

Company registration number 02368571

Ecclesiastical Underwriting Management Limited

2013 Annual Report

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Ecclesiastical Underwriting Management Limited

2013 Annual Report

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Ecclesiastical Underwriting Management Limited

Officers and Professional Advisers

Directors	M C J Hews BSc (Hons), FIA Chairman I G Campbell ACA, BSc (Econ) Hons
Company Secretary	Mrs R J Hall FCIS
Auditor	Deloitte LLP, London
Bankers	National Westminster Bank Plc
Solicitors	Speechly Bircham LLP, London
Registered Office	Beaufort House, Brunswick Road, Gloucester, GL1 1JZ
Company Registration Number	02368571

Ecclesiastical Underwriting Management Limited

Strategic Report

The directors present the strategic report of the company for the year ended 31 December 2013

Objective and strategy

The principal activity of the company is to provide underwriting management and ancillary services to Ecclesiastical Insurance Office plc in relation to its London Market business, which was placed in run-off on 30 September 2010. The company will continue to manage the run-off for this business on behalf of Ecclesiastical Insurance Office plc and the directors therefore have no intention to cease trading at this time.

Review of the business

The results of the company for the year are shown on page 7 and the Balance Sheet at the year-end is shown on page 8.

Turnover (in the form of management charges to Ecclesiastical Insurance Office plc) was engineered to produce an operating result of £nil (2012: £nil). Further detail can be found in the Profit and Loss Account on page 7.

The directors consider the level of business and the year-end financial position to be satisfactory. The company's directors believe that key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance and position of the business.

Principal risks and uncertainties

The company is exposed to financial risk through its financial assets and financial liabilities. The most important components of financial risk are interest rate risk, credit risk and liquidity risk. The company does not have any hedging arrangements in place.

There has been no change from the prior period in the financial risks that the company is exposed to, nor in the manner in which it manages and measures these risks.

Further information on the principal risks and uncertainties, together with details of the financial risk management objectives and policies of the company, are disclosed in note 3 to the financial statements.

By order of the board



Mrs R J Hall

Secretary

25 March 2014

Ecclesiastical Underwriting Management Limited

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2013

Ownership

The entire equity share capital of the company is owned by Ecclesiastical Insurance Group plc. The ultimate parent company is Allchurches Trust Limited.

Future prospects and going concern

The company provides underwriting management and ancillary services to Ecclesiastical Insurance Office plc in relation to its London Market business, which was placed in run-off on 30 September 2010. The company will continue to manage the run-off for this business on behalf of Ecclesiastical Insurance Office plc and the directors therefore have no intention to cease trading at this time. The company's business is financed internally by group loans and other appropriate methods. The Ecclesiastical group has considerable financial resources and, as a consequence, the directors believe the group is well placed to continue to support the company in the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Dividend

The directors do not recommend the payment of a dividend for the year ended 31 December 2013 (2012: £nil).

Board of directors

The directors of the company at the date of this report are stated on page 2.

Mr K. P. Cannon, Mr M. H. Trapp and Mr S. A. Wood resigned as directors of the Board on 31 January 2013, 21 May 2013 and 12 June 2013 respectively. Mr M. C. J. Hews and Mr I. G. Campbell were appointed to the Board on 5 June 2013 and 17 July 2013 respectively.

The company has qualifying third party indemnity provisions for the benefit of its directors which were in place throughout the year and remain in force at the date of this report.

Directors' responsibilities statement

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 then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK 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.

Ecclesiastical Underwriting Management Limited

Directors' Report

Auditor and the disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

By order of the board



Mrs R J Hall

Secretary

25 March 2014

Ecclesiastical Underwriting Management Limited

Independent Auditor's Report

Independent auditor's report to the members of Ecclesiastical Underwriting Management Limited

We have audited the financial statements of Ecclesiastical Underwriting Management Limited for the year ended 31 December 2013 which comprise the Profit and Loss account, the Balance Sheet and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Mark McQueen ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
25 March 2014

Ecclesiastical Underwriting Management Limited

Profit and Loss Account

for the year ended 31 December 2013	Notes	2013 £	2012 £
Continuing operations			
Turnover	2	461,816	979,188
Administrative expenses		<u>(461,816)</u>	<u>(979,188)</u>
Result on ordinary activities before interest		-	-
Interest receivable		<u>3,323</u>	<u>3,381</u>
Profit on ordinary activities before taxation		3,323	3,381
Tax on profit on ordinary activities	7	<u>(1,652)</u>	<u>(1,831)</u>
Profit for the financial year	8	<u>1,671</u>	<u>1,550</u>


The company had no recognised gains or losses during the current financial year or the preceding financial year other than that included in the profit and loss account. Accordingly no separate statement of total recognised gains and losses has been presented.

