a member of the group's defined contribution pension scheme during the current and prior year. Mr Wood was a member of the group's defined benefit pension scheme during the current and prior year.

6 Auditor's remuneration

	2010 £	2009 £
Fees payable to the company's auditor for the audit of the company's annual accounts	2,288	2,250

Ecclesiastical Underwriting Management Limited

Notes to the Financial Statements

7 Taxation

The charge for taxation in the company's profit and loss account is in respect of UK corporation tax for the year

	2010 £	2009 £
Corporation tax charge	<u>14,070</u>	<u>13,924</u>
Total actual amount of current tax	<u>14,070</u>	<u>13,924</u>

Tax on the company's result before tax differs from the United Kingdom standard rate of corporation tax for the reasons set out in the following reconciliation

	2010 £	2009 £
Profit on ordinary activities before tax	<u>4,180</u>	<u>8,393</u>
Tax calculated at the UK standard rate of 28% (2009 28%)	<u>1,170</u>	<u>2,350</u>
Factors affecting charge for the period		
Capital allowances for the period in excess of depreciation	(406)	(507)
Expenses not deductible for tax purposes	14,022	13,481
Tax paid at non-standard rate	<u>(716)</u>	<u>(1,400)</u>
Total actual amount of current tax	<u>14,070</u>	<u>13,924</u>

A deferred tax asset has not been recognised in respect of unclaimed capital allowances as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £1,565 (2009 £2,029). The asset would be recovered if the losses are realised in an accounting period where the company makes suitable taxable profits.

A change in the UK standard rate of corporation tax from 28% to 27% was substantively enacted on 20 July 2010 and will be effective from 1 April 2011. This is not expected to materially impact the tax charge. Further planned reductions of 1% per annum over 3 years (such that the standard rate reaches 24% from April 2014) were announced in the June 2010 Budget but have not yet been substantively enacted.

8 Other creditors including taxation

	2010 £	2009 £
Corporation tax	<u>14,070</u>	<u>4,200</u>

9 Share capital and reserves

	2010 £	2009 £
Share capital		
Allotted, issued and fully paid		
500,000 Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>
Profit and loss account		
Balance 1 January	139,281	169,942
Loss for the financial year	(9,890)	(5,531)
Group tax relief in excess of the standard rate	-	(25,130)
Balance 31 December	<u>129,391</u>	<u>139,281</u>

Ecclesiastical Underwriting Management Limited

Notes to the Financial Statements

10 Reconciliation of movements in shareholders' funds	2010 £	2009 £
Loss for the financial year	(9,890)	(5,531)
Group tax relief in excess of the standard rate	-	(25,130)
Opening shareholders' funds	<u>639,281</u>	<u>669,942</u>
Closing shareholders' funds	<u>629,391</u>	<u>639,281</u>

11 Ultimate parent company and controlling party

The company is a private limited company incorporated and domiciled in England, and is a wholly owned subsidiary of Ecclesiastical Insurance Group plc. Its ultimate parent company and controlling party is Allchurches Trust Limited. The parent companies of the smallest and largest groups for which financial statements are drawn up are Ecclesiastical Insurance Group plc and Allchurches Trust Limited respectively. Both companies are incorporated in and operate in Great Britain. Copies of the financial statements for both companies are available from the registered office of the company as shown on page 2.

12 Related party transactions

In accordance with the exemption under FRS 8, *Related Party Disclosures*, available to companies which are wholly owned within a group, no disclosure is given of transactions with group companies.