

# **EC INSURANCE SERVICES LIMITED**

## **REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

Company Number: 01534505

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# **EC INSURANCE SERVICES LIMITED**

## **COMPANY INFORMATION**

### **DIRECTORS AND OFFICERS**

S.J. Bratt (Non-Executive Director)  
D.E. Bromley (resigned 28 November 2017)  
M.J. Burnley (Non-Executive Director)  
G.M. Fearn (Managing Director)  
R.D. Forrest Smith (resigned 28 November 2017)  
P.P. Guiry (resigned 28 November 2017)  
M.D. Webb (resigned 28 November 2017)  
H.D. Wright (appointed 1 January 2018)

### **COMPANY SECRETARY**

D.E. Bromley (resigned 28 November 2017)  
T.D. Foreman (appointed 28 November 2017)

### **AUDITORS**

Mazars LLP  
Tower Bridge House  
St Katharine's Way  
London E1W 1DD

### **BANKERS**

The Royal Bank of Scotland  
135 Bishopsgate  
London EC2M 3UR

### **REGISTERED ADDRESS**

ECA Court  
24-26 South Park  
Sevenoaks  
Kent TN13 1DU

### **COMPANY NUMBER**

01534505

## **EC INSURANCE SERVICES LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

The Directors present their Strategic Report for EC Insurance Services Limited ("ECIS") for the year ended 31 December 2017.

#### **PRINCIPAL ACTIVITIES**

The company is an Insurance Broker regulated by the Financial Conduct Authority. Its business model is the provision of insurance products principally to clients within the Construction sector.

In particular, ECIS sells Employees Benefits covers to Employer members of the Joint Industry Board (JIB) and the Electrical Contractors Association (ECA). The core products are Private Medical Insurance, Sick Pay Insurance, Personal Accident, Health Assessments and Life Assurance. ECIS earns commission on some of these sales.

The strategy has not changed significantly during the year, nor are there plans to alter this in the near future.

#### **BUSINESS PERFORMANCE**

The Board and management use a number of measures to monitor and manage the financial aspects of the business. The key financial performance indicators to assess the performance of the Company are:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Fee Income	3,928,583	3,084,721
Administrative Expenses	(1,837,602)	(1,836,093)
Profit Before Tax	2,092,035	1,248,875

The business has continued to perform strongly in difficult market conditions and an uncertain economic environment.

#### **FINANCIAL POSITION**

The Company's net assets at the year end are £1,013,094 (2016: £825,648). This reflects the payment of an interim dividend of £1,500,000 (2016: total dividend £900,000).

The Company had cash at bank of £3,808,390 (2016: £3,005,708) of which £2,652,259 (2016: £2,328,964) was client money. The Company continues to have no bank borrowings.

## **EC INSURANCE SERVICES LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**


#### **PRINCIPAL RISKS AND UNCERTAINTIES FACING THE BUSINESS**

Management continually monitor the key risks facing the Company together with assessing the controls used for managing these risks. The Audit and Risk Committee meets at least four times per year and risks and controls are discussed and assessed in these meetings.

The principal risks and uncertainties and the way that these are managed are set out in Note 2 of the Notes to the Accounts.

#### **APPROVAL**

This report was approved by the Board on 22 June 2018 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'Garry Fearn', is written over a horizontal line.

Garry Fearn  
Managing Director

## **EC INSURANCE SERVICES LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2017**

The Directors present their Report and the Financial Statements for the year ended 31 December 2017.

#### **DIRECTORS**

The Directors set out below have held office during the whole period from 1 January 2017 to the date of this report unless otherwise stated:

S.J. Bratt (Non-Executive Director)  
D.E. Bromley (resigned 28 November 2017)  
M.J. Burnley (Non-Executive Director)  
G.M. Fearn (Managing Director)  
R.D. Forrest Smith (resigned 28 November 2017)  
P.P. Guiry (resigned 28 November 2017)  
M.D. Webb (resigned 28 November 2017)  
H.D. Wright (appointed 1 January 2018)

Following the sale of our sister company EC Insurance Company Limited on 28 November 2018, Mike Webb, Deputy Chairman, resigned from the board. At the same date, Richard Forrest Smith, Diane Bromley and Paul Guiry also resigned from the board in order to continue in their Executive roles with EC Insurance Company Limited under its new ownership.

