

Eldon Insurance Services Limited

Consolidated Report and Financial Statements

For the year ended 31 December 2017

Company Registration No. 06334001

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Eldon Insurance Services Limited
Report and financial statements
For the year ended 31 December 2017

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

Eldon Insurance Services Limited
Report and financial statements
For the year ended 31 December 2017

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Eldon Insurance Services Limited

Directors' report

For the year ended 31 December 2017

Report of the directors

The directors present this report and the audited financial statements for the year ended 31 December 2017.

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 ICS Risk Solutions Limited Group ("the ICS 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 £1,876,000 (2016: loss of £21,000). The tax charge for the Group is based on the profit of each company before consolidation adjustments.

Dividends of £112,000 were paid by Business Choice Direct Insurance Services Limited ("BCD"), a 51% owned subsidiary of Eldon, during the year (2016: £nil), of which £57,000 was paid to Eldon as the parent company and £55,000 was paid to the minority interest shareholders. The Company did not pay a dividend in the year (2016: £nil).

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	
R Hayes	(appointed 27 July 2017)
A C Stewart	(appointed 17 March 2017)
G Morgan	(resigned 14 February 2017)
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.

Eldon Insurance Services Limited

Directors' report (continued)

For the year ended 31 December 2017

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

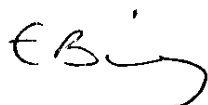
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- 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:



E Bilney
Director

Date: 26 SEPTEMBER 2018

Eldon Insurance Services Limited

Strategic report

For the year ended 31 December 2017

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 2017 is the provision of insurance services, namely broking under the trading styles GoSkippy, Footprint and Debenhams, and claims handling. BCD is a commercial broker operating under the brand Business Choice Direct.

During 2017, 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 focussed investment in its brokerage brands.

In October 2016, Somerset Bridge Limited ("SBL") was incorporated in order to diversify the panel of insurers and offer an extensive product range for our customers. SBL is a managing general agent with A+ rated capacity of c.£20m annually. From June 2017, c.25% of the Eldon brokerage policies were paced via SBL.

Business review

The Group achieved turnover of £77.6m (2016: £47.3m), growth of 64.1% (2016: 40.3%) and operating profit of £2.4m (2016: £0.3m), illustrating the Company's commitment to reinvesting profits in its brokerage brands in line with its mission of building a sustainable renewals business.

In November 2016, BCD was separated from the Company into a new legal entity owned 51% by Eldon. Footprint was the bespoke van and motorbike brokerage brand for the Company for which the business information and records were sold to BCD in May 2017, at which time the Company ceased operating under this brand. This transfer consolidated the commercial business lines together with the expansion of BCD into van insurance brokerage, bringing efficiencies in operations and a streamlined customer experience.

The following figures exclude BCD and Footprint for both 2016 and 2017 to compare the Company year on year on a like for like basis.

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 125,000 renewals policies sold during 2017 compared to 75,000 in 2016, an increase of 66.6% year on year on a like for like basis. In addition, new business policies across the brokers increased by 20.7% on the previous year to 329,000 (2016: 272,000) establishing the basis for renewal income in the future. Total policies in force at the end of 2017 stood at 370,000 compared to 306,000 at the end of 2016.

The brokerage businesses achieved growth in income of £31.5m (84.2%) to £69.0m in 2017 (2016: £37.5m) 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 2017. 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.

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 28% increase in new business policies and a 56% increase in its renewal book.

Eldon Insurance Services Limited

Strategic report (continued)

For the year ended 31 December 2017

Business review (continued)

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 52,000 new business and renewal policies in 2017 (2016: 63,000).

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 2017. The claims handling division achieved turnover of £16m in 2017 (2016: £12m). 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 £688,000 and paid dividends of £112,000 during the year, declaring a further £443,000 which was paid in April 2018. BCD saw good growth in 2017, achieving turnover of £5.3m, policy sales of 27,000 and policies in force of 23,000. On a like for like basis in the previous year, BCD achieved growth of 36% which was predominantly due to the acquisition of the Footprint book in May 2017, but also through organic growth building on the established Business Choice Direct brand.

