

Ed Broking Holdings (2016) Limited
Annual Report and Financial Statements
Year ended 31 December 2017

Registered number: 02767989



Ed.



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Company Information

Directors

N P Perry
A D Wallin

Company secretary

C Sharich

Company number

02767989

Registered office

52 Leadenhall Street
London EC3A 2EB

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Bankers

Barclays Bank PLC
1 Churchill Place
London E14 5HP

The Royal Bank of Scotland PLC
9th Floor
280 Bishopsgate
London EC2M 4RB

Strategic Report for the year ended 31 December 2017

The Directors present the strategic report for Ed Broking Holdings (2016) Limited ("the Company") for year ended 31 December 2017.

Principal activities

The Company is the 100% owner of Ed Broking (2016) Limited. Ed Broking (2016) Limited is a corporate member of both Ed Broking Holdings LLP and Ed Broking LLP. Ed Broking Holdings LLP is also a corporate member of Ed Broking LLP. With effect from 10 October 2013 was ultimately owned by Ed Broking Group Limited.

The principal activities of Ed Broking Holdings LLP are the provision of management services to Ed Broking LLP, participating as a corporate member in Ed Broking LLP and the holding of investments. The principal activity of Ed Broking LLP is insurance and reinsurance broking, specialising in energy, marine, property and casualty and specialist facilities business.

For the purposes of this report the Company, Ed Broking Holdings LLP and Ed Broking LLP are referred to as "The Group".

The right of the Company to participate in the results and net assets of limited liability partnerships (LLPs), it has either directly or indirectly invested in, is governed by the Partnership Deeds of those LLPs. The deeds state how the profits or losses of a LLP will be allocated between the members. Neither the allocation of profit nor the participation in the proceeds of a crystallising event, such as a sale of a LLP, are necessarily connected to the contribution of members to the capital of the LLP.

Business review

The profit for the year after taxation amounted to £37,692 (2016: £63,449).

The Company operates as an investment holding company.

Strategic Report for the year ended 31 December 2017 (continued)

Principal risks and uncertainties

The Company is aware that there are risks to its future performance which primarily arise through its involvement with Ed Broking LLP. The relative significance of a risk may vary over time and Ed Broking LLP maintains a risk register which is regularly reviewed by its Risk & Audit Committee and Board. Ed Broking LLP seeks to assess, control and mitigate its risks.

The Group operates in a highly competitive environment and is dependent for its success on the abilities and performance of its employees and its ability to attract and retain high calibre staff. Key risks to the Group are therefore competition and failure to recruit or retain key individuals.

Other significant risks include reputation risk as the Group is reliant on a good reputation with both clients and markets in order to win and retain business. As the Group is principally involved in insurance broking in the London market, it is also dependent on the continued attractiveness of the London market to its clients.

As the Group's outgoings are primarily in GBP but the majority of its income is in foreign currency (especially USD) it is exposed to exchange rate risk.

The Group is also subject to legal and regulatory risk. It handles large and complex (re)insurance contracts and is exposed to the risk of involvement in legal disputes. Group companies must act in accordance with the requirements of their various regulators. A failure to do so could result in fines or other action by the regulator.

The Group is reliant on its IT systems and would therefore be negatively impacted by a failure of one or more key systems over a period of time. Loss of access to Group offices other than for a short period of time would also be detrimental.

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



N P Perry
Director
13 August 2018

Report of the Directors for the year ended 31 December 2017

The Directors present their report together with the audited financial statements for year ended 31 December 2017.

Future developments

The Directors do not plan any changes to the strategy and operation of the Company.

Charitable Donations

During the year the Company made no donations to charitable institutions (2016: £nil).

Results and dividends

The profit for the year, after taxation, amounted to £37,692 (2016: £63,449).

During the year dividends of £nil (2016: £nil) were paid. The retained profit of £37,692 (2016: £63,449) has been transferred to reserves.

Directors

The Directors who served during the year and up to the date of this report were:

R J Benzies	(resigned 14/07/2017)
N P Perry	(appointed 03/05/2017)
A D Wallin	(appointed 03/05/2017)

No Director has any beneficial interest in the shares of any Group Companies other than the ultimate Parent Company, Ed Broking Group Limited, in the financial statements of which these holdings are disclosed.

Financial risk management

The Company is exposed to a variety of financial risks that include price risk, credit risk, interest rate risk, exchange rate risk and liquidity risk.

Price Risk: Pricing fluctuations in the markets in which the Group transacts business may impact on its income, particularly where the subsidiaries' remuneration is agreed as a percentage of premium. The Company has no exposure to equity securities price risk as the Group holds no listed or other equity investments.

Report of the Directors for the year ended 31 December 2017 (continued)

Credit risk: During the year financial instruments which potentially subjected the Group to concentrations of credit risk consisted primarily of cash held as working capital. Surplus funds are placed on deposit with Ed Broking Holdings (London) Limited, an intermediate holding company in the Ed Broking Group Limited.

