

Company registration number: 3044131

**The Cavity Insulation Guarantee Agency
Company limited by guarantee**

Financial statements

30 April 2017

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**The Cavity Insulation Guarantee Agency
Company limited by guarantee**

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**The Cavity Insulation Guarantee Agency
Company limited by guarantee**

Directors and other information

Council members	Mr P Dickin Mr I Tebb Mr D Burton Mr M J Dyson Mr J Pulman Miss S L Greensitt Mr A Hardiman Mr B Craig Mr D F Robson Mr N Ralph
Secretary	Mr N Donohue
Company number	3044131
Registered office	CIGA House 3 Vimy Court Vimy Road Leighton Buzzard LU7 1FG
Business address	CIGA House 3 Vimy Court Vimy Road Leighton Buzzard LU7 1FG
Auditor	Hardcastle Blake (LB) Ltd 2 Liscombe West Liscombe Park Soulbury Leighton Buzzard LU7 0JL

**The Cavity Insulation Guarantee Agency
Company limited by guarantee**

**Directors responsibilities statement
Year ended 30th April 2017**

The directors are responsible for preparing 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 (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 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 judgments and accounting estimates that are reasonable and prudent; 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.

**The Cavity Insulation Guarantee Agency
Company limited by guarantee**

**Statement of financial position (continued)
30th April 2017**

	Note	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	7	544,172		534,655	
Investments	8	13,172,199		15,270,626	
		<u>13,716,371</u>		<u>15,805,281</u>	
Current assets					
Stocks		3,000		3,000	
Debtors	9	250,574		562,807	
Cash at bank and in hand		<u>2,034,086</u>		<u>2,727,562</u>	
		2,287,660		3,293,369	
TOTAL ASSETS		<u>16,004,031</u>		<u>19,098,650</u>	
LIABILITIES					
Reserves					
Profit and loss account		(4,522,074)		(263,720)	
Technical provisions	11	6,755,442		4,586,985	
Deferred guarantee income	11	13,193,041		13,501,351	
Creditors: amounts falling due within one year	10	<u>577,622</u>		<u>1,274,034</u>	
TOTAL LIABILITIES		<u>16,004,031</u>		<u>19,098,650</u>	

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

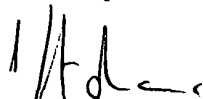
In accordance with section 444 of the Companies Act 2006, the statement of income and retained earnings has not been delivered.

The notes on pages 6 to 14 form part of these financial statements.

**The Cavity Insulation Guarantee Agency
Company limited by guarantee**

**Statement of financial position (continued)
30th April 2017**

These financial statements were approved by the board of directors and authorised for issue on 18th January 2018, and are signed on behalf of the board by:



Mr A Hardiman
Chairman

Company registration number: 3044131

The notes on pages 6 to 14 form part of these financial statements.

**The Cavity Insulation Guarantee Agency
Company limited by guarantee**

**Notes to the financial statements
Year ended 30th April 2017**

1. General information

The company is a private company limited by guarantee, registered in England & Wales. The address of the registered office is CIGA House, 3 Vimy Court, Vimy Road, Leighton Buzzard, LU7 1FG.

2. Statement of compliance

These financial statements have been prepared in compliance with the provisions of FRS 102, Section 1A, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1st May 2015. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 15.

Adequacy of Guarantee Funds

The principal activity of the company is to provide a uniform and dependable independent guarantee for the cavity insulation industry. The Council of Management's primary objective is to review on an annual basis that the Company will have sufficient resources to ensure that guarantee claims, both notified to it at the year end and those that may arise in the future can be met as they fall due

In doing so it considers the sum of the deferred income reserve, the provision for notified claims and the provision for unexpired risk to assess whether this overall "guarantee reserve" is sufficient to meet the claims that are likely to arise based on current projections of claim rates over the unexpired guarantee period and the anticipated expenditure on settling claims as adjusted for anticipated inflation

Turnover

Turnover is stated after allocating part of the guarantee fee received from the installer on the completion of each cavity wall insulation to deferred income. This deferred income is allocated to turnover in equal annual instalments over the 25 year period of the CIGA guarantee

Deferred income

In order to accumulate guarantee funds the company allocates part of the guarantee fee received from the installer on the completion of each cavity wall insulation to deferred income. An annual judgement is made as to what percentage of the guarantee fee is allocated straight to turnover and the balance to deferred income, based on market conditions and claims history

