

**FEC MUTUAL LIMITED (FORMERLY FEC RISK
LIMITED)**

**UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
22 OCTOBER 2022**

PAGES FOR FILING WITH REGISTRAR

FEC MUTUAL LIMITED (FORMERLY FEC RISK LIMITED)

COMPANY INFORMATION

Directors T J J Forshaw
M F Richards
L S Freeman
L Shipley
L Gibson

Company number 13422679

Financial Conduct Authority Firm Reference Number 958319

Registered office 7-9 Church Road
Lytham
Lytham St.Annes
Lancashire
FY8 5LH
United Kingdom

Accountants RSM UK Tax and Accounting Limited
Chartered Accountants
Bluebell House
Brian Johnson Way
Preston
Lancashire
PR2 5PE

Managers Tower Insurance Brokers Limited
7-9 Church Road
Lytham St.Annes
Lancashire
FY8 5LH
United Kingdom

FEC MUTUAL LIMITED (FORMERLY FEC RISK LIMITED)**STATEMENT OF FINANCIAL POSITION****AS AT 22 OCTOBER 2022**

	Notes	2022 £	£
Current assets			
Debtors	4	270,941	
Cash at bank and in hand		758,206	
		<u>1,029,147</u>	
Creditors: amounts falling due within one year	5	(15,153)	
		<u>1,013,994</u>	
Net current assets			1,013,994
Provisions for liabilities	6	(823,858)	
		<u>190,136</u>	
Net assets			<u><u>190,136</u></u>
Reserves			
Income and expenditure account			<u>190,136</u>
Members' funds			<u><u>190,136</u></u>

The directors of the company have elected not to include a copy of the income and expenditure account within the financial statements.

For the financial period ended 22 October 2022 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit of its financial statements for the period in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 19/02/23 and are signed on its behalf by:

L Shipley

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L Shipley
Director

FEC MUTUAL LIMITED (FORMERLY FEC RISK LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 22 OCTOBER 2022

1 Accounting policies

Company information

FEC Mutual Limited (Formerly FEC Risk Limited) is a private company limited by guarantee and is registered and incorporated in England and Wales. The registered office is 7-9 Church Road, Lytham, Lytham St. Annes, Lancashire, United Kingdom, FY8 5LH.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The discretionary protection covers provided by the company are not contracts of insurance as the company has absolute discretion as to whether any benefit is provided to its members, however for accounting purposes, the discretionary protection provided by the company operates in a similar way to insurance and so the accounting principles in Financial Reporting Standard 103 (FRS 103) have been applied in the preparation and presentation of the financial statements.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Reporting period

The financial statements have been prepared for a period of seventeen months from the date of incorporation.

Contributions

Contributions are recognised as earned in full on the basis of risks attaching during the year. Where contributions are received in advance of the period being covered the amounts are treated as deferred income. Contributions include amounts received for mutual cover and amounts received for the operations of the company (overages).

Incurred claims

Incurred claims comprise claims paid in the year and provisions for outstanding claims. Liability for reported claims is recognised upon notification at the discretion of the board. The mutual engages professional loss adjusters to advise on the estimated reserves in respect of significant claims.

Liability adequacy tests

Liability adequacy tests are performed to ensure the adequacy of claims reserves. In performing these tests, current best estimates of future contractual cash flows are used.

Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include bank balances.

FEC MUTUAL LIMITED (FORMERLY FEC RISK LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 22 OCTOBER 2022

1 Accounting policies (Continued)

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include trade debtors, bank balances and amounts due in respect of indemnity claims, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

Classification of financial liabilities

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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade creditors, are initially recognised at transaction price.

Taxation

The company is subject to corporation tax on its non-mutual income. The company is not subject to UK corporation tax on mutual income earned from its members.

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to surplus or deficit, except when it relates to items charged or credited to other comprehensive income.

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

Current tax is based on taxable surplus for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company 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 future obligations of unsettled claims, as well as any loss adjustor fees associated with the settlement of the claims, not yet incurred. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance costs in surplus or deficit in the period in which it arises.

FEC MUTUAL LIMITED (FORMERLY FEC RISK LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 22 OCTOBER 2022

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Claims reserving

Provision is made at the year-end for the estimated cost of claims incurred but not settled at the reporting date. The estimate of the cost of claims includes direct expenses to be incurred in settling claims. The company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures, including the reported claims' circumstances and any information available from loss adjusters. The estimate of the claims reserve is generally subject to a greater degree of uncertainty than the estimates of the cost of settling claims already notified to the company, because more information about the claim event is usually available. Given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the estimated liability initially provided.

3 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

	2022
	Number
Total	-

The company has no employees. The day-to-day management of the company is carried out by the managers, Tower Insurance Brokers Limited. The directors have not received any remuneration in the period.

The company has no pension schemes.

4 Debtors

	2022
Amounts falling due within one year:	£
Amounts due from members	270,941

FEC MUTUAL LIMITED (FORMERLY FEC RISK LIMITED)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 22 OCTOBER 2022

5 Creditors: amounts falling due within one year

	2022
	£
Trade creditors	9,600
Corporation tax	53
Accruals	5,500
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	15,153
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The trade creditor balance is in relation to expenses paid on behalf of the company by its managers, Tower Insurance Brokers Limited.

6 Provisions for liabilities

	2022
	£
Claims reserve	823,858
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This amount is an estimate of the potential claim value, which is at the discretion of the board, and loss adjustor fees.

Movements on provisions:

	Claims reserve
	£
Additional provisions in the year	823,858
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7 Members' liability

The company is limited by guarantee, not having a share capital and consequently the liability of members is limited, subject to an undertaking by each member to contribute to the net assets or liabilities of the company on winding up such amounts as may be required not exceeding £1.

ACCOUNTANT'S REPORT TO THE BOARD OF DIRECTORS OF FEC MUTUAL LIMITED (FORMERLY FEC RISK LIMITED) ON THE UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 22 OCTOBER 2022

In order to assist you to fulfil your duties under the Companies Act 2006 ("the Act"), we prepared for your approval the financial statements of FEC Mutual Limited (Formerly FEC Risk Limited) which comprise the statement of financial position and the related notes in accordance with the financial reporting framework set out therein from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance>.

This report is made solely to the Board of Directors of FEC Mutual Limited (Formerly FEC Risk Limited), as a body, in accordance with the terms of our engagement letter dated 11 October 2022. Our work has been undertaken solely to prepare for your approval the financial statements of FEC Mutual Limited (Formerly FEC Risk Limited) and state those matters that we have agreed to state to them in accordance with ICAEW Technical Release 07/16 AAF. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights against RSM UK Tax and Accounting Limited for any purpose or in any context. Any party other than the Board of Directors which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM UK Tax and Accounting Limited will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

It is your duty to ensure that FEC Mutual Limited (Formerly FEC Risk Limited) has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and surplus of FEC Mutual Limited (Formerly FEC Risk Limited) under the Act. You consider that FEC Mutual Limited (Formerly FEC Risk Limited) is exempt from the statutory audit requirement for the period.

We have not been instructed to carry out an audit or a review of the financial statements of FEC Mutual Limited (Formerly FEC Risk Limited). For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

RSM UK Tax and Accounting Limited

RSM UK Tax and Accounting Limited
Chartered Accountants
Bluebell House
Brian Johnson Way
Preston
Lancashire
PR2 5PE

20/02/23
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