There is also the risk that other parties that owe the Group money will not pay. The Group took steps to minimise this risk by maintaining sound credit and collection practices and by making provision for any amounts deemed uncollectible.

Interest rate risk: The Group's operations were subject to the risk of interest rate fluctuations only as it affects interest earning assets.

Exchange rate risk: The Group's most significant exposure to foreign currency risk is derived from the income Ed Broking LLP receives in foreign currency. Ed Broking LLP entered into future currency sale contracts to hedge its foreign currency earnings in order to mitigate the adverse effect of fluctuations in the spot rate.

The Group is exposed to exchange rate risk as regards the value of its overseas holdings and the income arising therefrom.

Liquidity risk: During the year the Group invested in liquid investments. The Committee considers the balances held with Ed Broking Holdings (London) Limited to be near-cash investments.

Statement of Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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 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 judgments 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Directors for the year ended 31 December 2017 (continued)

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of Information to the Auditor

So far as each of the Directors is aware at the time the report is approved:

- there is no relevant audit information of which the company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Deloitte LLP are the auditor for the year in accordance with section 487(2) of the Companies Act 2006.

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



N P Perry
Director
13 August 2018

Independent Auditor's Report to the Members of Ed Broking Holdings (2016) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Ed Broking Holdings (2016) Limited (the 'company') which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 14.

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).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

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

Independent Auditor's Report to the Members of Ed Broking Holdings (2016) Limited (continued)

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 respect of these matters.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, 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.

**Independent Auditor's Report to the Members of Ed Broking Holdings (2016) Limited
(continued)**

Report on other legal and regulatory requirements

Opinions 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 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 strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.



David Rush, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

13 August 2018

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Income Statement for the year ended 31 December 2017

		Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
	Note		
Income from fixed asset investment		44	46
Administrative expenses		(6)	(7)
Operating Profit		38	39
Interest receivable/payable		-	24
Profit on ordinary activities before taxation		38	63
Tax on profit on ordinary activities	6	-	-
Profit for the year		38	63

All amounts relate to continuing operations.

There were no recognised gains and losses other than those included in the income statement.

Balance Sheet as at 31 December 2017

		Year Ended 31 December 2017		Year Ended 31 December 2016	
	Note	£'000	£'000	£'000	£'000
Non-current assets					
Investments	7		417		417
Current assets					
Debtors	8	1,510		1,470	
Cash at bank and in hand		3		3	
		1,513		1,473	
Creditors: amounts falling due within one year	9	(471)		(469)	
Net current assets			1,042		1,004
Net assets			1,459		1,421
Capital and reserves					
Called up share capital	10		653		653
Share premium account			430		430
Capital redemption reserve	10		17		17
Profit and loss reserve	10		359		321
Shareholders' funds			1,459		1,421

The accounting policies and notes on pages 12 to 18 form an integral part of these financial statements. The financial statements of Ed Broking Holdings (2016) Limited, registered number 02767989, were approved and authorised for issue by the board and were signed on its behalf on 13 August 2018



N P Perry
Director
13 August 2018

Statement of Changes in Equity for the Year Ended 31 December 2017

	Ordinary share capital £'000	Share Premium £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
Equity at 1 January 2016	653	430	17	258	1,358
Profit for the year	-	-	-	63	63
Equity at 31 December 2016	653	430	17	321	1,421
Profit for the year	-	-	-	38	38
Equity at 31 December 2017	653	430	17	359	1,459

Notes to the financial statements for the year ended 31 December 2017

1. Accounting Policies

The principal accounting policies, which have been applied consistently throughout the year, are set out below:

1.1. General information and basis of preparation of accounting

Ed Broking Holdings (2016) Limited is incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are disclosed in the strategic report pages 2-3.

The financial statements have been prepared on a going concern basis under the historical cost convention in accordance with Financial Reporting Standard 102 (FRS102) issued by the Financial Reporting Council (FRC).

Ed Broking Holdings (2016) Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to presentation of a cash-flow statement and related party transactions with entities where 100% of the voting rights are controlled by the Group (wholly owned subsidiary). The company is a wholly owned subsidiary of Ed Broking Group Limited and is included in the consolidated financial statements of Ed Broking Group Limited, which are publicly available.

1.2. Foreign currencies

Items included in the separate financial statements of the Company are measured and presented in pound sterling which is the currency of the primary economic environment in which it operates.

Transactions in currencies other than the functional currency are recorded at rates of exchange prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are reported at the rates of exchange prevailing at that date and the related gains and losses are reported in the income statement through other operating income or expenses.

1.3. Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Balance Sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Notes to the financial statements for the year ended 31 December 2017 (continued)

1.3 Taxation (continued)

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

The tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future year in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered. Deferred tax balances are not discounted.

