Registration number: 00294940

EQUINE AND LIVESTOCK

INSURANCE COMPANY LIMITED (THE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 SEPTEMBER 2019

EQUINE AND LIVESTOCK INSURANCE COMPANY LIMITED (THE)

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EQUINE AND LIVESTOCK INSURANCE COMPANY LIMITED (THE)
COMPANY INFORMATION

DIRECTORS	F D Martin C J Hall K E Howells-Lee A K Martin (resigned 09/10/2019) P E Myers (Independent non-executive director) E M Walker (Independent non-executive director)
SECRETARY	J H Shaw
REGISTERED OFFICE	Thorpe Underwood Hall Thorpe Underwood York YO26 9SZ
BANKERS	Nat West Bank plc P O Box 51 7 Hustlergate Bradford BD1 1PP Barclays Bank plc 25 James Street Harrogate HG1 1QX
AUDITORS	Watson Buckle Limited Statutory Auditor & Chartered Accountants York House Cottingley Business Park Bradford BD16 1PE

EQUINE AND LIVESTOCK INSURANCE COMPANY LIMITED (THE)
STRATEGIC REPORT
Year Ended 30 September 2019

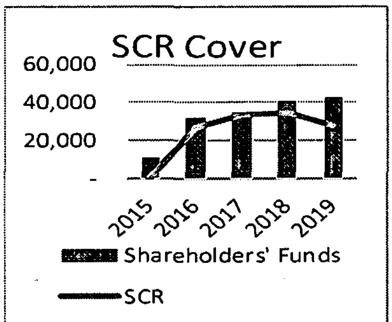
The directors present their strategic report for the year ended 30 September 2019.

Principal activity and Strategic review
The principal activity of the company during the period remains the transaction of general insurance classified as Miscellaneous Financial Loss. There have not been any significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year. The company is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Stratagy
Equine and Livestock Insurance Company (ELICO) vision is to grow the business within capital constraints and be recognised as a strongly capitalised and prudent insurance underwriter, with a focus on maintaining a low cost operation to provide underwriting and claims solutions that will meet the needs of the consumers.

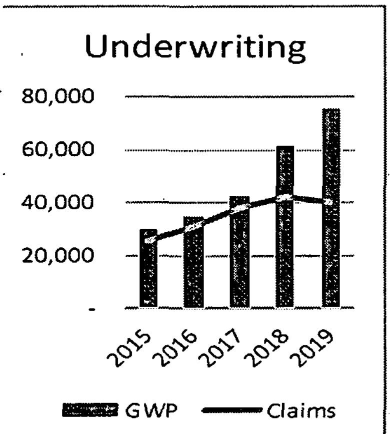
Strategic Review
The balance sheet on pages 13 and 14 of the financial statements shows that the company's capital position at the year end increased by 6% to £32,450,000 (2018 - 19% to £30,750,000), following the issue of £1,700,000 of Share Capital.

Shareholders' Funds are maintained above the Solvency Capital Requirement (SCR) at all times and are required to provide a buffer over and above the liabilities including notified claims and claims not yet advised. Shareholders' Funds are increased by retained earnings and additional share capital injections.



Year	2015	2016	2017	2018	2019
	£000	£000	£000	£000	£000
Share Capital	4,000	23,050	25,050	30,750	32,450
Reserves	8,979	9,952	10,930	10,755	11,411
Shareholders' Funds	**12,979**	**33,002**	**35,980**	**41,505**	**43,861**
Solvency II Adjustment	(1,718)	(723)	(1,031)	(709)	(739)
Shareholders' Funds Solvency II Basis	**11,261**	**32,279**	**34,949**	**40,796**	**43,122**
Solvency Capital Requirement		27,407	33,356	34,840	27,578
SCR Cover	0%	118%	105%	117%	156%

As shown in the company's profit and loss account: technical account on page 11, the underwriting profit for the year is £1,781,000 (2018 - £250,000). The net claims loss ratio was 93% (2018 - 92.80%).



Year	2015	2016	2017	2018	2019
	£000	£000	£000	£000	£000
Gross Written Premium	30,004	34,856	42,190	61,457	75,323
Earned Income	29,673	34,148	41,215	34,411	42,060
Claims	(25,665)	(31,021)	(38,093)	(41,872)	(40,009)
Change in Provisions	(2,450)	(1,390)	(287)	7,711	(270)
Underwriting Profit	**1,558**	**1,737**	**2,835**	**250**	**1,781**
Expenses	(1,157)	(1,541)	(2,431)	(1,852)	(2,278)
Net underwriting Profit	**401**	**196**	**404**	**(1,602)**	**(497)**
Investment Income	270	839	1,262	1,288	1,334
Profit Before Tax	**671**	**1,035**	**1,666**	**(314)**	**837**
Tax	(166)	(263)	(348)	139	(181)
Retained Profit	**505**	**772**	**1,318**	**(175)**	**656**

Key Performance Indicators
The company uses a number of Key Performance Indicators (KPI) to understand, monitor and develop the performance of the business.
These include financial KPI's covering Claims Ratios, Gross Written Premium Growth, Solvency Capital Requirement Cover, Profitability, Liquid Cash, Financial Ratings, Customer Outcomes, Risk Appetite.

