Eaton Gate MGU Limited

Registered number: 09825821

Annual report and financial statements
for the year ended 31 December 2017

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Eaton Gate MGU Limited
Report and Financial Statements
Contents

1.	Directors' report	1
2.	Directors' responsibility statement	2
3.	Independent auditor's report to the members of the Eaton Gate MGU Limited	3-5
4.	Company Profit and Loss account	6
5.	Company Balance Sheet	7
6.	Notes to the financial statements	8-13

Eaton Gate MGU Limited
Report and Financial Statements
Directors' report

Directors

The directors, who served up to date of signing except as noted, were as follows:

Gary Burke	
Jonathan Matthews	
Alastair Speare-Cole	appointed 2 September 2017
Amanda Blanc	Resigned 15 January 2018
George Prescott	Resigned 16 January 2018
James Weatherstone	Resigned 16 January 2018

Director's indemnities

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

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Approved by the Board and signed on its behalf by:

Gary Burke

Director
Date: 13/08/2018

2 Eaton Gate
London
SW1W 9BJ

Eaton Gate MGU Limited
Directors' responsibilities statement
For the year ended 31 December 2017

The directors are responsible for preparing 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 Financial Reporting Standard 102 section 1A. 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 year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, 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.

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.

Eaton Gate MGU Limited
Independent auditor's report to the members of Eaton Gate MGU 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 loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice 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 Eaton Gate MGU Limited (the 'company') which comprise:

- the profit and loss account;
- the balance sheet;
- 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 year 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 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.

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 directors' report.

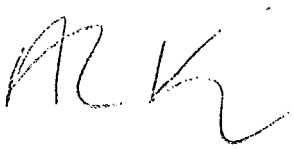
Matters on which we are required to report by exception

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.



Adam Knight FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, England

Eaton Gate MGU Limited
Profit and loss account
For the year ended 31 December 2017

	Notes	2017 £	2016 £
Turnover	3	1,532,857	192,603
Administrative costs		(1,415,712)	(351,830)
Operating profit/(loss)		117,145	(159,227)
Interest payable and similar charges		(196,268)	0
Loss before taxation	4	(79,123)	(159,227)
Taxation		0	0
Loss for the financial year		(79,123)	(159,227)

The Company has no comprehensive income other than the amounts recognised in the profit and loss account above. Accordingly no statement of comprehensive income has been presented. All amounts relate to continuing operations.

The notes on pages 8 to 14 form part of these financial statements.

Eaton Gate MGU Limited
Company balance sheet
Registration No. 09825821
At 31 December 2017

	Notes	2017 £	2016 £
Current assets			
Debtors amounts falling due within one year:	7	3,464,988	192,603
Cash at bank and in hand	8	149,697	1,364,668
		3,614,685	1,557,271
Creditors: amounts falling due within one year	9	(810,677)	(1,716,497)
Net current assets/(liabilities)		**2,804,008**	**(159,226)**
Creditors: amounts falling due after more than one year	10	(2,792,358)	0
Net assets/(liabilities)		**11,650**	**(159,226)**
Capital and reserves			
Called up share capital	11	250,000	1
Profit and loss account	11	(238,350)	(159,227)
Total capital and reserve		**11,650**	**(159,226)**

The financial statements have been prepared and delivered in accordance with the provisions applicable to small companies within part 15 of the Companies Act 2006.

The financial statements were approved by the board and were signed on its behalf on 13 August 2018.

Gary Burke
Director

Eaton Gate MGU Limited
Notes to the financial statements
For the year ended 31 December 2017

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year.

a. General information and basis of accounting

Eaton Gate MGU Limited (the Company) is a company incorporated in the United Kingdom under the Companies Act.

The Company is a private Company limited by shares and is registered in England and Wales. The address of the Company's registered office is 2 Eaton Gate, London, England, SW1W 9BJ.

The principle activity of the Company is that of insurance intermediation.

The Company is a subsidiary of Eaton Gate Holdings Limited which is is registered in England and Wales. The address of the Holding Company's registered office is 2 Eaton Gate, London, England, SW1W 9BJ.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The Company has elected to apply the small entities regime and prepare its financial statements in accordance with Section 1A of FRS 102.

The functional currency of Eaton Gate MGU Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The financial statements are also presented in pounds sterling and are rounded to the nearest whole pound sterling except where otherwise indicated.

b. Going concern

The company's forecasts and projections, taking account of reasonable possible change in trading performance, show that the company should be able to operate within the level of its current facilities.

A cash flow forecast for the next twelve months from date of signing has been prepared by management which includes funds from additional loans to support the short term working capital shortfall from revenue.

On 28 March 2018 The Holding Company completed a funding raise that will provide the Group and the company with sufficient funding to meet its minimum expenditure commitments and support its planned level of overhead expenditures, and therefore that it is appropriate to prepare the financial statements on a going concern basis.

c. Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Cash and equivalents

Cash and equivalents comprise cash in hand and deposits which are readily available and which are subject to insignificant risk changes in value and have an original maturity of three months or less at acquisition. The carrying amount of cash and cash equivalents is approximately to fair value.

(iii) 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.