Ecclesiastical Underwriting Management Limited

Balance Sheet

at 31 December 2013	Notes	2013 £	2012 £
Current assets			
Prepayments and accrued income		-	4,158
Cash at bank and in hand		<u>2,012,244</u>	<u>2,366,125</u>
		2,012,244	2,370,283
 Creditors amounts falling due within one year			
Amounts due to group undertakings		1,396,234	1,538,637
Accruals and deferred income		<u>808</u>	<u>218,115</u>
		1,397,042	1,756,752
 Net current assets, being net assets		<u>615,202</u>	<u>613,531</u>
 Capital and reserves			
Called up share capital	8	500,000	500,000
Profit and loss account	8	<u>115,202</u>	<u>113,531</u>
Shareholders' funds	9	<u>615,202</u>	<u>613,531</u>

The financial statements of Ecclesiastical Underwriting Management Limited, registered number 2368571, on pages 7 to 12, were approved and authorised for issue by the Board of Directors on 25 March 2014 and signed on their behalf by



M C J HEWS Chairman

Ecclesiastical Underwriting Management Limited

Notes to the Financial Statements

1 Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards

The company has not yet adopted FRS 102, The Financial Reporting Standard applicable in the UK and the Republic of Ireland

The company is a wholly-owned subsidiary of Ecclesiastical Insurance Group plc, and has taken advantage of the provisions of FRS 1, *Cash Flow Statements (revised)*. Accordingly there is no cash flow statement in these financial statements

Going concern

The company's business is financed internally by group loans and other appropriate methods. The Ecclesiastical group has considerable financial resources and, as a consequence, the directors believe the group is well placed to continue to support the company in the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements

Foreign currency translation

Assets and liabilities in overseas currencies are translated at the rate of exchange ruling at the balance sheet date. Revenue in overseas currencies is stated at the rate ruling on the balance sheet date or, where appropriate, at the actual rate obtained on exchanging each currency remittance for sterling. Resultant gains or losses are included in balances owed to parent and fellow subsidiary undertakings

Pensions

Pension costs represent contributions to a group defined benefit scheme and a group defined contribution scheme. In accordance with FRS 17, *Retirement Benefits*, these contributions are accounted for as defined contribution scheme contributions, as the employer cannot identify the company's share of the underlying assets and liabilities of the defined benefit scheme

Turnover

Turnover arises from the supply of services to other group companies and is recognised to the extent that there is a right to consideration and recorded at the value of the consideration due

Offset of assets and liabilities

Assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously

Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the profit and loss account except to the extent that it relates to items taken directly to the statement of total recognised gains and losses, if applicable, in which case it is recognised in that statement

Current tax is the expected tax (charge)/credit on the taxable profit/(loss) for the period and any adjustment to the tax payable in respect of previous periods

Deferred tax is provided in full on timing differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax is measured using tax rates expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled based on tax rates and laws which have been enacted or substantively enacted at the balance sheet date

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

Deferred tax assets and liabilities are not discounted

2 Turnover

Turnover represents the UK revenue receivable by the company for underwriting management and ancillary services

Ecclesiastical Underwriting Management Limited

Notes to the Financial Statements

3 Financial risk and capital management

The company is exposed to financial risk through its financial assets and financial liabilities. The most important components of financial risk are interest rate risk, credit risk and liquidity risk. The company does not have any hedging arrangements in place.

There has been no change from the prior period in the financial risks that the company is exposed to, nor in the manner in which it manages and measures these risks.

Interest rate risk

The company is exposed to cash flow interest rate risk in respect of its cash at bank and in hand.

Credit risk

The company's principal financial asset is cash at bank and in hand, for which the carrying amount represents the company's maximum exposure to credit risk.

Liquidity risk

The company has robust processes in place to manage liquidity risk and has adequate available funds to pay obligations when due.