Reinsurance
The company makes use of reinsurance contracts in order to mitigate the underwriting risk and has contracts in place covering Quota Share, Catastrophe Risk and Marine Excess of Loss.

Going concern
As set out in the Directors' Responsibilities statement, the directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. The current economic conditions present increased risks for all businesses. In response to such uncertain conditions, the directors have carefully considered these risks and the extent to which they might affect the preparation of the financial statements on a going concern basis. In particular, the directors of the company have considered in detail the company's forecast performance, including its capital adequacy, forecast solvency position and the valuation of its investments. On this basis, the directors have a reasonable expectation that the company will maintain adequate solvency to continue in operational existence for the foreseeable future. Accordingly the directors of the company have adopted the going concern basis in preparing these financial statements.

Principal risks and uncertainties
The board ensures that the risks the business faces are managed in a prudent manner via the Risk and Audit Committees. The company operates a risk management framework through which it identifies, monitors, reports and manages its principal risks within its risk appetite and ensures that sufficient capital is held.
Competitive pressure in the UK is a continuing risk for the company. The company manages this risk by focusing on customer needs and adapting the product offering to maintain leading coverage and pricing. Procedures are constantly updated to make application, renewal and claims processing as quick and streamlined as possible. Achieving the best customer outcomes remains a key aspect of the business strategy.

ELICO's risk profile is skewed towards insurance risk, arising from the provision of its range of Pet, Pleasure Horse and non-animal policies. The risk and governance framework has been strongly embedded in ELICO and is described in the governance manual.

Insurance Risk
Insurance Risk is the risk that an insured event may occur requiring the Insurer to pay a claim. However, an undertakings inaccurate assessment of the associated risks or uncontrollable factors not included in the Policy's exclusion list may result in the Insurer's cost of the claims settlement significantly exceed earned premiums.
Insurance Risk is monitored and managed with regular management information along with the use of reinsurance contracts.

Market Risk
Market risk is the risk of losses arising from fluctuations in market prices. The Company is not exposed to significant market risk, linked only to falls in reinsurance, property values and/or interest rates. Market risk is managed within the Company's portfolio guidelines.
Market risk is monitored and managed by ensuring a diverse mix of low risk assets, with strong financial ratings.

Credit Risk

Credit risk refers to the risk of loss or of adverse change in the financial position resulting, directly or indirectly, from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to which undertakings are exposed, in the form of counterparty default risk, or spread risk, or market risk concentrations. The Company's key credit risk exposures are counterparty failure. Credit risk within the Company's investment portfolio is controlled through application of the investment guidelines, which cannot be changed without Board approval.

Credit Risk is measured monthly via the credit risk appetite measures, with a review of the credit ratings of all banking counterparties.

Operational Risk

Operational Risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems, and from external events.

It has a system of internal controls to manage these operational risks, and to reduce the potential exposure, but accepts that a residual risk of loss remains.

Operational risk is recorded on the risk registers, and day-to day-processes are closely managed by all directors which will identify shortcomings in operational risks.

Financial Risk

Financial Risk is the risk of being unable to meet financial obligations as they fall due and can be affected by excessive claims experience eroding financial reserves, poor management of liquid and illiquid assets or failure of a banking or insurance counterparty.

Liquidity risk is monitored and managed with the production of regular management information including credit ratings of banks.

Governance

The company continues to strengthen its corporate governance framework. ELICO has two Non Executive Directors filling the roles of Chairman and Head of Audit, Risk and Remuneration Committees and it has established the following committees

- Finance Committee
- Audit Committee
- Risk Committee
- Remuneration Committee
- Nomination Committee

Board and Committee Attendance

The directors attended meetings as follows

	Meetings	P Myers	F Martin	K Howells-Lee	C Hall	A Martin	E Walker
Board	4	4	3	4	4	4	4
Finance	11	n/a	11	8	11	n/a	n/a
Audit	4	4	4	4	4	n/a	4
Risk	4	4	4	4	4	n/a	4
Remuneration	1	1	1	n/a	n/a	n/a	1
Nomination	1	1	1	n/a	n/a	n/a	1

Approved by the Board on 17 December 2019 and signed on its behalf by:

F D Martin
Director

EQUINE AND LIVESTOCK INSURANCE COMPANY LIMITED (THE)
DIRECTORS' REPORT
Year Ended 30 September 2019

The directors present their report and the audited financial statements for the year ended 30 September 2019.

Directors of the company
The directors of the company throughout the period were as follows:

F D Martin

C J Hall

K E Howells-Lee

A K Martin (resigned 09/10/2019)

P E Myers (Independent non-executive director)

E M Walker (Independent non-executive director)

Disclosure of information to the auditors
Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Auditors
In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Watson Buckle Limited as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 17 December 2019 and signed on its behalf by:

....
F D Martin
Director

EQUINE AND LIVESTOCK INSURANCE COMPANY LIMITED (THE)
STATEMENT OF DIRECTORS' RESPONSIBILITIES
Year Ended 30 September 2019

Directors' responsibilities
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 which are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed; 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUINE AND LIVESTOCK INSURANCE COMPANY LIMITED (THE)

