

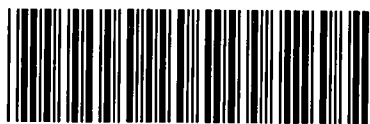
Registered number: 08735214

EC3 BROKERS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

MONDAY



A9VI0875

A10

04/01/2021

#105

COMPANIES HOUSE

EC3 BROKERS LIMITED

COMPANY INFORMATION

Directors	D Driscoll S Harvey H Cheetham M Fletcher
Registered number	08735214
Registered office	3rd Floor Cutlers Court Houndsditch London EC3A 7BR
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

EC3 BROKERS LIMITED

CONTENTS

	Page
Group Strategic Report	1
Directors' Report	2 - 4
Independent Auditor's report	5 - 7
Consolidated Statement of Comprehensive Income	8
Consolidated Balance Sheet	9
Company Balance Sheet	10
Consolidated Statement of Changes in Equity	11
Company Statement of Changes in Equity	12
Consolidated Statement of Cash Flows	13
Notes to the Financial Statements	14 - 35

EC3 BROKERS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Business review

Principal activity

The principle activity of the company is a regulated Lloyds of London registered global insurance intermediary. The company has seen continued growth in its trading as top line revenue has increased by almost 5% to £10.7m (2018: £10.2m) as new teams brought in start to make a positive impact, whilst existing clients continue to grow with us. EBITDA has decreased to £1.1m (2018: £1.9m) as the company continues to bring in new teams to help increase its product portfolio and drive new business opportunities, and strengthen its support functions to cope with the increased volumes.

Principal risks and uncertainties

The main risks arising from the company's financial instruments are credit risk and liquidity risk. The Directors review and agree policies for managing each of these risks and are summarised below:

Credit risk

The Company's principal financial assets are cash and trade debtors. The credit risk associated with the cash is limited as the company's bankers are well established and have high credit ratings assigned by international credit rating agencies. The principal credit risk arises from its trade debtors. Credit performance is reviewed by the Accounts and Finance teams, including the Finance Director on an on-going basis in conjunction with aged debt, repayment performance and previous payment history. This risk is split over numerous customers.

Liquidity Risk

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

Financial key performance indicators

The Directors consider top line brokerage and earnings before interest, tax and depreciation to be the Group's key performance indicators.

Based on the current reporting period of trading and forecasted performance the directors are confident that the company has more than adequate resources to continue operating for the foreseeable future. On these grounds the directors have adopted the going concern basis in preparation of these accounts.

This report was approved by the board on 30th December 2020 and signed on its behalf.



D Driscoll
Director

EC3 BROKERS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their report and the financial statements for the year ended 31 December 2019.

Directors' responsibilities statement

The Directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgement and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £682,852 (2018 - £1,420,687).

The directors do not recommend the payment of a final dividend (2018: £Nil)

Directors

The Directors who served during the year were:

D Driscoll
S Harvey
H Cheetham
M Fletcher

Matters covered in the strategic report

As permitted by paragraph 1A of schedule 7 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008, certain matters which are required to be disclosed in the director's report have been omitted as they are included in the strategic report on page 1. These matters relate to the principal activity of the Company, the principal risk that it faces and future developments.

EC3 BROKERS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Disclosure of information to auditor

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

- so far as the Director is aware, there is no relevant audit information of which the Company and the Group's auditor are unaware; and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Post balance sheet events

COVID 19 PBSE disclosure

Since the start of March 2020 the Directors have been monitoring the development of the impact of COVID 19 both directly on the Company's business and indirectly through reviewing the development of government policy and advice. The main considerations are as follows.

Operational

The Directors have made the decision to implement aspects of the Company's business continuity plan (BCP), initially this involved requiring staff at all levels and in all functions to work remotely. However since lockdown restrictions were lifted, and following a full health and safety assessment of our office and our practices it was decided to return to the offices, both in London and our subsidiary office in Dubai. We have installed sanitisation stations, COVID screens, one way systems and new protocols to keep our staff safe whilst at work. We have also implemented flexi hours working to allow staff to commute at times that they feel more comfortable to travel in. The Directors are mindful of the differing pressures on individual members of staff, and also of the fact that these pressures change as the position nationally and locally develops. The Directors expect that operational changes will continue to be required as the position develops. The Company's IT facilities are adequate to maintain operations either in the office or at home for the foreseeable future.