(iv) Creditors

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

(iv) Insurance broking assets and liabilities

Insurance brokers usually act as agents in placing the insurable risks of their clients with insurers and, as such, generally are not liable as principles for amounts arising from such transactions.

In recognition of this relationship, debtors from insurance broking transactions are not included as an asset of the Company. Other than the receivable for revenue not yet received for fees and commissions earned on a transaction ('Uncollected Brokerage'), no recognition of the insurance transaction occurs.

Acting as agent, The company does not meet the definition of a financial institution under FRS 102 and accordingly has taken relief from providing additional disclosure in accordance with FRS 102.34.17-33

The accounting policy has changed from last year from showing amounts due from clients and amounts due to insurers separately as this is a more true and fair view of the company's position.

d. Taxation

Current tax, including UK corporation tax and foreign 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. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in years different from those in which they are recognised in the financial statements.

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.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company 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 Company 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.

e. Turnover

Turnover comprises net commission and fees receivable on business incepted during the year. Any adjustments to commission arising from premium additions or reductions are recognised as and when they are notified to the Company. To the extent that the Company is contractually obliged to provide services after this date.

f. Employee benefits

For defined contribution schemes the amount charged to the profit or loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

g. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

h. Insurance intermediary assets and liabilities

The Company acts as underwriting agent and such are insurance intermediaries. Insurance intermediaries, generally are not liable as principals for the amount arising from such transactions. As such, insurance liability balances are shown net of the related insurance debtors to the extent to which the group bares no risk.

2. Critical accounting judgements

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, 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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

No significant account judgement or estimates were made by the directors for the financial year.

3. Turnover

The turnover of the Company for the year has been derived from its principal activity, providing services as an insurance intermediary.

Analysis of the Company turnover by type is as follows:

	2017 £	2016 £
Net commission	1,532,857	192,603
Turnover	1,532,857	192,603

4. Loss before taxation

Loss before taxation is stated after charging/(crediting):	2017 £	2016 £
Administration expenses:		
Staff costs and directors emoluments	613,721	3,750
Administration and insurance intermediary services fees	358,823	198,662
IT costs	60,234	41,310
Consulting and legal expenses	91,795	38,599
Other costs	291,139	69,509
	1,415,712	351,830

The analysis of the auditor's remuneration is as follows:

Fees payable to the company's auditor and its associates for the audit of the company annual accounts	20,000	15,000

5. Staff numbers and costs

No employees are employed directly by Eaton Gate MGU Limited. All employees are employed and paid by a related party company Vigilis Holdings Limited which recharges the Company.

Their aggregated remuneration comprised:

	2017 £	2016 £
Wages and Salaries	523,414	3,750
National Insurance costs	55,953	0
Pension costs	34,354	0
	613,721	3,750

6. Director emoluments

	2017 £	2016 £
Wages and Salaries	54,167	3,750
National Insurance costs	13,167	0
Pension costs	0	0
	67,334	3,750

7. Debtors: amounts falling due within one year

	2017 £	2016 £
Loan to holding company	3,076,713	0
Net commissions due	384,562	192,603
Prepayments	3,713	0
	3,464,988	192,603

8. Cash at bank and in hand

	2017 £	2016 £
Bank	31,265	1,364,668
Restricted funds	118,432	0
	149,697	1,364,668

Restricted funds consist of insurance funds due to insurers.

9. Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	75,161	15,000
Accruals	15,000	13,750
Loan from Holding Company	0	1,687,747
Loans falling due within one year	720,516	0
	810,677	1,716,497

10. Creditors: amounts falling due after one year

	2017 £	2016 £
Loans falling due after one year	2,792,358	0
	2,792,358	0

The loans attract interest at a rate of 7% plus 3-month libor. The loans are repayable between 36-48 months and will be fully repaid on 31 January 2022.

11. Called-up share capital and reserves

	2017 £	2016 £
Authorised share capital		
1 ordinary share of 1 each	1,000,000	1,000,000
Allotted, called-up and fully paid		
250,000 ordinary shares of 1 each	250,000	1

	2017 £	2016 £
Profit and loss account balance beginning of the year	(159,227)	0
Loss for the year	(79,123)	(159,227)
Profit and loss account balance end of the year	(238,350)	(159,227)

12. Related party transactions

The company has taken advantage of the exceptions in FRS 102 which exempts the reporting of transactions between group companies in the financial statements of companies that are wholly within the group.

During the year the following costs were recharged from an associated company Vigilis Holdings Limited:

	2017 £	2016 £
Salaries and Wages	613,721	3,750
administration and insurance intermediary services fees	358,823	198,662
	972,544	202,412

During the year the Company received net commissions of £761,913 (2016: £192,603) from Iprism Limited which has a common shareholder (G. Burke). The net amount of trade debtor outstanding at the end of the year was £136,395.

13. Controlling party

Mr.G Burke, a director of the Company, controls the Company as a result of holding the majority of the issued share capital of the holding company.

14. Subsequent events

On 28 March 2018, Mr. G. Burke sold a 30% shareholding in Eaton Gate (Holdings) Limited to a Magenta Partners LLP as part of a financing arrangement.