Opinion

We have audited the financial statements of Equine and Livestock Insurance Company Limited (The) for the year ended 30 September 2019, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) having regard to the statutory requirement for insurance companies to maintain equalisation provisions. The nature of equalisation provisions, the amounts set aside as at 30 September 2019, and the effect of the movement in those provisions during the year on the shareholders' funds, the balance on the general business technical account and profit before tax, are disclosed in notes 2 and 18.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How we addressed the key audit matter in the audit
Insurance provisions - £5,257,000 (2018: £4,598,000)	
Refer to the accounting policy for Insurance contracts included in note 2 and further information provided in note 18. Insurance provisions includes liabilities for claims payable and claims incurred but not reported as at 30 September 2019. The process for recognising such liabilities is inherently complex and involves judgements to be made by management. Management's estimation technique is to make projections for claims provisions based on historical claims experience and hens there is a risk of estimate uncertainties over the use of historic data and the degree to which this will accurately reflect actual claims incurred as at the statement of the financial position date.	We obtained detailed understanding of the methodology adopted by management and the key assumptions underpinning the calculation. We performed a retrospective review of the prior year estimate to consider the appropriateness of management's estimate in the prior year. The results of which were used to consider the suitability of the provisioning process for the current year. We tested the arithmetical accuracy of the provisions. We have also checked the inputs into the model including, agreeing the amount of historical claims payments. We used our testing results, knowledge of the company and patterns in the historical claims paid data to challenge management's key assumptions in calculating the provisions.
Valuation of investment properties held within land and buildings - £5,100,000 (2018: £5,100,000)	
Refer to the accounting policy for Land and buildings included in note 2 and further information provided in note 10. The financial statements include investment properties held at fair value, which represents the estimated market value of this asset. The fair value of property necessarily includes judgements and estimates to be made. As such there is a risk of material misstatement in the valuation of the property. Management has sought the advice from an external valuer to assist them in their determination of the fair value of the investment property.	We evaluated the competence, capability and objectivity of management's experts and reviewed the most recent valuation reports to ensure that the valuations were based on fair value. We also assessed the reasonableness of management's judgements in reassessing the fair value following the valuation performed by the external valuer.

An overview of the scope of our audit

Our approach to the audit was risk based, with our audit work being tailored to ensure that sufficient assurance was gained for us to be able to give and opinion on the financial statements as a whole. Specific audit procedures were carried out on all risk areas identified, including the key audit matters detailed above, and on all material balances and classes of transactions. The audit team performed all aspects of the audit.

The primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. Our responsibilities are to gain reasonable assurance that the financial statements are not materially misstated as a result of fraud or otherwise. We have designed our audit approach to try and identify possible fraud in the financial statements of the company. We consider the primary fraud risks to be around the valuation of insurance provisions and valuation of investment properties.

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also addressed the risk of management override of internal controls and the risk of fraud in revenue recognition, including evaluating whether there was evidence of bias by management that represented a risk of material misstatement due to fraud.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUINE AND LIVESTOCK INSURANCE COMPANY LIMITED (THE)

We identified areas of laws and regulations that could reasonably be expected to have a material impact on the financial statements from our sector experience and through discussion with the directors and other management, as required by the auditing standards.

We remained alert to any indications of non-compliance throughout our audit. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

Other information
The other information comprises the information included in the annual 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 missta5tements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement in 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.

Opinion on other matter 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 our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

Responsibilities of directors
As explained more fully in the Directors' Responsibilities set out on page 6, 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 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 company or to cease operations, of have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EQUINE AND LIVESTOCK INSURANCE COMPANY LIMITED (THE)

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 on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address
Following the recommendation of the audit committee, we were appointed by the Board of Directors on 18 December 2018 to audit the financial statements for the year ending 30 September 2019 and subsequent financial periods. The period of total uninterrupted engagement is 31 years, covering the year ended 30 September 2019.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

....
Mark Wilcock FCA (Senior Statutory Auditor)
for and on behalf on Watson Buckle Limited
Chartered Accountants & Statutory Auditor
Bradford

17 December 2019

EQUINE AND LIVESTOCK INSURANCE COMPANY LIMITED (THE)
Profit and Loss Account: technical account - general business
Year Ended 30 September 2019

	Note	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Gross premiums written	4		75,323		61,457
Outward reinsurance premiums			(34,774)		(28,220)
Net premiums written			40,549		33,237
Change in the gross provision for unearned premiums	18	(799)		(2,356)	
Change in the provision for unearned premiums, reinsurers' share	18	359		2,088	
Change in the net provision for unearned premiums			(440)		(268)
Earned premiums, net of reinsurance			40,109		32,969
Other technical income, net of reinsurance			51		72
Reinsurance commissions			1,900		1,370
Claims paid	4				
- gross amount		(71,256)		(64,119)	
- reinsurers' share		31,247		22,247	
- net of reinsurance		(40,009)		(41,872)	
Change in the provision for claims					
- gross amount	18	(659)		5,779	
- reinsurers' share	18	389		1,932	
- net of reinsurance		(270)		7,711	
Claims incurred net of reinsurance			(40,279)		(34,161)
Underwriting profit before net operating expenses			1,781		250
Net operating expenses	5		(2,278)		(1,852)
Balance transferred to non-technical account			(497)		(1,602)

The notes on pages 17 to 29 form an integral part of these financial statements.

