

Amending

Eldon Insurance Services Limited

Consolidated Report and Financial Statements

For the year ended 31 December 2016

Company Registration No. 06334001

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

Company information

Company registration number: 06334001

Registered office: Lysander House (2nd Floor)
Catbrain Lane
Cribbs Causeway
Bristol
BS10 7TQ

Directors: J I Banks
E Bilney
J L Coetzee
R Hayes
A Marshall
A C Stewart
A B Wigmore

Company Secretary: D Williams

Solicitors: DWF
Scott Place
2 Hardman Street
Manchester
M3 3AA

Auditors: BDO LLP
Registered Auditors and Chartered Accountants
55 Baker Street
London
W1U 7EU

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Eldon Insurance Services Limited

Strategic report

For the year ended 31 December 2016

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

Principal activity

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

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

Business review

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

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

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

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

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

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

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

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

Business review (continued)

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

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

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

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

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

Key performance indicators ("KPIs")

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

Financial risk management objectives and policies

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

Liquidity risk and cash flow risk

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

Interest risk

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

Credit risk

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

Future developments

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

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

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

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

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



A Marshall

Director

Date: 29/10/18

Report of the directors

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

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

Results and dividends

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

Directors

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

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

Employee Involvement

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

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

Statement of directors' responsibilities

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

Statement of directors' responsibilities (continued)

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP") (United Kingdom Accounting Standards and applicable law). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Provision of information to the auditor

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

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

Auditors

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

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



A Marshall

Director

Date: 29/10/18

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

We have audited the revised financial statements of Eldon Insurance Services Limited for the year ended 31 December 2016 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statements of Changes in Equity, Consolidated Statement of Cash Flows 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). These revised financial statements replace the original financial statements approved by the directors on 22 September 2017.

The revised financial statements have been prepared under the Companies (Revision of Defective Accounts and Reports) Regulations 2008 and accordingly do not take account of events which have taken place after the date on which the original financial statements were approved.

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 the 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 revised 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 revised financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

We report to you our opinion as to whether the revised financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and are prepared in accordance with the requirements of the Companies Act 2006 as they have effect under the Companies (Revision of Defective Accounts and Reports) Regulations 2008. We also report to you whether in our opinion the information given in the Directors Report is consistent with the revised financial statements.

We are also required to report whether in our opinion the original financial statements failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors.

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.

In addition, the audit of revised financial statements includes the performance of procedures to assess whether the revisions made by the directors are appropriate and have been properly made.

Opinion on financial statements

In our opinion the revised financial statements:

- give a true and fair view, seen as at the date the original financial statements were approved, of the state of the Group's and the company's affairs as at 31 December 2016 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice seen as at the date the original financial statements were approved; and

- have been prepared in accordance with the requirements of the Companies Act 2006 as they have effect under the Companies (Revision of Defective Accounts and Reports) Regulations 2008.

In our opinion, the original financial statements for the year ended 31 December 2016 failed to comply with requirements of the Companies Act 2006 in the respects identified by the directors in the statement contained on page 14 of these revised financial statements.

Emphasis of matter – revision of note 11

In forming our opinion on the revised financial statements, which is not modified, we have considered the adequacy of the disclosures made on page 14 of these revised financial statements concerning the need to update the note 11 to mention correct business name of one subsidiary entity. The original financial statements were approved on 22 September 2017 and our previous report was signed on that date. We have not performed a subsequent events review for the period from the date of our previous report to the date on this report.

