

**Eldon Insurance Services Limited**

**Report & Financial Statements**

**For the year ended 31 December 2015**

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Company Registration No. 06334001

**ELDON INSURANCE SERVICES LIMITED**  
**Report & Financial Statements**  
For the year ended 31 December 2015

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**Company Information**

<b>Company Registration Number:</b>	06334001
<b>Registered Office:</b>	Lysander House (2 <sup>nd</sup> Floor) Catbrain Lane, Cribbs Causeway Bristol BS10 7TQ
<b>Directors:</b>	J Banks E Bilney J Coetzee A Marshall A Wigmore G Morgan
<b>Company Secretary:</b>	D Williams (appointed 21 September 2015) Paul Walters (resigned 04 September 2015)
<b>Solicitors:</b>	DWF Scott Place 2 Hardman Street Manchester M3 3AA
<b>Auditors:</b>	BDO LLP Registered Auditors & Chartered Accountants 55 Baker Street London W1U 7EU

**ELDON INSURANCE SERVICES LIMITED**  
**Report & Financial Statements**  
For the year ended 31 December 2015

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## **Strategic report**

The Directors present this report and the audited financial statements for the year ended 31 December 2015.

Eldon Insurance Services Limited (the "Company") is a limited company incorporated in the United Kingdom.

### **Principal activity and review of the business**

The principal activity of the Company in the year under review is the provision of insurance services, namely broking under the brands GoSkippy, Footprint, Debenhams and Business Choice Direct and also the provision of claims handling services.

During 2015, the Company continued in 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 during 2013 and 2014 through its focused investment in its brokerage brands.

The Company achieved turnover of £33.6m (2014: £30.3m), growth of 10.9% (2014: 136.5%) and operating profit of £0.3m during 2015 (2014: £1.3m), illustrating the Company's commitment to reinvesting profits in its brokerage brands in line with its brokerage 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 69,000 renewals policies sold during 2015 compared to 40,000 in 2014, an increase of 73% year on year.

The brokerage businesses achieved growth in income of £2m (10%) to £23m in 2015 (2014: £21m) highlighting the success of the young and developing brands in a competitive market. The Company invested in improved credit scoring and enhanced risk selection systems during 2015, which has led to a controlled reduction in new business volumes in 2015 (3% lower overall) but improved the risk profile and grown the overall number of policies in force, due to a reduction of subsequent policy cancellations and through improved policy renewal retention rates into 2016. The reduction in new business volumes was more than offset by an increase in renewals policies. Total policies in force at the end of 2015 stood at 162,000 compared to 141,000 at the end of 2014 (growth of 15%).

The Company is committed to treating customers fairly through such measures as providing excellent value for money to its customers and therefore continued to focus on costs during 2015. This resulted in a consolidation of the cost base, streamlining processes and reducing fixed costs as a means of eliminating waste and increasing efficiency across all parts of the business. As part of this, a strategic decision was made to outsource the call handling facility for GoSkippy and Debenhams to South Africa in the second half of the year. This resulted in exceptional costs of £294k recognised in the result for the year, due to managing a parallel run of the two offices in two locations (Bristol and South Africa) to ensure viability, and proving the business concept prior to taking the decision to relocate part of the business to South Africa. This resulted in a 3% consequential impact on the overall operating margin during 2015 (margin of 1% in 2015 compared to 4% in 2014). The relocation resulted in significantly reduced monthly operating costs post September 2015 which will flow forward at an anticipated annual saving of £3m.

GoSkippy, provides motor insurance products on behalf of a panel of insurers. It is now in its fourth full year of operation and achieved a 51% growth increase in its renewal book. Through the introduction of credit scoring, GoSkippy improved its overall operating model through improving cancellation and retention rates via more refined customer selection processes and providing an improved offering to its panel of insurers. This resulted in a net decrease of 14% in its policy count during 2015 with 181,000 policies sold (2014: 211,000 policies) but has increased profitability overall.

