

# Eldon Insurance Services Limited

Consolidated Report and Financial Statements

For the year ended 31 December 2018

Company Registration No. 06334001



**Eldon Insurance Services Limited**  
**Report and financial statements**  
For the year ended 31 December 2018

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**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  
A Marshall  
A C Stewart  
D C Taylor  
M J Holman  
M J Boleat

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

**Contents**

**Page:**

1	Directors' report
3	Strategic report
6	Independent auditor's report
9	Consolidated statement of comprehensive income
10	Consolidated statement of financial position
11	Company statement of financial position
12	Consolidated statement of changes in equity
13	Company statement of changes in equity
14	Consolidated statement of cash flows
15	Notes to the financial statements

### **Report of the directors**

The directors present this report and the audited financial statements for the year ended 31 December 2018.

Eldon Insurance Services Limited ("the Company" or "Eldon") is a limited company incorporated in England and Wales on 6 August 2007 (registered number: 06334001), with its subsidiary Business Choice Direct Insurance Services Limited ("BCD") it forms the Eldon Group ("the Group") and is a member of the Somerset Bridge Group Limited group (the Somerset Bridge Group).

The Strategic report 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 profit for the year after taxation was £6,194,000 (2017: £1,876,000). The tax charge for the Group is based on the profit of each company before consolidation adjustments.

Dividends of £1m were paid by Business Choice Direct Insurance Services Limited ("BCD"), a 51% owned subsidiary of Eldon, during the year (2017: £112,000), of which £510,000 was paid to Eldon as the parent company and £490,000 was paid to the minority interest shareholders. The Company did not pay a dividend in the year (2017: £nil).

### **Directors**

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

J I Banks	
E Bilney	
A Marshall	
A C Stewart	
D C Taylor	(appointed 10 May 2019)
M J Holman	(appointed 10 May 2019)
M J Boleat	(appointed 12 June 2019)
R Hayes	(resigned 27 July 2019)
J L Coetzee	(resigned 29 April 2019)
A B Wigmore	(resigned 29 April 2018)

### **Equal opportunities**

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.

### **Employee Involvement**

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.

The Company has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the Company through presentations, consultations, forums and the use of the Company intranet.

**Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the 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; and
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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**

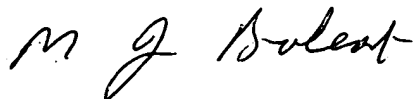
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- 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:



**M Boleat**  
Chairman

Date:

20/12/2018

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

#### **Principal activity**

The principal activity of the Company and Group for 2018 is the provision of insurance services, namely broking under the trading styles GoSkippy, Debenhams and Vavista, and claims handling. BCD is a commercial broker operating under the brand Business Choice Direct.

During 2018, the Company and Group continued its strategy to pursue excellence in insurance services for its panel of insurers, encompassing both claims handling and brokerage services. The Company continued to build on the foundations it had laid in prior years through its investment in its brokerage brands and focus on efficiency in running both the brokerage and claims handling operations.

#### **Business review**

The Group achieved turnover of £87.9m (2017: £77.6m), growth of 13.3% (2017: 64.1%) and operating profit of £6.5m (2017: £2.4m), illustrating the Company's successful delivery of its strategy within both the brokerage and claims handling divisions.

The brokerage strategy is to focus on the customer, provide an exceptional customer journey service and encourage customer loyalty to the brands, which is clearly demonstrated by the growth in renewals volumes with 173,000 renewals policies sold during 2018 compared to 125,000 in 2017, an increase of 38% year on year on a like for like basis. In addition, new business policies across the brokers increased by 17% on the previous year to 384,000 (2017: 329,000) establishing the basis for renewal income in the future. Total policies in force at the end of 2018 stood at 357,000 representing around 2% of the UK motor market.

The brokerage businesses achieved growth in income of £7.2m (12%) to £68.9m in 2018 (2017: £61m) highlighting the success of the brands in a competitive market.

The Company is committed to treating its customers fairly through such measures as providing excellent value for money to its customers and as a consequence continued to focus on costs during 2018. This ongoing process focuses on streamlining processes and reducing fixed costs as a means of eliminating wasteful practices and increasing efficiency across all parts of the business.

The Company distributes private motor policies under the Go Skippy and Vavista trading styles as well as under the affinity partnership with Debenhams. The diversity of trading styles enhances the Company's customer appeal and customer reach which in turn provides a diverse client portfolio to our panel of insurers.

