

Eldon Insurance Services Limited

Consolidated Report and Financial Statements

For the year ended 31 December 2016

Company Registration No. 06334001



Eldon Insurance Services Limited
Report and financial statements
For the year ended 31 December 2016

Company information

Company registration number:	06334001
Registered office:	Lysander House (2nd Floor) Catbrain Lane Cribbs Causeway Bristol BS10 7TQ
Directors:	J I Banks E Bilney J L Coetzee R Hayes A Marshall A C Stewart A B Wigmore
Company Secretary:	D Williams
Solicitors:	DWF Scott Place 2 Hardman Street Manchester M3 3AA
Auditors:	BDO LLP Registered Auditors and Chartered Accountants 55 Baker Street London W1U 7EU

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Report and financial statements
For the year ended 31 December 2016

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Eldon Insurance Services Limited
Strategic report
For the year ended 31 December 2016

Eldon Insurance Services Limited ("the Company") is a limited company incorporated in England and Wales on 6 August 2007. With its subsidiaries Business Choice Direct Insurance Services Limited ("BCD") and a dormant company Blue Steel Enterprises Limited ("Blue Steel"), it forms the Eldon Group ("the Group").

Principal activity

The principal activity of the Company for 2016 is the provision of insurance services, namely broking under the brands GoSkippy, Footprint and Debenhams, and claims handling. The Company also operated under the brand Business Choice Direct until this was separated into a individual company in November 2016, Business Choice Direct Insurance Services Limited ("BCD").

During 2016, the Company and Group continued its strategy to pursue excellence in insurance services for its panel of UK and Gibraltar insurers, encompassing both claims handling and brokerage services. The Company continued to build on the foundations it had laid in prior years through its focussed investment in its brokerage brands.

Business review

The Group achieved turnover of £47.3m (2015: £33.6m), growth of 40.3% (2015: 10.9%) and operating profit of £0.3m (2015: £0.3m), illustrating the Company's commitment to reinvesting profits in its brokerage brands in line with its mission of building a sustainable renewals model.

The brokerage strategy is to focus on the customer, provide an exceptional service and encourage customer loyalty to the brands, which is clearly demonstrated by the growth in renewals volumes with 90,000 renewals policies sold during 2016 compared to 69,000 in 2015, an increase of 30.4% year on year on a like for like basis (including BCD). In addition, new business policies across the brokers increased by 35.7% on the previous year to 299,000 (2015: 192,000) establishing the basis for renewal income in the future.

The brokerage businesses achieved growth in income of £11.7m (49.4%) to £35.4m in 2016 (2015: £23.7m) highlighting the success of the young and developing brands in a competitive market. Total policies in force at the end of 2016 stood at 306,000 compared to 162,000 at the end of 2015.

The Company is committed to treating its customers fairly through such measures as providing excellent value for money to its customers and therefore continued to focus on costs during 2016. This ongoing process focuses on streamlining processes and reducing fixed costs as a means of eliminating waste and increasing efficiency across all parts of the business.

Under the brokerage brand GoSkippy, the Company provides motor insurance products on behalf of a panel of insurers. Now in its fifth full year of operation, the brand achieved a 65% increase in new business policies and a 3% increase in its renewal book.

Footprint, the bespoke van and motorbike brokerage brand for the Company, commenced trading in December 2013 and moved into its second full renewal cycle. The policy count grew by 4% to 24,000 policies (2015: 23,000), of which low cost renewals represented 34% in 2016 (2015: 28%).

Business Choice Direct, the brand which provides commercial insurance, launched in January 2014 and was separated from the Company in November 2016 into a new legal entity as a subsidiary of the Company. At the end of 2016 its policy count was 18,000 (2015: 14,000) an increase of 14% on the previous year.

The Debenhams brokerage brand is an affinity partnership with the high street retailer entered into during December 2014, providing an alternative brand with expanded customer appeal and reach. It offers motor and home insurance under the Debenhams brand and sold 63,000 motor policies in 2016 (2015: 44,000).