Footprint, our bespoke van and motorbike brokerage which commenced trading in December 2013, moved into its first full renewal cycle, grew its policy count by 21% to 23,000 policies (2014: 19,000), of which low-cost renewals represented 28% in 2015 (4% in 2014).

## **ELDON INSURANCE SERVICES LIMITED**

### **Strategic Report**

For the year ended 31 December 2015

Business Choice Direct, which provides commercial insurance launched in January 2014 thus also moved into its first full renewal cycle, grew its policy count by 75% to 14,000 policies (2014: 8,000) of which renewals represented 25% in 2015 (nil in 2014).

Debenhams, the Company's first affinity partnership entered into during December 2014, offers motor and home insurance under the Debenhams brand, it sold 44,000 motor policies in its first year of operation and provided an alternative brand with expanded customer appeal and reach.

The Company also includes home 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 our product range provided it is beneficial to our 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 2015. The claims handling division achieved turnover of £10m during 2015 (2014: £9m). Operationally, the function continued to develop and improve the efficiency of its operations, including on-going strategic improvements to its claims processing systems.

Eldon claims continues to be recognised by the insurance industry and was proud to be shortlisted as finalist in the Insurance Times Claims Excellence Awards 2015 for Outstanding Insurer Claims Team of the Year, the 2015 Post Magazine Fraud Awards Finalist for Young Investigator of the Year, and Unsung Insurance Fraud Fighter of the Year. A number of Claims staff have won CII local institute awards for a number of years demonstrating the company's commitment to training and development via professional development.

#### **Key performance indicators ("KPIs")**

The Company uses a variety of Key Performance Indicators ("KPI's") to measure the performance of its business units. These include daily and monthly financial and non-financial KPI's, measured against budgeted targets which are set annually. Examples of such KPI's 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 KPI's include monthly average cost per claim, which is a measure of the efficiency of its operations.

#### **Financial risk management objectives and policies**

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

##### ***Liquidity / cash flow risk***

The Company 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 Company monitors cash flow using sophisticated forecasting techniques to ensure that all liabilities are met when due.

##### ***Interest rate 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 as part of the claims handling and broking operations. 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.

**ELDON INSURANCE SERVICES LIMITED**  
**Strategic Report**  
For the year ended 31 December 2015

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***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.

Focused and targeted growth in the brokerages is intended to continue during 2016 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.

On 31<sup>st</sup> July 2016, the trade and assets of Precision Risk Services, a related party company, were transferred to the Company. This is expected to have minimal impact on the future results of the Company.

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



**E Bilney**  
Director

Date: 27th SEPTEMBER 2016

**ELDON INSURANCE SERVICES LIMITED**  
**Report of the Directors**  
For the year ended 31 December 2015

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**Report of the Directors**

The Directors present this report and the audited financial statements for the year ended 31 December 2015.

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

**Results & Dividends**

The profit for the year after taxation amounted to £0.3m (2014: £1.0m). No dividends have been paid for the year (2014: £nil).

**Directors**

The Directors who served during the year and to the date of signing the financial statements were:

E Bilney  
J Banks  
J Coetzee  
A Marshall  
A Wigmore (appointed 15 December 2015)  
G Morgan (appointed 15 February 2016 as a non-executive director)

**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 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 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;
- 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.

**ELDON INSURANCE SERVICES LIMITED**  
**Report of the Directors**  
**For the year ended 31 December 2015**

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**Provision of information to the Auditor**

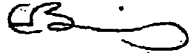
Each person who is Director at the time when this Directors' report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that Director has 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 auditor in connection with preparing their report and to establish that the Company's auditor is aware of that information.

