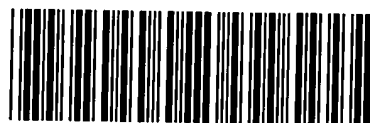


Company registration number: 02368571

**Ecclesiastical Underwriting Management Limited**  
2015 Annual Report and Financial Statements

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# **Ecclesiastical Underwriting Management Limited**

## **2015 Annual Report**

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# **Ecclesiastical Underwriting Management Limited**

## **Officers and Professional Advisers**

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<b>Directors</b>	M.C.J. Hews BSc (Hons), FIA Chairman I.G. Campbell ACA, BSc (Econ) Hons
<b>Company Secretary</b>	Mrs R.J. Hall FCIS
<b>Auditor</b>	Deloitte LLP, London
<b>Bankers</b>	National Westminster Bank Plc
<b>Solicitors</b>	Speechly Bircham LLP, London
<b>Registered Office</b>	Beaufort House, Brunswick Road, Gloucester, GL1 1JZ
<b>Company Registration Number</b>	02368571

# Ecclesiastical Underwriting Management Limited

## Strategic Report

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The directors present the strategic report of the company for the year ended 31 December 2015.

### Objective and strategy

The principal activity of the company is to provide underwriting management and ancillary services to Ecclesiastical Insurance Office plc in relation to its London Market business, which was placed in run-off on 30 September 2010. The company will continue to manage the run-off for this business on behalf of Ecclesiastical Insurance Office plc and the directors therefore have no intention to cease trading at this time.

### Review of the business

The results of the company for the year are shown on page 7 and the Balance Sheet at the year-end is shown on page 8.

Turnover represents the reimbursement of expenses incurred during the year and generated an operating result of £nil (2014: £nil). Further detail can be found in the Statement of Income and Retained Earnings on page 7.

The directors consider the level of business and the year-end financial position to be satisfactory. 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.

### Principal risks and uncertainties

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.

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.

### 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. Cash balances are regularly reviewed to identify the quality of the counterparty bank.

### Liquidity risk

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

By order of the board



Mrs R.J. Hall  
Company Secretary  
21 April 2016

# **Ecclesiastical Underwriting Management Limited**

## **Directors' Report**

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The directors present their annual report and the audited financial statements for the year ended 31 December 2015.

Details of the financial risks to which the company is exposed are included in the Strategic Report on page 3.

### **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 and going concern**

The company provides underwriting management and ancillary services to Ecclesiastical Insurance Office plc in relation to its London Market business, which was placed in run-off on 30 September 2010. The company will continue to manage the run-off for this business on behalf of Ecclesiastical Insurance Office plc 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 2015 (2014: £nil).

### **Board of directors**

The directors of the company at the date of this report are stated on page 2.

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.

### **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 judgements 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.

# **Ecclesiastical Underwriting Management Limited**

## **Directors' Report**

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### **Auditor and the disclosure of information to the auditor**

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  
*Company Secretary*  
21 April 2016

# **Independent Auditor's Report to the Members of Ecclesiastical Underwriting Management Limited**

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We have audited the financial statements of Ecclesiastical Underwriting Management Limited for the year ended 31 December 2015 which comprise the Statement of Income and Retained Earnings, the Balance Sheet and the related notes 1 to 11. 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. 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.

## **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 2015 and of its profit 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.

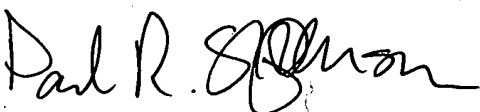
## **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and 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.



Paul Stephenson BA FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom  
21 April 2016

# Ecclesiastical Underwriting Management Limited

## Statement of Income and Retained Earnings

for the year ended 31 December 2015	Notes	2015 £	2014 £
<b>Continuing operations</b>			
Turnover		313,982	362,034
Administrative expenses		<u>(313,982)</u>	<u>(362,034)</u>
<b>Result on ordinary activities before interest</b>		-	-
Interest receivable		<u>2,857</u>	<u>2,997</u>
<b>Profit on ordinary activities before taxation</b>		2,857	2,997
Tax on profit on ordinary activities	7	<u>(462)</u>	<u>(1,603)</u>
<b>Profit for the financial year</b>		2,395	1,394
Retained earnings brought forward		<u>116,596</u>	<u>115,202</u>
<b>Retained earnings carried forward</b>		<u>118,991</u>	<u>116,596</u>

The company has taken advantage of the provision within Financial Reporting Standard 102 allowing the presentation of a statement of income and retained earnings in place of a statement of comprehensive income and separate statement of changes in equity.

