

Entertainment Risk Management Limited

Directors' report and financial statements

31 March 2014

Registered number 04518666



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Officers and professional advisers

Directors	BA King KA Crawford JS Green AG Smith	Chairman
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Registered Office and principal business address	120 Fenchurch Street London EC3M 5BA
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Communication details	Telephone: +44 (0)20 7553 5979 Email: john.green@erm-ins.co.uk Website: http://www.entertainmentriskmanagement.co.uk
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FCA Firm registered number	311659
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Company registered number	04518666
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Directors' report

The directors present their annual report and financial statements for the fifteen months ended 31 March 2014.

Principal activities

The company is Authorised and Regulated by the Financial Conduct Authority and operates as an underwriting agent for insurers.

Results and dividends

The Directors changed the Financial Reporting Date in order to match the date for its principal Appointed Representative, Entertainment Risks LLP. The result for the fifteen month period, after taxation, amounted to £55,840 profit. The directors paid an interim dividend on 29 January 2014 as shown in note 12 and they do not propose any further dividend for the period.

The directors consider the performance of the company for the year to have been satisfactory. The company continued to develop and market its existing product lines and seeking additional and improved products with underwriters and developing its business engagements with the broker market.

The directors consider that its delegated underwriting authorities from leading insurers provides an excellent basis for successfully developing a profitable portfolio of scheme and open market insurance business.

Financial instruments and treasury operations

The company's operations will give rise to various financial assets and liabilities, such as trade receivables and trade payables. These assets and operating cash arising are largely denominated in sterling and they will be actively managed to avoid unnecessary currency exposure. The company has not undertaken hedging activity but may do so if such arrangements appear to be a suitable solution to minimising any currency exposures for earnings in currencies other than sterling.

Liquidity risk

The company manages its own cash and borrowings to maximise interest income and minimise interest expense, whilst ensuring that sufficient liquid resources are available to meet operating needs. The company does not hold client money and insurers' funds are held with approved banks in currencies appropriate to the settlement requirements of the business.

Interest rate risk

The company is exposed to interest rate risk on bank deposits.

Foreign currency risk

The company's principal foreign currency exposure arises from income earned on trading operations with customers and suppliers in non sterling currency. Current and anticipated insurance business is predominantly denominated in sterling.

Credit risk

The company acts as an agent for insurers. While suitable vetting arrangements are operated to verify the credit worthiness of insurance brokers from whom business predominantly comes, the risk of non-payment rests largely with others. Investment of cash surpluses are made with banks which are considered by the Board to have adequate credit ratings to achieve the prudential standards applicable in our business.

Directors

The directors who held office during the year were as follows:

BA King	Chairman
KA Crawford	
JS Green	
AG Smith	

Directors' report (continued)

Legal and regulatory risk

As a firm which is Authorised and Regulated by the Financial Conduct Authority, the Company monitored compliance with regulatory requirements during the period, especially systems and controls, financial crime and its policy towards customers.

Statement of Directors Responsibilities

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Auditors

The Company is entitled to an exemption from appointing an auditor under S477 of the Companies Act 2006 on the grounds that it is a small company. The Directors confirm that:

- a) the members have not required the company to obtain an audit of its accounts for the period in accordance with S476, and
- b) the directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

By order of the Board

KA Crawford
Director

A handwritten signature in black ink, appearing to be 'KA Crawford', written over a horizontal line.

17 December 2014

Profit and loss account
for the year ended 31 March 2014

	<i>Note</i>	2014 15 months £	2012 12 months £
Turnover	2		
Commission on underwriting activities		467,514	368,502
Commission allowed to Appointed Representative		(420,763)	(159,496)
		<hr/>	<hr/>
Operating (loss) / profit		46,751	209,006
Administrative expenses		(27,855)	(225,325)
		<hr/>	<hr/>
Operating profit / (loss)		18,906	(16,319)
Share of partnership profits		52,228	24,914
Other interest receivable and similar income		96	3,296
Interest payable		(434)	-
Amount written off investment		(40)	-
		<hr/>	<hr/>
Profit on ordinary activities before taxation	3	70,746	11,891
Tax on profit on ordinary activities	8	(14,906)	(2,537)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		55,840	9,354
		<hr/>	<hr/>

The company has no recognised gains or losses other than the profit for the period. All results relate to continuing operations.

