

Eldon Insurance Services Limited

Report & Financial Statements

For the year ended 31 December 2013



ELDON INSURANCE SERVICES LIMITED

Report & Financial Statements

For the year ended 31 December 2013

Company information

Company Registration Number: 06334001

Registered Office: Lysander House (2nd Floor)
Catbrain Lane, Cribbs Causeway
Bristol
BS10 7TQ

Directors: J Banks
E Bilney
J Coetzee

Company Secretary: P Walters

Bankers: Royal Bank of Scotland
3rd Floor
3 Temple Back East
PO Box 2703
Bristol
BS1 9BX

Clydesdale Bank
3 Sheldon Square
Paddington
London
W2 6HY

Solicitors: Lyons Davison
51 Victoria Street
Bristol
BS1 6AD

Auditors: BDO LLP
Registered Auditors & Chartered Accountants
55 Baker Street
London
United Kingdom

ELDON INSURANCE SERVICES LIMITED

Report & Financial Statements

For the year ended 31 December 2013

Contents

Strategic report 1

Report of the Directors 3

Independent Auditor’s report 5

Profit and loss account 7

Balance sheet 8

Notes to the financial statements 9

ELDON INSURANCE SERVICES LIMITED

Strategic Report

For the year ended 31 December 2013

Strategic report

The Directors present this report and the audited financial statements for the year ended 31 December 2013.

Eldon Insurance Services Limited (the “Company”) is a limited company incorporated in the United Kingdom.

Principal activity and review of the business

The principal activity of the Company in the year under review is the provision of insurance services, namely broking under the brands GoSkippy, Footprint and Business Choice Direct and also the provision of claims handling services.

Until the end of 2012, the Company’s primary strategy was to provide claims handling services to Southern Rock Insurance Company (“SRICL”), a related party motor insurer. At that time, the Company operated essentially as a cost centre.

During 2013, the Company developed its strategy in order to provide insurance services for related and unrelated insurer parties through the launch of its brokerage businesses, offering a suite of insurance products to UK customers on behalf of a panel of insurers. GoSkippy, the first of the brands, was launched in November 2012, providing motor insurance products on behalf of a panel of insurers including SRICL. The Footprint brand, offering bespoke van and motorbike insurance, followed in December 2013 and Business Choice Direct, providing commercial insurance, in January 2014.

The results for the year clearly demonstrate strong progress by the brokerage, specifically under the GoSkippy brand, which has now been in operation for one full year and has developed a book of 113,000 policies during that time. The business model is reflected in the continued levels of investment in the cost base in 2013, which will position all three brands for growth in 2014 and beyond. The brokerage strategy is to focus on the customer, provide an exceptional service and encourage customer loyalty to the brands.

The strength of the brands is not only demonstrated by the policy numbers, but also through recognition within the insurance industry itself - GoSkippy has been shortlisted for “Marketing Initiative of the Year” at the UK Broker Awards 2014 and also for “Excellence in Motor Broking” at the Insurance Times Awards 2014. The insurance industry also recognises the capabilities of the claims handling function and the Company has been shortlisted for various awards in 2014, including “Fraud Intelligence Team of the Year” at the 2014 Insurance Fraud Awards, “Personal Lines Team of the Year” at the 2014 Claims Awards and “Training Excellence and Impact – Business Partner” at the 2014 Insurance Times Awards for its third party area development programme.

The claims handling function of the Company remains a key contributor to the business and to the wider insurance group and has continued to excel in 2013. Operationally, the function continued to develop and improve the efficiency of its operations, including the on-going strategic improvements to its claims processing systems.

To support the broking strategy and move away from providing purely related party services, the Company strengthened its capital position through the conversion of £2.2m of debt into ordinary shares in February 2013, which ensured it would have sufficient ongoing capital to meet its FCA-regulated capital requirement as the Company expanded.

This was further supported by a restructure of the wider insurance group in July 2013, when ICS Risk Solutions Limited, a related party, purchased 100% of the shares in the Company from its previous shareholders for a consideration of £7.5 million (see note 19). Despite this change in ownership, there has been no overall change in control and no change in the general operating model of the Company. This change in ownership positions the Company to continue its strategy for growth through relationships with both related and unrelated insurance providers.