Policyholders/Agency Brokers

In the increasingly likely event of recessive economic conditions, there will be customers and business partners of the Company who will suffer. The impact on the Company in the short term is likely to be in pressure on cash-flow and on debt recovery, and in addition, in the medium term, in pressure on premium/commission levels. For most customers insurance is not normally a discretionary cost, but if asset values and business value fall, the values to be insured will fall. The Directors maintain very close links with the market directly and through the Company's broker network, and will be able to make changes to policy terms and rates as necessary as the position develops.

Regulators and Forecasts

The Directors have modelled stressed future scenarios to assess the Company's compliance with regulatory capital requirements in the context of the risk appetite determined by the Board. The Directors recognised that as the foreseeable scenarios change, decisions need to be made in relation to the scale of the Company's activity and the level of capital maintained to support that activity. As such it has sought to bring in new equity from one of its investors and also it has refinanced its existing loans under the government backed CBIL's scheme.

Going Concern

As at the date of signing these financial statements, the Directors' forecasts up to 31 December 2021 indicate that the Company will be able to maintain liquidity and a surplus over its Solvency Capital requirement, and will therefore be able to continue to trade as a going concern. However, there are foreseeable stressed scenarios in which this position becomes difficult to sustain. The Directors are constantly monitoring the position in case any such scenarios become more likely than is judged to be the case currently.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

The events seen in the first half of 2020 have been unprecedented. COVID-19 has touched every corner of the globe and the impact of this pandemic is still being assessed. An early assessment of the COVID-19 impact on the Company's financial activities was undertaken at the end of March 2020 that contained an initial 3 month period of disruption of trading through to the end of June. The assessment looked at all aspects of the business, including Global Government Assistance Schemes, of which the Company has taken part in some, in particular the Coronavirus Job Retention Scheme in the UK. The Directors continued to monitor the situation through the summer as the impact of COVID continued. It was at this point it was decided to seek further equity funding for which one of our existing investors agreed to inject further capital in to the business to ensure the company has sufficient funds for the foreseeable future.

As expected revenue will be impacted by COVID-19 during 2020 across various lines of business. All capacity provision remains in place and the day to day business of inviting and accepting renewals, and writing new business is continuing as planned. Revenue impact both in the short term and medium term will continue to be monitored throughout the COVID-19 Pandemic and to minimise the impact to the business a number of cost saving measures have been implemented across each entity within the Group to mitigate reductions in the income as far as possible.

Cash flow forecasts have been produced and modelled on the various income reduction impact assessments as well as cost base actions that have been implemented with the aim being to maintain pre COVID-19 cash levels.

The business has reviewed the collectability of its 31st December 2019 debtors and at present the position is positive with a considerable amount of the debt already collected since 31st December and cash collections profiles remain strong as at the date of approval of these Report & Accounts. There has been nothing to suggest that debtor recoverability is being affected by COVID-19.

The Group is continuing to monitor the number and extent of all COVID19 claims notifications. A separate reporting function to individually monitor all COVID19 related claims has been established and is being used to provide our supporting insurers with accurate and timely information.

We continue to monitor closely all developments relating to the coronavirus outbreak and our priorities remain the wellbeing of our employees and delivering an excellent service to our clients.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 30th December 2020 and signed on its behalf.



D Driscoll
Director

EC3 BROKERS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EC3 BROKERS LIMITED

Opinion

We have audited the financial statements of EC3 Brokers Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019, which comprise the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statement of changes in equity, the consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2019 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

EC3 BROKERS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EC3 BROKERS LIMITED (CONTINUED)

Other information

The directors are responsible for the 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 misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EC3 BROKERS LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the 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.



John Perry (Senior Statutory Auditor)
For and on behalf of BDP LLP, Statutory Auditor
London
United Kingdom

Date: 31 December 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

EC3 BROKERS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover	4	10,678,641	10,196,573
Gross profit		10,678,641	10,196,573
Administrative expenses		(9,594,414)	(8,329,924)
Operating profit		1,084,227	1,866,649
Interest receivable and similar income	8	1,908	2,913
Profit before taxation		1,086,135	1,869,562
Tax on profit	9	(403,283)	(448,875)
Profit for the financial year		682,852	1,420,687
Currency transaction differences		3,780	(40,577)
Other comprehensive income (losses) for the year		3,780	(40,577)
Total comprehensive income for the year		686,632	1,380,110
Profit for the year attributable to:			
Non-controlling interests		4,251	16,538
Owners of the parent Company		678,601	1,404,149
		682,852	1,420,687

The above relate to continuing operations.