**Auditor**

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

Date: 27TH SEPTEMBER 2016



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF ELDON INSURANCE SERVICES LIMITED

### Independent Auditor's report

We have audited the financial statements of Eldon Insurance Services Limited for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, Statement of Financial Position, 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](http://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 company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

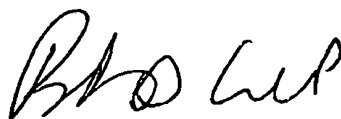
### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

David Roberts (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
London, United Kingdom

Date 27 Sep 2016



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

**ELDON INSURANCE SERVICES LIMITED**  
**Statement of Comprehensive Income**  
For the year ended 31 December 2015

**Statement of Comprehensive Income**

	NOTES	2015 £'000	2014 £'000
Turnover	2	<u>33,691</u>	<u>30,298</u>
<b>Gross Profit</b>		<b>33,691</b>	<b>30,298</b>
Administration expenses	3	<u>(33,415)</u>	<u>(28,992)</u>
<b>Operating Profit</b>		<b>276</b>	<b>1,306</b>
Interest receivable		5	8
<b>Profit on ordinary activities before tax</b>		<u><b>281</b></u>	<u><b>1,314</b></u>
Tax on profit on ordinary activities	7	3	(298)
<b>Profit for the financial year</b>		<u><b>284</b></u>	<u><b>1,016</b></u>
Other Comprehensive Income for the year		-	-
<b>Total Comprehensive Income for the year</b>		<u><b>284</b></u>	<u><b>1,016</b></u>

The notes on pages 10 to 18 are an integral part of these financial statements.

**ELDON INSURANCE SERVICES LIMITED**  
**Statement of Financial Position**  
For the year ended 31 December 2015

**Statement of Financial Position**

	NOTES	2015 £'000	2015 £'000	2014 £'000	2014 £'000
<b>Fixed assets</b>					
Intangible assets	8	8		16	
Tangible assets	9	469		1,268	
Investments	10	<u>10</u>		<u>10</u>	
			487		1,294
<b>Current assets</b>					
Debtors	11	14,836		15,931	
Cash at bank		<u>3,256</u>		<u>2,138</u>	
		18,092		18,069	
<b>Creditors:</b>					
Amounts falling due within one year	13	(15,322)		(16,350)	
<b>NET CURRENT ASSETS</b>			2,770		1,719
<b>TOTAL ASSETS LESS NET CURRENT ASSETS</b>			<u>3,257</u>		<u>3,013</u>
<b>Creditors:</b>					
Amounts falling due after one year	14		(1,167)		(1,207)
<b>NET ASSETS</b>			<u>2,090</u>		<u>1,806</u>
<b>Capital and reserves</b>					
Ordinary share capital	17		2,200		2,200
Profit and loss account			<u>(110)</u>		<u>(394)</u>
<b>Shareholders' funds</b>			<u>2,090</u>		<u>1,806</u>

The notes on pages 10 to 18 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors and were authorised for issue by:

  
**E Bilney**  
Director

Date: 27TH SEPTEMBER 2016

Company number: 06334001

**ELDON INSURANCE SERVICES LIMITED**  
**Statement of Changes in Equity**  
For the year ended 31 December 2015

**Statement of Changes in Equity**

	Share Capital £'000	Profit & Loss Account £'000	Total Equity £'000
At 1 January 2015	2,200	(394)	1,806
<b>Comprehensive income for the year</b>			
Profit for the year		284	284
<b>Other comprehensive income for the year</b>	-	-	-
<b>Total comprehensive income</b>	-	284	284
<b>Contributions by and distributions to owners</b>	-	-	-
<b>As at 31 December 2015</b>	<b>2,200</b>	<b>(110)</b>	<b>2,090</b>

**Statement of changes in Equity as at 31 December 2014**

	Share Capital £'000	Profit & Loss Account £'000	Total Equity £'000
At 1 January 2014	2,200	(1,410)	790
<b>Comprehensive income for the year</b>			
Profit for the year		1,016	1,016
<b>Other comprehensive income for the year</b>	-	-	-
<b>Total comprehensive income</b>	-	1,016	1,016
<b>Contributions by and distributions to owners</b>	-	-	-
<b>As at 31 December 2014</b>	<b>2,200</b>	<b>(394)</b>	<b>1,806</b>