We are grateful to them all for their support and counsel over the years and wish them well for the future.

#### **PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS**

The principal activity of the Company is to provide insurance mediation services principally to the construction sector. Further information can be found in the Strategic Report.

#### **GOING CONCERN**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future therefore they continue to adopt the going concern basis for accounting in preparing the annual financial statements.

For further information regarding the directors' assessment of the going concern status of the Company refer to Note 1 Accounting policies in the financial statements.

#### **FINANCIAL INSTRUMENTS**

The Company does have other financial assets and liabilities such as trade receivables and trade payables arising directly from its operations. The Company manages its cash requirements to maximise interest income and minimise bank charges whilst ensuring that it has sufficient liquid resources to meet the operating needs of its business.

The Company's principal risks and uncertainties together with its financial risk management objectives and policies as required have been disclosed in Note 2 to the financial statements.

## **EC INSURANCE SERVICES LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2017**

#### **FUTURE DEVELOPMENTS**

The directors consider that the coming financial year will be another year of competitive trading conditions. The business recognises that underlying growth will continue to be constrained by market conditions and new entrants, but expects positive fee income and profit performance in 2018.

#### **DIVIDENDS**

An interim dividend of £1,500,000 was paid in December 2017.

#### **DIRECTORS' INDEMNITY**

The Company's Articles of Association permit, subject to the provisions of UK legislation, an indemnity for directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted or alleged to have been done or omitted, by them as officers or employees of the Company. Appropriate directors' and officers' liability insurance cover is in place in respect of all of the Company's directors.

#### **EMPLOYEE INVOLVEMENT**

Regular staff briefings are held between senior management and all employees to discuss matters of concern. Employees are kept informed about the progress and position of the Company by means of these briefings as well as regular email bulletins and the company intranet.

#### **POLITICAL DONATIONS AND EXPENDITURE**

During the year the Company made no political donations (2016: £nil).

#### **STATUS OF THE COMPANY**

The Company is a limited liability company under the meaning of the Companies Act 2006, incorporated in the United Kingdom.

#### **DISCLOSURE IN THE STRATEGIC REPORT**

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and reports) Regulations 2008 certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the Strategic Report.

## **EC INSURANCE SERVICES LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2017**

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware, as a director, of any relevant audit information and to establish that the auditors are aware of that information. As far as the directors are aware, there is no relevant audit information of which the auditors are unaware.

#### **AUDITORS**

Mazars LLP have expressed their willingness to continue in office as auditors. A resolution to reappoint Mazars LLP was proposed and approved at a Board Meeting held on 17 October 2017.

#### **APPROVAL**

This report was approved by the Board on 22 June 2018 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'Garry Fearn', is written over a horizontal line.

Garry Fearn  
Managing Director  
ECA Court  
24-26 South Park  
Sevenoaks  
TN13 1DU

Company Number: 01534505



## **EC INSURANCE SERVICES LIMITED**

### **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 the directors have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting Standard applicable in the UK and the 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 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, subject to any material departures disclosed and explained in the financial statements, 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 responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **EC INSURANCE SERVICES LIMITED**

### **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF EC INSURANCE SERVICES LIMITED**

#### **Opinion**

We have audited the financial statements of EC Insurance Services Limited (the 'company') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 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.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Use of the audit report**

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.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **EC INSURANCE SERVICES LIMITED**

### **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF EC INSURANCE SERVICES LIMITED**

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Report and Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions 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 the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In light of the knowledge and understanding of 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 in relation to which 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 specific by law are not made; or
- we have not received all the information and explanations we require for our audit.

