esure Services Limited

Report and Financial Statements

For the year ended 31 December 2018

Company Registration Number 02135610

Corporate Information

Directors

P J Wood
D Ogden
D F Pitt
S A Long (appointed 25 April 2018)
M G A Bryant (appointed 13 February 2019, resigned 3 April 2019)

Secretary

A Rivers

Auditors

KPMG LLP
Chartered Accountants & Statutory Auditor
15 Canada Square
London
E14 5GL

Registered office

The Observatory
Castlefield Road
Reigate
Surrey
RH2 0SG

Review of the business

The Company is principally engaged as an intermediary and management service provider for other members of the esure group of companies (the "Group"), which were established to write general insurance for private cars and homes. The Company is also engaged as an administrative services provider for customers. The Company is an authorised United Kingdom insurance intermediary, regulated by the Financial Conduct Authority. In addition, the Company holds the Group's investments in esure broker Limited and IMe Law Limited, the Group's alternative business structure operated by the Group's partner, Irwin Mitchell.

The Directors of the Company are of the opinion that the disclosure of key performance indicators ("KPIs") within this report would not add any meaningful information as the Company's activities are driven by the underlying business and business needs of the Group. Relevant KPIs are disclosed within the operating and financial reviews provided in the esure Group plc annual report.

Principal risks and uncertainties

The Company employs all of the personnel involved in the activities of the Group, providing the full range of services to all the companies in the Group. The principal risks facing the Company are therefore operational in nature. Those considered inherently material and therefore engaging most management attention include staff recruitment, fraud and unforeseen consequences of material change programmes. In addition, the wider Group operates in a regulated environment and therefore there is a risk of reputational or financial damage driven by regulatory or legal intervention. This could have an impact on the Group and therefore may have an impact on the Company.

Results

The profit for the year, after taxation, amounted to £8.0m (2017: £5.4m).

Acquisition of esure Group plc

On 14 August 2018 Bain Capital announced an offer for esure Group plc, then the ultimate parent of the Company, by way of Scheme of Arrangement. The Independent Shareholders voted to approve the Scheme on 3 October 2018 and the acquisition became effective on 19 December 2018 with esure Group plc delisting from the London Stock Exchange.

By order of the Board

A. Rivers

A Rivers
Company Secretary
4 April 2019

Registered number 02135610
Directors' Report

The Directors present their report and the financial statements for the year ended 31 December 2018.

Principal activity

The nature of the Company's operations is an intermediary and management service provider for other members of the esure group of companies and an administrative services provider for customers.

Results and dividends

The profit for the year, after taxation, amounted to £8.0m (2017: £5.4m).

Dividends were paid during the year of £7.3m (2017: £4.5m). The Directors do not recommend payout of a final dividend (2017: £Nil).

Directors

The Directors who served during the year were:
P J Wood
S R Vann (resigned 18 January 2018)
D Ogden
D F Pitt
S A Long (appointed 25 April 2018)

The Company maintained Directors' and Officers' liability insurance, which gives appropriate cover should legal action be brought against its Directors. In addition, indemnities are in force under which the Company has agreed to indemnify the Directors against all liabilities and related costs that they may incur in the execution of their duties. These indemnities do not cover the Directors for fraudulent activities.

Employees

As at 31 December 2018 the Company employed 2,053 people. The Company is committed to creating an environment in which individual differences and contributions are recognised and valued, and to safeguard a working environment that promotes dignity and respect for all. No form of victimisation, discrimination, bullying or harassment will be tolerated.

The Company seeks to promote equal opportunities for all, through the provision of employment practices and policies that recognise the diversity of employees and ensure that neither current employees nor prospective employees receive less favourable treatment on the basis of their perceived or actual age, disability, race, religion or belief, sex (including gender, marital status, pregnancy or maternity, or gender reassignment or sexual orientation), working hours (part-time, full-time or fixed-term employees) or physical characteristics.

The Company is committed to employing people with disabilities or who become disabled during their employment by making reasonable adjustments as appropriate. Actively working with the Access to Work government scheme enables the Company to support the continued employment of employees with disabilities and prospective employees. The training, career opportunities, development and promotion of people with disabilities are, as far as possible, identical to those of other employees.

Employees are kept up to date with regular briefings, business updates, team meetings and internal communications. Employees' views are gathered through the Employee Consultation Group, department forums and employees surveys.

Change of auditor

Pursuant to a shareholder resolution, the Company is not obliged to reappoint its auditor annually. KPMG LLP has indicated its willingness to continue in office and therefore the Company has agreed that KPMG LLP will remain in office.

Statement of disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet event

As disclosed in note 27, on 4 April 2019 the Directors of esure broker Limited made the decision that the Company would cease to write new business with the book being run off from renewal. The Company's investment in esure broker Limited was already valued at £nil.