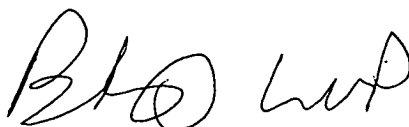
Opinion on other matters prescribed by the Companies Act 2006

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

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
55 Baker Street
London United Kingdom
W1U 7EU
29 October 2018

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

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

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

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

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

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

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

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

A Marshall

A Marshall
Director

Date: 29/10/18

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

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

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

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

A Marshall

A Marshall
Director

Date: 29/10/18

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

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

	Share capital £'000	Profit & loss account £'000	Equity attributable to the owners of the parent company £'000	Non-controlling interest £'000	Total equity £'000
At 1 January 2015	2,200	(394)	1,806	-	1,806
Comprehensive income for the year					
Profit for the year	-	284	284	-	284
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income	2,200	284	284	-	284
Contributions by and distributions to owners	-	-	-	-	-
As at 31 December 2015	2,200	(110)	2,090	-	2,090

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

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

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

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

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

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

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

Filing of "amending" accounts

These statutory accounts are resubmitted to correct two administrative errors as laid out below. Please note that there are no amendments to the results or financial commentary in these financial statements. The resubmission has been made in accordance with Statutory Instrument 2008 No. 373 as required by Companies House.

Statutory accounts for the year ended 31 December 2016 were submitted to Companies House on 25 September 2017, however a number of pages were missing from that document. On 12 October 2017 amending accounts were filed for the year ended 31 December 2016 which included all pages and the word "amending" as required by Companies House.

In October 2018 the Company was advised by Companies House that the reason for amending the accounts was not clear, and not in accordance with Statutory Instrument 2008 No.373. We have, therefore resubmitted the accounts as at 10 October 2018 to confirm the reason for filing Amending accounts was to include all pages to the financial statements.

Furthermore, we have clarified the business name of our Subsidiary undertaking in Note 11 to the accounts. The table correctly states a 51% shareholding in Business Choice Direct Insurance Services Limited. The narrative to the note referred to the trading name, Business Choice Direct, rather than the full company name. The exclusion of the two words "Insurance Services" has been added.

These Statutory accounts replace any previous version, and have been resigned as at 29 October 2018, but are prepared as they were at the date of the original accounts (22 September 2017).

1. Accounting policies

1.1 Basis of preparation

Eldon Insurance Services Limited ("the Company") is a limited liability company incorporated in England and Wales. The address of the registered office is given on the Company information page and the nature of the Group's operations and its principal activities are set out in the Strategic report.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 ("FRS 102"), the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, and the Companies Act 2006.

1.2 Basis of consolidation

The consolidated results present the results of the Company and its subsidiaries as if they formed a single entity (see note 11). Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations (including all associates and joint ventures) using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated Statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

1.3 Going concern basis

The directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. Accordingly, the going concern basis is used in preparing the financial statements.

The Company is required to maintain a minimum level of capital in accordance with Financial Conduct Authority ("FCA") regulations. As at 31 December 2016, the capital requirement was calculated at £2.378m (2015: £1.681m), resulting in a capital surplus of £0.367m (2015: £0.402m).

1.4 Critical accounting estimates and judgements in applying accounting policies

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; the directors do not consider there to be significant level of uncertainty in any estimate used in preparing these accounts.

The 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 an estimate of the length of future claims settlement process based on historical experience.

1.5 Income recognition

Turnover arises in the UK and mainly comprises insurance broking income and claims handling income.

Income recognised by the Company in respect of insurance broking services supplied, exclusive of value added tax, insurance premium tax and trade discounts, is based on the effective commencement or renewal date of the policy. 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.

1.6 Tangible fixed assets

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

- Office equipment	5 years
- Fixtures and fittings	3 years
- Motor vehicles	3 years
- Computer equipment	3 years

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted prospectively, if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Income statement.

1.7 Intangible fixed assets

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

- Software development costs	3 years
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1.8 Associates and joint ventures

An entity is treated as an associated undertaking where the group exercises significant influence; it has the power to participate in the operating and financial policy decisions.

An entity is treated as a joint venture where the group is party to a contractual agreement with one or more parties from outside the group to undertake an economic activity that is subject to joint control.

1.8 Associates and joint ventures (continued)

In the consolidated accounts, interests in associated undertakings and joint ventures are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investor's share of the profit or loss, other comprehensive income and equity of the associate, or joint venture. The consolidated Statement of comprehensive income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with the Group. In the consolidated Statement of financial position, the interests in associated undertakings and joint ventures are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

1.9 Other investments

Investments comprise financial investments.

