

COMPANY REGISTRATION NUMBER 01799209

LV PROTECTION LIMITED
(formerly Membership Services Direct Limited)

**REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2012

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LV PROTECTION LIMITED

REPORT AND FINANCIAL STATEMENTS 2012

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LV PROTECTION LIMITED

DIRECTORS, OFFICERS AND REGISTERED OFFICE

Directors

P B Cassidy (resigned 23 March 2012)
P W Moore
M J Rogers (appointed 23 March 2012)
S R Haynes (appointed 23 March 2012)
R A Rowney (appointed 23 March 2012)

Secretary

R Small (appointed 1st January 2013)
P B Cassidy (resigned 1st January 2013)

Registered office

County Gates
Bournemouth
BH1 2NF
Telephone 01202 292333
Fax 01202 751825

LV PROTECTION LIMITED
(COMPANY REGISTRATION NUMBER 01799209)
DIRECTORS' REPORT

The directors submit their annual report and the financial statements for LV Protection Limited (the 'Company') for the year to 31 December 2012

1 Results and dividends

The profit on ordinary activities for the year after taxation was £149,145 (2011 £nil) The directors did not approve any dividends in the current year (2011 £nil)

2. Principal activities and developments

The Company was formerly engaged in insurance broking but ceased its principal activities during 2010 There were no transactions in 2011 or 2012

Going forward the company will underwrite unemployment insurance as part of a combined policy offered by Liverpool Victoria Friendly Society Limited and the directors have applied to the FSA for the necessary permissions In connection with this proposed new activity, the name of the company was changed on 16 March 2012 to LV Protection Limited (LVPL)

-Key performance indicators

As the company did not trade during the year, the directors are of the opinion that analysis using KPIs was not necessary for an understanding of the development, performance or position of the business The directors will determine appropriate new KPIs during 2013 to monitor its new business activity

3. Business review and future prospects

The new business activity to underwrite the unemployment insurance as part of a combined policy offered by Liverpool Victoria Friendly Society Limited (LVFS) will not commence until 2013 when FSA permissions have been received In preparation for this new business activity the Company received a capital injection of £4m in the year from LVFS, its parent company The previous business activity has ceased and the profit on ordinary activities after taxation of £149,145 (2011 £nil) is in relation to a dividend received from the company's subsidiary, Membership Services General Limited which will be dissolved in 2013, and the write down of the company's investment held in that subsidiary

4. Basis of accounting

The financial statements for the Company are presented using International Financial Reporting Standards as adopted in the European Union

5 Directors and their interests

The directors of the company who were in office during the year and up to the date of signing the financial statements are listed on page 2

No director had any interest in the share capital of the Company at 31 December 2012 (2011 £nil)

6. Parent company

The Company is a wholly owned subsidiary of Liverpool Victoria Friendly Society Limited, a UK-incorporated Friendly Society registered under the Friendly Societies Act 1992

7. Employees

The Company utilises the staff and premises of Liverpool Victoria Friendly Society Limited in carrying out its activities

**LV PROTECTION LIMITED
(COMPANY REGISTRATION NUMBER 01799209)
DIRECTORS' REPORT**

8. Director's indemnity statement

The Directors have the benefit of an indemnity which constitutes a "qualifying third party indemnity provision" as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. LVFS, the ultimate parent company, also purchased and maintained throughout the year on behalf of its subsidiaries Directors' and Officers' liability insurance in respect of LVPL and its Directors. It is available for inspection at the registered office of LVPL details of which are provided on page 2.

9. Statement of Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

APPROVED BY THE BOARD OF DIRECTORS AND SIGNED BY ORDER OF THE BOARD



R Small
Company Secretary
26 February 2013

LV PROTECTION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 £	2011 £
Investment income	4	149,245	-
Loss on investments	5	(100)	-
Total income		149,145	-
Profit before tax		149,145	-
Profit for the year attributable to owners	12	149,145	-
Total comprehensive income for the year		149,145	-

Total profit for the year relates to a dividend payment and a write down in investment relating to the Company's subsidiary, Membership Services General Limited, no other activities have been conducted during the year

The notes on 8 to 13 are an integral part of the financial statements

LV PROTECTION LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

		Called up share capital	Capital Reserves	Retained earnings	Total
	Note	£	£	£	£
Balance at 1 January 2012		1,000,000	-	(859,543)	140,457
Changes in the year	11,12	-	4,000,000	149,145	4,149,145
Balance at 31 December 2012		1,000,000	4,000,000	(710,398)	4,289,602