By order of the Board

A Rivers

A Rivers
Company Secretary
4 April 2019

The Observatory
Castlefield Road
Reigate
Surrey
RH2 0SG

Statement of Directors' Responsibilities in Respect of the Strategic Report, the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect 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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of esure Services Limited

Opinion

We have audited the financial statements of esure Services Limited ('the company') for the year ended 31 December 2018 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ('the going concern period').

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and Directors' report

The directors are responsible for the Strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Philip Smart

Philip Smart
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London, E14 5GL
4 April 2019

Statement of Comprehensive Income
For the year ended 31 December 2018

	Notes	2018 £m	2017 £m
Turnover	4	**214.2**	193.2
Administrative expenses		**(208.5)**	(190.0)
Other operating income	5	**0.1**	0.1
Operating profit		**5.8**	3.3
Income from other investments		**3.0**	2.9
Interest payable	10	**(0.1)**	(0.1)
Profit on ordinary activities before tax		**8.7**	6.1
Tax charge on profit on ordinary activities	11	**(0.7)**	(0.7)
Profit on ordinary activities after tax		**8.0**	5.4
Other comprehensive income	25	**5.9**	0.8
Total comprehensive income		**13.9**	6.2

All amounts relate to continuing operations.

The notes on pages 10 to 23 form part of these financial statements.

Statement of Financial Position
As at 31 December 2018

	Notes	2018 £m	2018 £m	2017 £m	2017 £m
Fixed assets					
Intangible assets	12		29.7		14.1
Tangible assets	13		13.0		15.7
Investments	15		9.9		4.1
			52.6		33.9
Current assets					
Debtors	16	26.3		29.9	
Cash at bank		19.3		3.4	
		45.6		33.3	
Creditors: amounts falling due within one year	17	(56.2)		(43.5)	
Net current liabilities			(10.6)		(10.2)
Total assets less current liabilities			42.0		23.7
Creditors: amounts falling due after more than one year	18		(1.5)		(1.5)
Provisions for liabilities and charges					
Deferred tax	19		0.0		-
Net assets			40.5		22.2
Capital and reserves					
Called up share capital	20		13.8		5.0
Profit and loss account			(80.3)		(82.6)
Available-for-sale and other reserves			107.0		99.8
Shareholder's funds - all equity			40.5		22.2

The notes on pages 10 to 23 form part of these financial statements.

The financial statements were approved by the Board and authorised for issue on 4 April 2019 and signed on its behalf.

D Ogden
Director

Registered number 02135610

Statement of changes in equity

	Share capital	Profit and loss account	Available for sale reserve	Other reserves	Total equity
	£m	£m	£m	£m	£m
Year ended 31 December 2017					
At 1 January 2017	0.5	(83.5)	1.2	93.3	11.5
Profit for the year	-	5.4	0.8	-	6.2
Total comprehensive income for the year	-	5.4	0.8	-	6.2
Transactions with owners:					
Capital contribution : share-based payments	-	-	-	3.5	3.5
Deferred tax on share based payments	-	-	-	1.0	1.0
Issue of share capital (Note 20)	4.5	-	-	-	4.5
Dividends	-	(4.5)	-	-	(4.5)
Total transactions with owners:	4.5	(4.5)	-	4.5	4.5
At 31 December 2017	5.0	(82.6)	2.0	97.8	22.2
Year ended 31 December 2018					
At 1 January 2018	**5.0**	**(82.6)**	**2.0**	**97.8**	**22.2**
Profit for the year	**-**	**8.0**	**5.9**	**-**	**13.9**
Total comprehensive income for the year	**-**	**8.0**	**5.9**	**-**	**13.9**
Transactions with owners:					
Capital contribution : share-based payments	**-**	**-**	**-**	**3.9**	**3.9**
Deferred tax on share based payments	**-**	**-**	**-**	**(1.0)**	**(1.0)**
Share-based payment schemes exercised (net of deferred tax)		**1.6**	**-**	**(1.6)**	**-**
Issue of share capital (Note 20)	**8.8**	**-**	**-**	**-**	**8.8**
Dividends	**-**	**(7.3)**	**-**	**-**	**(7.3)**
Total transactions with owners:	**8.8**	**(5.7)**	**-**	**1.3**	**4.4**
At 31 December 2018	**13.8**	**(80.3)**	**7.9**	**99.1**	**40.5**

During the year ended 31 December 2018, £2.9m of capital contributions net of deferred tax were received from the parent of esure Services Limited, esure Group plc related to share-based payment awards made to employees of esure Services Limited in the shares of esure Group plc (2017: £4.5m).

During the year ended 31 December 2018, all the share-based payment awards made to employees of esure Services Limited in the shares of esure Group plc vested and were exercised. This led to a transfer from capital contribution reserves of £1.6m to the profit and loss account related to recoverable Corporation Tax on those awards.

Other reserves include capital contributions made by esure Holdings Limited to esure Services Limited of £85,000,000. During the year ended 31 December 2018 no additional capital contributions were made (2017: £nil). These capital contributions are realised profit and are therefore available for distribution under the requirements of Companies Act 2006

Dividends per Ordinary Share of £1.46 were declared and paid in 2018 (2017 (interim dividend): £0.90).

