

**FIRE & RESCUE INDEMNITY COMPANY LIMITED**

**Annual Report and Financial Statements**

**for the year ended 31 October 2021**

**Company Registration No. 09653373**

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## Company Information

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<b>Directors</b>	GJ Chambers MB Clayton S Nugent C Byrne A Waller R Leigh D Savage	Appointed 10 June 2021 Appointed 10 June 2021 Appointed 19 October 2021
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**Company number** 09653373

**Registered office** 8 Maltings Place  
169 Tower Bridge Road  
London  
SE1 3JB

**Auditor** Goodman Jones LLP  
29-30 Fitzroy Square  
London  
W1T 6LQ

**Managers** Regis Mutual  
8 Maltings Place  
169 Tower Bridge Road  
London  
SE1 3JB

## Report of the Directors for the year ended 31 October 2021

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The Directors present their annual report and financial statements for the year ended 31 October 2021.

### Principal activities and review of the business

Fire & Rescue Indemnity Company Limited was established to provide risk protection and claims handling services to fire and rescue authorities. The principal activity is the provision of discretionary indemnities to its members on a mutual basis. The Company has contracted for the provision of management and claims handling services for the mutual and the member fire and rescue authorities. The Company offers cover for motor, property and liability risks.

### Results

The surplus for the year is £354,863 (2020: £998,045).

### Future developments

Membership of the Company is open to all fire and rescue authorities and the Directors are confident that membership will continue to grow as authorities recognise the benefits that the Company offers. The Company works closely with the Fire and Rescue Risk Group to promote risk management utilising the claims data for the member authorities as an indicator of key risks.

### Financial risk management objectives and policies

Risks and uncertainties are monitored and assessed by the Board on a regular basis. Underwriting related risks are managed by purchasing excess and stop loss insurance in order to protect its reserves against single high value claims or an accumulation of claims. The Company has limited exposure to interest rate risk and credit risk. The Company's principal financial assets are bank balances. The bank balances are held with highly rated financial institutions. Liquidity risk is managed through contractual arrangements with its clients and through regular cash flow monitoring.

### Covid-19

In response to the Covid-19 pandemic, the Directors have considered the impact on the mutual in the immediate and longer term. After careful review of the business forecasts and considering the impact on existing members and the direct costs associated with this, the Directors are satisfied that the cashflow forecasts support that there is no material uncertainty in relation to going concern. The mutual has not taken up any of the support measures offered by the Government, to assist businesses through the pandemic. Nevertheless, the Directors are committed to carrying out regular reviews of the Company's cash flows to monitor the ongoing situation and take further steps as required.

### Directors

The Directors who held office during the year and up to the date of signing the financial statements are shown on page 1.

### Director liability insurance

The Company maintains insurance policies on behalf of all the Directors against liability arising from negligence, breach of duty and breach of trust in relation to the Company.

### Independent auditor

The auditor, Goodman Jones LLP, is deemed to be re-appointed under s487 of the Companies Act 2006.

Approved by the Board of Directors and signed on its behalf:

MB Clayton  
Chairman

  
3 March 2022

## **Statement of Directors' Responsibilities for the year ended 31 October 2021**

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The Directors are responsible for preparing the Report of the Directors 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 prepared 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 surplus or deficit 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 accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on a 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, 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 confirm that they have complied with the above requirements in preparing the financial statements.

### **Statement of disclosure to auditor**

So far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware. They have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

## **Independent Auditor's Report** for the year ended 31 October 2021

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### **Opinion**

We have audited the financial statements of Fire and Rescue Indemnity Company Limited (the 'company') for the year ended 31 October 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2021 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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

## **Independent Auditor's Report** for the year ended 31 October 2021

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information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

### **Matters on which we are required to report by exception**

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 material misstatements in the Directors' Report.

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.

### **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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

## **Independent Auditor's Report** for the year ended 31 October 2021

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Based on our understanding of the company, we identified that the principal risks of non-compliance with laws and regulations related to industry sector regulations and unethical and prohibited business practices, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and UK Tax Legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls). Appropriate audit procedures in response to these risks were carried out. These procedures included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reading minutes of meetings of those charged with governance;
- Obtaining and reading correspondence from legal and regulatory bodies including HMRC;
- Identifying and testing journal entries;
- Challenging assumptions and judgements made by management in their significant accounting estimates.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members; and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

DocuSigned by:

*Amit Sharma*

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**Amit Sharma (Senior Statutory Auditor)**  
for and on behalf of