The notes on pages 10 to 18 are an integral part of these financial statements,

**Notes to the financial statements**

**1. Accounting policies**

**1.1 Statement of compliance**

Eldon Insurance Services Limited is a limited liability company incorporated in the United Kingdom. Its registered office is Lysander House (2<sup>nd</sup> Floor), Catbrain Lane, Cribbs Causeway, Bristol, BS10 7QT.

The Company's financial statements have been prepared in compliance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006, as it applies to the financial statements of the Company for the year ended 31 December 2015. The date of transition to FRS 102 was 1 January 2014.

**1.2 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and are presented in Sterling.

The policies applied under the Company's previous accounting framework are not materially different to FRS102, and the application of FRS102 has not impacted equity or profit and loss.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies, however, the Directors do not consider there to be significant level of uncertainty in any estimate used in preparing these accounts except for the deferred claims handling income as noted below.

**1.3 Financial reporting standard 102 – reduced disclosure exemptions**

The Company has taken advantage of the cashflow statement exemption in preparing these financial statements, as permitted by the FRS 102.

This information is included in the consolidated financial statements of the parent company, ICS Risk Solutions Limited, as at 31 December 2015 and these financial statements may be obtained upon request to the Company Secretary at Lysander House, Catbrain Lane, Cribbs Causeway, Bristol, BS10 7TQ.

The following principal accounting policies have been applied:

**1.4 Going concern basis**

The financial position of the Company, its cash flows, liquidity position and borrowing facilities are monitored on a monthly basis and the techniques used to monitor these are noted in the Directors' report. The Company has sufficient financial resources together with renewing income from customers to meet its operating requirements.

The Company is required to maintain a minimum level of capital in accordance with Financial Conduct Authority regulations. As at 31 December 2015, the capital requirement was calculated at £1.681 million (2014: £1.515 million), resulting in a capital surplus of £0.402 million (2014: £0.291 million).

The Directors believe that the Company continues to have adequate resources to manage its business risks successfully. After making enquiries, the Directors have every confidence that there is a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future and continues to demonstrate a positive cash flow position to maintain its current liabilities and expenses. Accordingly, the going concern basis is used in preparing the financial statements.

#### **1.5 Turnover**

Turnover comprises revenue recognised by the Company in respect of insurance broking services supplied, exclusive of value added tax and trade discounts. Recognition of commission received for the handling of claims is deferred over the amount of time that the claims are expected to settle. The deferral period is based on estimated length of the claims settlement process based on historical experience. Broking fees and commissions from third parties are recognised on an accruals basis.

#### **1.6 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of each asset, less their estimated residual value, over their expected useful lives on the following basis:

- Fixtures & fittings: 3 years, straight line
- Office equipment: 5 years, straight line
- Computer equipment: 3 years, straight line
- Motor vehicles: 3 years, straight line

#### **1.7 Intangible fixed assets and amortisation**

Intangible fixed assets are stated at cost less amortisation. Amortisation is provided at rates calculated to write off the cost of each asset, less their estimated residual value, over their expected useful lives on the following basis:

- Software development costs: 3 years, straight line

#### **1.8 Investments**

Investments in loans are stated at cost less any provision for impairment

#### **1.9 Leases**

Payments made under operating leases are charged to the Income statement on a straight-line basis over the period of the lease.

Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Assets acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

#### **1.10 Taxation and deferred taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the reporting date.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised.

#### **1.11 Pensions**

The Company makes a non-contributory stakeholder pension available to all employees.

The employer contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due.