The notes on pages 10 to 23 form part of these financial statements.

Notes to the financial statements
For the year ended 31 December 2018

1. General information

esure Services Limited is a company incorporated in England and Wales. Its registered office is The Observatory, Castlefield Road, Reigate, Surrey, RH2 0SG.

The nature of the Company's operations is an intermediary and management service provider for other members of the esure group of companies and an administrative services provider for customers.

All of the Company's subsidiaries are located in the United Kingdom.

2. Accounting policies

Basis of preparation

These financial statements present the esure Services Limited Company financial statements for the year ended 31 December 2018, comprising the statement of comprehensive income, statement of financial position, statement of changes in equity and related notes, as well as comparatives for the year ended 31 December 2017.

The financial statements have been prepared in accordance with the provisions of Section 396 of the Companies Act 2006 (the 'Act') and Schedule 1 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 (the 'Regulations').

Under the provisions of Section 400 of the Act, consolidated financial statements have not been prepared. Consolidated financial statements incorporating the results of the Company and its subsidiary undertakings are prepared by the Company's ultimate parent undertaking, esure Group plc. The consolidated financial statements of esure Group plc can be obtained from The Observatory, Castlefield Road, Reigate, Surrey, RH2 0SG or at https://www.esuregroup.com/investors/annual-reports.aspx.

These financial statements were prepared in accordance with the FRS 101 *Reduced Disclosure Framework* ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('IFRSs'), but makes amendments where necessary in order to comply with the Act and the Regulations and has set out below where advantage of the FRS 101 disclosure exemptions have been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of capital management;
- Disclosure in respect of transactions with other wholly owned subsidiaries of esure Group plc;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of key management personnel required by IAS 24.

As the consolidated financial statements of esure Group plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share Based Payments* in respect of group settled share based payments; and
- The disclosures required by IFRS 7 *Financial Instrument Disclosures*.

These financial statements have been prepared on a going concern basis. The Directors have assessed the Company's prospects for the three year period to 31 December 2021. Based on this robust assessment, the Directors confirm that they have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the next 12 months.

The financial statements have been presented in sterling and rounded to the nearest hundred thousand. Throughout these financial statements any amounts which are less than £0.05m are shown by 0.0m, whereas a dash (-) represents that no balance exists.

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

At the date of approval of these financial statements there were no standards, amendments or interpretations in issue and endorsed by the EU which the Company had not adopted.

2 . Accounting policies (continued)

Turnover

Turnover comprises amounts received or receivable for services provided to other members of the esure Group (the Group) and is recognised when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

Turnover also includes fees receivable from customers for administration services related to policies and is recognised in the period in which the related services are provided.

Turnover also includes rental income. Rental income represents income arising from operating leases and is recognised on a straight-line basis over the lease term.

Government grants

Government grants are recognised as other operating income where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to the income statement in equal amounts over the expected useful life of the related asset.

Income from investments in group undertakings and from other investments

Income from investments in group undertakings and from other investments comprises of dividend income. Dividends are recognised when the right to receive payment is established.

Taxation

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those enacted or substantively enacted by the reporting date. Current tax assets and liabilities also include adjustments in respect of tax expected to be payable or recoverable in respect of previous periods.

Current tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in the income statement.

Deferred tax

Deferred tax is provided in full using the balance sheet liability method, providing for temporary differences arising between the carrying amount of assets and liabilities for accounting purposes, and the amounts used for taxation purposes. It is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is recovered, using tax rates enacted or substantially enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax relating to items recognised outside the income statement is also recognised outside the income statement, either in other comprehensive income or directly in equity as appropriate.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Intangible assets

Software

Purchased software is recognised as an intangible asset, with the carrying value being reviewed at every reporting date for evidence of impairment and the value being written down if any impairment exists. If conditions subsequently improve, the previously recognised impairment may be reversed.

Amortisation of software begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of purchased software is amortised on a straight line basis over the expected useful life of the intangible asset. This has been set between two and seven years.

Expenditure on research activities is recognised in the income statement as an expense as incurred. Costs associated with the development of software for internal use are capitalised only if the software is technically feasible for sale or use on completion and the Company has both the intent and sufficient resources to complete the development. Subsequent expenditure is capitalised only if the cost of the asset can be reliably measured, will generate future economic benefits and there is an ability to use or sell the asset.

The cost of internally generated software is amortised over the expected useful life of the intangible asset on a straight line basis. The expected useful life is between three and five years.

2. Accounting policies (continued)

Tangible assets

Property, plant and equipment

Property, plant and equipment comprise fixtures, fittings and equipment (including computer hardware). Replacement or major inspection costs are capitalised when incurred if it is possible that future economic benefits associated with the item will flow to the Company and the costs can be measured reliably.

These assets are stated at cost less depreciation and accumulated impairment. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is calculated using the straight-line method to write off the cost less residual values of the assets over their economic lives. This has been set between three and eight years.

The assets' residual values, useful lives and method of depreciation are reviewed and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year in which the asset is derecognised.

