

Effective Tax Solutions Limited

Annual Report and Financial Statements for
the year ended 31 December 2017

Registered Number 06793529



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for the year ended 31 December 2017

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Directors and Administration

Board of Directors

Colin Davison
Simon Wilson

Company Secretary

Andrew J Bailey

Registered office

20 Fenchurch Street
London
EC3M 3AZ

Company number

Registered number is 06793529

Regional office

Omega Court
364-366 Cemetary Road
Sheffield
S11 8FT

Registered Auditor

KPMG LLP, London

Strategic Report

The Directors submit their Strategic Report for Effective Tax Solutions Limited ("the Company") for the year ended 31 December 2017.

Principal activity

The Company was incorporated on 16 January 2009 and is part of the Markel Corporation ("Markel").

On 1 January 2017, the business and assets of the Company, excluding cash and equivalents and amounts owed by group undertakings, were transferred to its immediate parent company, Abbey Tax and Consultancy Services Limited ("ATCS"). As a result, the Company had a nil result on ordinary activities before taxation (2016, £1.5m).

The Company's ultimate parent company is Markel Corporation ("Markel"), which is incorporated in Virginia in the United States and is listed on the New York Stock Exchange.

Business environment and future developments

Following the transfer of the business and assets of the Company to ATCS on 1 January 2017, there is no current intention for the Company to continue trading and the Directors will consider the future need of the Company.

Going Concern

Although the business has been transferred to another group company, no material uncertainties that cast significant doubt about the ability of the Company to continue as a going concern have been identified by the Directors. Following the transfer of the Company's business the Directors will consider the future need for the Company, this is not expected to be within twelve months of this report.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Principal risks and uncertainties

Given the Company will not be trading in the near future, the Directors consider that no material exposures to credit risk, market risk, liquidity risk or interest rate risk exist.

The Company remains potentially exposed to Group risk being the risk that actions or events within one part of Markel adversely affect an entity, or all entities within Markel. It is considered that being part of a large experienced insurance group, with considerable financial resources is a strength. The Company has a number of controls, such as the internal committees that consider the interests of Markel's legal entities and endeavours to communicate the Company's perspective to Markel, with whom the Company enjoys an excellent relationship.

By order of the Board,



Simon Wilson

Director

London

12 September 2018

Directors' Report

The Directors present their report and the audited Financial Statements of the Company for the year ended 31 December 2017.

Future Developments

A review of the business, the principal risks it faces, an assessment of its ability to continue as a going concern and a summary of future developments is disclosed within the Strategic Report on page 2.

Dividends

No dividends were paid in the year (2016, £Nil).

Directors

The Directors who served during 2017 and up to the date of this report were as follows:

Colin Davison
Simon Wilson

No Director has any interest in the shares of the Company.

Events since the reporting date

There have been no material events since the reporting date.

Carbon policy

As set out in the "Markel Style" the Company has a commitment to its communities which we recognise includes environmental responsibilities. Our goal is to minimise our environmental impact whilst still adhering to our other company principles as expressed in the Markel Style and our company profile.

Through the development of best practices in our business, the Company aims to use no more consumables than are necessary and recycle the maximum of those we do use. The Directors also believe that embedding environmental awareness throughout the organisation will be best achieved through a continuous programme of employee education.

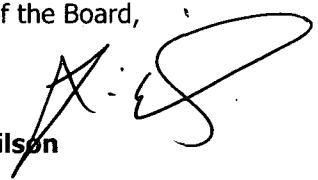
Disclosure of information to the Auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Auditor

In accordance with Section 487 of the Companies Act 2006, the Auditor will be deemed to be reappointed and KPMG LLP will, therefore continue in office.

By order of the Board,



Simon Wilson
Director
London

12 September 2018

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.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Effective Tax Solutions Limited

Opinion

We have audited the Financial Statements of Effective Tax Solutions Limited for the period ended 31 December 2017, which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position and related notes, including the accounting policies in note 1.

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its results for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the Financial Reporting Council ("FRC") Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the Financial Statements.

We have nothing to report in these respects.

Strategic report and directors' report

The Directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the Financial Statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our Financial Statements audit work, the information therein is materially misstated or inconsistent with the Financial Statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the Financial Statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the Directors are responsible for:

- the preparation of the Financial Statements and for being satisfied that they give a true and fair view;
- such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error;
- assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Karen Orr (Senior Statutory Auditor)

for and on behalf of KPMG LLP,

Chartered Accountants

15 Canada Square,

London,

E14 5GL

14 September 2018

Statement of Comprehensive Income

for the year ended 31 December 2017

	Notes	2017 £'000	2016 £'000
Turnover			
Professional services	1b)	-	4,535
Operating expenses and charges		-	(3,070)
Profit on ordinary activities before taxation	2	-	1,465
Taxation on (charge) on profit on ordinary activities	4	-	(293)
Total Comprehensive Income for the year		-	1,172

All amounts disclosed for the 2017 financial year are in relation to discontinued operations.

The notes on pages 11 to 14 form part of these Financial Statements.

Statement of Changes in Equity

for the year ended 31 December 2017

2017	Called-up Share Capital £'000	Comprehensive Income £'000	Total Equity £'000
At beginning of year	-	2,466	2,466
Total Comprehensive Income for the year	-	-	-
At end of year	-	2,466	2,466

2016	Called-up Share Capital £'000	Comprehensive Income £'000	Total Equity £'000
At beginning of year	-	1,294	1,294
Total Comprehensive Income for the year	-	1,172	1,172
At end of year	-	2,466	2,466

The notes on pages 11 to 14 form part of these Financial Statements.