There were no recognised gains and losses for 2019 or 2018 other than those included in the consolidated statement of comprehensive income.

The notes and accounting policies on pages 14 to 35 form part of these financial statements.

EC3 BROKERS LIMITED
REGISTERED NUMBER: 08735214

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible fixed assets	10	5,950	14,370
Tangible fixed assets	11	53,921	68,212
		<u>59,871</u>	<u>82,582</u>
Current assets			
Debtors: amounts falling due after more than one year	13	590,470	377,958
Debtors: amounts falling due within one year	13	6,704,674	6,317,742
Cash at bank and in hand	14	963,917	1,049,769
		<u>8,259,061</u>	<u>7,745,469</u>
Creditors: amounts falling due within one year	15	(2,109,399)	(2,273,857)
Net current assets		<u>6,149,662</u>	<u>5,471,612</u>
Total assets less current liabilities		<u>6,209,533</u>	<u>5,554,194</u>
Deferred taxation	16	22,190	(9,103)
Net assets		<u>6,231,723</u>	<u>5,545,091</u>
Capital and reserves			
Share capital	18	140,000	140,000
Retained earnings	19	6,053,853	5,371,472
Equity attributable to owners of the parent Company		<u>6,193,853</u>	<u>5,511,472</u>
Non-controlling interests		37,870	33,619
		<u>6,231,723</u>	<u>5,545,091</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



D Driscoll
Director

The notes and accounting policies on pages 14 to 35 form part of these financial statements.

EC3 BROKERS LIMITED

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible fixed assets	10	5,950	14,370
Tangible fixed assets	11	37,679	56,171
Fixed asset investments	12	1,123,555	720,592
		<u>1,167,184</u>	<u>791,133</u>
Current assets			
Debtors: amounts falling due after more than one year	13	588,142	377,958
Debtors: amounts falling due within one year	13	6,626,548	6,119,095
Cash at bank and in hand	14	869,829	968,072
		<u>8,084,519</u>	<u>7,465,125</u>
Creditors: amounts falling due within one year	15	(2,180,802)	(2,353,157)
Net current assets		<u>5,903,717</u>	<u>5,111,968</u>
Total assets less current liabilities		<u>7,070,901</u>	<u>5,903,101</u>
Deferred taxation	16	22,190	(9,103)
Net assets		<u><u>7,093,091</u></u>	<u><u>5,893,998</u></u>
Capital and reserves			
Called up share capital	18	140,000	140,000
Profit and loss account brought forward		5,753,998	4,245,264
Total comprehensive income for the year		1,199,093	1,508,734
Profit and loss account carried forward		<u>6,953,091</u>	<u>5,753,998</u>
		<u><u>7,093,091</u></u>	<u><u>5,893,998</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



D Driscoll
Director

The notes and accounting policies on pages 14 to 35 form part of these financial statements.

EC3 BROKERS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Profit and loss account	Non-controlling interests	Total equity
	£	£	£	£
At 1 January 2019	140,000	5,371,472	33,619	5,545,091
Profit and total comprehensive income for the year	-	678,601	4,251	682,852
Currency translation differences	-	3,780	-	3,780
Total comprehensive income for the year	-	682,381	4,251	686,632
At 31 December 2019	140,000	6,053,853	37,870	6,231,723

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Profit and loss account	Non-controlling interests	Total equity
	£	£	£	£
At 1 January 2018	140,000	4,007,900	17,081	4,164,981
Profit and total comprehensive income for the year	-	1,404,149	16,538	1,420,687
Currency translation differences	-	(40,577)	-	(40,577)
Total comprehensive income for the year	-	1,363,572	16,538	1,380,110
At 31 December 2018	140,000	5,371,472	33,619	5,545,091

The notes and accounting policies on pages 14 to 35 form part of these financial statements.