Impairment and revaluation of property, plant and equipment

Carrying values are reviewed at each reporting date to determine whether there are any indications of impairment. If any such indications exist, the asset's recoverable amount is estimated and compared to the carrying value. The recoverable amount is the higher of the fair value of the asset, less costs to sell and the asset's value in use. Impairment losses are recognised through the income statement. Impairment may be reversed if conditions subsequently improve and credited through the income statement.

Investments in group undertakings and joint ventures

Investments in group undertakings are stated at cost less provisions for impairments.

Impairment of group undertakings and joint ventures

The carrying amounts of the Company's investments in subsidiaries are reviewed at each reporting date to determine whether there is any indication of impairment. Objective evidence of impairment may include reduction or elimination of the prospects of expected future dividends from the subsidiary. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an investment in group undertakings is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses and any reversals of impairments are recognised through the income statement.

Financial assets

Classification

Financial assets falling within the scope of IFRS 9 *Financial Instruments* are classified as 'measured at amortised cost' or 'fair value through other comprehensive income' ('FVOCI').

During the years ended 31 December 2018 and 31 December 2017 the Company did not classify any financial assets 'at fair value through profit or loss'.

The Company determines the classification of its financial assets at initial recognition. Financial assets are not reclassified subsequent to their initial recognition, unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets as at 31 December 2018 and 31 December 2017 included trade and other debtors which were classified as measured at amortised cost. As at 31 December 2018 and 31 December 2017, an investment in shares in an unquoted equity instrument was classified as FVOCI.

Initial recognition of financial assets

The Company's financial assets are initially recognised at fair value, plus any directly attributable transaction costs.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI on an investment-by-investment basis.

2 . Accounting policies (continued)

Financial assets (continued)

Subsequent measurement

Equity instruments at FVOCI are measured at fair value. Dividends are recognised as income in profit or loss unless they clearly represent a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the income statement.

Financial assets at amortised cost are measured at amortised cost using the effective interest rate. Impairment losses are recognised in the income statement. Any gain or loss on derecognition is also recognised in the income statement.

Impairment of financial assets

The Company recognises loss allowances for Expected Credit Losses ('ECL') on all financial assets measured at amortised cost.

For financial assets that are not credit-impaired at the reporting date the ECL is the present value of possible cash shortfalls in the next twelve months, this may be on a portfolio basis.

For financial assets that are credit-impaired at the reporting date the ECL is the difference between the gross carrying amount and the present value of the estimated future cash flows.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Derecognition of financial assets

A financial asset is derecognised when the rights to receive cash flows from that asset have expired or when the Company transfers substantially all the risks and rewards of ownership of the financial assets.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, the Company has a currently enforceable legal right to offset the recognised amounts and it intends to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the statement of comprehensive income unless required or permitted by any accounting standard or interpretation.

Financial liabilities

Financial liabilities falling within the scope of IFRS 9 are classified as 'financial liabilities at amortised costs'.

The Company's financial liabilities at 31 December 2018 and 31 December 2017 include trade and other creditors and amounts owed to Group undertakings.

Initial recognition

Other financial liabilities are measured initially at fair value less directly attributable transaction costs.

Subsequent measurement

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised.

Amortised cost is calculated by taking into account any fees or costs that are an integral part of effective interest rate, transaction costs and all other premiums and discounts. The amortisation is included in finance costs in the statement of comprehensive income.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Share Capital

Shares are classified as equity when there is no contractual obligation to transfer cash or other assets to holders of the financial instruments.

Employee benefits - Pensions

The Company contributes to a defined contribution scheme for its employees. The contributions payable to this scheme are charged to the income statement in the accounting period to which they relate.

2 . Accounting policies (continued)

Leases

Company as a lessor

Leases where the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as the related income. Contingent rents are recognised as revenue in the period in which they are earned (i.e. when virtually certain).

Company as a lessee - operating leases

Leases which do not transfer to the Company substantially all the risks and benefits incidental to ownership of the leased items are classified as operating leases. Operating lease payments, including the effects of any lease incentives, are recognised as an expense in the income statement on a straight-line basis over the lease term. Contingent rentals are recognised as an expense in the period in which they are incurred.

Share-based payments

Where the Company's ultimate parent, esure Group plc, grants rights to its equity instruments to employees of esure Services Limited which are accounted for as equity-settled share-based payments in the consolidated accounts of the parent, esure Services Limited also accounts for these share-based payments as equity-settled. A corresponding credit to other reserves (an equity contribution from esure Group plc) is recorded in relation to each of the share-based payment expenses recorded for these awards.

Equity-settled share-based payments to employees are measured at the grant date at the fair value of the equity instruments (excluding the effect of non-market vesting conditions but including the effect of market vesting conditions). Fair value is not subsequently remeasured. The fair value of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the best estimate of the number of awards which will ultimately vest unconditionally with employees. The estimate of the number of awards expected to vest (excluding the effect of market vesting conditions) is revised at each reporting date, with any consequential changes to the charge recognised in the income statement. Where equity-settled share-based payments are modified, any incremental fair value is expensed on a straight-line basis over the revised vesting period.