**Goodman Jones LLP**  
**Chartered Accountants**  
**Statutory Auditor**

3 March 2022



## Statement of Comprehensive Income for the year ended 31 October 2021

	Note	2021 £	2020 £
<b>Income</b>			
Gross contributions	1 (c)	5,684,929	4,783,860
Insurance premiums	1 (d)	(2,607,185)	(1,735,238)
<b>Total income</b>	<b>3</b>	<b><u>3,077,744</u></b>	<b><u>3,048,622</u></b>
<b>Expenditure</b>			
Incurred claims	1 (e)	(1,637,020)	(929,612)
<b>Net contributions and claims</b>		<b><u>1,440,724</u></b>	<b><u>2,119,010</u></b>
Administrative expenses		(1,102,882)	(1,144,650)
<b>Operating surplus</b>	<b>4</b>	<b><u>337,842</u></b>	<b><u>974,360</u></b>
Interest income	5	21,014	29,241
<b>Surplus on ordinary activities before taxation</b>		<b><u>358,856</u></b>	<b><u>1,003,601</u></b>
Taxation	6	(3,993)	(5,556)
<b>Surplus on ordinary activities for the financial year</b>	<b>11</b>	<b><u>354,863</u></b>	<b><u>998,045</u></b>
<b>Comprehensive income</b>		<b><u>354,863</u></b>	<b><u>998,045</u></b>

All activities are derived from continuing operations.  
The notes on pages 9 to 14 form part of these financial statements.

There are no items of other comprehensive income.

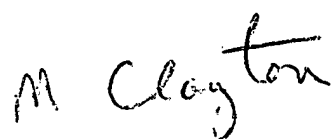
The Company has not presented a Statement of Changes in Equity because there are no equity holders in the Company as it is a mutual organisation.

**Statement of Financial Position**  
as at 31 October 2021

	Note	2021 £	2020 £
<b>Current assets</b>			
Investments	7	2,000,000	-
Receivables	8	284,757	351,675
Cash at bank		5,189,753	6,073,343
		7,474,510	6,425,018
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	9	(1,155,143)	(1,542,645)
		(1,155,143)	(1,542,645)
<b>Net current assets</b>		6,319,367	4,882,373
Provision for liabilities	10	(4,015,851)	(2,933,720)
<b>Net Assets</b>		2,303,516	1,948,653
<b>Members' funds</b>	11	2,303,516	1,948,653

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A – small entities. The notes on pages 9 to 14 form part of these financial statements.

The financial statements of Fire & Rescue Indemnity Company Limited (registered number 09653373) were approved by the Board of Directors and authorised for issue on 3 March 2022. They were signed on its behalf by:



MB Clayton  
Director

## **Notes to the Financial Statements for the year ended 31 October 2021**

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### **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**

Fire & Rescue Indemnity Company Limited is a company incorporated in England and Wales under the Companies Act on 23 June 2015. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Report of the Directors on page 2.

These financial statements have been prepared in accordance with Financial Reporting Standard 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.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by Section 415A of the Companies Act 2006.

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 of the financial statements.

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

The financial statements are presented in pounds sterling, which is also the Company's functional currency.

#### **(b) Going concern**

In response to the Covid-19 pandemic, the Directors have considered the impact on the mutual in the immediate and longer term. After careful review of the business forecasts and considering the impact on existing members and the direct costs associated with this, the Directors are satisfied that the cashflow forecasts support that there is no material uncertainty in relation to 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, they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **(c) 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 risk period, the amounts are recorded as deferred income and included as part of the creditors due within one year.

#### **(d) Insurance premiums**

The Company purchases excess and stop loss insurance in order to protect its reserves against single high value claims and an accumulation of claims. Insurance premiums are recognised as written at the date of inception of the policy.

## **Notes to the Financial Statements for the year ended 31 October 2021**

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### **(e) Incurred claims**

Incurred claims comprise claims and related claims handling costs paid in the year and provisions for outstanding claims, including provisions for claims incurred but not reported (IBNR) and related claims handling costs. Liability for reported claims is recognised upon notification at the discretion of the Board. The Mutual engages professional loss adjustors and legal advisors to advise on the estimated reserves in respect of significant claims. Due to the lack of historical data for the period to 31 October 2021 a loss ratio equivalent to the expected liability, gross of insurance recoveries, under the insurance arrangements, has been used to estimate ultimate claims expense. The expected recoveries under the insurance programme have then been deducted to arrive at the net ultimate claims expense. The ultimate liability may vary as a result of subsequent information and events.

### **(f) 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 and claims handling and administration expenses are used. Any deficiency is immediately charged to the income statement by establishing an unexpired risk reserve.