**ELDON INSURANCE SERVICES LIMITED**  
**Notes to the Financial Statements**  
For the year ended 31 December 2015

**1.12 Financial Instruments**

Financial assets and liabilities are recognised in the Statement of Financial Position when the Company becomes party to the contractual provisions of the instrument. The principal financial assets and liabilities of the company are as follows:

**Financial assets**

Basic financial assets, including trade and other debtors, amounts owed by Group companies, cash and cash equivalents, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets that are measured at cost and amortised cost are assessed for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income statement. For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Cash includes cash at bank and in hand. Bank overdrafts would be presented as current liabilities to the extent that there is no right to offset with cash balances.

**Financial liabilities**

Basic financial liabilities, including trade and other creditors, accrued expenses, and amounts owed to Group companies that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Financial liabilities are derecognised when the liability is extinguished; that is, when the contractual obligation is discharged, cancelled or expires.

**Offsetting**

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle liability simultaneously.

**1.13 Shares**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable net of the direct cost of issuing the equity instrument. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

**1.14 Judgements in applying accounting policies and key sources of estimation uncertainty**

As noted in turnover, recognition of commission received for the handling of claims is deferred over the amount of time that the claims are expected to settle. The deferral period is based on estimated length of the claims settlement process based on historical experience.

**2. Turnover**

The turnover and profit before tax are attributable to the one principal activity of the Company. All turnover arose in the United Kingdom.

**3. Operating profit**

Operating profit is stated after charging:

	2015 £'000	2014 £'000
Depreciation of tangible fixed assets	798	891
Amortisation of intangible fixed assets	8	8
Operating lease rentals	182	182
Finance lease charges	9	9
Exceptional costs – restructuring and redundancies	294	-

**ELDON INSURANCE SERVICES LIMITED**  
**Notes to the Financial Statements**  
For the year ended 31 December 2015

**4. Auditors' remuneration**

Fees payable to the auditor for the period:

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
- For the audit of the Company's financial statements	<b>36</b>	<b>32</b>
- For taxation compliance services	<b>6</b>	<b>5</b>
- For other non audit services	<b>25</b>	<b>10</b>

**5. Staff costs**

Staff costs during the year were as follows:

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	<b>14,204</b>	<b>14,110</b>
Social security costs	<b>1,315</b>	<b>1,408</b>
Other pension costs	<b>138</b>	<b>51</b>
	<b>15,657</b>	<b>15,569</b>

The average monthly number of employees including Directors during the year were as follows:

	<b>2015</b>	<b>2014</b>
	<b>No.</b>	<b>No.</b>
Administration staff	<b>498</b>	<b>543</b>
Management	<b>37</b>	<b>36</b>
	<b>535</b>	<b>579</b>

**6. Directors' remuneration**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Directors' emoluments	<b>344</b>	<b>422</b>
Company contributions to money purchase pension schemes	<b>6</b>	<b>1</b>
	<b>350</b>	<b>423</b>

There were 3 Directors to whom retirement benefits are accruing under money purchase schemes (2014: 2) during the year.

The total amount payable to the highest paid Director in respect of emoluments was £211,000 (2014: £282,000). Company pension contributions of £6,000 (2014: £1,000) were made to a money purchase pension scheme.



**ELDON INSURANCE SERVICES LIMITED**  
**Notes to the Financial Statements**  
For the year ended 31 December 2015

**7. Taxation**

	2015 £'000	2014 £'000
<b>Current tax:</b>		
UK corporation tax on profits for the year	150	185
Adjustments in respect of previous periods	(102)	-
<b>Total current tax</b>	<u>48</u>	<u>185</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(67)	113
Effect of tax rate change on opening balance	16	-
<b>Total deferred tax (credit)/charge</b>	<u>(51)</u>	<u>113</u>
<b>Tax on profit on ordinary activities</b>	<u>(3)</u>	<u>298</u>

The tax assessed for the year is lower (2014: higher) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2015 of 20.25% (2014: 21.5%). The differences are explained below:

	2015 £'000	2014 £'000
<b>Profit on ordinary activities before tax</b>	<u>281</u>	<u>1,314</u>
Profit on ordinary activities before tax multiplied by the standard rate	57	283
<b>Effects of:</b>		
Expenses not deductible for tax purposes	17	23
Effect of tax rate change	25	(8)
Adjustments in respect of previous periods	(102)	-
<b>Total tax charge for the year</b>	<u>(3)</u>	<u>298</u>

**Factors affecting current and future tax charges**

During the year there were no factors that affected current and future tax charges

**8. Intangible fixed assets**

	Software development costs £'000
<b>Cost:</b>	
At 1 January and 31 December 2015	<u>24</u>
<b>Depreciation:</b>	
At 1 January 2015	8
Charge for year	8
At 31 December 2015	<u>16</u>
<b>Net book value:</b>	
At 31 December 2015	<u>8</u>
At 31 December 2014	<u>16</u>

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**9. Tangible fixed assets**

	Office equipment £'000	Fixtures & fittings £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost:</b>					
At 1 January 2015	188	314	4,247	404	5,153
Disposals	-	-	-	(131)	(131)
At 31 December 2015	<b>188</b>	<b>314</b>	<b>4,247</b>	<b>273</b>	<b>5,022</b>
<b>Depreciation:</b>					
At 1 January 2015	171	153	3,315	246	3,885
Charge for year	6	55	623	114	798
Disposals	-	-	-	(130)	(130)
At 31 December 2015	<b>177</b>	<b>208</b>	<b>3,938</b>	<b>230</b>	<b>4,553</b>
<b>Net book value:</b>					
At 31 December 2015	<b>11</b>	<b>106</b>	<b>309</b>	<b>43</b>	<b>469</b>
At 31 December 2014	17	161	932	158	1,268

Assets held under finance leases and capitalised in motor vehicles:

	2015 £'000	2014 £'000
Cost	184	284
Accumulated depreciation	(141)	(149)
<b>Net book value</b>	<b>43</b>	<b>135</b>

**10. Investments**

	2015 £'000	2014 £'000
Loans to third parties	10	10

**11. Debtors**

	2015 £'000	2014 £'000
Trade debtors	4,330	3,925
Amounts owed by related parties	8,214	10,543
Prepayments and accrued income	2,078	1,300
Deferred tax	214	163
	<b>14,836</b>	<b>15,931</b>

Amounts owed by related parties are unsecured, interest free and are repayable on demand, except for an amount due from ICS (see note on Related Party transactions).

All debtors fall due within one year except for the deferred tax asset of £214,000 (2014: £163,000), the realisation of which is dependent on the timing of future profits.

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**12. Deferred tax**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
At 1 January	163	276
Credit/(charge) for the year	51	(113)
<b>At 31 December</b>	<b>214</b>	<b>163</b>

The deferred tax balance comprises:

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Fixed asset timing differences	214	163

**13. Creditors: Amounts falling due within one year**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	3,542	6,228
Amounts owed to related parties	5,753	2,928
Accruals and deferred income	5,699	6,876
Finance lease	37	80
Corporation tax	52	188
Other creditors	239	50
	<b>15,322</b>	<b>16,350</b>

Amounts owed to related parties are unsecured, interest free and are repayable on demand.

**14. Creditors: Amounts falling due after one year**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Finance leases	74	111
Accruals and deferred income	1,093	1,096
	<b>1,167</b>	<b>1,207</b>

**15. Finance lease**

Future minimum payments under the finances lease are as follows:

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	44	94
In more than one year, but not more than five years	76	121
After five years	-	-
Total gross payments	120	215
Less finance charges included above	(9)	(24)
	<b>111</b>	<b>191</b>

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**16. Financial Instruments**

	2015 £'000	2014 £'000
<b>Financial assets</b>		
Financial assets that are receivables measured at amortised cost	<u>15,800</u>	<u>16,606</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>12,327</u>	<u>13,337</u>

The Company used financial instruments, other than derivatives, comprising borrowings, cash and various items such as trade and other receivables, and trade and other payables, that arise directly from its operations. The main purpose of these financial instruments is to finance the Company's operations. The Company has no interest in the trade of financial instruments, interest rate swaps or forward interest rate agreements.