1.10 Leases

Lease agreements are classified as finance leases if the lease agreements transfer substantially all the risks and rewards of ownership to the lessee; all other leases are classified as operating leases.

Finance leases are capitalised at the commencement of the lease 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.

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

1.11 Financial instruments

The Company enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities.

Financial assets are initially recognised at transaction price, unless the arrangement constitutes a financing transaction; therefore the transaction is measured at the present value of the future receipts discounted at 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 evidence 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 the Company would receive for the asset if it were to be sold at the reporting date.

Financial liabilities are initially recognised at transaction price, unless the arrangement constitutes a financing transaction; therefore the liability is measured at the present value of the future payments discounted at a market rate of interest.

Financial liabilities are derecognised when the contractual obligation is discharged, cancelled or expires.

Financial asset and liabilities are offset and the net amount reported in the Statement of financial position where there is an 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 the liability simultaneously.

1.12 Taxation, including deferred income taxes

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

Current tax which is payable or receivable on taxable profits or losses is recognised as an expense or credit in the period in which the profits or losses arise. The current income tax charge is calculated on the basis of the tax rates enacted or substantially enacted at the reporting date.

1.12 Taxation, including deferred income taxes (continued)

Deferred tax is provided in full, 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 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.

Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

1.13 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.

1.14 Equity

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.

2. Turnover

	2016 £'000	2015 £'000
Insurance broking	34,829	23,613
Claims handling	12,393	10,015
Other income	61	63
	47,283	33,691

3. Operating profit

Operating profit is stated after charging:

	2016 £'000	2015 £'000
Depreciation of tangible assets (see note 10)	355	798
Amortisation of intangible assets (see note 9)	8	8
Operating lease rentals	187	182
Finance lease charges	2	9
Exceptional costs - restructuring and redundancies	-	294
	552	1,291

4. Auditor's remuneration

	2016 £'000	2015 £'000
For the audit of the Group's financial statements	45	36
For other assurance related services	27	25
Tax compliance services	6	6
	78	67

Eldon Insurance Services Limited
Notes to the financial statements (continued)
For the year ended 31 December 2016

5. Staff costs

	2016	2015
	£'000	£'000
Wages and salaries	11,501	14,204
Social security costs	1,158	1,315
Other pension costs	109	138
	12,768	15,657

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

	2016	2015
	No.	No.
Administration staff	331	498
Management	30	37
	361	535

6. Directors' emoluments

	2016	2015
	£'000	£'000
Directors' emoluments	873	344
Company contributions to money purchase pension schemes	7	6
	880	350

There were 7 directors (2015: 3) to whom retirement benefits were accruing under money purchase schemes during the year.

7. Interest payable and receivable

	2016	2015
	£'000	£'000
Interest payable		
Bank interest expense	(4)	-
Finance lease interest expense	(25)	-
	(29)	-
Interest receivable		
Bank interest income	8	5
	8	5
Net interest (payable) / receivable	(21)	5

Eldon Insurance Services Limited
Notes to the financial statements (continued)
For the year ended 31 December 2016

8. Taxation

	2016	2015
	£'000	£'000
Current tax		
- UK corporation tax on profit on ordinary activities	204	150
- Adjustment in respect of previous years	(5)	(102)
	199	48
Deferred tax		
- Origination and reversal of timing differences	(23)	(67)
- Effect of tax rate change on opening balance	10	16
	(13)	(51)
	186	(3)

The tax charge /(credit) on the profit for the year is higher (2015: lower) than would arise using the standard rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are explained below:

	2016	2015
	£'000	£'000
Factors affecting the tax charge for the year:		
Profit before tax (excluding consolidation adjustments)	792	281
Profit before tax multiplied by the UK corporation tax rate of 20% (2015: 20.25%)	158	57
Effects of:		
- Expenses not deductible for tax purposes	17	17
- Effect of tax rate change	16	25
- Adjustments in respect of prior periods	(5)	(102)
	186	(3)