## **EC INSURANCE SERVICES LIMITED**

### **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF EC INSURANCE SERVICES LIMITED**

#### **Responsibilities of Directors**

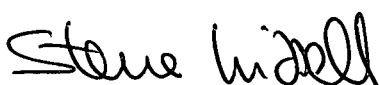
As explained more fully in the Statement of directors' responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



**Steve Liddell**  
**(Senior Statutory Auditor)** for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Tower Bridge House  
St. Katharine's Way  
London  
E1W 1DD

Date: 22 June 2018

**EC INSURANCE SERVICES LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017**

		<b>2017</b>	<b>2016</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
Turnover	1b	<b>3,928,583</b>	3,084,721
Administrative expenses		<b>(1,837,602)</b>	(1,836,093)
<b>Operating profit before investment income</b>		<b>2,090,981</b>	1,248,628
Investment income	3	<b>1,054</b>	247
<b>Profit on ordinary activities before taxation</b>	4	<b>2,092,035</b>	1,248,875
Taxation charge on ordinary activities	5	<b>(404,589)</b>	(238,747)
<b>Profit for the financial year</b>		<b>1,687,446</b>	1,010,128
Other Comprehensive Income		-	-
<b>Total Comprehensive Income</b>		<b>1,687,446</b>	1,010,128

All income relates to continuing operations.

The accompanying notes on pages 14 to 22 form an integral part of these financial statements.

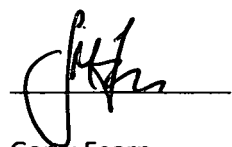
# EC INSURANCE SERVICES LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED AT 31 DECEMBER 2017

		2017	2016
	Notes	£	£
<b>Fixed Assets</b>			
Tangible assets	7	<u>250,600</u>	<u>380,835</u>
<b>Current Assets</b>			
Debtors	8	756,184	1,119,525
Cash at bank	9	<u>3,808,390</u>	<u>3,005,708</u>
		4,564,574	4,125,234
<b>Creditors</b>			
Amounts falling due within one year	10	<u>(3,802,080)</u>	<u>(3,680,421)</u>
<b>Net Current Assets</b>		<u>762,494</u>	<u>444,813</u>
<b>Net Assets</b>		<u><u>1,013,094</u></u>	<u><u>825,648</u></u>
<b>Capital and Reserves</b>			
Called up share capital	11	100,000	100,000
Profit and Loss Account		<u>913,094</u>	<u>725,648</u>
		<u><u>1,013,094</u></u>	<u><u>825,648</u></u>

The accompanying notes on pages 14 to 22 form an integral part of these financial statements.

Signed on behalf of the Board and authorised for issue



Garry Fearn  
Managing Director  
22 June 2018

**EC INSURANCE SERVICES LIMITED****STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED AT 31 DECEMBER 2017**

	<b>2017</b>		
	<b><u>Share Capital</u></b>	<b><u>Profit and Loss Account</u></b>	<b><u>Total</u></b>
	<b>£</b>	<b>£</b>	<b>£</b>
As at 1 January	100,000	725,648	825,648
Dividends Paid	-	(1,500,000)	(1,500,000)
Profit for the Year	-	1,687,446	1,687,446
Other Comprehensive Income	-	-	-
As at 31 December	<b><u>100,000</u></b>	<b><u>913,094</u></b>	<b><u>1,013,094</u></b>

	<b>2016</b>		
	<b><u>Share Capital</u></b>	<b><u>Profit and Loss Account</u></b>	<b><u>Total</u></b>
	<b>£</b>	<b>£</b>	<b>£</b>
As at 1 January	100,000	615,520	715,520
Dividends Paid	-	(900,000)	(900,000)
Profit for the Year	-	1,010,128	1,010,128
Other Comprehensive Income	-	-	-
As at 31 December	<b><u>100,000</u></b>	<b><u>725,648</u></b>	<b><u>825,648</u></b>

*Share Capital:* Share Capital relates to the nominal value of shares issued.

*Profit and Loss Account:* Profit and Loss account relates to accumulated profits and losses of the Company less the dividends paid to shareholders.

The accompanying notes on pages 14 to 22 form an integral part of these financial statements.

## **EC INSURANCE SERVICES LIMITED**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017**

#### **1. Accounting Policies**

##### **a) Basis of Preparation**

These financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102") and applicable legislation, as set out in the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. These financial statements have been prepared under the historical cost convention.

In preparing the financial statements, the company has taken advantage of the following exemptions:

- from disclosing key management personnel compensation, as required by paragraph 7 of Section 33 Related Party Disclosures,
- from presenting a reconciliation of the number of shares outstanding at the beginning and end of the year, as required by paragraph 12 of Section 4 Statement of Financial Position, and
- from presenting a statement of cash flows, as required by Section 7 Statement of Cash Flows.