### **Business review (continued)**

In addition, the Company also includes home, bike, travel 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 2018. The claims handling division achieved turnover of £18.9m in 2018 (2017: £15.8m). Operationally, the function continued to develop and improve the efficiency of its processes, including on-going strategic improvements to its claims processing systems.

BCD, which provides commercial insurance services, mainly commercial and specialist motor insurance, achieved profit after taxation of £725,000 and paid dividends of £557,000 during the year. BCD saw good growth in 2018, achieving turnover of £6m (14% organic growth), policy sales of 30,000 and policies in force of 25,000.

On the 31st of December 2018, the Company's immediate parent Company (ICS Risk Solutions Limited, an Isle of Man resident company) was transferred into a new UK parent company, Somerset Bridge Group Ltd (company number: 11737836). Somerset Bridge Group Limited is also the 100% parent company of Somerset Bridge Limited, a UK managing general agent providing insurance capacity to Eldon and backed by A-rated paper from a panel of insurers. This corporate reorganisation has brought together broking, claims handling and underwriting capacity under one UK group.

The Company sold its investments in the associated company Legal Protection Group Limited ("LPG") in May 2018 and received consideration of £1,030,000 for the transfer, a profit on sale of £883,000.

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

The Company and Group 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. Group monies are 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 and Group arises from its trade debtors. 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 and Group 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 2019 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.

The Group continues to draw on its experience within the broking and claims handling fields to continuously focus and improve the customer journey, a strategy that is establishing a loyal customer base.

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



**M Boleat**  
Chairman  
Date:

20/9/2018



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

We have audited the financial statements of Eldon Insurance Services Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2018 which comprise Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity and Consolidated Statement of Cash Flows, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice)

**In our opinion:**

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2018 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

**Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Directors report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not



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cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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.

#### **Responsibilities of Directors**

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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

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

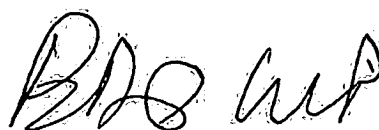
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



David Roberts (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, UK

23<sup>rd</sup> September 2019

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 2018

	Note	2018 £'000	2017 £'000
Turnover	2	87,924	77,607
Administrative expenses		(81,399)	(75,250)
<b>Group operating profit</b>	3	<b>6,525</b>	<b>2,357</b>
<b>Share of profit/(loss) for the year in:</b>			
- Joint venture		-	66
- Associated undertakings		-	54
Interest (payable)/receivable	7	16	(10)
<b>Profit on ordinary activities before tax</b>		<b>6,541</b>	<b>2,467</b>
Tax on profit on ordinary activities	8	(347)	(591)
<b>Profit/(loss) for the financial period, being total comprehensive income</b>		<b>6,194</b>	<b>1,876</b>
<b>Attributable to:</b>			
The owners of the parent company		5,854	1,543
Non-controlling interest		340	333

The notes on pages 15 to 26 are an integral part of these financial statements.

**Eldon Insurance Services Limited**  
**Consolidated statement of financial position**  
For the year ended 31 December 2018

		2018		2017	
	Note	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Intangible assets	10	-	-	-	-
Tangible assets	11	-	-	22	22
Investments	12	-	-	212	212
					234
<b>Current assets</b>					
Debtors	13	27,356		23,935	
Cash at bank		10,500		5,438	
		37,856		29,373	
<b>Creditors</b>					
Amounts falling due within one year	15	(27,876)		(24,982)	
<b>Net current assets</b>			<b>9,980</b>		<b>4,391</b>
<b>Total assets less net current assets</b>			<b>9,980</b>		<b>4,625</b>
<b>Creditors:</b>					
Amounts falling due after one year	16		(386)		(735)
<b>Net assets</b>			<b>9,594</b>		<b>3,890</b>
<b>Capital and reserves</b>					
Share capital	19		2,200		2,200
Profit and loss account			7,262		1,408
<b>Equity attributable to the owners of the parent company</b>			<b>9,462</b>		<b>3,608</b>
<b>Non-controlling interest</b>			<b>132</b>		<b>282</b>
<b>Shareholders' funds</b>			<b>9,594</b>		<b>3,890</b>

The notes on pages 15 to 26 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:

M Boleat  
Chairman

*M J Boleat*

Date:

*20/9/2019*

**Eldon Insurance Services Limited**  
**Company Statement of financial position**  
For the year ended 31 December 2018

	Note	2018		2017	
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Intangible assets	10	-	-	-	-
Tangible assets	11	-	-	22	22
Investments	12	500	-	659	-
			500		681
<b>Current assets</b>					
Debtors	13	27,163	-	23,521	-
Cash at bank		10,453	-	5,426	-
		37,616	-	28,947	-
<b>Creditors</b>					
Amounts falling due within one year	15	(27,656)	-	(24,593)	-
<b>Net current assets</b>			<b>9,960</b>		<b>4,354</b>
<b>Total assets less net current assets</b>			<b>10,460</b>		<b>5,035</b>
<b>Creditors:</b>					
Amounts falling due after one year	16	-	(386)	-	(735)
<b>Net assets</b>			<b>10,074</b>		<b>4,300</b>
<b>Capital and reserves</b>					
Share capital	19	-	2,200	-	2,200
Profit and loss account		-	7,874	-	2,100
<b>Shareholders' funds</b>			<b>10,074</b>		<b>4,300</b>

The notes on pages 15 to 26 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:

*M J Boleat*

M Boleat  
Chairman

Date:

20/9/2019

Company registration number:

06334001

Eldon Insurance Services Limited  
Consolidated Statement of changes in equity  
For the year ended 31 December 2018

	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 2018	2,200	1,408	3,608	282	3,890
<b>Comprehensive income for the year</b>					
Profit for the year		5,854	5,854	340	6,194
<b>Total comprehensive income</b>		5,854	5,854	340	6,194
<b>Contributions by and distributions to owners</b>		-	-	(490)	(490)
<b>As at 31 December 2018</b>	<b>2,200</b>	<b>7,262</b>	<b>9,462</b>	<b>132</b>	<b>9,594</b>

	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 2017	2,200	(135)	2,065	4	2,069
<b>Comprehensive income for the year</b>					
Loss for the year		1,543	1,543	278	1,821
<b>Total comprehensive income</b>		1,543	1,543	278	1,821
<b>Contributions by and distributions to owners</b>		-	-	-	-
<b>As at 31 December 2017</b>	<b>2,200</b>	<b>1,408</b>	<b>3,608</b>	<b>282</b>	<b>3,890</b>

The notes on pages 15 to 26 are an integral part of these financial statements.

Eldon Insurance Services Limited  
Company Statement of changes in equity  
For the year ended 31 December 2018

	Share capital £'000	Profit & loss account £'000	Total equity £'000
At 1 January 2018	2,200	2,100	4,300
<b>Comprehensive income for the year</b>			
Profit for the year	-	5,774	5,774
<b>Total comprehensive income</b>	-	5,774	5,774
<b>Contributions by and distributions to owners</b>	-	-	-
<b>As at 31 December 2018</b>	<b>2,200</b>	<b>7,874</b>	<b>10,074</b>
	Share capital £'000	Profit & loss account £'000	Total equity £'000
At 1 January 2017	2,200	488	2,688
<b>Comprehensive income for the year</b>			
Profit for the year	-	1,612	1,612
<b>Total comprehensive income</b>	-	1,612	1,612
<b>Contributions by and distributions to owners</b>	-	-	-
<b>As at 31 December 2017</b>	<b>2,200</b>	<b>2,100</b>	<b>4,300</b>

The notes on pages 15 to 26 are an integral part of these financial statements.



**Eldon Insurance Services Limited**  
**Consolidated statement of cash flows**  
For the year ended 31 December 2018

	<b>2018</b>	2017
	<b>£'000</b>	£'000
<b>Cash flow from operating activities</b>		
Profit before tax	6,541	2,467
<b>Adjustments for:</b>		
Depreciation charge	20	92
Investment (gains)/losses	(830)	(120)
Profit on disposal of tangible fixed assets	(132)	-
Interest paid	3	17
Interest received	(19)	(7)
Decrease/(increase) in debtors	(2,835)	(3,752)
Increase/(decrease) in creditors	2,673	4,943
Tax paid	(445)	(348)
<b>Cash generated from / (used in) operating activities</b>	<b>4,976</b>	<b>3,292</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	512	-
Proceeds from sale of tangible fixed assets	48	-
Interest received	19	7
<b>Net cash from/(used in) investing activities</b>	<b>579</b>	<b>7</b>
<b>Cash flows from financing activities</b>		
Dividends paid to non-controlling interests	(490)	(55)
Interest paid	(3)	(17)
<b>Net cash used in financing activities</b>	<b>(493)</b>	<b>(72)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>5,061</b>	<b>3,227</b>
Cash and cash equivalents at the beginning of the year	5,438	2,211
<b>Cash and cash equivalents at the end of the year</b>	<b>10,500</b>	<b>5,438</b>

The notes on pages 15 to 26 are an integral part of these financial statements.