9. Intangible fixed assets

Group and Company

	Software development costs £'000
Cost	
At 1 January 2015	24
	<hr/>
At 31 December 2015	24
Additions	-
	<hr/>
At 31 December 2016	24
	<hr/>
Depreciation	
At 1 January 2015	8
Charge for the year (see note 3)	8
	<hr/>
At 31 December 2015	16
Charge for the year (see note 3)	8
	<hr/>
At 31 December 2016	24
	<hr/>
Net book value	
At 31 December 2015	8
	<hr/>
At 31 December 2016	-
	<hr/>

Eldon Insurance Services Limited
Notes to the financial statements (continued)
For the year ended 31 December 2016

10. Tangible fixed assets

Group and Company

	Office equipment £'000	Fixtures and fittings £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 January 2015	188	314	4,247	404	5,153
Disposals	-	-	-	(131)	(131)
At 31 December 2015	188	314	4,247	273	5,022
Additions	-	-	-	-	-
At 31 December 2016	188	314	4,247	273	5,022
Depreciation					
At 1 January 2015	171	153	3,315	246	3,885
Charge for the year (see note 3)	6	55	623	114	798
Disposals	-	-	-	(130)	(130)
At 31 December 2015	177	208	3,938	230	4,553
Charge for the year (see note 3)	5	52	255	43	355
At 31 December 2016	182	260	4,193	273	4,908
Net book value					
At 31 December 2015	11	106	309	43	469
At 31 December 2016	6	54	54	-	114

Assets held under finance leases and capitalised in motor vehicles:

	2016 £'000	2015 £'000
Cost	183	184
Accumulated depreciation	(183)	(141)
Net book value	-	43

Eldon Insurance Services Limited
Notes to the financial statements (continued)
For the year ended 31 December 2016

11. Investments

Group	Joint ventures £'000	Associates £'000	Other investments £'000	Total £'000
Cost				
At 1 January and 31 December 2015	-	-	10	10
Additions	-	147	1	148
	-	147	11	158
Share of retained earnings				
At 1 January and 31 December 2015	-	-	-	-
Profit/(loss) for the year	-	(1)	-	(1)
At 31 December 2016	-	146	11	157
Company				
	Subsidiary undertakings £'000	Associates £'000	Other investments £'000	Total £'000
Cost				
At 1 January and 31 December 2015	-	-	10	10
Additions	500	147	1	648
At 31 December 2016	500	147	11	658

Details of the investments that the Company hold 20% or more of the nominal value of any class of share capital are as follows:

Name of company	Holding	Proportion of voting rights and shares held	Nature of business
Subsidiary undertakings			
Business Choice Direct Insurance Services Limited	Ordinary shares	51%	Insurance agents and brokers
Blue Steel Enterprises Limited	Ordinary shares	100%	Dormant company
Associates			
Legal Protection Group Limited	Ordinary shares	49%	Insurance agents and brokers
Joint ventures			
Vavista Life Limited	Ordinary shares	50%	Physical well-being activities

The Company acquired the shares in Business Choice Direct Insurance Services Limited in July 2016 in preparation of the separation of the business from the Company in November 2016. The shares in Legal Protection Group Limited were acquired in April 2016. The shares in Vavista Life Limited were acquired in July 2015.

Eldon Insurance Services Limited
Notes to the financial statements (continued)
For the year ended 31 December 2016

12. Debtors	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Trade debtors	6,060	4,330	6,060	4,330
Amounts owed by Group companies (see note 20)	-	-	64	-
Amount owed by related parties (see note 20)	11,977	8,214	11,977	8,214
Prepayments and accrued income	1,959	2,078	1,896	2,078
Deferred tax (see note 13)	224	214	224	214
	20,220	14,836	20,221	14,836

Amounts owed by related parties are unsecured, interest free and repayable on demand except as disclosed in note 20.