EC3 BROKERS LIMITED**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019	140,000	5,753,998	5,893,998
Profit for the year	-	1,199,093	1,199,093
At 31 December 2019	<u>140,000</u>	<u>6,953,091</u>	<u>7,093,091</u>

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	140,000	4,245,264	4,385,264
Profit for the year	-	1,508,734	1,508,734
At 31 December 2018	<u>140,000</u>	<u>5,753,998</u>	<u>5,893,998</u>

The notes and accounting policies on pages 14 to 35 form part of these financial statements.

EC3 BROKERS LIMITED**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	682,852	1,420,687
Adjustments for:		
Amortisation of intangible assets	8,420	45,034
Depreciation of tangible assets	24,212	20,028
Provision for bad debts	270,942	-
Interest receivable	(1,908)	(2,913)
Taxation charge	371,990	448,875
Decrease (Increase) in debtors	(191,829)	(1,798,052)
(Increase) in amounts owed by groups	(678,555)	(567,421)
(Decrease) increase in creditors	(150,088)	93,237
Loss on disposal	-	11,024
Corporation tax (paid)	(417,457)	(501,795)
Foreign exchange differences	3,581	(36,554)
Net cash used in operating activities	<u>(77,840)</u>	<u>(867,850)</u>
Cash flows from Investing activities		
Purchase of intangible fixed assets	-	(10,200)
Purchase of tangible fixed assets	(9,920)	(68,913)
Interest received	1,908	2,913
Net cash used in investing activities	<u>(8,012)</u>	<u>(76,200)</u>
Net decrease in cash and cash equivalents	(85,852)	(944,050)
Cash and cash equivalents at beginning of year	1,049,769	1,993,819
Cash and cash equivalents at the end of year	<u>963,917</u>	<u>1,049,769</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	963,917	1,049,769
	<u>963,917</u>	<u>1,049,769</u>

The notes and accounting policies on pages 14 to 35 form part of these financial statements.

EC3 BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

EC3 Brokers Limited is a private limited company incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the group's operations and principal activity are set out in the strategic report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The company has also voluntarily elected to prepare consolidated financial accounts.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliation for the group and the parent company would be identical;
- no statement of cash flow has been presented for the parent company;
- disclosure in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole;
- disclosure in respect of the parent company's share-based payment arrangements have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- no disclosures have been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019**

liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

The Group is not required to prepare consolidated financial statements. The Group has voluntarily elected to prepare consolidated accounts.

2.3 Going concern

As at the date of signing these financial statements, the Directors' forecasts up to 31 December 2021 indicate that the Company will be able to maintain liquidity and a surplus over its Solvency Capital requirement, and will therefore be able to continue to trade as a going concern. However, there are foreseeable stressed scenarios in which this position becomes difficult to sustain. The Directors are constantly monitoring the position in case any such scenarios become more likely than is judged to be the case currently.

As noted in the Directors report and note 26, the directors have considered the potential impact of Covid-19 on the business. Based on the stressed scenarios, the directors are satisfied that notwithstanding the uncertainty surrounding the overall-socio-economic impact of the virus, this does not give rise to a material uncertainty surrounding the ability of the Group and Company to continue in operation and meet its liabilities as they fall due for payment in the foreseeable future.

On this basis, the directors are satisfied that the Group and Company will have adequate resources to continue in operation for the foreseeable future. Accordingly these financial statements have been prepared on a going concern basis.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

- Brokerage is credited to the profit and loss account on the date of inception of a risk.
- Adjustments relating to additional or return premiums are accounted for as and when they arise.

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the consolidated statement of comprehensive income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019**

The estimated useful lives range as follows:

Goodwill	-	3	years
Software	-	3	years

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	- Over 60 months
Office equipment	- Over 36 months

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.10 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019**

third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Insurance broking balances

The company is an insurance intermediary regulated by the FCA. Under its permissions the firm is allowed to hold client money. All client money is held in statutory trust accounts. The statutory trust rules do not permit the firm to provide credit to clients out of client money such that, for example, their premium obligation to the insurer may be met in advance of the premium being remitted to the firm. Although the statutory trust allows funding to be extended out of the firm's own funds, the firm's policy is not to extend such funding and not to take the associated credit risk.