EQUINE AND LIVESTOCK INSURANCE COMPANY LIMITED (THE)
Profit and Loss Account: non-technical account - general business
Year Ended 30 September 2019

	Note	2019 £'000	2018 £'000
Balance transferred from the general business technical account		(497)	(1,602)
Investment income	8	1,334	1,288
Profit/(loss) on ordinary activities before tax		837	(314)
Tax on profit on ordinary activities	9	(181)	139
Retained profit/(loss) for the financial year	16	656	(175)

The notes on pages 17 to 29 form an integral part of these financial statements.

Company No. 00294940

EQUINE AND LIVESTOCK INSURANCE COMPANY LIMITED (THE)
BALANCE SHEET
as at 30 September 2019

	Note	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Assets					
Investments					
Land and buildings	10	7,308			7,216
			7,308		
Reinsurer's share of technical provisions					
Provision for unearned premiums	18	2,465		2,106	
Claims outstanding	18	2,321		1,932	
			4,786		4,038
Debtors					
Policy holders		52		60	
Intermediaries		8,687		8,905	
Debtors arising out of direct insurance operations			8,739		8,965
Other assets					
Tangible assets	11	79		58	
Other debtors	12	21,699		21,342	
Current asset investments	13	2,001		-	
Cash at bank and in hand		17,148		15,529	
			40,927		36,929
Prepayments and accrued income					
Deferred acquisition costs	14	45		49	
Other prepayments and accrued income		252		68	
			297		117
Total assets			62,057		57,265

The notes on pages 17 to 29 form an integral part of these financial statements.

Company No. 00294940

EQUINE AND LIVESTOCK INSURANCE COMPANY LIMITED (THE)
BALANCE SHEET
as at 30 September 2019

	Note	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Liabilities and reserves					
Capital and reserves					
Called up share capital	15	32,450		30,750	
Profit and loss account	16	11,210		10,554	
Revaluation reserve		201		201	
Shareholders' funds	17		43,861		41,505
Technical provisions					
Provision for unearned premiums	18	5,479		4,680	
Claims outstanding	18	5,257		4,598	
Equalisation provisions	18	-		-	
			10,736		9,278
Provisions for other risks and charges					
Provision for taxation	19		(17)		(20)
Creditors					
Arising out of direct insurance operations		32		24	
Arising out of reinsurance operations	20	4,861		4,223	
Other creditors including taxation and social security	21	2,549		2,206	
			7,442		6,453
Accruals and deferred income					
Other accruals			35		49
Total liabilities and reserves			62,057		57,265

The financial statements were approved by the Board of Directors on 17 December 2019 and signed on its behalf by:

C J Hall
Director

The notes on pages 17 to 29 form an integral part of these financial statements.

EQUINE AND LIVESTOCK INSURANCE COMPANY LIMITED (THE)
STATEMENT OF CHANGES IN EQUITY
Year Ended 30 September 2019

	Ordinary share capital £'000	Profit and loss account £'000	Revaluation reserve £'000	Total £'000
At 1 October 2018	30,750	10,554	201	41,505
Profit/(loss) before tax for the year	-	837	-	837
Corporation Tax	-	(181)	-	(181)
Issue of ordinary shares	1,700	-	-	1,700
At 30 September 2019	32,450	11,210	201	43,861

	Ordinary share capital £'000	Profit and loss account £'000	Revaluation reserve £'000	Total £'000
At 1 October 2017	25,050	10,729	201	35,980
Profit/(loss) before tax for the year	-	(314)	-	(314)
Corporation Tax	-	139	-	139
Issue of ordinary shares	5,700	-	-	5,700
At 30 September 2018	30,750	10,554	201	41,505

EQUINE AND LIVESTOCK INSURANCE COMPANY LIMITED (THE)
CASH FLOW STATEMENT
Year Ended 30 September 2019

	2019 £'000	2018 £'000
Cash flows from operating activities		
Profit/(loss) for the year	656	(175)
Adjustments to cash flows from non-cash items		
Depreciation and amortisation	110	110
Finance income	(577)	(556)
Finance costs	-	10
Corporation tax expense	(180)	(139)
	9	(750)
Working capital adjustments		
(Increase)/decrease in debtors, prepayments and accrued income	(456)	(5,218)
Increase/(decrease) in creditors, accruals and deferred income	944	4,228
Increase/(decrease) in net technical provisions	710	(7,443)
Cash generated from operations	1,207	(9,183)
Corporation taxes paid	358	(340)
Net cash flows from operating activities	1,565	(9,523)
Cash flows from investing activities		
Interest received	577	556
Acquisition on current investments	(2,000)	-
Acquisitions of tangible assets	(223)	(10)
Net cash flows from investing activities	(1,646)	546
Cash flows from financing activities		
Interest paid	-	(10)
Proceeds from issue of ordinary shares, net of issue costs	1,700	5,700
Net cash flows from financing activities	1,700	5,690
Net increase/(decrease) in cash and cash equivalents	1,619	(3,287)
Cash and cash equivalents at 1 October 2018	15,529	18,816
Cash and cash equivalents at 30 September 2019	17,148	15,529

1. General information
The company is a private company limited by share capital, incorporated in England & Wales.

The address of the registered office is:
Thorpe Underwood Hall
Thorpe Underwood
York
YO26 9SZ

2. Accounting policies

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", Financial Reporting Standard 103, "Insurance Contracts", the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations relating to insurance companies.