3 . Critical accounting judgements and estimates

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates; however the financial statements presented are based on conditions that existed at the balance sheet date.

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.

Key sources of estimation uncertainty and critical judgements in applying the Company's accounting policies

The key assumptions concerning the future, and other key sources of estimation uncertainty at each balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Useful lives of property, plant and equipment and software

Property, plant and equipment, other than land, and certain intangible assets are depreciated on a straight-line basis to write off the cost less estimated residual value of each asset over their estimated useful lives. The determination of appropriate useful lives requires the use of judgement based on a number of factors, including the expected usage of the asset, expected deterioration and technological obsolescence.

Determining the useful lives for software requires particular judgement to be applied as follows:

The useful life of software is determined by management at the time the software is acquired and brought into use and is regularly reviewed for appropriateness. The useful life represents management's view of expected benefits over which the Company will receive benefits from the software, but not exceeding any licence term. For unique software products, the life is based on historical experience with similar products as well as anticipation of future events which may impact their life such as changes in technology.

Impairment of investments in group undertakings

As at 31 December 2018, reassessment of the recoverability of the Company's investment in esure broker Limited has been performed given potential uncertainty surrounding future dividend flows. Based on current projections, it is considered less than probable that esure broker Limited will be in a position to pay a future dividend and therefore the investment of £7.5m remains fully impaired as at 31 December 2018.

4. Turnover

Turnover is attributable to fees, rent, commissions and additional services revenue from within the United Kingdom.

Turnover includes fees receivable from customers for administrative services related to policies.

5. Other operating income

	2018 £m	2017 £m
Government grants received	0.1	0.1

6. Profit after tax

Profit after tax is stated after charging:

	2018 £m	2017 £m
Amortisation of intangible assets (note 12)	4.2	2.6
Depreciation of tangible fixed assets:		
- owned by the company (note 13)	5.0	4.6
Auditor's remuneration	0.2	0.5
Loss on disposal of intangible assets (note 12)	0.4	0.1

Details of auditor's remuneration for the esure group of companies are disclosed in the consolidated financial statements of esure Group plc.

7. Staff cost

Staff costs, including Directors' remuneration, were as follows:

	2018 £m	2017 £m
Wages and salaries	63.7	55.0
Social security costs	6.7	6.8
Other pension costs	3.3	2.6
Equity-settled share-based payment expense (note 8)	2.2	1.6
	75.9	66.0

The average monthly number of employees, including Directors, during the year was:

	2018	2017
Operations	1,488	1,264
Support	501	425
	1,989	1,689

8. Share-based payments

As explained in note 2, esure Group plc had a number of equity-settled, share-based compensation plans. As part of the acquisition of the esure Group plc by Bain Capital all share option schemes vested and were exercised in line with the terms of each plan. Therefore the esure Group plc has no outstanding share options as at 31 December 2018 including in respect of all the schemes below.

Holders of these awards (other than the three year and five year Save as You Earn ('SAYE') schemes) received dividend equivalents in respect of the dividends that would have been paid between grant date and vesting date for Ordinary Shares which vested under their awards, calculated on a basis and paid in a manner determined by the Remuneration Committee before the awards vested. Details of the share-based compensation plans and their financial effect are set out below.

8 . Share-based payments (continued)

(a) Performance Share Plan and Strategic Leadership Plan

The Performance Share Plan ('PSP') and the Strategic Leadership Plan ('SLP') were discretionary share plans for the Group's Executive and Senior Management (together the 'Schemes').

Under the 2015 PSP scheme, the shares vested at the end of a three-year period dependent upon continued employment by the Group and achieving pre-defined performance conditions associated with the Group's earning per share ('EPS') and total shareholder return ('TSR'). For the Exective Directors' scheme, two-thirds of each award was based on EPS performance and one-third on TSR performance (with the two measures applying independently to different parts of each award). For the Senior Management scheme, 50% of the awards were subject to the EPS and TSR performance conditions (i.e. one-third and one-sixth respectively) and 50% of the awards were subject only to continued employment until vesting. This scheme vested in March 2018.

Under the 2016, 2017 and 2018 SLP schemes, the shares would have vested at the end of a three-year period dependent upon continued employment by the Group and achieving pre-defined performance conditions associated with the Group's TSR. For the 2016, 2017 and 2018 Schemes, 75% of the Awards were subject to an absolute TSR performance condition with the remaining 25% of the Awards subject to a relative TSR performance condition. All these schemes vested as a result of the acquisition of the Group by Bain Capital.

Valuation of SLP and SLP awards

As part of the awards are subject to a share-price related (TSR) performance condition, the fair value of these awards was estimated using a Stochastic (Monte-Carlo) model.

The remaining awards are not subject to a share price-related performance condition (EPS) and the fair value of the awards was estimated using a Black-Scholes valuation model.