Balance sheet
at 31 March 2014

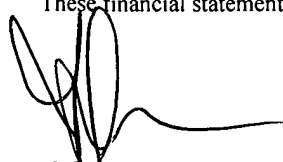
	<i>Note</i>	£	31 March 2014 £	£	31 Dec 2012 £
Fixed assets					
Tangible assets – Office equipment	7		1,953		1,163
Capital Share in Limited Liability Partnership	8		25		25
			<u>1,978</u>		<u>1,188</u>
Current assets					
Debtors	9	244,694		226,803	
Cash at bank and in hand		24,882		13,107	
		<u>269,576</u>		<u>239,910</u>	
Creditors: amounts falling due within one year	10	(98,906)		(69,290)	
Net current assets			<u>170,670</u>		<u>170,620</u>
Total assets less current liabilities			<u>172,648</u>		<u>171,808</u>
Capital and reserves					
Called up share capital	11		51,300		51,300
Profit and loss account	12		121,348		120,508
			<u>172,648</u>		<u>171,808</u>
Equity shareholders' funds	12		<u>172,648</u>		<u>171,808</u>

These accounts have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Small Entities (effective April 2008).

The Company is entitled to an exemption from appointing an auditor under S477 of the Companies Act 2006 on the grounds that it is a small company. The Directors confirm that:

- the members have not required the company to obtain an audit of its accounts for the period in accordance with S476, and
- the directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

These financial statements were approved by the board of directors on 17 December 2014 and were signed on its behalf by:



JS Owen
Director
17 December 2014

KA Crawford
Director



Notes (forming part of the financial statements)

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements. All services are performed in the United Kingdom.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

These accounts have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Small Entities (effective April 2008).

Going concern

The directors have a reasonable expectation that the company has adequate resources available to continue in operational existence for the foreseeable future, particularly bearing in mind the additional resources available to the Company and referred to in note 10. They therefore feel that it is appropriate to use the going concern basis of accounting in preparing the financial statements.

Preparation of consolidated financial statements

The financial statements contain information about Entertainment Risk Management Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken the option under Section 398 of the Companies Act 2006 not to prepare consolidated financial statements.

Insurance assets and liabilities

The company acts as an agent in the underwriting of insurance risks. In general, the company is not liable as principal for premiums due to underwriters or for claims payable to clients. In recognition of these relationships, insurance cash, debtors and creditors ("fiduciary assets") relating to insurance underwriting are not shown as assets and liabilities of the company itself. Notwithstanding the above policy the company is entitled to retain any investment income on any cash flows arising from these transactions.

Net fiduciary assets representing commission earned by the company and not taken to its own funds is included in the balance sheet debtors as an amount falling due within one year.

Turnover

Commission and fees income is recognised when the company's obligations to underwrite and administer the respective insurance policy have been substantially completed and the income due is reasonably certain. In respect of income earned or returned out of periodic income statements from insurance brokers and other intermediaries, adjustment premiums or declarations of turnover, income is recognised when the amount has been determined. Obligations can arise for the performance of subsequent activities. Where these are not covered by additional income, a relevant portion of commission can be deferred and recognised in the periods in which these activities take place.

Expenses

The cost of underwriting services is charged when incurred. No provision is made for the future cost of handling the run off of business, which is largely the responsibility of third parties funded by underwriters.

Foreign currencies

Transactions in foreign currencies during the year are translated at the month end rate and monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated using the rate of exchange ruling at the balance sheet date. The gains or losses on translation are included in the profit and loss account.

Pension costs

Contributions payable to the company's defined contribution pension scheme are charged to the profit and loss account in the period to which they relate.