Insurance brokers act as agents in placing the insurable risk of their client with insurers and, as such, are not liable as principals for amounts arising from such transactions. In recognition of this relationship, client cash balances and debtors from insurance broking transactions are not recorded as assets of the company. Similarly, premiums collected from clients or claims monies received from insurer to be subsequently transferred to insurers or clients respectively, are not shown as liabilities. Trade and other debtors represent only fees and commissions earned on insurance broking transactions.

2.13 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019**

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented separately in the Consolidated Statement of Comprehensive Income.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.14 Financial liabilities

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Financial liabilities are initially classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequently, the measurement of financial liabilities depends on their classification as follows:

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Group becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Derecognition of financial liabilities

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as an exchange or modification is treated as a derecognition of the original liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

2.15 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019**

of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.16 Dividends

Dividends are recognised when they become legally payable. Interim dividends are recognised when paid. Final dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on the shares recognised as liabilities are recognised as expenses and classified with interest payable.

2.17 Operating leases

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

2.18 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.19 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

2.20 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.21 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019**

- where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

- **Intangible fixed assets (see Note 10)**
Intangible fixed assets, are amortised over their useful lives taking into account residual values; where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- **Tangible fixed assets (see Note 11)**
Tangible fixed assets, are depreciated over their useful lives taking into accounts residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Key sources of estimation uncertainty:

- Recoverability of debtors is considered and, where necessary a provision is recognised to reflect balances that management do not think is recoverable.
- Deferred income

4. Turnover

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	1,221,489	1,237,354
Rest of Europe	1,460,163	1,636,694
Rest of the world	7,996,989	7,322,525
	<u>10,678,641</u>	<u>10,196,573</u>

EC3 BROKERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019****5. Operating profit**

The operating profit is stated after charging

	2019 £	2018 £
Depreciation of tangible fixed assets	24,212	42,077
Loss on Disposal of tangible fixed assets	-	(11,024)
Amortisation of intangible assets, including goodwill	8,420	45,034
Fees payable to the group's auditor and its associates for the audit of the Company's annual financial statements	30,500	22,560
Fees payable to the groups auditor for audit related assurance services	10,045	7,800
Provision for potential bad debts	270,942	-
Exchange differences	(3,780)	40,577
Cost of defined contribution scheme	<u>249,213</u>	<u>199,042</u>

6. Employees

Staff costs, including director's remuneration, were as follows:

	2019 £	2018 £
Wage and salaries	5,195,031	4,441,256
Social security costs	533,382	508,696
Cost of defined contribution scheme	249,213	199,042
	<u>5,977,626</u>	<u>5,148,994</u>

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

	2019 No.	2018 No.
Employees	<u>45</u>	<u>40</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

7. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	1,064,041	1,256,963
Company contributions to defined contribution pension schemes	31,500	31,500
	<u>1,095,541</u>	<u>1,288,463</u>

During the year retirement benefits were accruing to no directors (2018 – NIL) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £539,414 (2018 - £491,313).

The directors remuneration disclosed above includes fees of £143,776 (2018 - £183,956) relating to two directors of the Parent Company, EC3 Brokers Group Limited.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,000 (2018 - £10,000).

8. Interest receivable and similar income

	2019 £	2018 £
Other interest receivable	1,908	2,913
	<u>1,908</u>	<u>2,913</u>

9. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	388,812	376,619
Adjustments in respect of previous periods	45,764	68,147
Total current tax	<u>434,576</u>	<u>444,766</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

Deferred tax

Origination and reversal of timing differences	(31,293)	4,109
--	----------	-------

Total deferred tax	(31,293)	4,109
---------------------------	-----------------	--------------

Taxation on profit on ordinary activities	403,283	448,875
--	----------------	----------------

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - *higher than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>1,086,135</u>	<u>1,869,562</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	206,366	355,217

Effects of:

Expenses not deductible for tax purposes	65,378	60,085
FX on consolidation	7,611	9,136
Adjustments to tax charge in respect of prior periods	45,764	68,147
Adjust deferred tax to average rate	3,682	(2,556)
Non-taxable income	-	(285)
Group relief claimed	(33,639)	(40,869)
Losses in overseas subsidiaries	99,037	-
Impact of higher US tax rate	9,084	-
Total tax charge for the year	403,283	448,875