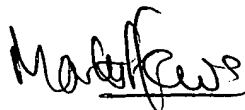


# Ecclesiastical Underwriting Management Limited

## Balance Sheet

at 31 December 2015	Notes	2015 £	2014 £
<b>Current assets</b>			
Cash at bank and in hand		<u>1,498,651</u>	<u>1,355,623</u>
		<b>1,498,651</b>	<b>1,355,623</b>
<b>Creditors: amounts falling due within one year</b>			
Amounts due to group undertakings		<u>879,260</u>	<u>718,325</u>
Accruals and deferred income		<u>400</u>	<u>20,702</u>
		<b>879,660</b>	<b>739,027</b>
<b>Net current assets, being net assets</b>		<b><u>618,991</u></b>	<b><u>616,596</u></b>
<b>Capital and reserves</b>			
Called up share capital	8	<u>500,000</u>	<u>500,000</u>
Profit and loss account		<u>118,991</u>	<u>116,596</u>
<b>Shareholders' funds</b>		<b><u>618,991</u></b>	<b><u>616,596</u></b>

The financial statements of Ecclesiastical Underwriting Management Limited, registered number 02368571, on pages 7 to 12, were approved and authorised for issue by the Board of Directors on 21 April 2016 and signed on their behalf by:



M.C.J. HEWS Chairman

# **Ecclesiastical Underwriting Management Limited**

## **Notes to the Financial Statements**

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### **1 Accounting policies**

The principal accounting policies adopted in preparing the company's financial statements are set out below.

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The prior year financial statements have been restated for material adjustments arising on adoption of FRS 102. Details of the restatements made are presented in note 11.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to presenting a reconciliation of the opening and closing number of shares, the presentation of a cash flow statement and financial instrument disclosures.

#### **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 financial statements.

#### **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 and a group defined contribution scheme. In accordance with FRS 102, 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.

Current tax is the expected tax (charge)/credit 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 arising from the inclusion of gains and losses for tax purposes in periods different from those in which they are recognised in the financial statements. 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.

#### **Financial instruments**

As permitted by FRS 102, the company has chosen to account for its financial instruments using the recognition and measurement provisions of IAS 39, Financial Instruments: Recognition and Measurement as adopted for use in the European Union.

# Ecclesiastical Underwriting Management Limited

## Notes to the Financial Statements

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### 1 Accounting policies (continued)

IAS 39 requires certain financial assets and liabilities to be classified into separate categories, for which the accounting treatments differ.

The classification depends on the nature and purpose of the financial assets and liabilities, and is determined at the time of initial recognition. Financial instruments are initially measured at fair value. Their subsequent measurement depends on their classification:

- Financial instruments designated at fair value through profit and loss and those held for trading are subsequently carried at fair value. Changes in fair value are included in the Statement of Income and Retained Earnings in the period in which they arise.

- All other financial assets and liabilities are held at amortised cost, using the effective interest method (except for short-term debtors and creditors when the recognition of interest would be immaterial).

The directors consider that the carrying value of those financial assets and liabilities not carried at fair value in the financial statements approximates to their fair value.

### 2 Critical accounting judgements and key sources of estimation uncertainty

There have been no critical judgements made by management in applying the company's accounting policies that have a significant effect on the amounts recognised in the financial statements. There are no key sources of estimation uncertainty at the year-end date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### 3 Turnover

Turnover represents the UK revenue receivable by the company for underwriting management and ancillary services.