Basis of preparation
These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The company's functional and presentation currency is pound sterling.

The company has chosen to early adopt FRS 102 March 2018.

Judgements and key sources of estimation uncertainty
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Significant judgements in applying accounting policies
Insurance contracts
Significant judgements in applying the accounting policies have been detailed in the Insurance contracts section.

Shared expenses
All shared expenses are allocated across related companies via recharges. Recharge split percentages are calculated on an appropriate allocation basis, such as turnover, staff numbers and building usage, according to expense type.

Key sources of estimation uncertainty
Useful economic lives of tangible assets
The annual depreciation charge for tangible assets and their carrying amount is determined by the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually and amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. The carrying amount is £79,000 (2018: £58,000).

Fair value of land and buildings
The valuation of the company's property portfolio is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental revenues from that particular property. As a result, the valuations, performed by professionally qualified valuers, are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate, particularly in periods of volatility or low transaction flow in the property market. The carrying value at year end is £7,308,000 (2018: £7,216,000).

2. Accounting policies (continued)

Insurance contracts

Classification of insurance contracts

The company issues contracts that transfer insurance risk or financial risk or both.

Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. All of the company's insurance products are classified as insurance contracts.

The results are determined on an annual basis whereby the incurred cost of claims, commission and related expenses are charged against the earned proportion of premiums, net of reinsurance as follows:

Premiums written

Written premiums comprise total premium receivable for the whole period of cover provided by contracts incepted during the financial period, together with adjustments arising in the financial period to such premiums receivable in respect of business written in previous financial years. Where premiums are earned through brokers they are shown gross of commission payable, and are exclusive of taxes and duties levied on premiums. Where premiums are earned on policies sold to intermediaries on a wholesale basis, and where the intermediary is responsible for setting the final amount payable by the insured, the written premium comprises the element receivable by the company, and is exclusive of taxes and duties levied on premiums. The annual basis of accounting has been applied to all classes of business, all of which are continuing.

Unearned premiums

This represents the proportion of general business premiums written in the period which relates to cover provided for a future year. The reserve for unearned premium has been calculated on the 24th method after which an appropriate deduction for reinsurance costs associated with the premium including commissions has been deducted. No provision has been provided for any future year on the company's monthly policies.

Acquisition costs

Acquisition costs comprise all direct costs of acquiring new business and renewal of existing business. Deferred acquisition costs are determined by applying average acquisition costs for each category of business written to the unearned element of premiums.

Claims incurred

Claims incurred comprise claims and related expenses paid in the year and changes in the provisions for outstanding claims, including provisions for claims incurred but not reported and related expenses, together with any other adjustments to claims from previous years.

Claims provisions and related reinsurance recoveries

These are assessed on an individual case basis for the estimated cost of claims notified but not settled by the balance sheet date after taking into account handling and settlement costs. A provision for claims incurred but not reported is established on a consistent statistical basis. Any difference between provisions and subsequent settlements are dealt with in the technical accounts of later years. Claims provisions are not discounted. The company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

The estimation of claims incurred but not reported ("IBNR") is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the company, where more information about the claim event is generally available. Classes of business where the IBNR proportion of the total reserve is high will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these reserves. Classes of business where claims are typically reported relatively quickly after the claim event tend to display lower levels of volatility. In calculating the estimated cost of unpaid claims the company uses a variety of estimation techniques, generally based upon statistical analysis of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience.

2. Accounting policies (continued)

Allowance is made, however, for changes or uncertainties which may create distortions in the underlying statistics or which might cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims including:

- changes in company processes which might accelerate or slow down the development and/or recording of paid or incurred claims compared with the statistics from previous periods;
- changes in the legal environment;
- the effects of inflation;
- changes in the mix of business;
- the impact of large losses; and
- movements in industry benchmarks.

A component of these estimation techniques is usually the estimation of the cost of notified but not paid claims. In estimating the cost of these, the company has regard to the claim circumstance as reported, any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods.

Where possible, the company adopts multiple techniques to estimate the required level of provisions. This assists in giving greater understanding of the trends inherent in the data being projected. The projections given by the various methodologies also assist in setting the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

Provisions are calculated gross of any reinsurance recoveries.

Reinsurance
Contracts entered into by the company with reinsurers, under which the company is compensated for losses on one or more contracts issued by the company and that meet the classification requirements for insurance contracts are classified as reinsurance contracts. Insurance contracts entered into by the company under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts, provided there is significant transfer of insurance risk.

The reinsurers' share of claims incurred, in the profit and loss account, reflects the amounts received or receivable from reinsurers in respect of those claims incurred during the period.

Equalisation provision
An equalisation provision is maintained for certain types of general business to provide for exceptional fluctuations in claims experience. The provision is determined in accordance with the requirements of INSPRU 1.4 and by the Regulations to be included within technical provisions at the balance sheet date, notwithstanding that it does not represent a liability.

Tax
The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current corporation tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all temporary differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used.