Factors that may affect future tax charges

The main rate of UK corporation tax was 19% for the year ended 31 December 2019. From 1 April 2020 this main rate of UK corporation tax was substantively enacted at the Balance Sheet date to fall to 17%. As this change was substantively enacted before the reporting date, deferred tax has been recognised at 17% as at 31 December 2019. After the Balance Sheet date the main rate was substantively enacted in March 2020 to remain at 19% from April 2020, but this is not expected to have a material impact on the closing deferred tax asset.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

10. Intangible assets

Group

	Software development £	Intangible asset £	Goodwill £	Total £
Cost				
At 1 January 2019	93,872	150,000	52,508	296,380
Additions	-	-	-	-
At 31 December 2019	<u>93,872</u>	<u>150,000</u>	<u>52,508</u>	<u>296,380</u>
Amortisation				
At 1 January 2019	79,502	150,000	52,508	282,010
Charge for the year	8,420	-	-	8,420
At 31 December 2019	<u>87,922</u>	<u>150,000</u>	<u>52,508</u>	<u>290,430</u>
Net book value				
At 31 December 2019	<u>5,950</u>	<u>-</u>	<u>-</u>	<u>5,950</u>
At 31 December 2018	<u>14,370</u>	<u>-</u>	<u>-</u>	<u>14,370</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

10. Intangible assets (continued)

Company

	Software development £	Intangible asset £	Total £
Cost			
At 1 January 2019	93,872	150,000	243,872
Additions	-	-	-
At 31 December 2019	93,872	150,000	243,872
Amortisation			
At 1 January 2019	79,502	150,000	229,502
Charge for the year	8,420	-	8,420
At 31 December 2019	87,922	150,000	237,922
Net book value			
At 31 December 2019	5,950	-	5,950
At 31 December 2018	14,370	-	14,370

EC3 BROKERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. Tangible fixed assets

Group

	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation			
At 1 January 2019	24,828	84,228	109,056
Additions	3,560	6,361	9,921
Disposals	-	-	-
At 31 December 2019	<u>28,388</u>	<u>90,589</u>	<u>118,977</u>
Depreciation			
At 1 January 2019	4,017	36,827	40,844
Charge for the year	5,311	18,901	24,212
Disposals	-	-	-
At 31 December 2019	<u>9,328</u>	<u>55,728</u>	<u>65,056</u>
Net book value			
At 31 December 2019	<u>19,060</u>	<u>34,861</u>	<u>53,921</u>
At 31 December 2018	<u>20,811</u>	<u>47,401</u>	<u>68,212</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

11. Tangible fixed assets (continued)

Company

	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation			
At 1 January 2019	24,828	70,386	95,214
Additions	-	2,394	2,394
Disposals	-	-	-
At 31 December 2019	<u>24,828</u>	<u>72,780</u>	<u>97,608</u>
Depreciation			
At 1 January 2019	4,017	35,026	39,043
Charge for the year	4,955	15,931	20,886
Disposals	-	-	-
At 31 December 2019	<u>8,972</u>	<u>50,957</u>	<u>59,929</u>
Net book value			
At 31 December 2019	<u>15,856</u>	<u>21,823</u>	<u>37,679</u>
At 31 December 2018	<u>20,811</u>	<u>35,360</u>	<u>56,171</u>

EC3 BROKERS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019**

12. Fixed asset investments

Company

**Investments
in
subsidiary
companies
£**

Cost or valuation

At 1 January 2019 **720,592**

Additions **402,963**

At 31 December 2019 **1,123,555**

Net book value

At 31 December 2019 **1,123,555**

At 31 December 2018 **720,592**

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

13. Debtors

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Due after more than one year				
Other debtors	590,470	377,958	588,142	377,958
	<u>590,470</u>	<u>377,958</u>	<u>588,142</u>	<u>377,958</u>
Due within one year				
Trade debtors	1,014,941	91,097	938,913	85,374
Amounts owed by group undertakings	1,742,784	1,064,229	2,202,648	1,113,389
Other debtors	3,705,623	4,822,343	3,369,779	4,713,313
Prepayments and accrued income	241,326	340,073	115,208	207,019
	<u>6,704,674</u>	<u>6,317,742</u>	<u>6,626,548</u>	<u>6,119,095</u>

Included within other debtors due after one year is a loan to D Driscoll, a director, amounting to £236,958 (2018 - £231,958). Amounts repaid during the year totalled £nil (2018: £nil). The loan accrues interest at 2.5%. The loan is due to be repaid February 2024.