The inputs into the models were:	**2018 SLP awards**
Share price at grant	£2.23
Exercise price	£nil
Volatility % p.a. (calculated on a weekly basis over a historical period in line with the expected term of the awards at the date of grant)	25.4%
Dividend yield % p.a.	0%
Risk-free rate %	0.93%
Expected life	3 years

The inputs were later adjusted as appropriate for those awards granted to employees upon joining the Group. The total estimated fair value of the 2017 SLP options at the dates of grant was £0.9m (2017 SLP awards: £2.9m; 2016 SLP awards: £1.8m; 2015 PSP awards: £3.8m). Please refer to the Group's 2017, 2016 and 2015 annual reports for the inputs to the models associated with the 2017, 2016 and 2015 awards.

Restructuring Award Plan ("RAP")

RAP awards were made to Directors and Senior Management during 2016. The purpose of the RAP was to compensate for the significant opportunity lost under outstanding unvested incentive arrangements at the point of the Demerger as a result of any reduced market value of an esure share and the reduced size of the esure Group following the Demerger, as well as to reward selected employees of the esure Group with share-based awards in recognition of the strategic development of the Gocompare business since its acquisition and for the successful completion of the Demerger and Admission.

Where share awards preserve, rather than enhance the benefit to the award holders, an expense is not recognised for that element of the award. The RAP awards totalled £4.0m, of which £2.2m was recognised as an expense over the 12-month vesting period, the remaining £1.8m not being recognised.

(b) Deferred Bonus Plan ("DBP")

At least 30% of the annual bonus awarded to Directors was deferred into an award of shares under the DBP, and the deferred portion would have vested in equal thirds over a three-year period. All DBP awards vested as a result of the acquisition of the Group by Bain Capital.

(c) SAYE schemes

The Group had a three-year SAYE scheme and a five-year SAYE scheme. Under the schemes esure employees were offfered the opportunity to save each month in order to purchase shares in either three or five years time at an exercise price at a 20% discount on the share price at the date before invitations were issued to participate.

There was no 2018 SAYE scheme. The estimated fair value of the 2017 SAYE options at the date of grant was £0.0m (2016: £0.1m; 2015: £0.3m, 2014: £0.3m, 2013: £0.4m). Please refer to the Group's 2017, 2016, 2015, 2014 and 2013 annual reports for the inputs to the models associated with the 2017, 2016, 2015, 2014 and 2013 awards.

(d) Financial effect of share-based payments made

The total expense recognised for the year arising from the share-based payments above was £3.8m (2017: £3.5m). All share-based payment transactions were accounted for as equity-settled.

8 . Share-based payments (continued)

Scheme	Grant date	Originally granted	Exercise price	Outstanding at 1 Jan 2018	Granted in the year	Dividend equivalents	Vested and exercised in the year	Lapsed in the year	Outstanding at 31 Dec 2018
PSP 2015	25 March 2015 / date employee joined	2,036,537	£nil	1,568,789	-	106,866	(801,579)	(874,076)	-
SLP 2016	14 June 2016 / date employee joined	2,213,351	£nil	1,920,607	-	149,798	(1,623,786)	(446,619)	-
SLP 2017	20 March 2017 / date employee joined	2,358,571	£nil	2,315,346	-	116,027	(1,390,540)	(1,040,833)	-
SLP 2018	20 March 2018 / date employee joined	2,499,159	£nil	-	2,499,159	13,496	(465,218)	(2,047,437)	-
RAP	10 November 2016	2,073,395	£nil	2,073,395	-	-	(2,073,395)	-	-
DBP 2017	20 March 2017	222,280	£nil	222,280	-	17,752	(240,032)	-	-
DBP 2018	20 March 2018	200,296	£nil	-	200,296	7,782	(208,078)	-	-
SAYE 2013 5 Year	6 September 2013	176,260	£1.940	69,576	-	-	(59,682)	(9,894)	-
SAYE 2014 3 Year	3 September 2014	527,607	£2.080	17,733	-	-	(15,917)	(1,816)	-
SAYE 2014 5 Year	3 September 2014	67,144	£2.080	22,866	-	-	(16,461)	(6,405)	-
SAYE 2015 3 Year	9 September 2015	706,966	£1.912	205,012	-	-	(188,706)	(16,306)	-
SAYE 2015 5 Year	9 September 2015	101,823	£1.912	19,768	-	-	(10,531)	(9,237)	-
SAYE 2016 3 Year	29 December 2016	1,568,640	£1.5972	1,420,800	-	-	(854,646)	(566,154)	-
SAYE 2016 5 Year	29 December 2016	142,889	£1.5972	141,800	-	-	(48,600)	(93,200)	-
SAYE 2017 3 Year	1 September 2017	465,832	£2.270	453,866	-	-	(147,596)	(306,270)	-
SAYE 2017 5 Year	1 September 2017	65,135	£2.270	64,871	-	-	(12,974)	(51,897)	-

9 . Directors' remuneration

	2018 £m	2017 £m
Emoluments in respect of qualifying services	2.3	2.7
Contributions to defined contribution pension schemes	0.2	0.2
Total Directors' remuneration	2.5	2.9

All of the Directors of esure Group plc and its subsidiary undertakings receive remuneration from esure Services Limited as employees of that company. The Directors of esure Services Limited received total remuneration of £2.5m during the year ended 31 December 2018 (2017: £2.9m). It is not appropriate to allocate this remuneration between their services as Directors of esure Services Limited and the other services provided to esure Group plc and its subsidiary undertakings.