2. Accounting policies (continued)

Tangible assets
Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation
Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Fixtures and fittings	10% straight line basis
Plant and machinery	10% straight line basis

Land and buildings
Investment property is carried at fair value, derived from the current market prices for comparable real estate determined annually. The valuers use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

Short leasehold land and buildings are held under the revaluation model where the fair value can be measured reliably. They are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Depreciation
Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Owner occupied short leasehold land and buildings	4% straight line basis

Provisions
Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Share capital
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 costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation
A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial instruments
The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets
Basic financial assets, including trade and other receivables, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar asset. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss and any subsequent reversal is recognised in profit or loss.

2. Accounting policies (continued)

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities
Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

3. Management of insurance and financial risk

The company issues contracts that transfer insurance or financial risk or both. The company is also exposed to a range of financial risks through its financial assets, financial liabilities and policy holder liabilities. This section summarises the way the company manages them.

Insurance Risk
Insurance risk can be broken down into several elements.

- Underwriting risk refers to the risk of loss, or of adverse change in the value of insurance liabilities, due to inadequate pricing and reserving assumptions.
- Reserving risk includes the fluctuations in the timing, frequency and severity of insured events, relative to the expectations of the undertaking at the time of underwriting. This risk can also refer to fluctuations in the timing and amount of claims settlements.
- Concentration risk means all risk exposures with a loss potential which is large enough to threaten the solvency or the financial position of undertakings.

The company manages its exposure to downside insurance risk by controlling pricing, underwriting and reserving assumptions and through the effective use of reinsurance.
The company recognises that the future is subject to uncertainty and has therefore considered key stresses and scenarios which may impact upon its plans and expectations. This testing includes the exposure to a major underwriting loss event such as a major animal epidemic which could put the company in breach of the Solvency II SCR. The company has also considered scenarios whereby claims increase faster than premium growth, thereby eroding the profit margin. Such testing includes projected profit, loss and solvency position for these events.

Sensitivity analysis
The following tables present the sensitivity of the value of insurance liabilities disclosed in this note to movements in the assumptions used in the estimation of insurance liabilities. The sensitivities to economic movements relate solely to business in the UK.

	Claims inflation		**Claims handling**		**IBNR Claims**	
	0.5%	(0.5)%	10.0%	(10.0)%	5.0%	(5.0)%
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
General insurance sensitivities as at 30 September 2019						
2019 Impact on Profit after Tax						
Gross of Reinsurance	(383)	383	(182)	182	(160)	160
Net of Reinsurance	(223)	223	(182)	182	(160)	160
General insurance sensitivities as at 30 September 2018						
2018 Impact on Profit after Tax						
Gross of Reinsurance	(344)	344	(112)	112	(130)	130
Net of Reinsurance	(232)	232	(112)	112	(130)	130

3. Management of insurance and financial risk (continued)

Claims development
The following table shows the development of claims over a period of time on a gross basis.

	Development year											In current
Year	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**year**
31/05/2004	4,555,000	2,379,000	-	-	-	35,305	19,093	13,593	155	-	(230)	-
31/05/2005	5,433,000	2,958,000	-	-	51,455	150,139	7,210	1,213	(2,171)	(184)	1,666	-
31/05/2006	6,824,000	3,032,000	-	117,134	48,893	11,119	494	-	(3,269)	-	1,360	-
31/05/2007	8,022,000	3,965,000	318,699	94,783	2,333	329	711	-	(1,817)	-	1,306	-
31/05/2008	8,806,000	5,564,307	186,228	77,176	43,909	45,033	52,699	12,916	6,205	-	5,631	-
30/09/2009	13,295,322	5,679,545	298,812	140,866	140,398	85,542	29,098	15,106	47	311	-	-
30/09/2010	9,824,367	3,618,599	281,384	163,481	85,768	44,151	48,354	-	1,137	-	-	-
30/09/2011	9,555,367	4,430,841	519,601	225,787	166,032	177,621	5,972	2,893	-	-	-	-
30/09/2012	9,811,240	6,321,033	453,799	324,162	158,258	79,277	11,402	-	-	-	-	-
30/09/2013	13,965,309	6,008,033	605,879	270,548	69,971	79,690	-	-	-	-	-	-
30/09/2014	14,660,400	6,507,322	550,265	128,494	26,631	599	-	-	-	-	-	599
30/09/2015	16,822,517	7,275,369	247,888	114,689	5,844	-	-	-	-	-	-	5,844
30/09/2016	21,124,437	11,853,741	271,816	13,388	-	-	-	-	-	-	-	13,388
30/09/2017	24,380,547	10,698,440	82,767	-	-	-	-	-	-	-	-	82,767
30/09/2018	52,254,983	3,912,047	-	-	-	-	-	-	-	-	-	3,912,047
30/09/2019	65,422,299											65,422,299
											Total	**69,436,944**

3. Management of insurance and financial risk (continued)

Market Risk

Market risk is the risk of losses arising from fluctuations in market prices. The company is not exposed to significant market risk, linked only to falls in property values and/or interest rates. Market risk is managed within the company's portfolio guidelines.

The company has invested in commercial property with long term profitable tenants where the receipt of the rent is not a major risk. The company undertakes stress testing for the adverse change in property values (by 10% and 20% of the value) and continues to monitor property values closely.