The Company also has investments in a joint venture with Vavista Life Limited ("Vavista") and an associated company Legal Protection Group Limited ("LPG"). Vavista was incorporated in 2015 and provides health and well-being programmes and arranges life insurance policies. LPG was incorporated in 2016 and provides Before-the-event ("BTE") and After-the-event ("ATE") legal protection insurance, legal services and emergency assistance products. LPG achieved profit after taxation of £110,000 for the year. In May 2018, LPG was transferred out of the Group while maintaining the links beneficial for the ongoing business of both entities.

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 2018 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 their 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

In 2018 the Group has launched Vavista Car insurance to capitalise on their expertise in this area. The success of SBL has increased the policies underwritten by the MGA, resulting in a significant proportion of motor insurance underwritten by A+ rated insurers. The Group has also launched a new travel insurance product, expanding the business into a new area with the potential for further growth.

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



E Bilney

Director

Date: 26 SEPTEMBER 2018

Eldon Insurance Services Limited

Independent auditor's report to the member of Eldon Insurance Services Limited

For the year ended 31 December 2017

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 2017 which comprise the 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, Consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 the Parent Company's affairs as at 31 December 2017 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 the 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 consolidated report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Eldon Insurance Services Limited

Independent auditor's report to the member of Eldon Insurance Services Limited (continued)

For the year ended 31 December 2017

Opinion 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 for the financial statements

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.

Auditors 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.

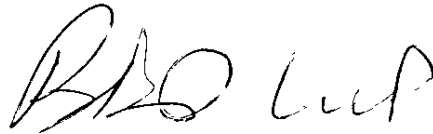
Eldon Insurance Services Limited

Independent auditor's report to the member of Eldon Insurance Services Limited (continued)

For the year ended 31 December 2017

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, United Kingdom

Date 27 September 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 2017

	Note	2017 £'000	2016 £'000
Turnover	2	77,607	47,283
Administrative expenses		(75,250)	(47,030)
Group operating profit	3	2,357	253
Share of profit/(loss) for the year in:			
- Joint venture		66	(66)
- Associated undertakings		54	(1)
Interest (payable)/receivable	7	(10)	(21)
Profit on ordinary activities before tax		2,467	165
Tax on profit on ordinary activities	8	(591)	(186)
Profit/(loss) for the financial period, being total comprehensive income		1,876	(21)
Attributable to:			
The owners of the parent company		1,543	(25)
Non-controlling interest		333	4

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

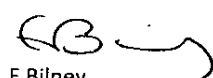
Eldon Insurance Services Limited
Consolidated statement of financial position
For the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Fixed assets			
Intangible assets	10	-	-
Tangible assets	11	22	114
Investments	12	212	157
		<u>234</u>	<u>271</u>
Current assets			
Debtors	13	23,935	20,220
Cash at bank		5,438	2,211
		<u>29,373</u>	<u>22,431</u>
Creditors			
Amounts falling due within one year	15	(24,982)	(19,819)
Net current assets		<u>4,391</u>	<u>2,612</u>
Total assets less net current assets		<u>4,625</u>	<u>2,883</u>
Creditors:			
Amounts falling due after one year	16	(735)	(814)
Net assets		<u>3,890</u>	<u>2,069</u>
Capital and reserves			
Share capital	19	2,200	2,200
Profit and loss account		1,408	(135)
Equity attributable to the owners of the parent company		<u>3,608</u>	<u>2,065</u>
Non-controlling interest		<u>282</u>	<u>4</u>
Shareholders' funds		<u>3,890</u>	<u>2,069</u>

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:


E Bilney
Director

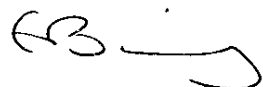
Date: 26 SEPTEMBER 2018

Eldon Insurance Services Limited
Company Statement of financial position
For the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Fixed assets			
Intangible assets	10	-	-
Tangible assets	11	22	114
Investments	12	659	658
		681	772
Current assets			
Debtors	13	23,521	20,221
Cash at bank		5,426	2,183
		28,947	22,404
Creditors			
Amounts falling due within one year	15	(24,593)	(19,742)
Net current assets		4,354	2,662
Total assets less net current assets		5,035	3,434
Creditors:			
Amounts falling due after one year	16	(735)	(746)
Net assets		4,300	2,688
Capital and reserves			
Share capital	19	2,200	2,200
Profit and loss account		2,100	488
Shareholders' funds		4,300	2,688

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:



E Bilney
Director

Date: 26 SEPTEMBER 2018

Company registration number: 06334001

Eldon Insurance Services Limited
Consolidated Statement of changes in equity
For the year ended 31 December 2017

	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
Comprehensive income for the year					
Profit for the year		1,543	1,543	333	1,876
Total comprehensive income		1,543	1,543	333	1,876
Contributions by and distributions to owners		-	-	(55)	(55)
As at 31 December 2017	2,200	1,408	3,608	282	3,890

	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					
Loss for the year		(25)	(25)	4	(21)
Total comprehensive income		(25)	(25)	4	(21)
Contributions by and distributions to owners		-	-	-	-
As at 31 December 2016	2,200	(135)	2,065	4	2,069

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 2017

	Share capital £'000	Profit & loss account £'000	Total equity £'000
At 1 January 2017	2,200	488	2,688
Comprehensive income for the year			
Profit for the year	-	1,612	1,612
Total comprehensive income	-	1,612	1,612
Contributions by and distributions to owners	-	-	-
As at 31 December 2017	2,200	2,100	4,300
	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
Total comprehensive income	-	598	598
Contributions by and distributions to owners	-	-	-
As at 31 December 2016	2,200	488	2,688

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 2017

	2017 £'000	2016 £'000
Cash flow from operating activities		
Profit before tax	2,467	165
Adjustments for:		
Depreciation charge	92	355
Amortisation of intangible fixed assets	-	8
Investment (gains)/losses	(120)	67
Interest paid	17	29
Interest received	(7)	(8)
Decrease/(increase) in debtors	(3,752)	(5,384)
Increase/(decrease) in creditors	4,943	4,063
Tax paid	(348)	(172)
Cash generated from / (used in) operating activities	<u>3,292</u>	<u>(877)</u>
Cash flows from investing activities		
Increase in investments	-	(147)
Interest received	7	8
Net cash from/(used in) investing activities	<u>7</u>	<u>(139)</u>
Cash flows from financing activities		
Dividends paid to non-controlling interests	(55)	-
Interest paid	(17)	(29)
Net cash used in financing activities	<u>(72)</u>	<u>(29)</u>
Net increase/(decrease) in cash and cash equivalents	3,227	(1,045)
Cash and cash equivalents at the beginning of the year	<u>2,211</u>	<u>3,256</u>
Cash and cash equivalents at the end of the year	<u>5,438</u>	<u>2,211</u>

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 2017, the capital requirement was calculated at £2.543m (2016: £2.378m), resulting in a capital surplus of £1.759m (2016: £0.367m).

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

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

	2017	2016
	£'000	£'000
Insurance broking	61,699	34,829
Claims handling	15,780	12,393
Other income	128	61
	77,607	47,283

3. Operating profit

Operating profit is stated after charging:

	2017	2016
	£'000	£'000
Depreciation of tangible assets	92	355
Amortisation of intangible assets	-	8
Operating lease rentals - computer and office equipment	207	187
Operating lease rentals - land and buildings	919	685
Finance lease charges	-	2

4. Auditor's remuneration

	2017	2016
	£'000	£'000
For the audit of the Group's financial statements	49	45
For other assurance related services	29	27
Tax compliance services	7	6
	85	78

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5. Staff costs

	2017	2016
	£'000	£'000
Wages and salaries	12,337	11,501
Social security costs	1,217	1,158
Other pension costs	219	109
	13,773	12,768

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

	2017	2016
	No.	No.
Administration staff	381	331
Management	59	30
	440	361

6. Directors' emoluments

	2017	2016
	£'000	£'000
Directors' emoluments	1,023	873
Company contributions to money purchase pension schemes	158	7
	1,181	880

There were 6 directors (2016: 7) 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 £311,000 (2016: £306,000). Company pension contributions of £81,000 (2016: £81,000) were made to a money purchase pension scheme.