ELDON INSURANCE SERVICES LIMITED

Strategic Report

For the year ended 31 December 2013

Key performance indicators (“KPIs”)

The Company uses a variety of Key Performance Indicators (“KPIs”) to measure the performance of its business units. These include daily and monthly financial and non-financial KPI's, measured against budgeted targets which are set annually. Examples of such KPI's are policy count versus budget, quote to sale conversion rate, renewal retention rate, and income per policy, all of which vary across the brokerages. For the claims handling business, the key KPI's include monthly average cost per claim, which is a measure of the efficiency of its operations.

Financial risk management objectives and policies

The Company uses financial instruments such as cash, loans, debtors and creditors in order to raise finance for the Company's operations. The existence of these instruments exposes the Company to financial risks which are detailed below.

Liquidity / cash flow risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet its foreseeable needs and to invest cash assets safely and profitably. The Company monitors cash flow using sophisticated forecasting techniques to ensure that all liabilities are met when due.

Interest rate risk

The Group monitors its banking facilities and compliance with related covenants as required. Group monies are also monitored to minimise interest charges on overdrafts and to ensure cash balances are used to offset overdrafts.

Credit risk

The principal credit risk for the Company arises from its trade debtors as part of the claims handling and broking operations. In order to manage credit risk the Directors have incorporated a range of credit control procedures to monitor debt levels and to ensure that any debts are collected as soon as reasonably possible.

Future developments

The Directors consider the Company to be well positioned to build on the significant growth in turnover seen in the business during the year.

Planned investment in the brokerages is intended to continue during 2014 as part of the strategy to build volumes and brand awareness, thus generating customer loyalty and renewal business. As part of this focus on the customer, the Company continues to consider product enhancements; as such, the product offering now includes both home and life insurance broking services.

The claims handling function will remain focused on its continuous improvements programme, and intends to develop further business lines by exploring new relationships with external insurers seeking an exceptional claims handling provider.

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



E Bilney

Director

Date: 30/09/14

ELDON INSURANCE SERVICES LIMITED

Report of the Directors

For the year ended 31 December 2013

Report of the Directors

The Directors present this report and the audited financial statements for the year ended 31 December 2013.

The Strategic Report above sets out a review of the business including the Company's principal activity; the principal risks and uncertainties facing the business; the performance of the business during the year; and future developments.

Results & Dividends

The profit for the year after taxation amounted to £180,000 (2012: £29,000). No dividends have been paid for the year (2012: £nil).

Directors

The Directors who served during the year were:

E Bilney (appointed 19 February 2013)
M Puttick (appointed 19 February 2013, resigned 30 September 2013)
P S Chase-Gardener (resigned 19 February 2013)
A Banks (resigned 5 September 2013)
J Banks (appointed 9 September 2013)
J Coetzee (appointed 11 September 2013)

Employee Involvement

The Company supports the principle of equal opportunities. Its policy is that there should be no unfair discrimination on the grounds of sex, age, religion or race. Equal employment opportunities are available to all persons, including the disabled, having full regard to their particular skills and abilities.

The Directors believe in encouraging employees to become fully informed of the Company's activities and to be more closely involved in the business and provide ongoing training as necessary.

ELDON INSURANCE SERVICES LIMITED

Report of the Directors

For the year ended 31 December 2013

Statement of Directors' Responsibilities

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 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 estimates that are reasonable and prudent;
- 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 him to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Provision of Information to the Auditor

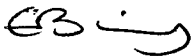
Each person who is Director at the time when this Directors' report is approved has confirmed that:

- so far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Company's auditor in connection with preparing their report and to establish that the Company's auditor is aware of that information.

Auditor

The auditors are BDO LLP, who are eligible for re-appointment.