Business review (continued)

The Company also includes home, bike and life cover in its product suite, which is part of the Company's strategy to provide a full range of products to customers. The Company is continually looking to increase the product range, where it can identify areas of benefit to customers.

The claims handling function of the Company remains a key contributor to the business and to the wider insurance group, and has continued to excel in 2016. The claims handling division achieved turnover of £12m in 2016 (2015: £10m). Operationally, the function continued to develop and improve the efficiency of its processes, including on-going strategic improvements to its claims processing systems.

On 31 July 2016, the trade and assets of Precision Risk Services Limited, a subsidiary company, were transferred to the Company. This is expected to have minimal impact on the future of the Company.

On 1 November 2016, the Business Choice Direct brokerage was separated into an individual legal entity as Business Choice Direct Limited, a new subsidiary company, which is included in these consolidated results.

The Company also has investments in a joint venture with Vavista Life Limited ("Vavista") and an associated company Legal Protection Group Limited ("LPG"). Vavista started trading in 2015 and provides health and well-being programmes and arranges life insurance policies. LPG was incorporated in 2016 and provides legal protection insurance, legal services and emergency assistance products.

Key performance indicators ("KPIs")

The Company uses a variety of KPIs to measure the performance of its business units. These include daily and monthly financial and non-financial KPIs, measured against budgeted targets which are set annually. Examples of such KPIs are policy count versus budget, quote to sale conversion rate, renewal retention rate and income per policy, all of which vary across the brands. For the claims handling business, the key KPIs include monthly average cost per claim, which is a measure of the efficiency of its operations.

Financial risk management objectives and policies

The Group uses financial instruments such as cash, loans, debtors and creditors in order to raise finance for the Group's operations. The existence of these instruments exposes the Group and the Company to financial risks which are detailed below.

Liquidity risk and cash flow risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet its foreseeable needs and to invest cash assets safely and profitably. The Group as a whole monitors cash flow using sophisticated forecasting techniques to ensure that all liabilities are met when due.

Interest risk

The Group monitors its banking facilities and compliance with related covenants as required. Group monies are also monitored to minimise interest charges on overdrafts and to ensure cash balances are used to offset overdrafts.

Credit risk

The principal credit risk for the Company arises from its trade debtors and in relation to money lent across the Group. In order to manage credit risk the directors have incorporated a range of credit control procedures to monitor debt levels and to ensure that any debts are collected as soon as reasonably possible.

Future developments

The directors consider the Company to be well positioned to build on the growth in turnover and profitability achieved by the business during the year.

Focussed and targeted growth in the brokerages is intended to continue during 2017 as part of the strategy to build volumes and brand awareness, generating customer loyalty and renewal business. As part of this focus on the customer, the Company continues to consider product enhancements.

The claims handling function will remain focused on its continuous improvements programme, and intends to develop further business lines by exploring new relationships with external insurers seeking an exceptional claims handling provider.

In October 2016, Somerset Bridge Limited was incorporated as a related party of the Group in order to diversify the panel of insurers. From June 2017, approximately 25% of the brokerage policies are underwritten through Somerset Bridge acting as a managing general agent ("MGA"), backed by Watford Insurance Company (Europe) Limited.

This report was approved by the Board and signed on its behalf by:


E Bilney
Director

Date: 22nd September 2017

Report of the directors

The directors present this report and the audited financial statements for the year ended 31 December 2016.

The Strategic report above sets out a review of the business including the Group and Company's principal activity, the performance of the business during the year, the principal risks and uncertainties facing the business and future developments.

Results and dividends

The consolidated loss for the year after taxation was £21,000 (2015: profit of £284,000). No dividends have been paid for the year (2015: £nil). The tax charge for the Group is based on the profit of each company before consolidation adjustments.