EC Insurance Services Limited is a wholly owned subsidiary of EC Insurance Holdings Limited. The ultimate parent undertaking of EC Insurance Holdings Limited is the Electrical Contractors' Association. The Electrical Contractors' Association financial statements for the year ended 31 December 2017 will contain a consolidated statement of cash flows. Consequently, the Company has taken advantage of the exemption available in FRS102 'Cash Flow Statements', and has not presented its own cash flow statement.

##### **b) Turnover**

Turnover represents insurance commission and profit share commission. Insurance commission is recognised when the right to commission arises. Profit share commission is accounted for when the right to consideration has been achieved and the amount due is capable of reliable measurement.

##### **c) Administrative expenses**

Administrative expenses include staff costs, building costs, IT costs and other general expenses.

##### **d) Tangible assets and depreciation**

Tangible assets are stated at cost less depreciation. Fixtures and fittings are capitalised and depreciated straight line over three years. Certain computer hardware and software is capitalised when it is probable that future economic benefits will be derived from the expenditure and where cost can be measured reliably. Capitalised hardware and software are depreciated straight line over three years.



## **EC INSURANCE SERVICES LIMITED**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017**

#### **e) Deferred Tax**

Full provision is made for deferred tax in respect of all timing differences that have originated but not reversed at the balance sheet date.

The Company has no unrecognised deferred tax asset as at 31 December 2017 (2016: £nil).

#### **f) Corporation Tax**

Corporation tax is payable on taxable profits at the current rate applicable to the period.

#### **g) Interest and Dividends**

Interest, except short-term deposit interest, and dividends are recognised on a received basis. Short-term deposit interest is recognised on an accrued basis.

#### **h) Cash at Bank**

Included in deposits and cash are client money balances including amounts of realised commission to be withdrawn in accordance with the rules of the Financial Conduct Authority applicable to the company. An analysis of the component parts of the cash held in the bank accounts is provided in Note 9 to these financial statements.

#### **i) Critical Accounting Estimates and Judgments**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognised prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The valuation of accounts receivable is based on management's best estimate of the provision for doubtful accounts.

#### **j) Going Concern**

The Board has considered the ability of the Company to continue to conduct business over the next twelve months in line with its strategic objectives. In doing so, the Board has considered projections of capital and cash flow and how achieving its sales and operational plans will impact available capital. Given the expected volumes of new business, the forecast expenses and capital requirements and expectations for investment markets, the Board is satisfied that the Company is a going concern.

## **EC INSURANCE SERVICES LIMITED**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017**

#### **2. Risk Review: Principal Risks and Uncertainties**

The Company has a robust governance framework in place to manage risk. The Board has delegated more detailed oversight of risk management to the Audit and Risk Committee. This committee is chaired by an Non-Executive Director.

The Board approves the risk appetite with more detailed monitoring of exposures against the risk appetite being undertaken by the above Committee. In addition, the Board exercises oversight of the development and operational implementation of its risk management policies and procedures through the Committee.

The principal sources of risk relevant to the Company's operations and its financial statements are described below.

##### **a) Credit Risk**

The Company has exposure to credit risk, which is the risk that a counterparty will suffer a deterioration in solvency or be unable or unwilling to pay amounts in full when due.

Counterparty Risk with Banks: The Company structures the levels of credit risk accepted by placing limits on their exposure to a single counterparty, or groups of counterparties. Such risks are subject to an annual or more frequent review.

##### **b) Operational Risk**

The risk that a loss may occur as a result of inadequate or failed internal processes, people and systems, or from external events. This risk is managed at executive level through an annual operational risk review and the business carries out further reviews at every Audit and Risk Committee and as part of the business planning process.

This involves identifying and logging operational risks, scoring their likelihood of occurrence and their impact, assessing the effectiveness of the controls in place together with the scope for further mitigation.