13. Deferred tax asset / (liability)	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Brought forward	214	163	214	163
Credit for the year - Income statement	10	51	10	51
	224	214	224	214

The deferred tax balance is made up as follows:

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Accelerated capital allowances	203	209	203	209
Short term timing differences	21	3	21	3
	224	212	224	212

14. Creditors: Amounts falling due within one year

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Trade creditors	7,009	3,542	7,009	3,542
Amounts owed to Group companies (see note 20)	-	-	145	-
Amounts owed to related parties (see note 20)	5,520	5,753	5,442	5,753
Accruals and deferred income	7,092	5,699	6,948	5,699
Finance lease	74	37	74	37
Current tax	123	52	123	52
Other creditors	1	239	1	239
	19,819	15,322	19,742	15,322

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

Eldon Insurance Services Limited
Notes to the financial statements (continued)
For the year ended 31 December 2016

15. Creditors: Amounts falling due after one year

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Finance leases	-	74	-	74
Accruals and deferred income	746	1,093	746	1,093
Provision for share of loss in joint venture	66	-	-	-
	812	1,167	746	1,167

16. Finance lease

Future minimum payments due under finance leases are as follows:

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Within one year	76	44	76	44
Later than one year and no later than five years	-	76	-	76
After five years	-	-	-	-
Total gross payments	76	120	76	120
Less finance charges included above	(2)	(9)	(2)	(9)
	74	111	74	111

17. Financial instruments

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Financial assets				
Assets measured at amortised cost	20,248	15,800	20,284	15,800
Financial liabilities				
Liabilities measured at amortised cost	20,565	16,489	16,635	16,489

Receivables measured at amortised cost comprise Cash at bank, Amounts owed by related parties and Other debtors. Liabilities measured at amortised cost comprise Amounts owed to related parties, Accruals, Current tax, Bank overdraft and Other creditors.

The Company uses financial instruments 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.

Eldon Insurance Services Limited
Notes to the financial statements (continued)
For the year ended 31 December 2016

18. Share capital

	2016 £'000	2015 £'000
Allotted, called up and fully paid		
2,200,000 ordinary shares of £1 each	2,200	2,200

19. Commitments under operating leases

The total future minimum lease payments due under non-cancellable operating leases are as follows:

	2016 £'000	2015 £'000
Not later than one year	205	181
Later than one year and not later than five years	379	151
Later than five years	-	-

20. Related party transactions

	2016 Income £'000	2016 Expense £'000	2015 Income £'000	2015 Expense £'000
Transactions with related undertakings				
Southern Rock Insurance Company Limited	22,116	-	25,786	-
ICS Risk Solutions Limited	-	(46)	-	(80)
Rock Holdings Limited	-	(443)	-	(158)
Rock Services Limited	-	(39,058)	-	(27,533)
	22,116	(39,547)	25,786	(27,771)

	2016 Receivable £'000	2016 Payable £'000	2016 Net £'000	2015 Net £'000
Year end balances arising from transactions with related undertakings				
ICS Risk Solutions Limited	7,415	-	7,415	6,137
Precision Risk Services Limited	-	(7)	(7)	(81)
eDevelopment (2) Limited	-	(4,602)	(4,602)	(4,839)
Rock Services Limited	4,547	(78)	4,469	2,077
Southern Rock Insurance Company Limited	-	(686)	(686)	(833)
Precision Risk and Intelligence Limited	15	-	15	-
Legal Protection Group Limited	-	(147)	(147)	-
	11,977	(5,520)	6,457	2,461

Included in amounts due from ICS Risk Solutions Limited is a £2m loan which is unsecured, repayable no later than 2018, on which interest is charged at 3% per annum.

21. Ultimate parent undertaking and controlling party

The immediate and ultimate parent undertaking is ICS Risk Solutions Limited ("ICS"). The registered address of ICS is 18 Athol Street, Douglas, Isle of Man, IM1 1JA.

The ultimate controlling party of ICS is A Banks by virtue of his majority shareholding.