Credit Risk

Credit risk refers to the risk of loss or of adverse change in the financial position resulting, directly or indirectly, from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to which undertakings are exposed, in the form of counterparty default risk, or spread risk, or market risk concentrations. The company's two key credit risk exposures are reinsurer failure and counterparty failure. Credit risk within the company's investment portfolio is controlled through application of the investment guidelines, which cannot be changed without Board approval.

The company stress tests adverse changes in bank credit ratings; falls to BBB and BB have been tested.

Liquidity risk

Liquidity risk refers to the risk that the company would be unable to meet its financial obligations when they fall due. The company has a low appetite for liquidity risk, and it carries out cash-flow matching projections to ensure that sufficient liquid funds are available to meet liabilities as they fall due.

Liquidity risk is controlled through the company's bank holdings which is intended to provide sufficient liquidity for the short to medium term needs. No change to holdings is made without Board approval as agreed by the Board.

4. Particulars of business

Gross premiums written and gross premiums earned by class of business:

	Gross premiums written		**Gross premiums earned**	
	2019	**2018**	**2019**	**2018**
	£'000	**£'000**	**£'000**	**£'000**
Direct insurance				
Miscellaneous	75,323	61,457	74,524	59,101
Total per profit and loss account	75,323	61,457	74,524	59,101

Gross claims incurred and gross operating expenses by class of business:

	Gross claims incurred		**Gross operating expenses**		**Reinsurance Balance**	
		As restated				
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Direct insurance						
Miscellaneous	71,915	58,340	2,278	1,852	1,238	2,671
Total per profit and loss account	71,915	58,340	2,278	1,852	1,238	2,671

5. Net operating expenses gross and net of reinsurance

	2019 £'000	2018 £'000
Acquisition costs	616	686
Deferred acquisition costs carried forward	(45)	(49)
Deferred acquisition costs brought forward	49	90
(Increase)/decrease	4	41
Incurred acquisition costs	620	727
Administrative expenses	1,658	1,125
	2,278	1,852

Included above are commissions totalling £169k (2018: £383k). These figures include the deferred acquisition movement as shown above.

6. Administration expenses

Administration expenses include the following items:

	2019 £'000	2018 £'000
Auditors' remuneration		
Audit services	27	72
Non-audit services	13	8
Land and buildings (see note 10)	103	103
Depreciation - owned assets (see note 11)	7	7
Bank interest payable	-	10
Aggregate staff costs (see note 7)	2,660	1,409

Auditors' remuneration for audit services comprises fees payable to the Company's auditor for the audit of the Company's annual accounts. Non-audit services relates to taxation services and the voluntary audit of the solvency II return.

7. Staff numbers and costs

The average number of persons employed by the company during the year,

	2019 No.	2018 No.
Technical	57	35
Office and management	20	8
	77	43

The aggregate payroll costs of these persons were as follows:

	£'000	£'000
Salaries	2,351	1,251
Social security costs	240	128
Pension contributions	69	30
	2,660	1,409

Directors' remuneration		
Emoluments for services as directors	481	327
Directors' pension contributions	24	18

7. Staff numbers and costs (continued)

	2019 £'000	2018 £'000
Highest paid director:		
Emoluments	169	128
Pension contributions	5	5

The number of directors accruing benefits under this scheme is 4, (2018: 4).

8. Investment Income	2019 £'000	2018 £'000
Bank interest	576	556
UK Gilts interest	1	-
Income from land and buildings	757	732
	1,334	1,288

9. Taxation	2019 £'000	2018 £'000
Current year		
UK corporation tax charge/(refund)	176	(137)
Adjustment in respect of previous years	2	(2)
Movement on deferred tax provision	3	-
Corporation tax charge/(refund)	181	(139)

Tax on profit on ordinary activities for the year is higher than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are reconciled below:

	2019	2018
Profit/(loss) on ordinary activities before tax	837	(314)
Tax on profit on ordinary activities at standard rate	159	(60)
Prior year (over)/under provision	2	(2)
Expenses not deductible for tax purposes	18	12
Timing differences relating to prior year adjustments	-	(89)
Change in tax rates	2	-
Total amount of current tax for the year	181	(139)

Deferred tax
Deferred tax assets and liabilities

2019	Asset £'000
Difference between accumulated depreciation and amortisation and capital allowances	17
	17

2018	Asset £'000
Difference between accumulated depreciation and amortisation and capital allowances	20
	20

The amount of the net reversal of deferred tax assets expected to occur during the year beginning after the reporting period is (£5,000) (2018 - £5,000). This related to the timing differences on capital allowances.

10. Land and buildings

	Owner occupied short leasehold land and buildings £'000	Investment properties £'000	Total £'000
Cost			
As at 1 October 2018	2,433	5,100	7,533
Additions	195	-	195
Revaluation	-	-	-
At 30 September 2019	2,628	5,100	7,728
Depreciation			
As at 1 October 2018	317	-	317
Charge for year	103	-	103
Revaluation	-	-	-
At 30 September 2019	420	-	420
Net book value			
At 30 September 2019	2,208	5,100	7,308
At 30 September 2018	2,116	5,100	7,216

Owner occupied short leasehold properties with a net book value of £2,043,000 as at 30 September 2019 were revalued on 20 August 2015 at a value of £2,200,000. The historical cost of these properties is £3,209,000, accumulated depreciation would have been £1,980,000 and the carrying amount would have been £1,229,000.