Notes (forming part of the financial statements)

1. Accounting policies (*continued*)

Deferred taxation

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the company's accounts. Deferred tax is provided in full on timing differences which result in an obligation to pay more (or less) tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws.

Deferred tax assets are only recognised to the extent that their recovery is probable.

Deferred tax assets and liabilities are not discounted..

2. Analysis of turnover

Turnover represents commission earned on insurance underwriting activities and fees from brokers and others for whom it acts as adviser.

3. Directors and staff numbers and costs

Total directors' remuneration for qualifying services amounted to £6,000 (2012 £81,667). None of the Directors participated in the defined contribution pension schemes.

6. Tax on profit on ordinary activities

Losses incurred during the period may give rise to substantial benefits in future periods when losses can be offset against any profits. No such future benefit has been recognised in these accounts as the timing of its recovery is considered uncertain.

7. Tangible fixed assets

	Cost £	Depreciation £	Net book value £
IT equipment			
At 1 January 2013	1,744	(581)	1,163
Additions/charge in the year	3,545	(2,755)	
Disposals	-	-	
At 31 March 2014	5,289	(3,335)	1,953

8. Investments

The company subscribed for 25% of the capital shares of Entertainment Risks LLP, which is registered in the UK and has entered into an Appointed Representative agreement in order to transact insurance services under the supervision of the Company as their Principal in accordance with the Financial Services and Markets Act 2000. In the period the company subscribed for 40% of the capital shares of Travel Industry Risk Management LLP which has been written off.

	Net book value £
Investments	
At 1 January 2013: Entertainment Risks LLP	25
Additions in the year: Travel Industry Risk Management LLP	40
Amount written off	(40)
At 31 March 2014	25

Notes (forming part of the financial statements)

9. Debtors

	2014 £	2012 £
Net fiduciary assets (as below)	236,750	221,124
Other debtors	3,417	5,680
Prepayments and accrued income	4,527	-
	<u>244,694</u>	<u>226,804</u>
Insurance debtors	910,439	278,726
Premium trust bank accounts	786,285	1,005,478
Insurance creditors	(1,459,974)	(1,063,080)
Less: commission accrued on premiums paid but not yet drawn	(236,750)	(221,124)
	<u>Nil</u>	<u>Nil</u>

10. Creditors

	2014 £	2012 £
Amounts due within one year:		
Other creditors and accruals	2,429	13,096
Other taxes and social security	-	-
Corporation tax	14,750	2,537
Due to former parent company	-	-
Due to Appointed Representative	37,727	9,657
Shareholder loans	44,000	44,000
	<u>98,906</u>	<u>69,290</u>

11. Called up share capital

	2014 £	2012 £
Allotted, called up and fully paid		
247,000 "A" shares of £0.10 each	24,700	24,700
133,000 "B" shares of £0.20 each	26,600	26,600
	<u>51,300</u>	<u>51,300</u>

12. Reconciliation of equity shareholders' funds

	Share Capital £	Profit and Loss account £	Total £
At 1 January 2013	51,300	120,508	171,808
Retained profit for the period	-	55,840	55,840
Dividends paid in then period		(55,000)	(55,000)
At 31 March 2014	<u>51,300</u>	<u>121,348</u>	<u>172,648</u>

Notes (forming part of the financial statements)

13. Commitments

The company had no capital commitments at the year end.

14. Related party transactions

During the year the company entered into the following transactions with related parties and the amounts outstanding at period end were as shown.

	Transactions in the period (including VAT as applicable) £	Due to / (from) related party at period end £
Loans from Hebrides Investments No.3 Ltd – shareholder	-	44,000
Interest on above	434	434
Appointed Representative services agreement with Entertainment Risks LLP which is controlled by Mr KA Crawford and Mr JS Green	470,762	(34,804)
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Subsequent to the Balance Sheet date the loan from Hebrides Investments No.3 Ltd was repaid together with accrued interest.

15. Ultimate parent undertaking

In the opinion of the Directors there is no ultimate controlling party.