**1. Accounting policies**

**1.1 Statement of compliance and preparation**

Eldon Insurance Services Limited ("the Company") is a limited liability company incorporated in England and Wales; with its subsidiary Business Choice Direct Insurance Services Limited ("BCD") it forms the Eldon Group ("the Group"). 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 Going concern basis**

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

**1.3 Basis of consolidation**

The consolidated results present the results of the Company and its subsidiary as if they formed a single entity (see note 12). Intercompany transactions and balances between Group companies are therefore eliminated in full.

**1.4 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.

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.

In the Company accounts, the interests in associated undertakings and joint ventures are recognised at the transaction price (including transaction costs) and reviewed for impairment.

**1.5 Capital requirements**

The Company is required to maintain a minimum level of capital in accordance with Financial Conduct Authority ("FCA") regulations.

As at 31 December 2018, the capital requirement was calculated at £3.134m (2017: £2.543m), resulting in a capital surplus of £6.938m (2017: £1.759m).

#### 1.6 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.

#### 1.7 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.

#### 1.8 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
- Computer equipment	3 years
- Motor vehicles	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.

#### 1.9 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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#### 1.10 Other investments

Investments comprise financial investments.

#### 1.11 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.

#### 1.12 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; in which case 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; in which case 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.

#### 1.13 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.

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised 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 timing 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.

**1.14 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.

**1.15 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**

	2018 £'000	2017 £'000
Insurance broking	68,910	61,699
Claims handling	18,961	15,780
Other income	53	128
	<u>87,924</u>	<u>77,607</u>

**3. Operating profit**

Operating profit is stated after charging:

	2018 £'000	2017 £'000
Depreciation of tangible assets	20	92
Amortisation of intangible assets	-	-
Operating lease rentals - computer and office equipment	228	207
Operating lease rentals - land and buildings	608	919
Finance lease charges	-	-
	<u>-</u>	<u>-</u>

**4. Auditor's remuneration**

	2018 £'000	2017 £'000
For the audit of the Group's financial statements	91	49
For other assurance related services	29	29
Tax compliance services	-	27
	<u>120</u>	<u>105</u>

Eldon Insurance Services Limited  
Notes to the financial statements (continued)  
For the year ended 31 December 2018

5. Staff costs

	2018 £'000	2017 £'000
Wages and salaries	13,966	12,337
Social security costs	1,441	1,217
Other pension costs	147	219
	<u>15,554</u>	<u>13,773</u>

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

	2018 No.	2017 No.
Administration staff	425	381
Management	58	59
	<u>483</u>	<u>440</u>

6. Directors' emoluments

	2018 £'000	2017 £'000
Directors' emoluments	1,356	1,023
Company contributions to money purchase pension schemes	6	158
	<u>1,362</u>	<u>1,181</u>

There were 6 directors (2017: 6) to whom retirement benefits were accruing under money purchase schemes during the year.

The total amount payable to the highest paid director in respect of emoluments for directorship for all Group companies was £320,000 (2017: £311,000). Company pension contributions of £992 (2017: £81,000) were made to a money purchase pension scheme.

7. Interest payable and receivable

	2018 £'000	2017 £'000
<b>Interest payable</b>		
Bank interest expense	(0)	(7)
Finance lease interest expense	(3)	(10)
	<u>(3)</u>	<u>(17)</u>
<b>Interest receivable</b>		
Bank interest income	19	7
	<u>19</u>	<u>7</u>
<b>Net interest (payable) / receivable</b>	<u>16</u>	<u>(10)</u>

8. Taxation

	2018 £'000	2017 £'000
<b>Current tax</b>		
- UK corporation tax on profit on ordinary activities	319	565
- Adjustment in respect of previous years	-	(11)
	<u>319</u>	<u>554</u>
<b>Deferred tax</b>		
- Origination and reversal of timing differences	28	23
- Adjustment in respect of previous years	-	14
- Effect of tax rate change on opening balance	-	-
	<u>28</u>	<u>37</u>
Deferred tax charge	<u>28</u>	<u>37</u>
Tax charge/(credit)	<u>347</u>	<u>591</u>