Directors

The directors who served during the period and to the date of signing the accounts were:

J I Banks	
E Bilney	
J L Coetzee	
A Marshall	
A B Wigmore	
A C Stewart	(appointed 17 March 2017)
G Morgan	(appointed 15 February 2016, resigned 14 February 2017)
R Hayes	(appointed 27 July 2017)

Employee Involvement

The Company supports the principle of equal opportunities. Its policy is that there should be no discrimination on the grounds of sex, age, religion, or race. Equal employment opportunities are available to all persons, including the disabled, having full regard to their particular skills and abilities.

The directors believe in encouraging employees to become fully informed of the Company's activities and to be more closely involved in the business and provide ongoing training as necessary.

Statement of directors' responsibilities

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

Statement of directors' responsibilities (continued)

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 ("UK GAAP") (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 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;
- 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.

Provision of information to the auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditor is aware of that information.

Auditors

The auditors are BDO LLP, who are eligible for re-appointment.

This report was approved by the Board and signed on its behalf by:


E Bilney
Director

22nd September 2017

Eldon Insurance Services Limited
Independent auditor's report to the member of Eldon Insurance Services Limited
For the year ended 31 December 2016

We have audited the financial statements of Eldon Insurance Services Limited for the year ended 31 December 2016 which comprise the consolidated Statement of Comprehensive Income, the consolidated and company Statement of Financial Position, the consolidated and company Statement of Cash Flows, the consolidated Statement of Changes in Equity and the related notes. 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 auditors

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2016 and of the group's 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 matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Eldon Insurance Services Limited

Independent auditor's report to the member of Eldon Insurance Services Limited (continued)

For the year ended 31 December 2016

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



David Roberts (Senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor
London, United Kingdom

Date 22 September 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Eldon Insurance Services Limited
Consolidated statement of comprehensive Income
For the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Turnover	2	47,283	33,691
Administrative expenses		(47,030)	(33,415)
Group operating profit	3	253	276
Share of profit/(loss) for the year in:			
- Joint venture		(66)	-
- Associated undertakings		(1)	-
Interest (payable)/receivable	7	(21)	5
Profit on ordinary activities before tax		165	281
Tax on profit on ordinary activities	8	(186)	3
(Loss)/profit for the financial period, being total comprehensive income		(21)	284
Attributable to:			
The owners of the parent company		(25)	284
Non-controlling interest		4	-

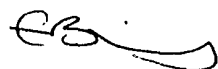
The notes on pages 14 to 25 are an integral part of these financial statements.

Eldon Insurance Services Limited
Consolidated statement of financial position
For the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Fixed assets			
Intangible assets	9	-	8
Tangible assets	10	114	469
Investments	11	157	10
		<u>271</u>	<u>487</u>
Current assets			
Debtors	12	20,220	14,836
Cash at bank		2,211	3,256
		<u>22,431</u>	<u>18,092</u>
Creditors			
Amounts falling due within one year	14	(19,819)	(15,322)
		<u>2,612</u>	<u>2,770</u>
Total assets less net current assets		<u>2,883</u>	<u>3,257</u>
Creditors:			
Amounts falling due after one year	15	(814)	(1,167)
		<u>2,069</u>	<u>2,090</u>
Capital and reserves			
Share capital	18	2,200	2,200
Profit and loss account		(135)	(110)
		<u>2,065</u>	<u>2,090</u>
Equity attributable to the owners of the parent company		<u>2,065</u>	<u>2,090</u>
Non-controlling interest		<u>4</u>	<u>-</u>
Shareholders' funds		<u>2,069</u>	<u>2,090</u>

The notes on pages 14 to 25 are an integral part of these financial statements.

No Individual profit and loss account is prepared for the Company as provided by Section 408 of the Companies Act 2006.
The financial statements were approved by the board of directors and were signed on its behalf by:



E Bilney
Director

22nd September 2017

Eldon Insurance Services Limited
Company Statement of financial position
For the year ended 31 December 2016

		2016		2015	
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	9	-		8	
Tangible assets	10	114		469	
Investments	11	658		10	
			772		487
Current assets					
Debtors	12	20,221		14,836	
Cash at bank		2,183		3,256	
		22,404		18,092	
Creditors					
Amounts falling due within one year	14	(19,742)		(15,322)	
Net current assets			2,662		2,770
Total assets less net current assets			3,434		3,257
Creditors:					
Amounts falling due after one year	15		(746)		(1,167)
Net assets			2,688		2,090
Capital and reserves					
Share capital	18		2,200		2,200
Profit and loss account			488		(110)
Shareholders' funds			2,688		2,090

The notes on pages 14 to 25 are an integral part of these financial statements.