### 4 Employee information

The average number of employees during the year was 1 (2014: 1). Staff costs during the year amounted to:

	2015	2014
	£	£
Wages and salaries	140,805	111,498
Social security costs	6,340	11,801
Pension costs	8,413	12,111
	<b>155,558</b>	<b>135,410</b>

Pension liabilities for the defined benefit plans 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 and a defined contribution scheme, the details of which are disclosed in the financial statements 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 2015 the amount of surplus in the defined benefit scheme that was recognisable as an asset was £10.7 million (2014: £21.1 million). In accordance with the actuary's recommendation, the employer's contribution rate was 15% from 1 April 2015, prior to this it was 16.4%. The company cannot, however, identify its share of the underlying assets and liabilities. An updated valuation of the scheme for FRS 102 purposes at 31 December 2015 using the projected unit method indicated that scheme assets represented 107% of scheme obligations.

### 5 Directors' emoluments

Messrs Hews and Campbell 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 Hews and Mr Campbell were members of the group's defined contribution pension scheme during the current and prior year.

### 6 Auditor's remuneration

	2015	2014
	£	£
Fees payable to the company's auditor for the audit of the company's financial statements	<b>6,000</b>	<b>6,300</b>

# Ecclesiastical Underwriting Management Limited

## Notes to the Financial Statements

### 7 Taxation

The charge for taxation in the company's Statement of Income and Retained Earnings is in respect of UK corporation tax for the year.

	2015	2014
	£	£
UK corporation tax charge	574	1,603
Adjustments in respect of prior years	(112)	-
Total current tax	462	1,603

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

	2015	2014
	£	£
Profit on ordinary activities before tax	2,857	2,997
Tax calculated at the UK blended rate of 20.25% (2014: 21.5%).	579	645
Factors affecting charge for the period:		
Capital allowances for the period in excess of depreciation	(93)	(120)
Expenses not deductible for tax purposes	95	1,078
Adjustments to tax charge in respect of prior periods	(112)	-
Effect of small companies tax rate	(6)	-
Total actual amount of current tax	463	1,603

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 £375 (2014: £508). The asset would be recovered if the allowances were to be realised in an accounting period where the company makes suitable taxable profits.

A change in the UK standard rate of corporation tax from 21% to 20% became effective from 1 April 2015. Where appropriate, current tax has been provided at the blended rate of 20.25% (2014: 21.5%). A further reduction in the rate of corporation tax to 19% will become effective from April 2017, reducing again to 18% effective from April 2020. These changes were substantively enacted on 18 November 2015. Deferred tax has been provided at the rate of 18% (2014: 20%).

### 8 Called up share capital and reserves

	2015	2014
	£	£
Share capital:		
Allotted, issued and fully paid		
500,000 Ordinary shares of £1 each	500,000	500,000

The company has one class of ordinary shares which carry no right to fixed income.

The profit and loss reserve represents the company's cumulative profits or losses.

### 9 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 company of the smallest and largest group for which group financial statements are drawn up is Allchurches Trust Limited, which is incorporated in and operates in Great Britain. Copies of the financial statements for Allchurches Trust Limited are available from the registered office of the company as shown on page 2.

### 10 Related party transactions

In accordance with the exemption permitted under Section 33 of FRS 102, available to companies which are wholly-owned within a group, no disclosure is given of transactions with group companies.

# **Ecclesiastical Underwriting Management Limited**

## **Notes to the Financial Statements**

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### **11 Explanation of transition to FRS 102**

This is the first year that the company has presented its financial statements under FRS 102. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 31 December 2014 and the date of transition to FRS 102 was therefore 1 January 2014.

The company has not taken advantage of any transitional arrangements permitted by FRS 102.

Reserves at 1 January 2014 and 31 December 2014 remain unchanged following the transition to FRS 102.

Profit for 31 December 2014 remains unchanged following the transition to FRS 102.

As a consequence of adopting FRS 102, only one material accounting policy has changed, with the principal change being:

### **Financial instruments**

The company previously accounted for its financial instruments in accordance with FRS 26, which was identical to IAS 39. On transition to FRS 102, the company has chosen to account for its financial instruments in accordance with IAS 39, and there is therefore no impact on the carrying value of the company's financial instruments.