7. Interest payable and receivable

	2017	2016
	£'000	£'000
Interest payable		
Bank interest expense	(7)	(4)
Finance lease interest expense	(10)	(25)
	(17)	(29)
Interest receivable		
Bank interest income	7	8
	7	8
Net interest (payable) / receivable	(10)	(21)

Eldon Insurance Services Limited
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8. Taxation

	2017	2016
	£'000	£'000
Current tax		
- UK corporation tax on profit on ordinary activities	565	204
- Adjustment in respect of previous years	(11)	(5)
Current tax charge / (credit)	554	199
Deferred tax		
- Origination and reversal of timing differences	23	(23)
- Adjustment in respect of previous years	14	-
- Effect of tax rate change on opening balance	-	10
Deferred tax charge	37	(13)
Tax charge/(credit)	591	186

The tax charge /(credit) on the profit for the year is higher (2016:higher) than would arise using the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

	2017	2016
	£'000	£'000
Factors affecting the tax charge for the year:		
Profit before tax (excluding consolidation adjustments)	2,883	792
Profit before tax multiplied by the UK corporation tax rate of 19.25% (2016: 20%)	555	158
Effects of:		
- Expenses not deductible for tax purposes	47	17
- Income not chargeable for tax purposes	(11)	-
- Effect of tax rate change	(3)	16
- Adjustments in respect of prior periods	3	(5)
	591	186

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 £1.6m (2016: £0.60m).

10. Intangible fixed assets

Group and Company	Software development costs £'000
Cost	
At 1 January and 31 December 2017	24
Amortisation	
At 1 January and 31 December 2017	24
Net book value	
At 31 December 2016	-
At 31 December 2017	-

11. 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 2017	188	314	4,247	273	5,022
Disposals	-	-	-	(135)	(135)
At 31 December 2017	188	314	4,247	138	4,887
Depreciation					
At 1 January 2017	182	260	4,193	273	4,908
Charge for the year (see note 3)	4	35	53	-	92
Disposals	-	-	-	(135)	(135)
At 31 December 2017	186	295	4,246	138	4,865
Net book value					
At 31 December 2016	6	54	54	-	114
At 31 December 2017	2	19	1	-	22

Assets held under finance leases and capitalised in motor vehicles:

	2017 £'000	2016 £'000
Cost	138	183
Accumulated depreciation	(138)	(183)
Net book value	-	-

Eldon Insurance Services Limited
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For the year ended 31 December 2017

12. Investments

Group	Joint ventures £'000	Associates £'000	Other investments £'000	Total £'000
At 1 January 2017	-	146	11	157
Additions	-	-	1	1
Profit/(loss) for the year	-	54	-	54
At 31 December 2017	-	200	12	212

Company	Subsidiary undertakings £'000	Associates £'000	Other investments £'000	Total £'000
At 31 December 2016	500	147	11	658
Additions	-	-	1	1
At 31 December 2017	500	147	12	659

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

Legal Protection Group Limited achieved unaudited profits of £110,005 during the 12 month period. The Company has a 49% share of these profits, recognising £53,902 for the year.

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
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13. Debtors	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Trade debtors	7,823	6,060	7,823	6,060
Amounts owed by Group companies	-	-	-	64
Amount owed by related parties (see note 22)	12,593	11,977	12,378	11,977
Prepayments and accrued income	3,332	1,959	3,133	1,896
Deferred tax (see note 14)	187	224	187	224
	23,935	20,220	23,521	20,221

Amounts owed by related parties are unsecured, interest free and repayable on demand except as disclosed in note 22.