The Company recognises that the ability to continue operations in the event of a business interruption, whether from a major disaster or minor incident, is a fundamental factor in meeting the expectations of our customers and internal and external stakeholders. The Company has a formal disaster recovery plan which, in the event of an incident, will support alternative accommodation strategies. All IT systems are assessed for recovery time objectives and investment has been made into remote working technology providing access to corporate systems away from the office and ensuring that this technology is well used and familiar to staff. The approach is reviewed annually to reflect changes in the business and to ensure rigour is maintained within the process.

##### **c) Regulatory Risk**

The Company is required to comply with the requirements of the Financial Conduct Authority.

Regulatory risk is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change. The Company devotes considerable resources to meet its regulatory obligations, including compliance and risk management.

## EC INSURANCE SERVICES LIMITED

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

#### d) Conduct Risk

Conduct risk is the risk of financial and/or service detriment which adversely affects the customer due to failings in the customer value chain. The company's conduct objective is to build, maintain and enjoy long-term relationships with our customers whether it be directly or indirectly via a third party. This culture of partnership is fundamental to our dealings with customers, and comes regardless of the complexity of the risk, the sophistication of the buyer, or the length of the supply chain to the end customer.

The conduct objective is owned by the Board and cascaded throughout the organisation. It is central in achieving delivery of the six Consumer Outcomes (as set out by the FCA), which are at the heart of our business. The Board aims to embed a culture, from the top down, where the conduct risk arising from the execution of the business plan and strategy is appropriately monitored and managed to ensure good outcomes for all our customers. The framework is applied in a proportionate, risk-based way which takes account of the different inherent conduct risk across products, distribution and customer types. The employees take day to day ownership of conduct risk as they are the ones empowered to make decisions which commit the company to relationships with our customers and business partners. Conduct risk and our treatment of customers is managed and monitored by the Audit and Risk Committee, which reports to the Board quarterly.

#### e) Reputational Risk

Reputational risk is the risk that negative publicity regarding an institution's business practices will lead to a loss of revenue or litigation. In the modern digital era, reputational risk and the subsequent threat to our strong brand is becoming more significant. Loss of confidence from customers, regulators or capital providers could cause long-term harm to the business. All staff are made aware of their responsibilities to clients and other stakeholders.

#### 3. Investment income

	2017 £	2016 £
Bank Interest	1,054	247

#### 4. Profit on ordinary activities before taxation

	2017 £	2016 £
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration		
Statutory audit	30,554	24,720
Other Assurance Services	5,446	5,510
Depreciation	239,007	207,564

# EC INSURANCE SERVICES LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 5. Taxation

The charge to corporation tax has been calculated at current rates on profits assessable to taxation.

	2017 £	2016 £
The tax assessed for the period differs from the standard corporation tax rate in the UK of 19.25% (2016: standard corporation tax rate of 20%). The differences are explained below:		
Profit on ordinary activities before tax	2,092,035	1,248,875
Profit on ordinary activities before tax multiplied by the standard corporation tax rate of 19.25% (2016: 20%)	402,645	249,776
Effects of:		
Depreciation for the period in excess of capital allowances	-	-
Expenses not deductible for tax purposes	(3,460)	6,615
Deferred tax movement	5,371	26,008
Adjustment to prior year's group relief claim	(445,195)	(43,652)
Tax charge for the year	<u>(40,639)</u>	<u>238,747</u>
Represented by:		
UK corporation tax based on profit for the year	-	(7,960)
Deferred tax charge	(40,639)	-
Adjustments in respect to previous years	33	-
Payment for tax losses from other group companies	445,195	290,359
Adjustment to prior year's group relief claims	-	(43,652)
Total current tax charge	<u>404,589</u>	<u>238,747</u>

### 6. Staff Costs

	2017 £	2016 £
<b>Salary Costs</b>		
Wages and salaries (including directors' emoluments)	699,784	740,065
Social security costs	78,343	86,060
Pension costs:		
Defined contribution scheme	52,993	53,562
	<u>831,120</u>	<u>879,687</u>

**EC INSURANCE SERVICES LIMITED****NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017****Employees**

The average number of employees on a full time equivalent basis during the year comprised as follows:

	<b>2017</b>	<b>2016</b>
Office and management	<b>12</b>	<b>13</b>
	<u>          </u>	<u>          </u>

**Directors' Remuneration**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Aggregate emoluments	<b>219,344</b>	275,293
Pension	<b>11,760</b>	15,353
	<u>          </u>	<u>          </u>
	<b>231,104</b>	290,646
	<u>          </u>	<u>          </u>
<b>Highest paid director</b>		
Aggregate Emoluments	<b>115,731</b>	88,826
	<u>          </u>	<u>          </u>

Retirement benefits accrued to 4 directors during the year (2016: 4).