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



E Bilney

Director

Date: 30/09/14

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF ELDON INSURANCE SERVICES LIMITED

Independent Auditor's report

We have audited the financial statements of Eldon Insurance Services Limited for the year ended 31 December 2013 which comprise the profit and loss account, the balance sheet and the related notes. 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 auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

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 matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF ELDON
INSURANCE SERVICES LIMITED**

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.



David Roberts (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London, United Kingdom

Date 30 September 2014.

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

ELDON INSURANCE SERVICES LIMITED

Profit and Loss Account

For the year ended 31 December 2013

Profit and loss account	NOTES	2013	2012
		£'000	£'000
Turnover	2	12,809	8,192
Administrative expenses	3	(12,581)	(8,041)
Operating Profit		228	151
Interest receivable		11	5
Profit on ordinary activities before taxation		239	156
Tax on profit on ordinary activities	6	(59)	(127)
Profit for the financial year	15	180	29

The notes on pages 9 to 17 are an integral part of these financial statements.

All amounts relate to continuing operations and are stated on a historical cost basis.

No separate statement of total recognised gains and losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

ELDON INSURANCE SERVICES LIMITED

Balance Sheet

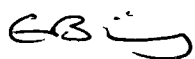
For the year ended 31 December 2013

Balance sheet

	NOTES	2013		2012	
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	7	-		4,000	
Tangible assets	8	<u>1,524</u>		<u>1,046</u>	
			1,524		5,046
Current assets					
Debtors	9	15,214		4,566	
Cash at bank		<u>2,834</u>		<u>784</u>	
			18,048		5,350
Creditors:					
Amounts falling due within one year	11		(17,717)		(9,078)
NET CURRENT ASSETS / (LIABILITIES)			<u>331</u>		<u>(3,728)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,855</u>		<u>1,318</u>
Creditors:					
Amounts falling due after one year	12		(1,065)		(2,908)
NET ASSETS / (LIABILITIES)			<u>790</u>		<u>(1,590)</u>
Capital and reserves					
Ordinary share capital	14, 15		2,200		-
Profit and loss account	15		<u>(1,410)</u>		<u>(1,590)</u>
Shareholders' funds	15		<u>790</u>		<u>(1,590)</u>

The notes on pages 9 to 17 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors and were authorised for issue by:



E Bilney

Director

Date: 30/09/14

ELDON INSURANCE SERVICES LIMITED

Notes to the Financial Statements

For the year ended 31 December 2013

Notes to the financial statements

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards (United Kingdom Generally Accepted Accounting Practice).

1.2 Going concern basis

The financial position of the Company, its cash flows, liquidity position and borrowing facilities are monitored on a monthly basis and the techniques used to monitor these are noted in the Directors' report. The Company has sufficient financial resources together with renewing income from customers to meet its operating requirements. Although there was a change in ownership of the Company during the year as noted in the strategic report, there has been no change of overall control and no change in the operating model of the business.

The Company is required to maintain a minimum level of capital in accordance with Financial Conduct Authority regulations. As at 31 December 2013, the capital requirement was calculated at £0.641 million (2012: £0.194 million), resulting in a capital surplus of £0.150 million (2012: £0.331 million).

The Directors believe that the Company continues to have adequate resources to manage its business risks successfully. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future and continues to demonstrate a positive cash flow position to maintain its current liabilities and expenses. Accordingly, the going concern basis is used in preparing the financial statements.

1.3 Cash flow statement

The Company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the Group whose consolidated financial statements are publically available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.4 Turnover

Turnover comprises revenue recognised by the Company in respect of insurance broking services supplied, exclusive of value added tax and trade discounts. Recognition of commission received for the handling of claims is deferred over the amount of time that the claims are expected to settle. The deferral period is based on estimated length of the claims process and the Directors anticipate that this will periodically be reviewed in line with the expected future efficiency of claims handling. Broking fees and commissions from third parties are recognised on an accruals basis.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of each asset, less their estimated residual value, over their expected useful lives on the following basis:

- Fixtures & fittings: 5 years, straight line
- Office equipment: 5 years, straight line
- Computer equipment: 3 years, straight line
- Motor vehicles: 3 years, straight line

1.6 Leases

Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Assets acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

ELDON INSURANCE SERVICES LIMITED

Notes to the Financial Statements

For the year ended 31 December 2013

1.7 Taxation and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the balance sheet date.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

1.8 Pensions

The Company makes a non-contributory stakeholder pension available to all employees. Included within staff costs are contributions made by employees to the salary sacrifice pension scheme.