The financial statements were approved by the board of directors and were signed on its behalf by:

E Bilney
Director



22nd September 2017

Eldon Insurance Services Limited
Consolidated Statement of changes in equity
For the year ended 31 December 2016

	Share capital £'000	Profit & loss account £'000	Equity attributable to the owners of the parent company £'000	Non- controlling interest £'000	Total equity £'000
At 1 January 2016	2,200	(110)	2,090	-	2,090
Comprehensive Income for the year					
Profit for the year	-	(25)	(25)	4	(21)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income	2,200	(25)	(25)	4	(21)
Contributions by and distributions to owners	-	-	-	-	-
As at 31 December 2016	2,200	(135)	2,065	4	2,069

	Share capital £'000	Profit & loss account £'000	Equity attributable to the owners of the parent company £'000	Non- controlling interest £'000	Total equity £'000
At 1 January 2015	2,200	(394)	1,806	-	1,806
Comprehensive income for the year					
Profit for the year	-	284	284	-	284
Other comprehensive income for the year	-	-	-	-	-

Total comprehensive income	2,200	284	284	-	284
Contributions by and distributions to owners	-	-	-	-	-
As at 31 December 2015	2,200	(110)	2,090	-	2,090

The notes on pages 14 to 25 are an integral part of these financial statements.

Eldon Insurance Services Limited
Company Statement of changes in equity
For the year ended 31 December 2016

	Share capital £'000	Profit & loss account £'000	Total equity £'000
At 1 January 2016	2,200	(110)	2,090
Comprehensive income for the year			
Profit for the year	-	598	598
Other comprehensive income for the year	-	-	-
Total comprehensive income	2,200	598	598
Contributions by and distributions to owners	-	-	-
As at 31 December 2016	2,200	488	2,688
	Share capital £'000	Profit & loss account £'000	Total equity £'000
At 1 January 2015	2,200	(394)	1,806
Comprehensive income for the year			
Profit for the year	-	284	284
Other comprehensive income for the year	-	-	-
Total comprehensive income	2,200	284	284
Contributions by and distributions to owners	-	-	-
As at 31 December 2015	2,200	(110)	2,090

The notes on pages 14 to 25 are an integral part of these financial statements.

Eldon Insurance Services Limited
Consolidated statement of cash flows
For the year ended 31 December 2016

	2016 £'000	2015 £'000
Cash flow from operating activities		
Profit before tax	(21)	284
Adjustments for:		
Depreciation charge	355	798
Amortisation of intangible fixed assets	8	8
Investment (gains)/losses	67	-
Profit on disposal of tangible fixed assets	-	(8)
Interest paid	21	-
Interest received	-	(5)
Tax (credit) / charge	186	(3)
Decrease/(increase) in debtors	(5,384)	1,145
Increase/(decrease) in creditors	4,063	(932)
Tax paid	(172)	(184)
Cash generated from / (used in) operating activities	(877)	1,103
Cash flows from investing activities		
Proceeds from sale of tangible fixed assets	-	10
Increase in investments	(147)	-
Interest received	-	5
Net cash used in Investing activities	(147)	15
Cash flows from financing activities		
Interest paid	(21)	-
Net cash used in financing activities	(21)	-
Net increase/(decrease) in cash and cash equivalents	(1,045)	1,118
Cash and cash equivalents at the beginning of the year	3,256	2,138
Cash and cash equivalents at the end of the year	2,211	3,256

The notes on pages 14 to 26 are an integral part of these financial statements.