The tax charge /(credit) on the profit for the year is lower (2017: higher) than would arise using the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018 £'000	2017 £'000
<b>Factors affecting the tax charge for the year:</b>		
Profit before tax (excluding consolidation adjustments)	6,814	2,883
Profit before tax multiplied by the UK corporation tax rate of 19.00% (2016: 19%)	1,295	555
<b>Effects of:</b>		
- Expenses not deductible for tax purposes	31	47
- Income not chargeable for tax purposes	(290)	(11)
- Effect of tax rate change	(3)	(3)
- Group relief claimed	(684)	-
- Adjustments in respect of prior periods	(2)	3
- Capital allowances in excess of depreciation	-	-
	<u>347</u>	<u>591</u>

9. Parent company

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements.

The profit for the year after taxation of the parent company was £5.8m (2017: £1.6m).

10. Intangible fixed assets

Group and Company	Software development costs £'000
<b>Cost</b>	
At 1 January and 31 December 2018	24
<b>Amortisation</b>	
At 1 January and 31 December 2018	24
<b>Net book value</b>	
At 31 December 2017	-
<b>At 31 December 2018</b>	-

11. Tangible fixed assets

Group and Company	Office equipment £'000	Fixtures and fittings £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>					
At 1 January 2018	188	314	4,247	138	4,887
Disposals	-	-	-	(138)	(138)
<b>At 31 December 2018</b>	<b>188</b>	<b>314</b>	<b>4,247</b>	<b>-</b>	<b>4,749</b>
<b>Depreciation</b>					
At 1 January 2018	186	295	4,246	138	4,865
Charge for the year (see note 3)	2	19	1	-	22
Disposals	-	-	-	(138)	(138)
<b>At 31 December 2018</b>	<b>188</b>	<b>314</b>	<b>4,247</b>	<b>-</b>	<b>4,749</b>
<b>Net book value</b>					
At 31 December 2017	2	19	1	-	22
<b>At 31 December 2018</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>-</b>	<b>(0)</b>

Assets held under finance leases and capitalised in motor vehicles:

	2018 £'000	2017 £'000
Cost	-	138
Accumulated depreciation	-	(138)
<b>Net book value</b>	<b>-</b>	<b>-</b>



12. Investments

Group	Joint ventures £'000	Associates £'000	Other investments £'000	Total £'000
At 1 January 2018	-	200	12	212
Additions	-	-	-	-
Disposals	-	(200)	(12)	(212)
Profit/(loss) for the year	-	-	-	-
<b>At 31 December 2018</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>0</b>

Company	Subsidiary undertakings £'000	Associates £'000	Other investments £'000	Total £'000
At 31 December 2017	500	147	12	659
Additions	-	-	-	-
Disposals	-	(147)	(12)	(159)
<b>At 31 December 2018</b>	<b>500</b>	<b>-</b>	<b>0</b>	<b>500</b>

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
<b>Subsidiary undertakings</b>			
Business Choice Direct Insurance Services Limited <i>Registered number: 10301653</i>	Ordinary shares	51%	Insurance agents and brokers
<b>Joint ventures</b>			
Vavista Life Limited	Ordinary shares	50%	Physical well-being activities
<b>Associates</b>			
Legal Protection Group Limited	Ordinary shares	49%	Insurance agents and brokers

Vavista Life Limited transferred the its net assets to Eldon during 2018 and became dormant.

In May 2018, the Company's shares in Legal Protection Group Limited were beneficially transferred to LEI Group Holdings Limited for the fair value of £1,030,000.

Eldon Insurance Services Limited  
Notes to the financial statements (continued)  
For the year ended 31 December 2018

13. Debtors	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Trade debtors	11,001	7,823	11,001	7,823
Amounts owed by Group companies	-	-	-	34
Amount owed by related parties (see note 21)	11,945	12,593	11,945	12,344
Prepayments and accrued income	4,120	3,332	3,927	3,133
Current tax	131		131	
Deferred tax (see note 14)	159	187	159	187
	<b>27,356</b>	<b>23,935</b>	<b>27,163</b>	<b>23,521</b>

Amounts owed by related parties are unsecured, interest free and repayable on demand except as disclosed in note 21.