The remaining owner occupied short leasehold properties with a net book value of £165,000 were assessed by the directors as having a current value equal to cost on an existing use basis.

The investment properties were valued by the directors on 30 September 2017 on a rental yield basis; the historical costs of investment properties is £5,100,000. Prior to this the investment properties were valued on 20 August 2015 by Carter Jonas, who are external to the company. The basis of valuation was The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

11. Tangible assets

	Fixtures and Fittings £'000	Plant and machinery £'000	Total £'000
Cost			
As at 1 October 2018	10	63	73
Additions	-	28	28
Revaluation	-	-	-
At 30 September 2019	10	91	101
Depreciation			
As at 1 October 2018	-	15	15
Charge for year	1	6	7
Revaluation	-	-	-
At 30 September 2019	1	21	22
Net book value			
At 30 September 2019	9	70	79
At 30 September 2018	10	48	58

12. Other debtors

	2019 £'000	2018 £'000
Amount owed by fellow group undertakings	21,699	21,342
	21,699	21,342

Included in the above is £21,699,000 (2018: £2,292,000) due in over 1 year.

13. Current asset investments

	Financial assets at fair value through the profit and loss £'000
Current financial assets	
Cost or valuation	
At 1 October 2018	-
Additions	2,001
Carrying amount	
At 30 September 2019	2,001

14. Deferred acquisition costs

	2019 £'000	2018 £'000
At 1 October 2018	49	90
Expenses for the acquisition of insurance contracts deferred/(released) during the year	(4)	(41)
At 30 September 2019	45	49

15. Share capital

	2019 £'000	2018 £'000
Allotted, called up and fully paid shares		
64,900,000 (2018: 61,500,000) Ordinary shares of 50p each	32,450	30,750
	32,450	30,750

During the year 3,400,000 50p shares, having an aggregate nominal value of £1,700,000, were allotted for an aggregate consideration of £1,700,000 in the form of £1,700,000 cash.

16. Profit and loss account

	2019 £'000	2018 £'000
At 1 October 2018	10,554	10,729
Retained profit for the year	656	(175)
At 30 September 2019	11,210	10,554

17. Reconciliation of movement in shareholders' funds

	2019 £'000	2018 £'000
Profit for the year	656	(175)
Issue of ordinary share capital	1,700	5,700
Net addition to shareholders' funds	2,356	5,525
Opening shareholders' funds	41,505	35,980
Closing shareholders' funds	43,861	41,505

18. Technical Provisions

	Provision for Unearned Premiums £'000	Claims outstanding £'000	Total £'000
Gross amount			
As at 1 October 2018	4,680	4,598	9,278
Movement in year	799	659	1,458
At 30 September 2019	5,479	5,257	10,736
Reinsurance amount			
As at 1 October 2018	2,106	1,932	4,038
Charge for year	359	389	748
At 30 September 2019	2,465	2,321	4,786
Net technical provisions			
At 30 September 2019	3,014	2,936	5,950
At 30 September 2018	2,574	2,666	5,240

Equalisation reserves

An equalisation provision has been established in accordance with the requirements of the Equalisation Reserve Rules contained within the Prudential Sourcebook and the General Prudential Sourcebook. It is required by FRS 103 "Insurance Contracts" to be included within the technical provisions at the balance sheet date notwithstanding that it does not represent a liability at the balance sheet date, and is in addition to the provisions required to meet the anticipated ultimate cost of claims outstanding at the balance sheet date. At 30 September 2019 the equalisation reserve was £Nil (2018: £Nil).

As there has been no movement in equalisation provisions during the year there has been no effect in the general business technical account result and in the profit before taxation in respect of the above.

19. Deferred tax and other provisions

	Deferred tax £'000
At 1 October 2018	(20)
Increase (decrease) in existing provisions	3
At 30 September 2019	(17)

20. Creditors arising out of reinsurance operations

	2019 £'000	2018 £'000
Amounts owed to reinsurers	126	232
Deferred reinsurance commission	4,735	3,991
	4,861	4,223

21. Other creditors including tax and social security

	2019 £'000	2018 £'000
Insurance premium tax	2,508	2,343
Corporation tax	41	(137)
	2,549	2,206

22. Pension and other schemes

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £69,000 (2018: £30,000). There were no outstanding contributions payable to the scheme at either period end.

23. Related Party Transactions

Summary of transactions with other related parties

Entities under common control:

Income and receivables from related parties	Other related parties
2019	
Rent received	757,000
Sale of wholesale policies	52,144,000
Interest received	274,000
Amounts receivable from related parties	30,386,000
2018	
Rent received	732,000
Sale of wholesale policies	35,903,000
Interest received	521,000
Amounts receivable from related parties	30,246,000

Expenditure and payables to related parties	Other related parties
2019	
Rent payable	20,000
2018	
Rent payable	19,000

24. Financial Instruments

Financial assets measured at fair value

Current asset investment

The current asset investments are traded actively on the London Stock Exchange and the fair value has been determined by using relevant open market rates.

The fair value is £2,001,000 and the change in value included in the profit or loss is £1,000.

25. Ultimate controlling party

Foxlow Limited is considered to be the ultimate controlling party by virtue of the fact that the entity owns all of the company's share capital.