		Called up share capital	Capital Reserves	Retained earnings	Total
	Note	£		£	£
Balance at 1 January 2011	12	1,000,000	-	(859,543)	140,457
Balance at 31 December 2011		1,000,000	-	(859,543)	140,457

The notes on pages 8 to 13 are an integral part of the financial statements

LV PROTECTION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Note	2012 £	2011 £
Assets			
Investment in group undertakings	8	-	100
Loans and other receivables	9	4,289,602	140,357
Total assets		4,289,602	140,457
Equity			
Called up share capital	10	1,000,000	1,000,000
Capital reserve	11	4,000,000	-
Retained earnings	12	(710,398)	(859,543)
Total equity		4,289,602	140,457

For the year ended 31 December 2012 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies

Directors' responsibilities

- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476, and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

The financial statements on pages 5 to 13 were approved by the Board of Directors on 26 February 2013 and signed on its behalf by



P W Moore
Director

LV PROTECTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

1 General information

LV Protection Limited is a company limited by shares, domiciled and incorporated in the United Kingdom

2 Accounting policies

BASIS OF PRESENTATION

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as endorsed by the European Union ("EU") and the International Financial Reporting Interpretations Committee ("IFRIC") and also with those parts of the Companies Act 2006 applicable to companies reporting under IFRS

The financial statements have been prepared on a going concern basis and under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivatives) at fair value through income

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The Company has not used any significant estimates or judgements in preparing the financial statements in conformity with IFRS. The principal accounting policies adopted are listed below. These policies have been consistently applied to all years presented, unless otherwise stated.

Principal accounting policies

Consolidation

The financial statements present information about the Company as an individual undertaking and not about its group. The Company has not prepared group financial statements as it is exempt from the requirement to do so by section 400 of the Companies Act 2006, as it is a subsidiary undertaking of Liverpool Victoria Friendly Society Limited (LVFS), a company incorporated in England and is included in the consolidated financial statements of the Liverpool Victoria Friendly Society Limited.

Investment income

Investment income includes dividends, interest from investments at fair value and interest on other receivables. Dividends are included on an ex-dividend basis. Investment expenses are included on an accruals basis. Interest income for financial assets that are not classified as "fair value through income" is recognised using the effective interest method. The effective interest rate is calculated at outset by discounting the asset's estimated cash flows back to their net carrying amount.

Income taxes

The income tax expense reflects the movement in current and deferred income tax in respect of income, gains, losses and expenses.

- Current income tax

Current income tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

- Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Statement of Financial

LV PROTECTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

Position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Company controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Investments in group undertakings

The subsidiaries are held in the Company's balance sheet at cost less any provision for permanent diminution in value. An assessment of the realisable value is made at the year end and, if the directors assess that there has been a permanent fall in that value below the carrying value, a provision is made to bring the carrying value down to the assessed realisable value.

Loans and other receivables

Loans and other receivables are recognised when due and comprise amounts due to the Company from group undertakings and other receivables. Where there is objective evidence that the carrying value is impaired then the impairment loss will be recognised in the statement of comprehensive income. Loans and other receivables are initially recognised at fair value and then subsequently held at amortised cost.

Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets.

CHANGES IN ACCOUNTING POLICIES

(i) New and amended standards adopted by the Company

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on 1 January 2012 that would be expected to have a material impact on the company.

(ii) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the company, except the following set out below.

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.

LV PROTECTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

3 Capital Management

The Company maintains a capital structure which consists of a combination of equity shareholders' funds and borrowings, consistent with the Company's risk profile

The Company retains capital to meet three key objectives

- (i) To ensure financial stability,
- (ii) To enable the Company's strategy to be implemented, and
- (iii) To give confidence to consumers and other stakeholders who have relationships with the Company

At least annually, these objectives are reviewed and benchmarks are set by which to judge the adequacy of the Company's capital. The capital position is monitored against those benchmarks to ensure that sufficient capital is available to the Company. In the event that sufficient capital is not available, plans would be developed either to raise additional capital through, for example, subordinated loans, or to reduce the amount of risk accepted thereby reducing the capital requirement through, for example, a change in investment strategy. If it becomes apparent that excess capital is available to the Company above its potential needs, plans would be developed to return such excess to the shareholder.

As the Company is not regulated, there are no external capital requirements.

The Company had capital available of £4,289,602 (2011: £140,457), being total equity available to the Company.

4. Investment Income

	2012	2011
	£	£
Income from investments in group undertakings	149,245	-
	149,245	-

During the year the Company received a dividend from its subsidiary Membership Services General Limited.