14. Deferred tax asset	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Brought forward	224	214	224	214
Credit for the year - Income statement	(23)	10	(23)	10
Adjustment in respect of prior periods	(14)	-	(14)	-
	187	224	187	224

The deferred tax balance is made up as follows:

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Accelerated capital allowances	184	203	184	203
Short term timing differences	3	21	3	21
	187	224	187	224

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15. Creditors: Amounts falling due within one year

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Trade creditors	14,789	7,009	14,774	7,009
Amounts owed to Group companies	-	-	-	145
Amounts owed to related parties (see note 22)	3,732	5,520	3,732	5,442
Accruals and deferred income	6,112	7,092	5,926	6,948
Finance lease	-	74	-	74
Current tax	264	123	76	123
Other creditors	85	1	85	1
	24,982	19,819	24,593	19,742

Amounts owed to related parties are unsecured, interest free and repayable on demand except as disclosed in note 22.

16. Creditors: Amounts falling due after one year

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Accruals and deferred income	735	748	735	746
Provision for share of loss in joint venture	-	66	-	-
	735	814	735	746

17. Finance lease

Future minimum payments due under finance leases are as follows:

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Within one year	-	76	-	76
Later than one year and no later than five years	-	-	-	-
After five years	-	-	-	-
	-	76	-	76
Total gross payments	-	76	-	76
Less: finance charges included above	-	(2)	-	(2)
	-	74	-	74

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18. Financial instruments

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Financial assets				
Assets measured at amortised cost	24,496	20,248	24,269	20,284
Financial liabilities				
Liabilities measured at amortised cost	19,242	20,565	15,873	16,635

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 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.

19. Share capital

	2017	2016
	£'000	£'000
Allotted, called up and fully paid		
2,200,000 ordinary shares of £1 each	2,200	2,200

20. Commitments under operating leases

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

	2017	2016
	£'000	£'000
Not later than one year	961	205
Later than one year and not later than five years	2,829	379
Later than five years	2,117	-

21. Post balance sheet events

In April 2018, BCD paid a dividend of £443,000 of which £226,000 was paid to Eldon as the parent company and £217,000 was paid to the minority interest shareholders.

In May 2018, the Company's shareholding in Legal Protection Group Limited was beneficially transferred to LEI Group Holdings Limited for the fair value of £1,030,000. Payments will be made in instalments, attracting interest at 5%, due to be repaid by the year ended 31 December 2019.

22. Related party transactions

	2017 Income £'000	2017 Expense £'000	2016 Income £'000	2016 Expense £'000
Transactions with related undertakings				
ICS Risk Solutions Limited	-	-	-	(46)
Lysander Law	525	-	-	-
Rock Holdings Limited	-	(11,481)	-	(443)
Rock Services Limited	-	(31,059)	-	(39,058)
Somerset Bridge Limited	889	(2,617)	-	-
Southern Rock Insurance Company Limited	13,076	-	22,116	-
	14,490	(45,157)	22,116	(39,547)
	2017 Receivable £'000	2017 Payable £'000	2017 Net £'000	2016 Net £'000
Year end balances arising from transactions with related undertakings				
eDevelopment (2) Limited	-	(1,254)	(1,254)	(4,602)
ICS Risk Solutions Limited	7,475	-	7,475	7,415
Legal Protection Group Limited	-	-	-	(147)
Lysander Law	525	-	525	-
Precision Risk and Intelligence Limited	15	-	15	15
Precision Risk Services Limited	-	(7)	(7)	(7)
Rock Services Limited	2,600	-	2,600	4,469
Somerset Bridge Limited	1,461	-	1,461	-
Southern Rock Insurance Company Limited	518	(2,471)	(1,953)	(686)
	12,593	(3,732)	8,861	6,457

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

Included in amounts due from ICS Risk Solutions Limited is a £2m loan which is unsecured, repayable no later than 2020, on which interest is charged at 3% per annum. The balance of £34,000 owed by BCD (eliminated on consolidation) is unsecured, repayable on demand and interest bearing at 5%.

23. Ultimate parent undertaking and controlling party

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.

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