4 Employee information

The average number of employees during the year, including Mr K P Cannon, a former director, was 1 (2012: 3). Staff costs during the year amounted to:

	2013	2012
	£	£
Wages and salaries	81,300	516,397
Social security costs	1,623	61,312
Pension costs	9,381	24,820
	<u>92,304</u>	<u>602,529</u>

Pension liabilities for the defined benefit plans are dealt with by payment to the Ecclesiastical Insurance Office plc Staff Retirement Benefit Fund in accordance with group policy. The group operates a defined benefit scheme and a defined contribution scheme, the details of which are disclosed in the accounts of Ecclesiastical Insurance Office plc, copies of which are available from the registered office of the company as shown on page 2. At 31 December 2013 there was a surplus in the defined benefit scheme of £32.2 million (2012: £36.9 million) on an FRS17/IAS19 basis. In accordance with the actuary's recommendation, the employer's contribution rate is 16%. The company cannot, however, identify its share of the underlying assets and liabilities. An updated valuation of the scheme for FRS17/IAS19 purposes at 31 December 2013 using the projected unit method indicated that scheme assets represented 113% of scheme obligations.

5 Directors' emoluments

Mr K P Cannon received emoluments from the company amounting to £93,898 (2012: £259,020) including compensation for loss of office of £73,071 in 2013 and pension contributions of £nil (2012: £5,360). He was a member of the group's defined benefit scheme during the prior year.

Messrs Hews and Campbell were employed by Ecclesiastical Insurance Office plc, a subsidiary of the company's immediate parent company, and received emoluments from that company during the current and prior year. It is not practicable to allocate their remuneration between the group companies of which they were directors during the year. Mr Hews and Mr Campbell were members of the group's defined contribution pension scheme during the current year.

6 Auditor's remuneration

	2013	2012
	£	£
Fees payable to the company's auditor for the audit of the company's annual accounts	<u>6,100</u>	<u>5,894</u>

Ecclesiastical Underwriting Management Limited

Notes to the Financial Statements

7 Taxation

The charge for taxation in the company's profit and loss account is in respect of UK corporation tax for the year

	2013	2012
	£	£
Corporation tax charge	1,652	1,831
Total actual amount of current tax	1,652	1,831

Tax on the company's profit before tax differs from the United Kingdom standard rate of corporation tax for the reasons set out in the following reconciliation

	2013	2012
	£	£
Profit on ordinary activities before tax	3,323	3,381
Tax calculated at the UK blended rate of 23.25% (2012: 24.5%)	773	828
Factors affecting charge for the period		
Capital allowances for the period in excess of depreciation	(158)	(210)
Expenses not deductible for tax purposes	1,305	1,625
Tax paid at non-standard rate	(268)	(412)
Total actual amount of current tax	1,652	1,831

A deferred tax asset has not been recognised in respect of unclaimed capital allowances as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £620 (2012: £869). The asset would be recovered if the allowances were to be realised in an accounting period where the company makes suitable taxable profits.

A change in the UK standard rate of corporation tax from 24% to 23% became effective from 1 April 2013. Current tax has been provided at the blended rate of 23.25%. Further reductions in the rate of corporation tax to 21% from April 2014, and to 20% from April 2015, were substantively enacted on 2 July 2013.

8 Share capital and reserves

	2013	2012
	£	£
Share capital		
Allotted, issued and fully paid		
500,000 Ordinary shares of £1 each	500,000	500,000
Profit and loss account		
Balance 1 January	113,531	111,981
Profit for the financial year	1,671	1,550
Balance 31 December	115,202	113,531

9 Reconciliation of movements in shareholders' funds

	2013	2012
	£	£
Profit for the financial year	1,671	1,550
Opening shareholders' funds	613,531	611,981
Closing shareholders' funds	615,202	613,531

Ecclesiastical Underwriting Management Limited

Notes to the Financial Statements

10 Ultimate parent company and controlling party

The company is a private limited company incorporated and domiciled in England, and is a wholly-owned subsidiary of Ecclesiastical Insurance Group plc. Its ultimate parent company and controlling party is Allchurches Trust Limited. The parent company of the smallest and largest group for which group financial statements are drawn up is Allchurches Trust Limited, which is incorporated in and operates in Great Britain. Copies of the financial statements for Allchurches Trust Limited are available from the registered office of the company as shown on page 2.

11 Related party transactions

In accordance with the exemption under FRS 8, *Related Party Disclosures*, available to companies which are wholly-owned within a group, no disclosure is given of transactions with group companies.