5 Loss on investments

	2012	2011
	£	£
Write downs of investments in subsidiaries	100	-
	100	-

During the year the investment in the Company's subsidiary, Membership Services General Limited, was written down to £nil as the subsidiary is due to be dissolved in 2013.

LV PROTECTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

6. Directors' emoluments

The emoluments of the Directors are paid by the ultimate parent company which makes no recharge to the Company. The Directors are also Directors of Liverpool Victoria Friendly Society Limited (and a number of fellow subsidiaries) and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments. Total emoluments for the relevant Directors are included in the aggregate of Directors' emoluments disclosed in the financial statements of Liverpool Victoria Friendly Society Limited.

7. Income tax expense

	2012 £	2011 £
(a) Current year tax charge:		
Corporation Tax	-	-
Total current tax (note (b))	-	-

(b) Reconciliation of tax charge:

Differences in the tax assessed for the period and the standard rate of corporation tax in the UK (24.5%) are explained below:

	2012 £	2011 £
Profit before tax	149,145	-
Profit multiplied by standard rate of corporation tax in the UK of 24.5%	36,541	-
Effects of		
Non-taxable dividend income	(36,565)	-
Expenses not deductible for tax purposes	24	-
Total tax charge for the year (note (a))	-	-

The standard rate of Corporation Tax in the UK changed from 26% to 24% with effect from 1 April 2012. Accordingly, the profits for this accounting period are taxed at an effective rate of 24.5%.

In addition to the changes in rates of Corporation Tax disclosed above, a number of further changes to the UK Corporation Tax system were announced in the 2013 draft Finance Bill. Further reductions to the main rate are proposed to reduce the rate by 2% to 21% by 1 April 2014. These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

LV PROTECTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

8. Investments in group undertakings

	2012	2011
	£	£
Balance at 1 January and 31 December	-	100

The following was the subsidiary company throughout the year

Name	Country of incorporation	Proportion of Share Capital held	Nature of business
Membership Services General Limited	England	100%	Insurance Intermediary

During the year the Company's investment in Membership Services General Limited was written down to £nil as the subsidiary is due to be dissolved in 2013

9 Loans and other receivables

	2012	2011
	£	£
Amounts due from group undertakings	4,289,602	140,357
	4,289,602	140,357

Loans and other receivables are expected to be recovered within one year. During the year Liverpool Victoria Friendly Society injected £4m of capital to the Company in preparation of the new activities due to commence in 2013. The settlement of this will happen once permissions have been granted from the FSA and a date of commencement has been agreed.

10. Share Capital

	2012	2011
	£	£
Ordinary shares of £1 each	1,000,000	1,000,000

11. Capital Reserve

	2012	2011
	£	£
Capital reserve	4,000,000	-

12. Retained earnings

	2012	2011
	£	£
Balance at 1 January	(859,543)	(859,543)
Profit for the year	149,145	-
Balance at 31 December	(710,398)	(859,543)

LV PROTECTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

13 Related party transactions

The Company did not enter into transactions with key management personnel. All transactions are carried out on an arm's length basis. Details of significant transactions carried out during the year with related parties are as follows:

- a) All directors are remunerated by Liverpool Victoria Friendly Society (LVFS) in respect of their executive roles within the LV= group.
- b) The following transactions have taken place between the Company and Liverpool Victoria Friendly Society Limited:

	2012	2011
	£	£
Capital injection received by the Company	4,000,000	-
Dividend received from Membership Services General Limited	149,245	-
	4,149,245	-

- c) Balances outstanding between the Company and Liverpool Victoria Friendly Society Limited:

	2012	2011
	£	£
Receivable by the Company	4,289,602	140,357
	4,289,602	140,357

14 Ultimate parent company

The ultimate and immediate parent company is Liverpool Victoria Friendly Society Limited, a UK-incorporated Friendly Society registered under the Friendly Societies Act 1992.

The largest and smallest company whose financial statements this company is consolidated into is Liverpool Victoria Friendly Society Limited. The consolidated financial statements of Liverpool Victoria Friendly Society Limited are available to the public and may be obtained from:

The Company Secretary
County Gates
Bournemouth
BH1 2NF

or at www.lv.com/aboutus/report

15. Statement of Cash Flows

The Company has not prepared a Statement of Cash Flows in accordance with International Accounting Standard 7 as it does not hold any cash or bank accounts. All of the Company's liabilities are met by Liverpool Victoria Friendly Society Limited which may then be recharged back to the Company.