This deferred income is allocated to the profit and loss account in equal annual instalments over the 25 year period of the CIGA guarantee commensurate with the expected incidence of claims. In reaching its assessment of the pattern of claims the Company makes reference to past experience. The deferred income represents the proportion of the guarantee fee issued in the year and in previous years that relate to the unexpired risk period of the guarantees in issue

**The Cavity Insulation Guarantee Agency
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**Notes to the financial statements (continued)
Year ended 30th April 2017**

Guarantee claims paid

guarantee claims incurred comprise claims and related expenses paid in the year, together with the movement on the provision for outstanding claims notified but not settled at the year end date and the provision for unexpired risk on guarantee claims in issue

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in capital and reserves. In this case, tax is recognised in other comprehensive income or directly in capital and reserves, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that 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 that are expected to apply to the reversal of the timing difference.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fittings fixtures and equipment	- 25%	reducing balance
Motor vehicles	- 25%	straight line

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of tangible assets, the depreciation is revised prospectively to reflect the new estimates.

Investment property

Investment property is measured initially at cost, which includes purchase price and any directly attributable expenditure. Investment property is revalued to its fair value at each reporting date and any changes in fair value are recognised in profit or loss.

Fixed asset investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses. Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

**The Cavity Insulation Guarantee Agency
Company limited by guarantee**

**Notes to the financial statements (continued)
Year ended 30th April 2017**

Impairment

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stocks to their present location and condition.

General Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event; it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised in finance costs in profit or loss in the period it arises.

Provision for notified claims

A provision is made in respect of all claims notified to the Company by guarantee holders as at the year end date. In estimating the cost of notified but not settled claims, the Council of Management has regard to the claim circumstances as reported and the cost of settling claims with similar characteristics in previous periods

Provision for unexpired risk

An unexpired risk provision is made where the estimated cost of claims and related expenses exceed the unearned fee, after taking account of future investment income and cost inflation. An assessment is made at the year-end for the estimated cost of claims which may arise during the unexpired period of each guarantee in force at the balance sheet date.

The provisions are inevitably subject to inherent uncertainties because of the range of factors which could give rise to potential claims over the 25 year guarantee period. The time expected to elapse between the inception of the guarantee, the manifestation of events giving rise to claims and the notification to and settlement by the Company of such claims accentuate these uncertainties

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**Notes to the financial statements (continued)
Year ended 30th April 2017**

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

4. Limited by guarantee

The liability of each member is limited to a contribution of £1 in the event of the company being wound up while he is a member, or within one year after he ceases to be a member, towards the payment of debts and liabilities of the company contracted before he ceased to be a member. At 30 April 2017 there were 193 members.

5. Staff costs

The average number of persons employed by the company during the year, including the directors was 20 (2016: 14).

**The Cavity Insulation Guarantee Agency
Company limited by guarantee**

**Notes to the financial statements (continued)
Year ended 30th April 2017**

6. Deficit before taxation

Deficit before taxation is stated after charging/(crediting):

	2017	2016
	£	£
Depreciation of tangible assets	12,311	9,138
Fair value adjustments to financial assets measured at fair value through profit or loss	(392,733)	(66,962)
Fair value adjustments to investment property	-	(270,777)
Fees payable for the audit of the financial statements	11,860	8,360
	<u>11,860</u>	<u>8,360</u>

7. Tangible assets

	Freehold property	Fixtures, fittings and equipment	Total
	£	£	£
Cost			
At 1st May 2016	507,241	75,842	583,083
Additions	-	21,828	21,828
At 30th April 2017	<u>507,241</u>	<u>97,670</u>	<u>604,911</u>
Depreciation			
At 1st May 2016	-	48,428	48,428
Charge for the year	-	12,311	12,311
At 30th April 2017	<u>-</u>	<u>60,739</u>	<u>60,739</u>
Carrying amount			
At 30th April 2017	<u>507,241</u>	<u>36,931</u>	<u>544,172</u>
At 30th April 2016	<u>507,241</u>	<u>27,414</u>	<u>534,655</u>

**The Cavity Insulation Guarantee Agency
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**Notes to the financial statements (continued)
Year ended 30th April 2017**