During the year, three Directors (2017: no Directors) exercised share options in esure Group plc.

During the year, retirement benefits were accruing to three Directors of esure Services Limited (2017: three) in respect of defined contribution pension schemes.

Remuneration of the highest paid Director

	2018 £m	2017 £m
Emoluments in respect of qualifying services	0.7	0.9
Contributions to defined contribution pension schemes	-	0.1
	0.7	1.0

The highest paid Director did not exercise any share options in esure Group plc (2017: none).

10 . Interest payable

	2018 £m	2017 £m
On loans from group undertakings	0.1	0.1

11 . Taxation

	2018 £m	2017 £m
UK corporation tax expense / (credit) on profit for the year	(0.7)	1.8
Tax adjustment relating to income for prior periods	(0.2)	-
Taxation (credit)/expense	(0.9)	1.8
Deferred tax for the reporting period (Note 19)	1.6	(1.1)
Total deferred tax	1.6	(1.1)
Taxation expense	0.7	0.7

The tax rate used for the calculations is the Corporation Tax rate of 19.00% (2017: 19.25%) payable by the corporate entities in the UK on taxable profits under tax law in that jurisdiction.

The expense for the year can be reconciled to the profit per the income statement and other comprehensive income as follows:

	2018 £m	2017 £m
Profit before taxation	8.7	6.1
Taxation calculated at 19.00% (2017: 19.25%)	1.7	1.2
Effect of expenses that are not deductible for tax purposes	-	0.1
Adjustments in relation to the current tax of prior years	(0.2)	-
Non taxable income	(0.8)	(0.6)
Taxation expense	0.7	0.7

Tax recognised directly in equity

	2018 £m	2017 £m
Deferred tax expense/(credit) recognised directly in equity	1.0	(1.0)
Total tax expense/(credit) recognised directly in equity	1.0	(1.0)

The deferred tax recognised directly in equity relates to deferred tax arising on share-based payments where the amount of the estimated future tax deduction exceeds the amount of the related cumulative remuneration expense recognised.

Factors affecting the tax expense for future periods

A reduction in the standard rate of Corporation Tax from 20% to 19% was effective from 1 April 2017. There will be a further reduction in the rate of Corporation Tax to 17% from 1 April 2020. This change was substantively enacted at the year end date.

12 . Intangible fixed assets

	Software £m
Cost	
At 1 January 2018	25.7
Additions	20.2
Disposals	(0.4)
At 31 December 2018	45.5
Amortisation	
At 1 January 2018	11.6
Charge for the year	4.2
Disposals	-
At 31 December 2018	15.8
Net book value	
At 31 December 2018	29.7
Net book value	
At 1 January 2018	14.1

Included in software as at 31 December 2018 is £6.3m relating to software assets that are not yet available for use in the manner intended by management (31 December 2017: £5.3m). As a result, no amortisation has been charged on these assets during the year. Work on bringing these assets into a condition necessary for their intended use is expected to be completed during 2019, after which the assets are expected to have a useful economic life of two to seven years. See note 21 for details of commitments at year end.

The Company tests intangible assets with finite useful lives for impairment where there are indicators that the carrying value may be impaired. There were no indicators of impairment in the periods reported for any intangible assets with finite useful lives and as a result no impairment testing was performed.

IAS 36 *Impairment of Assets* requires that all intangible assets not yet in use are tested for impairment annually. This testing was performed for assets not yet in use at the year end. No impairments were noted.

13 . Tangible fixed assets

	Furniture, fittings and equipment £m
Cost	
At 1 January 2018	39.2
Additions	2.3
At 31 December 2018	41.5
Depreciation	
At 1 January 2018	23.5
Charge for the year	5.0
At 31 December 2018	28.5
At 31 December 2018	13.0
At 1 January 2018	15.7

There were no indicators of impairment in the periods reported and as a result no impairment testing was performed.

14 . Financial Assets and Liabilities

<u>Financial assets</u>

Designation under IFRS 9	2018	2017	Designation under IAS 39
	£m	£m	
Financial assets measured at FVOCI (designated)	9.9	4.1	Available-for-sale
Financial assets at amortised cost	21.6	26.2	Loans and receivables
Total financial assets	**31.5**	30.3	

<u>Financial liabilities</u>

Financial liabilities measured at amortised cost	25.0	23.1	Other financial liabilities
Total financial liabilities	25.0	23.1	

The directors consider that the carrying amount of the financial assets and liabilities at amortised cost approximates their fair value. All financial assets and liabilities at amortised cost are expected to be settled within one year apart from an intercompany loan.