The amounts owed by group undertakings represent amounts owed by the Company's parent, EC3 Brokers Group Limited. The amounts due from Group entities are interest free and repayable on demand.

14. Cash and cash equivalents

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Cash at bank and in hand	963,917	1,049,769	869,829	968,072
	<u>963,917</u>	<u>1,049,769</u>	<u>869,829</u>	<u>968,072</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

15. Creditors: Amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade creditors	95,290	209,427	92,379	208,177
Amounts owed to group undertakings	-	-	136,266	127,497
Corporation tax	350,084	364,257	367,064	326,321
Other taxation and social security	240,892	182,299	240,892	182,299
Accruals and deferred income	1,423,133	1,517,874	1,344,201	1,508,863
	<u>2,109,399</u>	<u>2,273,857</u>	<u>2,180,802</u>	<u>2,353,157</u>

16. Deferred taxation

Group and company

	2019 £	2018 £
At beginning of year	(9,103)	(4,994)
Utilised in year	31,293	(4,109)
At end of year	<u>22,190</u>	<u>(9,103)</u>

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Accelerated capital allowances	(6,405)	(9,549)	(6,405)	(9,549)
Short term timing differences	28,595	446	28,595	446
	<u>22,190</u>	<u>(9,103)</u>	<u>22,190</u>	<u>(9,103)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

17. Financial Instruments

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Financial assets				
Financial assets that are debt instruments measured as amortised cost	8,017,735	7,405,395	7,833,048	7,130,613
	<u>8,017,735</u>	<u>7,405,395</u>	<u>7,833,048</u>	<u>7,130,613</u>
Financial liabilities				
Financial assets that are debt instruments measured as amortised cost	(2,109,399)	(2,208,818)	(2,044,536)	(2,160,622)
	<u>(2,109,399)</u>	<u>(2,208,818)</u>	<u>(2,044,536)</u>	<u>(2,160,622)</u>
Financial assets that are debt instruments measured at amortised cost comprise cash at bank and in hand, trade and other debtors.				
Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, share based payment compensation, accruals and deferred income, bank loans and preference shares classified as debt.				

18. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
14,000,000 (2018 - 14,000,000) Ordinary A Shares of £0.01 each	<u>140,000</u>	<u>140,000</u>

19. Reserves

Retained earnings

Retained earnings represent cumulative profits net of dividends paid and other adjustment.

20. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £217,714 (2018 - £199,042). Contributions totalling £2,625 (2018 - £2,625) were payable to the fund at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019

21. Commitments under operating leases

At 31 December 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

Group	2019 £	2018 £
Not later than 1 year	411,338	294,847
Later than 1 year and not later than 5 years	1,840,315	-
	<u>2,251,653</u>	<u>294,847</u>

22. Related party transactions

At 31 December 2019, the Company was owed £236,958 (2018 £231,958) by D Driscoll. Interest of £5,000 accrued on this loan during the year.

At 31 December 2019, the Company was owed £54,501 (2018 £34,410) by Ophiuchus Holdings Limited, a company in which D Driscoll, S Harvey and M Fletcher were directors during the year.

Amounts owed by group undertakings are not interest bearing and repayable on demand.

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019**

23. Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
EC3 Brokers US Inc	United States of America	Common stock	85%	Insurance Intermediary
EC3 Brokers MEA Limited	United Arab Emirates	Common stock	100%	Insurance Intermediary
EC3 Brokers Europe Holding Limited	Malta	Common stock	100%	Insurance Intermediary

The registered office of the subsidiaries are as follows:

EC3 Brokers MEA Limited:
Office No. ST 20-06, Level 20.
Emirates Financial Tower
Dubai International Financial Centre
P.O Box 9803
Dubai, United Arab Emirates.

EC3 Brokers US Inc:
3720 Canton St.
Suite 202
Dallas, Texas TX 75226

EC3 Brokers Europe Holdings Limited:
Suite 4, Level 2 Parklane Business Centre
Mountbatten Street
Hamrun HMR1556
Malta

24. Controlling party

With effect from 14 December 2017, the immediate parent company is EC3 Brokers Group Limited. In the opinion of the directors, there was no single ultimate controlling party during the year.