2. Turnover

All turnover arose within the United Kingdom.

3. Operating profit

Operating profit is stated after charging:

	2013	2012
	£'000	£'000
Staff costs (note 4):	7,766	5,892
Depreciation of tangible fixed assets	840	573
Auditor's remuneration:		
- audit services	26	19
- other services	-	7
Operating lease charges	182	197

ELDON INSURANCE SERVICES LIMITED

Notes to the Financial Statements

For the year ended 31 December 2013

4. Staff costs

Staff costs were as follows:

	2013 £'000	2012 £'000
Wages and salaries	6,978	5,398
Social security costs	771	490
Other pension costs	17	4
	<u>7,766</u>	<u>5,892</u>

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

	2013	2012
Administration staff	302	209
Management staff	29	27
	<u>331</u>	<u>236</u>

5. Directors' remuneration

	2013 £'000	2012 £'000
Directors' emoluments	428	221
Company contributions to money purchase pension schemes	2	-
	<u>430</u>	<u>221</u>

There were 3 Directors to whom retirement benefits are accruing under money purchase schemes (2012: none) during the year.

The total amount payable to the highest paid Director in respect of emoluments was £189,000 (2012: £220,000). Company pension contributions of £1,000 (2012: £nil) were made to a money purchase pension scheme on their behalf.

ELDON INSURANCE SERVICES LIMITED

Notes to the Financial Statements

For the year ended 31 December 2013

6. Taxation

	2013 £'000	2012 £'000
Current tax:		
UK corporation tax on profits for the year	<u>2</u>	<u>1</u>
Deferred tax:		
Origination and reversal of timing differences	57	-
Over provision of deferred tax in prior year	<u>-</u>	<u>126</u>
Deferred tax (note 10)	<u>57</u>	<u>126</u>
Tax on profit on ordinary activities	<u>59</u>	<u>127</u>

The tax assessed for the year is lower (2012: lower) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2013 of 20% (2012: 24%). The differences are explained below:

	2013 £'000	2012 £'000
Profit on ordinary activities before tax	<u>239</u>	<u>156</u>
Profit on ordinary activities multiplied by standard rate in the UK 20% (2012: 24%)	48	31
Effects of:		
- Fixed asset differences	1	-
- Expenses not deductible for tax purposes	10	4
- Depreciation in excess of capital allowances	18	23
- Other short term timing differences	14	-
- Utilisation of tax losses and other deductions	<u>(89)</u>	<u>(57)</u>
Current tax charge for the year	<u>2</u>	<u>1</u>

ELDON INSURANCE SERVICES LIMITED

Notes to the Financial Statements

For the year ended 31 December 2013

7. Intangible fixed asset

	Licenses £'000
Cost	
At 1 January 2013	4,000
Disposals	(4,000)
At 31 December 2013	<u>-</u>
Amortisation	
At 1 January 2013	-
Charge for the year	-
At 31 December 2013	<u>-</u>
Net book value	
At 31 December 2013	<u>-</u>
At 31 December 2012	<u>4,000</u>

The intangible asset represented intellectual property rights which were sold during the year for £4m to ICS Risk Solutions Limited ("ICS"), the parent of the Company. The rights were purchased for £4m from Southern Rock Intellectual Property Limited ("SRIPL") in 2012. The rights were held for less than one year and no amortisation was charged to the Company's profit and loss account as there was never any intention to hold the rights for any length of time. In substance, the rights were just passed on from SRIPL to ICS by the Company.