8. Investments

	Commercial Investments loans		Investment & Bank property deposits	Total
	£	£	£	£
Cost				
At 1st May 2016	646,814	14,002,626	1,193,000	15,842,440
Additions	-	828,406	-	828,406
Disposals	(75,000)	(3,311,274)	-	(3,386,274)
Fair value adjustment	-	392,732	-	392,732
Other movements	(571,814)	66,709	-	(505,105)
At 30th April 2017	-	11,979,199	1,193,000	13,172,199
Impairment				
At 1st May 2016	571,814	-	-	571,814
Disposals	(571,814)	-	-	(571,814)
At 30th April 2017	-	-	-	-
Carrying amount				
At 30th April 2017	-	11,979,199	1,193,000	13,172,199
At 30th April 2016	75,000	14,002,626	1,193,000	15,270,626

9. Debtors

	2017	2016
	£	£
Trade debtors	38,866	160,928
Other debtors	211,708	401,879
	250,574	562,807

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**Notes to the financial statements (continued)
Year ended 30th April 2017**

10. Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	450,812	450,836
Accruals and deferred income	78,716	781,490
Social security and other taxes	24,582	16,943
Other creditors	23,512	24,765
	<u>577,622</u>	<u>1,274,034</u>

11. Provisions

	Technical provisions	Total
	£	£
At 1st May 2016	18,088,336	18,088,336
Additions	1,860,147	1,860,147
At 30th April 2017	<u>19,948,483</u>	<u>19,948,483</u>

12. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2017	2016
	£	£
Included in debtors (note 9)	<u>45,519</u>	<u>100,731</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2017	2016
	£	£
Accelerated capital allowances	1,178	1,178
Fair value adjustment of financial assets	(71,564)	(9,692)
Fair value adjustment of investment property	(42,545)	(49,205)
Unused tax losses	158,450	158,450
	<u>45,519</u>	<u>100,731</u>

13. Summary audit opinion

The auditor's report for the year dated 18th January 2018 was unqualified.

The senior statutory auditor was Mr Kevin Myers, for and on behalf of Hardcastle Blake (LB) Ltd.

The Cavity Insulation Guarantee Agency
Company limited by guarantee

Notes to the financial statements (continued)
Year ended 30th April 2017

14. Controlling party

No member of the company or member of the Council of Management has overall control of the company.

15. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1st May 2015.

Reconciliation of equity

	At 1 May 2015			At 30 April 2016		
	Previously stated £	Effect of transition £	FRS 102 (restated) £	Previously stated £	Effect of transition £	FRS 102 (restated) £
Fixed assets	16,466,676	-	16,466,676	15,738,319	66,962	15,805,281
Current assets	3,668,973	-	3,668,973	3,352,266	(58,897)	3,293,369
Creditors amounts falling due within 1 year	(866,568)	-	(866,568)	(1,264,081)	(9,953)	(1,274,034)
Net current assets	2,802,405	-	2,802,405	2,088,185	(68,850)	2,019,335
Total assets less current liabilities	19,269,081	-	19,269,081	17,826,504	(1,888)	17,824,616
Provisions for liabilities	(18,812,077)	-	(18,812,077)	(18,088,336)	-	(18,088,336)
Net assets/(liabilities)	457,004	-	457,004	(261,832)	(1,888)	(263,720)
Equity	457,008	-	457,008	(261,832)	(1,888)	(263,720)

The main changes in respect of FRS102 are

- 1) the transfer of the revaluation gains on investment property from revaluation reserve to instead go through the profit and loss account
- 2) the inclusion of fair value gains on listed investments
- 3) the inclusion of deferred tax in respect of both fair value gains
- 4) the inclusion of an holiday pay provision

**The Cavity Insulation Guarantee Agency
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**Notes to the financial statements (continued)
Year ended 30th April 2017**

Reconciliation of profit or loss for the year

	At 30 April 2016		
	Previously stated	Effect of transition	FRS 102 (restated)
	£	£	£
Turnover	1,654,179	-	1,654,179
Cost of sales	(1,668,366)	-	(1,668,366)
Gross deficit	(14,187)	-	(14,187)
Distribution costs	(334,193)	-	(334,193)
Administrative expenses	(741,355)	260,824	(480,531)
Other operating income	64,374	-	64,374
Operating loss	(1,025,361)	260,824	(764,537)
Gain on financial assets at fair value through profit or loss	154,516	66,962	221,478
Income from other fixed asset investments	40,839	-	40,839
Other interest receivable and similar income	171,326	-	171,326
Interest payable and similar expenses	(490,565)	-	(490,565)
Tax on deficit	159,628	(58,897)	100,731
Deficit after taxation	(989,617)	268,889	(720,728)
Deficit for the financial year	(989,617)	268,889	(720,728)