14. Deferred tax asset	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Brought forward	187	224	187	224
Credit for the year - Income statement	(28)	(23)	(28)	(23)
Adjustment in respect of prior periods	-	(14)	-	(14)
	<b>159</b>	<b>187</b>	<b>159</b>	<b>187</b>

The deferred tax balance is made up as follows:

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Accelerated capital allowances	159	184	159	184
Short term timing differences	-	3	-	3
	<b>159</b>	<b>187</b>	<b>159</b>	<b>187</b>

15. Creditors: Amounts falling due within one year

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Trade creditors	19,006	14,788	18,991	14,773
Amounts owed to Group companies	-	-	416	-
Amounts owed to related parties (see note 21)	1,714	3,733	1,448	3,733
Accruals and deferred income	6,885	6,112	6,666	5,926
Current tax	136	264	-	76
Other creditors	136	85	136	85
	<b>27,877</b>	<b>24,982</b>	<b>27,657</b>	<b>24,593</b>

Amounts owed to related parties are unsecured, interest free and repayable on demand except as disclosed in note 21.

16. Creditors: Amounts falling due after one year

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Accruals and deferred income	386	735	386	735
Provision for share of loss in joint venture	-	-	-	-
	<b>386</b>	<b>735</b>	<b>386</b>	<b>735</b>

17. Financial instruments

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
<b>Financial assets</b>				
Assets measured at amortised cost	<b>31,166</b>	24,496	<b>31,119</b>	24,269
<b>Financial liabilities</b>				
Liabilities measured at amortised cost	<b>22,305</b>	19,506	<b>20,677</b>	15,873

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

The Company and Group uses financial instruments that arise directly from its operations. The main purpose of these financial instruments is to finance the Company's and Group's operations. Neither the Company nor the Group has any interest in the trade of financial instruments, interest rate swaps or forward interest rate agreements.

The Company and Group seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Information regarding the group's exposure to and management of liquidity and cash flow risk, interest risk and credit risk is included in the Strategic report.

18. Share capital

	2018 £'000	2017 £'000
<b>Allotted, called up and fully paid</b>		
2,200,000 ordinary shares of £1 each	<b>2,200</b>	2,200

19. Commitments under operating leases

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

	2018 £'000	2017 £'000
Not later than one year	<b>1,015</b>	961
Later than one year and not later than five years	<b>2,311</b>	2,829
Later than five years	<b>1,619</b>	2,117

20. Post balance sheet events

In July 2019, BCD paid a dividend of £211,000 of which £108,000 was paid for Eldon as the parent company and £103,000 was paid to the minority interest shareholders.

21. Related party transactions

	2018 Income £'000	2018 Expense £'000	2017 Income £'000	2017 Expense £'000
<b>Transactions with related undertakings</b>				
Lysander Law	1,175	-	525	-
Rock Holdings Limited	-	(10,958)	-	(11,481)
Rock Services Limited	16,442	(77,894)	-	(31,059)
Somerset Bridge Limited	5,947	(12,958)	889	(2,617)
Southern Rock Insurance Company Limited	5,929	-	13,076	-
	<b>29,493</b>	<b>(101,810)</b>	<b>14,490</b>	<b>(45,157)</b>
	<b>2018 Receivable £'000</b>	<b>2018 Payable £'000</b>	<b>2018 Net £'000</b>	<b>2017 Net £'000</b>
<b>Year end balances arising from transactions with related undertakings</b>				
eDevelopment (2) Limited	-	(841)	(841)	(1,254)
ICS Risk Solutions Limited	4,285	-	4,285	7,474
Lysander Law	-	-	-	525
Precision Risk and Intelligence Limited	-	-	-	15
Precision Risk Services Limited	-	(7)	(7)	(7)
Rock Services Limited	7,130	(262)	6,868	2,600
Somerset Bridge Limited	-	-	-	1,461
Southern Rock Insurance Company Limited	-	(605)	(605)	(1,953)
LEI Group Holdings Ltd	530	-	530	-
	<b>11,945</b>	<b>(1,714)</b>	<b>10,231</b>	<b>8,860</b>

Transactions with related parties take place at arm's length.

Included in amounts due from ICS Risk Solutions Limited is a £2.3m loan which is unsecured, repayable no later than 2020, on which interest is charged at 3% per annum. The balance of £374,000 owed to BCD (eliminated on consolidation) is unsecured, repayable on demand and interest bearing at 5%.

22. Ultimate parent undertaking and controlling party

The ultimate parent undertaking is Somerset Bridge Group Limited ("SBGL"). The registered address of SBGL is Lysander House Catbrain Lane, Cribbs Causeway, Bristol, UK and the company number is 11737836.

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

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