8. Tangible fixed assets

	Office equipment £'000	Fixtures & fittings £'000	Computer equipment £'000	Motor Vehicles £'000	Total £'000
Cost					
At 1 January 2013	172	110	2,798	120	3,200
Additions	16	145	963	194	1,318
At 31 December 2013	<u>188</u>	<u>255</u>	<u>3,761</u>	<u>314</u>	<u>4,518</u>
Depreciation					
At 1 January 2013	137	64	1,933	20	2,154
Charge for the year	20	36	693	91	840
At 31 December 2013	<u>157</u>	<u>100</u>	<u>2,626</u>	<u>111</u>	<u>2,994</u>
Net book value					
At 31 December 2013	<u>31</u>	<u>155</u>	<u>1,135</u>	<u>203</u>	<u>1,524</u>
At 31 December 2012	<u>35</u>	<u>46</u>	<u>865</u>	<u>100</u>	<u>1,046</u>

	2013
Assets held under finance leases and capitalised in motor vehicles	£'000
Cost	194
Aggregate depreciation	(54)
Net book amount	<u>140</u>

ELDON INSURANCE SERVICES LIMITED

Notes to the Financial Statements

For the year ended 31 December 2013

9. Debtors

	2013 £'000	2012 £'000
Trade debtors	4,899	-
Amounts owed by related parties (note 18)	9,693	4,225
Prepayments & accrued income	346	8
Deferred tax (note 10)	276	333
	<u>15,214</u>	<u>4,566</u>

Amounts owed by related parties are unsecured, interest free and are repayable on demand.

All debtors fall due within one year except for the deferred tax asset of £276,000 (2012: £333,000), the realisation of which is dependent on the timing of future profits.

10. Deferred tax

	2013 £'000	2012 £'000
At beginning of year	333	459
Credit/(charge) for the year	(57)	(126)
At end of year	<u>276</u>	<u>333</u>

The deferred taxation balance is made up as follows:

	2013 £'000	2012 £'000
Fixed asset timing differences	184	166
Short term timing differences	14	-
Losses and other deductions	78	167
	<u>276</u>	<u>333</u>

11. Creditors: Amounts falling due within one year

	2013 £'000	2012 £'000
Trade creditors	621	124
Amounts owed to related parties (note 18)	12,354	6,201
Finance lease (note 13)	31	-
Deferred income	4,044	2,752
Corporation tax	3	1
Other creditors	664	-
	<u>17,717</u>	<u>9,078</u>

Amounts owed to related parties are unsecured, interest free and are repayable on demand.

ELDON INSURANCE SERVICES LIMITED

Notes to the Financial Statements

For the year ended 31 December 2013

12. Creditors: Amounts falling due after more than one year

	2013	2012
	£'000	£'000
Amounts owed to related parties (note 18)	-	2,143
Finance lease (note 13)	119	-
Accruals and deferred income	946	765
	<u>1,065</u>	<u>2,908</u>

Amounts owed to related parties are unsecured, interest free and are repayable on demand.

13. Finance lease

Future minimum payments under the finance lease are as follows:

	2013	2012
	£'000	£'000
Within one year	46	-
In more than one year, but not more than five years	133	-
After five years	-	-
Total gross payments	<u>179</u>	<u>-</u>
Less finance charges included above	<u>(29)</u>	<u>-</u>
	<u>150</u>	<u>-</u>

14. Share capital

	2013	2012
	£'000	£'000
Allotted, called up and fully paid:		
2,200,000 Ordinary shares of £1 each	<u>2,200</u>	<u>-</u>

In February 2013, 2,199,900 Ordinary shares of £1 each were issued to Rock Holdings Limited (see note 15).

ELDON INSURANCE SERVICES LIMITED

Notes to the Financial Statements

For the year ended 31 December 2013

15. Reconciliation of movement in shareholders' funds

	Share capital £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2012	-	(1,619)	(1,619)
Issue of share capital	-	-	-
Profit for the year	-	29	29
Balance at 31 December 2012	-	(1,590)	(1,590)
Balance at 1 January 2013	-	(1,590)	(1,590)
Issue of share capital	2,200	-	2,200
Profit for the year	-	180	180
Balance at 31 December 2013	2,200	(1,410)	790

In February 2013, 2,199,900 Ordinary shares of £1 each were issued to Rock Holdings Limited, the ultimate parent of the Company at this time, in a debt for equity swap. The only other shareholder, Southern Rock Holdings Limited, the immediate parent of the Company at this time, agreed to retain its 100 existing Ordinary shares of £1 each in the Company.