### **(g) Interest income**

Interest income derives from cash on short-term bank deposits. Interest is accrued using the effective interest method.

### **(h) Cash at bank and in hand**

Cash at bank and in hand are basic financial assets and includes bank balances and other short-term, highly liquid investments with original maturities of six months or less. The carrying amount approximates to fair value because of the short-term maturity of these investments.

### **(i) Taxation**

Current tax is provided at amounts expected to be paid (or recovered) on non-mutual income using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

### **(j) Financial Instruments**

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Company's Statement of Financial Position when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

### **Basic Financial Assets**

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

## **Notes to the Financial Statements for the year ended 31 October 2021**

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### **Basic 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, including trade and other payables are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

### **2. Critical accounting judgements 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 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 all 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.

#### **Critical judgements in applying the Company's accounting policies**

No critical judgements, apart from those involving estimations (which are dealt with separately below) that have a significant effect on the amounts recognised in the financial statements were made by the Directors in the process of applying the Company's accounting policies.

#### **Key source of estimation uncertainty – claims reserving**

Provision is made at the year-end for the estimated cost of claims incurred but not settled at the reporting date, including the cost of claims incurred but not yet reported (IBNR) to the Company. The estimate of the cost of claims includes direct expenses to be incurred in settling claims, gross of insurance recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims' exposures, including the reported claims' circumstances, any information available from loss adjustors and legal advisors and information on the cost of settling similar claims in previous periods. The estimate of IBNR is generally subject to a greater degree of uncertainty than the estimate of the cost of settling claims already notified to the Company because more information about the known claim event is usually available. Allowance is made for changes or uncertainties which may create distortions in underlying statistics and might cause the cost of unsettled claims to increase or decrease compared with statistics from previous periods, including changes in the legal environment and inflation. 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.

## Notes to the Financial Statements for the year ended 31 October 2021

### 3. Total income

Total income comprises contributions for discretionary protection. Income is derived entirely from activities in the United Kingdom.

### 4. Operating surplus

	2021	2020
	£	£
The operating surplus is stated after charging:		
<b>Auditor's remuneration (including irrecoverable VAT)</b>		
Audit-related assurance services	8,880	8,880
Other non-audit services	350	350
	9,230	9,230

#### Staff numbers and costs

The day-to-day management of the Company is carried out by the managers, Regis Mutual Management Limited. There was one (2020: one) executive director and six (2020: six) non-executive directors in the period. The Company has no pension schemes.

	2021	2020
	£	£
<b>Directors' remuneration</b>		
Emoluments	15,731	19,194

### 5. Interest income

	2021	2020
	£	£
Bank interest	21,014	29,241
	21,014	29,241

## Notes to the Financial Statements for the year ended 31 October 2021

### 6. Taxation

	<b>2021</b>	<b>2020</b>
	£	£
The tax charge comprises:		
UK Corporation tax	3,993	5,556

The Company is subject to UK corporation tax on its non-mutual income, which comprises entirely interest income. The Company is not subject to UK corporation tax on mutual income earned from its members.

The tax charge for the financial year is lower than that resulting from applying the standard rate of corporation tax. The differences are explained below.

	<b>2021</b>	<b>2020</b>
	£	£
Surplus on ordinary activities before tax	358,856	1,003,601
Tax charge at 19%	68,183	190,684
Effect of income and expenses not subject to corporation tax	(64,190)	(185,128)
Tax for the year	3,993	5,556

### 7. Current asset investments

These relate to short term deposits held for investment purposes.

### 8. Receivables

	<b>2021</b>	<b>2020</b>
	£	£
<b>Due within one year:</b>		
Amounts due from Members	47,437	22,237
Prepayments	192,291	171,412
Insurance recoveries	-	76,368
Other debtors	45,029	81,658
	284,757	351,675

## Notes to the Financial Statements for the year ended 31 October 2021

### 9. Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade payables	70,441	153,695
Outstanding claims	1,031,085	1,249,564
Accruals	49,624	133,830
Corporation tax	3,993	5,556
	1,155,143	1,542,645

### 10. Provision for liabilities

	2021	2020
	£	£
Provision for claims incurred but not yet reported	4,015,851	2,933,720
	4,015,851	2,933,720

### 11. Members' funds

	£
At 1 November 2020	1,948,653
Surplus for the period	354,863
At 31 October 2021	2,303,516

### 12. Members' limited liability

Fire & Rescue Indemnity Company Limited is a company limited by guarantee. In accordance with the Articles of Association, each member's liability in the event of the Company being wound up is restricted to no more than £100.