25. Asset in trust

As disclosed in accounting policy 2.11 the company operates statutory trust accounts and as such the client cash balances, and debtors are not recorded as assets of the company, similarly the premiums collected from clients or claims monies received from insurers to be subsequently transferred to insurers or clients respectively are not shown as liabilities.

The funds held in trust for insurance companies on whose behalf the company acts as underwriting agent amounts to £23,756,505 as at 31 December 2019 (2018 - £16,479,260) of which £22,817,593 (2018 - £16,388,279) represented amounts due to insurers or clients.

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019**

26. Post balance sheet events

Since the start of March 2020 the Directors have been monitoring the development of the impact of COVID 19 both directly on the Company's business and indirectly through reviewing the development of government policy and advice. The main considerations are as follows.

Operational

The Directors have made the decision to implement aspects of the Company's business continuity plan (BCP), initially this involved requiring staff at all levels and in all functions to work remotely. However since lockdown restrictions were lifted, and following a full health and safety assessment of our office and our practices it was decided to return to the offices, both in London and our subsidiary office in Dubai. We have installed sanitisation stations, COVID screens, one way systems and new protocols to keep our staff safe whilst at work. We have also implemented flexi hours working to allow staff to commute at times that they feel more comfortable to travel in. The Directors are mindful of the differing pressures on individual members of staff, and also of the fact that these pressures change as the position nationally and locally develops. The Directors expect that operational changes will continue to be required as the position develops. The Company's IT facilities are adequate to maintain operations either in the office or at home for the foreseeable future.

Policyholders/Agency Brokers

In the increasingly likely event of recessive economic conditions, there will be customers and business partners of the Company who will suffer. The impact on the Company in the short term is likely to be in pressure on cash-flow and on debt recovery, and in addition, in the medium term, in pressure on premium/commission levels. For most customers insurance is not normally a discretionary cost, but if asset values and business value fall, the values to be insured will fall. The Directors maintain very close links with the market directly and through the Company's broker network, and will be able to make changes to policy terms and rates as necessary as the position develops.

Regulators and Forecasts

The Directors have modelled stressed future scenarios to assess the Company's compliance with regulatory capital requirements in the context of the risk appetite determined by the Board. The Directors recognised that as the foreseeable scenarios change, decisions need to be made in relation to the scale of the Company's activity and the level of capital maintained to support that activity. As such it has sought to bring in new equity from one of its investors and also it has refinanced its existing loans under the government backed CBIL's scheme.

The events seen in the first half of 2020 have been unprecedented. COVID-19 has touched every corner of the globe and the impact of this pandemic is still being assessed. An early assessment of the COVID-19 impact on the Company's financial activities was undertaken at the end of March 2020 that contained an initial 3 month period of disruption of trading through to the end of June. The assessment looked at all aspects of the business, including Global Government Assistance Schemes, of which the Company has taken part in some, in particular the Coronavirus Job Retention Scheme in the UK. The Directors continued to monitor the situation through the summer as the impact of COVID continued. It was at this point it was decided to seek further equity funding for which one of our existing investors agreed to inject further capital in to the business to ensure the company has sufficient funds for the foreseeable future.

As expected revenue will be impacted by COVID-19 during 2020 across various lines of business. All capacity provision remains in place and the day to day business of inviting and accepting renewals, and writing new business is continuing as planned. Revenue impact both in the short term and medium term will continue to be monitored throughout the COVID-19 Pandemic and to minimise the impact to the business a number of cost saving measures have been implemented across each entity within the Group to mitigate reductions in the income as far as possible.

Cash flow forecasts have been produced and modelled on the various income reduction impact assessments as well as cost base actions that have been implemented with the aim being to maintain pre COVID-19 cash levels.

The business has reviewed the collectability of its 31st December 2019 debtors and at present the position is positive with a considerable amount of the debt already collected since 31st December and

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2019**

cash collections profiles remain strong as at the date of approval of these Report & Accounts. There has been nothing to suggest that debtor recoverability is being affected by COVID-19.

The Group is continuing to monitor the number and extent of all COVID19 claims notifications. A separate reporting function to individually monitor all COVID19 related claims has been established and is being used to provide our supporting insurers with accurate and timely information.

We continue to monitor closely all developments relating to the coronavirus outbreak and our priorities remain the wellbeing of our employees and delivering an excellent service to our clients.