In July 2013, all of the shares in the Company were sold jointly by Rock Holdings Limited and Southern Rock Holdings Limited for a consideration of £7.5 million to a new company, ICS Risk Solutions Limited, which therefore became the immediate and ultimate parent of the Company. There has been no change in overall control of the Company (see note 19).

16. Investment in subsidiary

The Company wholly owns Blue Steel Enterprises Limited ("Blue Steel"), with a holding of 100 Ordinary shares of £1 each. Blue Steel is incorporated in the UK and its address is 2nd Floor, Lysander House, Cribbs Causeway, Bristol BS10 7TQ. Blue Steel's company number is 08256125. The net assets in Blue Steel as at 31 December 2013 totalled £100. The value of the Company's investment in Blue Steel at 31 December 2013 was £100. Blue Steel is exempt from the requirement for an audit of its accounts under section 479A of the Companies Act 2006. Blue Steel is included in the consolidated accounts of the Company's ultimate parent, ICS Risk Solutions Limited (see note 19) and so the Company is not required to prepare consolidated accounts itself under FRS 2.

17. Other financial commitments

Annual commitment under non-cancellable operating leases expiring:

	2013 £'000	2012 £'000
Less than 1 year	-	-
2-5 years	182	162
More than 5 years	-	-
Total	182	162

ELDON INSURANCE SERVICES LIMITED

Notes to the Financial Statements

For the year ended 31 December 2013

18. Related party transactions

The following transactions were carried out with related parties during the year:

Sale of goods and services to entities sharing key management	2013	2012
	£'000	£'000
Southern Rock Insurance Company Limited	9,040	5,294
Rock Holdings Limited	-	1,950
	<u>9,040</u>	<u>7,244</u>

Purchase of goods and services from entities sharing key management	2013	2012
	£'000	£'000
Southern Rock Insurance Company Limited	-	68
Rock Services Limited	11,358	6,237
	<u>11,358</u>	<u>6,305</u>

Year end balances arising from transactions with group undertakings	2013			2012
	£'000			£'000
	Due from	Due to	Net	Net
ICS Risk Services Limited	8,279	-	8,279	-
	<u>8,279</u>	<u>-</u>	<u>8,279</u>	<u>-</u>

Year end balances arising from transactions with entities sharing key management	2013			2012
	£'000	£'000	£'000	£'000
	Due from	Due to	Net	Net
eDevelopment (2) Limited	-	(5,637)	(5,637)	1,111
Precision Risk Services Limited	-	(538)	(538)	-
Precision Risk Intelligence Limited	-	(698)	(698)	-
Rock Holdings Limited	1,414	-	1,414	259
Rock Services Limited	-	(4,733)	(4,733)	(837)
Southern Rock Insurance Company Limited	-	(748)	(748)	(652)
Southern Rock Intellectual Property Limited	-	-	-	(4,000)
	<u>1,414</u>	<u>(12,354)</u>	<u>(10,940)</u>	<u>(4,119)</u>

19. Ultimate parent undertaking and controlling party

The immediate and ultimate parent undertaking is ICS Risk Solutions Limited ("ICS"), a company registered in the Isle of Man. The registered address of ICS is 2nd Floor, Murdoch Chambers, South Quay, Douglas, Isle of Man, IM1 5AS.

The results of the Company are included in the unaudited consolidated financial statements of ICS, which are publicly available from 2nd Floor, Lysander House, Catbrain Lane, Cribbs Causeway, Bristol BS10 7TQ.

The ultimate controlling party of ICS is Arron Banks, by virtue of his majority shareholding in the company. As explained in note 15, a restructure in 2013 resulted in ICS becoming the Company's new immediate and ultimate parent. The previous ultimate parent of the Company, Rock Holdings Limited, is also controlled by Arron Banks, so there was no overall change in the ultimate controlling party during 2013.