# EC INSURANCE SERVICES LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 7. Tangible Assets

	Computer Equipment & Software £	Total £
<b>Cost</b>		
At 1 January 2017	621,505	621,505
Additions	108,772	108,772
At 31 December 2017	<b>730,277</b>	<b>730,277</b>
	£	£
<b>Accumulated depreciation</b>		
At 1 January 2017	240,670	240,670
Charge for the year	239,007	239,007
At 31 December 2017	<b>479,677</b>	<b>479,677</b>
Net Book Value at 31 December 2017	<b>250,600</b>	<b>250,600</b>
Net Book Value at 31 December 2016	380,835	380,835

### 8. Debtors

	2017 £	2016 £
Trade debtors	715,545	1,078,079
Deferred tax asset	40,639	-
Amounts due from group undertakings	-	41,446
	<b>756,184</b>	<b>1,119,525</b>

The deferred tax asset is recoverable in more than one year.

# EC INSURANCE SERVICES LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

### 9. Cash at Bank

	2017 £	2016 £
Money held on behalf of clients	2,652,259	2,328,964
Money held by the Company	1,156,131	676,744
	<u>3,808,390</u>	<u>3,005,708</u>

### 10. Creditors

	2017 £	2016 £
Trade creditors	3,299,835	3,210,640
Amount due to group undertakings	502,244	469,781
Other creditors	-	-
	<u>3,803,079</u>	<u>3,680,421</u>

### 11. Share Capital

	2017 £	2016 £
Authorised, allotted, called up and fully paid Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

The Ordinary shares are unrestricted and are eligible shares for the purpose of exercising voting rights.

### 12. Related Party Transactions

The Company has taken advantage of the exemption available under Financial Reporting Standard FRS 102, Section 33 from disclosing details of transactions with other group companies. Consolidated accounts in which the Company is included as a subsidiary are publicly available as stated in note 16.

**EC INSURANCE SERVICES LIMITED**  
**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017**

**13. Dividends**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Dividends paid totalled £15.00 per share (2016: £9.00)	<b><u>1,500,000</u></b>	<b><u>900,000</u></b>

Declared dividends have all been paid during the financial year and no amounts remain outstanding at the balance sheet date.

**14. Defined benefit/contribution pension schemes**

The Electrical Contractors' Association operates pension schemes for the employees of the Association, its wholly owned subsidiaries, ESCA Estates Limited, the Joint Industry Board and the JIB Pension Trustee Company Limited. The assets of the schemes are held separately from those of the Company and the Company is unable to identify its share of the underlying assets and liabilities of the schemes.

*Defined benefits scheme*

No employees of EC Insurance Services Limited are members of the defined benefits scheme ("the DB scheme").

*Defined contribution scheme*

The employer contributes 5% or 12.5%, depending on seniority, of pensionable earnings to a group occupational pension provider. The employee's contribution to this scheme is 5%. For those members transferring from the DB Scheme the employer agreed to increase their contribution by 1% to 13.5% if employees agreed to increase their contributions by 1%.

Contributions to the defined contribution scheme are recognised as staff costs, within operating expenses, when they are due for payment.

**15. Subsidiary undertakings**

The Company continues to own 100% of the ordinary £1 share capital of Brandrisks Group Limited and its subsidiaries Brandrisks Limited, Propertyrisks Limited, Sportsrisks Limited. All of these companies are registered in England and Wales and are dormant.

**16. Ultimate Holding Undertaking**

The Company's parent company is The Electrical Contractors' Association whose principal place of business is Rotherwick House, 3 Thomas More St, London E1W 1YZ and for which publicly available consolidated group accounts are prepared. The Company's parent undertaking is EC Insurance Holdings Limited, incorporated in England and Wales.