Statement of Financial Position

as at 31 December 2017

	Notes	2017 £'000	2016 £'000
Current Assets			
Trade receivables	5	2,334	7,729
Cash and cash equivalents		132	221
		<u>2,466</u>	<u>7,950</u>
Current Liabilities			
Trade payables	6	-	(5,484)
		<u>2,466</u>	<u>2,466</u>
Total net assets			
		<u>2,466</u>	<u>2,466</u>
Equity			
Called up share capital	7	-	-
Comprehensive income		2,466	2,466
Total equity shareholder's funds		<u>2,466</u>	<u>2,466</u>

These Financial Statements were approved by the Board of Directors and authorised for issue on 12 September 2018.

Signed on behalf of the Board of the Directors,


Simon Wilson
 Director
 London

12 September 2018

The notes on pages 11 to 14 form part of these Financial Statements.

Notes to the Financial Statements

1 Accounting policies

The Financial Statements have been prepared in compliance with Financial Reporting Standard ("FRS") 102, being the Financial Reporting Standard applicable in the UK and Republic of Ireland as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied.

In these Financial Statements, the Company is considered to be a qualifying entity for the purposes of this FRS and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Reconciliation of the number of shares outstanding from the beginning to the end of the period;
- Key Management Personnel compensation; and
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules.

These Financial Statements have been prepared in accordance with the historical cost convention modified by the revaluation of certain assets as required by the Standard. A summary of the more important accounting policies that have been applied consistently is set out below.

a) Use of judgments and estimates

In preparing these Financial Statements, the Directors of the Company have made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

b) Turnover

The turnover shown in the Statement of Comprehensive Income represents amounts receivable for consultancy services net of value added tax.

c) Financial assets and liabilities

In applying FRS 102, the Company has chosen to apply the recognition and measurement provisions of International Accounting Standard ("IAS") 39 Financial Instruments: Recognition and Measurement (as adopted for use in the EU).

Classification

The accounting classification of financial assets and liabilities determines the way in which they are measured and changes in those values are presented in the statement of comprehensive income. Financial assets and liabilities are classified on their initial recognition. Subsequent reclassifications are permitted only in restricted circumstances.

Recognition

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control of substantially all risks and rewards of the asset. A financial liability is derecognised when its contractual obligations are discharged, cancelled, or expire.

Regular way purchases and sales of financial assets are recognised and derecognised, as applicable, on the trade date, i.e. the date that the Company commits itself to purchase or sell the asset.

Measurement

A financial asset or financial liability is measured initially at fair value plus, for a financial asset or financial liability not at fair value through profit and loss, transaction costs that are directly attributable to its acquisition or issue.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in fair value, and are used by the Company in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the Statement of Financial Position.

d) Leased assets

Leased assets utilised by the Company are leased in the name of other companies within the Group and an appropriate amount is recharged to the Company to reflect the costs incurred. Amounts recharged are recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

e) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred taxation is provided in full on timing differences that result in an obligation at the reporting date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and laws that have been enacted or substantively enacted by the reporting date. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in Financial Statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

f) Pension costs

Contributions payable to the personal money purchase pension schemes operated by group companies are charged to the Statement of Comprehensive Income in the period to which they relate.

g) Going concern

Although the business has been transferred to another group company, no material uncertainties that cast significant doubt about the ability of the Company to continue as a going concern have been identified by the Directors. Following the transfer of the Company's business the Directors will consider the future need for the Company, this is not expected to be within twelve months of this report.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

2 Profit on ordinary activities before taxation

Audit fees of £7,707 (2016, £7,707) were paid on behalf of the Company by a fellow subsidiary of Markel, Markel International Services Limited ("MISL"), which is the group expense service company.

3 Information regarding Directors and employees

None of the Directors received any emoluments in respect of their services as Directors of the Company (2016, Nil). The total emoluments for services to the UK subsidiaries of Markel are disclosed in the MISL Annual Report and Financial Statements.

4 Taxation

	2017 £'000	2016 £'000
(a) Analysis of charge on profit of ordinary activities in the year:		
Current taxation		
UK corporation taxation at 19.25% (2016, 20.00%)	-	293
Prior year adjustment	-	-
	-	293
(b) Factors affecting the taxation charge for the year:		
The rate of taxation does not differ from the United Kingdom standard rate of corporation tax.		
	2017 £'000	2016 £'000
Profit on ordinary activities	-	1,465
Profit on ordinary activities multiplied by standard rate of corporation taxation in the UK of 19.25% (2016, 20.00%)	-	293
Effects of:		
Prior year adjustments	-	-
Current taxation charge (as (a) above)	-	293

5 Trade receivables

	2017 £'000	2016 £'000
Due within one year		
Trade debtors	-	1,451
Amounts owed by group undertakings	2,334	6,251
Other debtors	-	8
Prepayments and accrued interest	-	19
	2,334	7,729

6 Trade payables

	2017 £'000	2016 £'000
Trade creditors	-	152
Amounts owed to group undertakings	-	4,521
Corporation tax	-	371
Deferred tax	-	1
Other taxes and social security	-	328
Accruals and deferred income	-	111
	-	5,484

7 Share capital

	2017 £'000	2016 £'000
Issued, allocated and fully paid:		
Equity shares:		
100 (2016, 100) ordinary shares of £1.00 each	-	-
	-	-

8 Related party transactions

As a qualifying entity, the Company has taken advantage of the exemption not to disclose transactions with other wholly owned subsidiaries of Markel.

9 Ultimate parent company

The Company's immediate parent company is Abbey Tax & Consultancy Services Limited. The Company's results are consolidated into the accounts of Markel Corporation, its ultimate parent company, which is incorporated in the USA. The financial statements of Markel Corporation may be obtained from 4521 Highwoods Parkway, Glen Allen, Virginia 23060, USA. The website address is www.markelcorp.com.