1.4. Investments

Investments are measured at cost less impairment.

1.5. Financial Assets

The company classifies its financial assets as receivables, cash and loans. Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. Receivables are recognised at cost being the fair value of the consideration receivable.

1.6. Impairment of assets

Assets are reviewed for impairment if events or changes in circumstances indicate that the carry amount of the asset may not be recoverable.

As the result an impairment loss is recognised in income statement to the extent that carry amount exceeds the best estimate of amount that would be received if the asset was to be sold at the reporting date.

1.7. Provisions for liabilities and charges

A provision is recognised where there is a present obligation, legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reasonable estimate can be made of the amount of the obligation.

Notes to the financial statements for the year ended 31 December 2017 (continued)

2. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors agree that no critical accounting adjustments are required.

3. Auditor's remuneration

	31 December 2017 £'000	31 December 2016 £'000
Fees payable to the Company's auditor for:		
The audit of the Company's Financial Statements	4	4
	4	4

4. Directors' remuneration

The emoluments of N P Perry and A D Wallin are paid by fellow subsidiary, Ed Broking (UK) Limited. It is not possible to make an accurate apportionment of their emoluments and accordingly, the above details include no emoluments in respect of these Directors.

During the year to 31 December 2017 there were no company contributions made to money purchase pension schemes on behalf of directors or retirement benefits accrued to directors in respect of money purchase pension schemes.

5. Staff Numbers

The company had no employees during the year (2016: Nil).

Notes to the financial statements for the year ended 31 December 2017 (continued)

6. Tax on profit on ordinary activities

	31 December 2017 £'000	31 December 2016 £'000
Current tax:		
UK Corporation tax (charge)/credit on profit/(loss) for the year	-	-
Prior year adjustment - (charge)/credit	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Total tax on profit on ordinary activities	-	-

The standard rate of tax applied to the reported profit on ordinary activities is 19.25% (2016: 20%).

Tax reconciliation

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (19.25%). The differences are explained below:

	31 December 2017 £'000	31 December 2016 £'000
Profit on ordinary activities before tax	38	63
Profit on ordinary activities multiplied by standard rate of UK corporation tax of 20% (2016: 20.00%)	7	12
Group relief for no payment	(7)	(9)
Brought forward trade losses utilised	-	(3)
Total tax (charge)/credit for the year	-	-

Notes to the financial statements for the year ended 31 December 2017 (continued)

7. Investments

The investments held are as follows:

	31 December 2017 £'000	31 December 2016 £'000
Ed Broking (2016) Limited (UK : 100%)	417	417
	417	417

Country of incorporation and percentage of shareholding are shown in brackets.

8. Debtors

	31 December 2017 £'000	31 December 2016 £'000
Amounts falling due within one year:		
Amounts due from Group undertakings	362	322
Loans due from Group undertakings	1,148	1,148
	1,510	1,470

The company's total interest income on loans due from group undertakings (subsidiaries) was £44,052 for the year to 31 December 2017.

A deferred tax asset of £24,681 (2016: £24,681) has not been recognised in the balance sheet in respect of certain of the Company's operations, principally in the UK, where it is considered that the losses are unlikely to be utilised in the near future.

9. Creditors

	31 December 2017 £'000	31 December 2016 £'000
Amounts falling due within one year:		
Accruals	6	7
Amounts due to Group undertakings	465	462
	471	469

Notes to the financial statements for the year ended 31 December 2017 (continued)

10. Called up share capital and reserves

	31 December 2017 £'000	31 December 2016 £'000
Authorised		
7,500,000 ordinary shares of 10p each	750	750
Allotted, called up and fully paid		
6,529,360 ordinary shares of 10p each	653	653

10.1. A brief description of company's other reserves are provided below:

The profit and loss reserve represents cumulative profit and losses net of dividends and other adjustments.

Capital redemption reserve represents repurchase of 166,380 of the company's own 10p shares.

11. Contingent liabilities

The Company is subject to potential claims and litigation arising out of the ordinary course of business. Any such claims are vigorously defended. On the facts known to the directors, the Directors do not believe that any material losses will be incurred.

12. Financial commitments

There are no material future financial commitments to disclose.

13. Related party transactions

The Company has taken advantage of the exemption, given under FRS102 section 33.1A from the requirement to disclose transactions with related parties where 100% of the voting rights are controlled by the Group.

Ed Broking Holdings (2016) Limited, was owed non-insurance balances of £136,142 at 31 December 2017 from Ed Broking LLP.

14. Ultimate controlling party

The financial statements contain information about Ed Broking Holdings (2016) Limited as an individual company and do not contain consolidated financial information.

The Directors regard Ed Broking Group Limited as the ultimate parent company and EC3 Union Holdings Limited as the ultimate controlling party by virtue of its controlling shareholding in Ed Broking Group Limited. Copies of the Parent Company's financial statements can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.