The Company seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Company has no overdraft.

**17. Share capital**

	2015 £'000	2014 £'000
<b>Allotted, called up and fully paid</b>		
2,200,000 Ordinary shares of £1 each	<u>2,200</u>	<u>2,200</u>

**18. Investment in subsidiaries and associates**

At 31 December 2015, the Company held the ordinary share capital of the following undertakings, incorporated in the United Kingdom:

Name	Nature of business	Net assets	Holding
Blue Steel Enterprises Limited	Dormant	£100	100%
Business Choice Direct Limited	Dormant	£100	100%
Vavista Life Limited	Dormant	£100	50%

**19. Other financial commitments**

The total future minimum lease payments to the end of each lease under non-cancellable operating leases are as follows:

	2015 £'000	2014 £'000
Expiring within one year	181	181
In more than one year, but not more than five years	151	332
More than five years	<u>-</u>	<u>-</u>

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**20. Related party transactions**

The following transactions were carried out with related parties during the year:

<b>Sale of services to entities sharing key management</b>	<b>2015 £'000</b>	<b>2014 £'000</b>
Southern Rock Insurance Company Limited	25,786	24,611
	<u>25,786</u>	<u>24,611</u>
<b>Purchase of services from entities sharing key management</b>	<b>2015 £'000</b>	<b>2014 £'000</b>
ICS Risk Solutions Limited	80	253
Rock Services Limited	27,533	26,069
Precision Risk Services Limited	715	1,749
Rock Holdings Limited	158	-
	<u>28,486</u>	<u>28,071</u>

<b>Year end balances arising from transactions with group undertakings</b>	<b>2015 £'000</b>	<b>2015 £'000</b>	<b>2015 £'000</b>	<b>2014 £'000</b>
	<b>Due from</b>	<b>Due to</b>	<b>Net</b>	<b>Net</b>
ICS Risk Solutions Limited	6,137	-	6,137	6,077
	<u>6,137</u>	<u>-</u>	<u>6,137</u>	<u>6,077</u>

<b>Year end balances arising from transactions with entities sharing key management</b>	<b>2015 £'000</b>	<b>2015 £'000</b>	<b>2015 £'000</b>	<b>2014 £'000</b>
	<b>Due from</b>	<b>Due to</b>	<b>Net</b>	<b>Net</b>
eDevelopment (2) Limited	-	(4,839)	(4,839)	(2,450)
Precision Risk Services Limited	-	(81)	(81)	(307)
Rock Services Limited	2,077	-	2,077	4,466
Southern Rock Insurance Company Limited	-	(833)	(833)	(171)
	<u>2,077</u>	<u>(5,753)</u>	<u>(3,676)</u>	<u>(1,538)</u>
	<u>8,214</u>	<u>(5,753)</u>	<u>2,461</u>	<u>7,615</u>

Included in the amounts due from ICS is a £2m loan which is unsecured, repayable no later than 2038 and with interest charged at 3% per annum.

**21. Ultimate parent undertaking and controlling party**

The immediate and ultimate parent undertaking is ICS Risk Solutions Limited ("ICS"), a company registered in the Isle of Man. The registered address of ICS is 2<sup>nd</sup> Floor, Murdoch Chambers, South Quay, Douglas, Isle of Man, IM1 5AS.

The results of the Company are included in the unaudited consolidated financial statements of ICS, which are publicly available from 2<sup>nd</sup> Floor, Lysander House, Catbrain Lane, Cribbs Causeway, Bristol BS10 7TQ.

The ultimate controlling party of ICS is Arron Banks, by virtue of his majority shareholding in the company.