<u>Credit Risk</u>

<u>Loss allowances</u>

	Measured at equal to lifetime expected credit loss: credit-impaired
	£m
At 31 Dec 2017 (IAS 39)	0.4
At 31 Dec 2017 (IFRS 9)	0.4
At 31 Dec 2018	0.6

At 31 December 2018 the Company did not have any amounts that were written off during the year and which were still subject to enforcement activity (2017: £nil).

Credit Risk Exposure

<u>Gross carrying amounts</u>

	Loss allowance equal to 12-month expected credit loss	Loss allowance equal to lifetime expected credit loss: credit-impaired
	£m	£m
At 31 December 2018		
Low Risk	12.2	-
Doubtful	-	9.4
Loss	-	-
Total	**12.2**	**9.4**
At 31 December 2017		
Low Risk	18.2	-
Doubtful	-	8.0
Loss	-	-
Total	18.2	8.0

<u>Items of income, expense, gains or losses</u>

Net gains/(losses) on:

	2018	2017
	£m	£m
Financial assets measured at FVOCI (designated)	5.8	0.9
Financial assets at amortised cost	(0.2)	(0.4)
Financial liabilities measured at amortised cost	-	-

15 . Investments

Fixed asset investments comprise:

	Unlisted equity investment	Shares in group undertakings Investment in esure broker	Total
	£m	£m	£m
At 1 January 2017	3.2	-	3.2
Change in discounted cash flow valuation	0.9	-	0.9
At 1 January 2018	4.1	-	4.1
Change in discounted cash flow valuation	5.8	-	5.8
At 31 December 2018	9.9	-	9.9

As permitted by IFRS 9, on initial recognition the Company has irrevocably elected to present the unlisted equity investment as measured at FVOCI. This election has been made to reflect the intention of the Company to hold the investment and to obtain its return through dividend income. The fair value at 31 December 2018 was £9.9m (31 December 2017: £4.1m) and the dividend income received in 2018 totalled £3.0m (2017: £2.9m). During 2018 there were no transfers within equity (2017: £nil).

Investments in group undertakings

Investments in group undertakings, which are wholly and directly owned are as follows:

	Country of Incorporation	Registered office	Class of shares held	Percentage of shares held
esure broker Limited	England and Wales	The Observatory, Castlefield Road, Reigate, Surrey, RH2 0SG	Ordinary	100%

Investment in esure broker Limited

As at 31 December 2018, reassessment of the recoverability of the Company's investment in esure broker Limited was performed given potential uncertainty surrounding future dividend flows. Based on projections, it was considered less than probable that esure broker Limited would be in a position to pay a future dividend and therefore the investment of £7.5m remains fully impaired as at 31 December 2018. The impairment may be reversed in future years if conditions change.

16 . Debtors: Amounts falling due within one year

	2018 £m	2017 £m
Amounts owed by group undertakings	19.7	24.9
Corporation tax	1.5	-
Other debtors	1.9	1.3
Prepayments and accrued income	3.2	2.1
Deferred tax asset (see note 19)	-	1.6
	26.3	29.9

17 . Creditors: Amounts falling due within one year

	2018 £m	2017 £m
Amounts owed to group undertakings	16.9	12.6
Corporation tax	-	1.8
Social security and other taxes	2.2	1.6
Other creditors	6.6	9.0
Accruals	30.5	18.5
	56.2	43.5

Included within accruals is £0.1m in Government grants (2017: £0.1m). This is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Scottish Executive Grants have been received by the Group based on two factors: expenditure on fixed assets and the creation of new jobs. In order for the Group to avoid repayment of the grants received, the new jobs created in order to meet the grant conditions must remain in existence for a period of at least five years.

18 . Creditors: Amounts falling due after more than one year

	2018 £m	2017 £m
Subordinated loan from group undertaking	1.5	1.5

The subordinated loan, including interest, is repayable at two years notice.

19 . Deferred taxation asset / (liability)

The deferred tax asset / (liability) is made up as follows:

	2018 £m	2017 £m
Losses carried forward	1.1	-
Capital allowances	(1.1)	(0.5)
Share-based payments	-	2.1
	(0.0)	1.6

There were no unrecognised deferred tax assets.

The deferred tax blended rate is 17.85% (2017: 17.30%).

	Losses brought forward £m	Capital allowances £m	Share-based payments £m	Total £m
1 January 2017	-	(0.8)	0.3	(0.5)
Deferred tax credit for the period	-	0.3	0.8	1.1
Recognised directly in equity	-	-	1.0	1.0
At 31 December 2017	-	(0.5)	2.1	1.6
At 1 January 2018	-	(0.5)	2.1	1.6
Deferred tax credit for the period	1.1	(0.6)	(1.1)	(0.6)
Recognised directly in equity	-	-	(1.0)	(1.0)
At 31 December 2018	1.1	(1.1)	-	(0.0)

20 . Share capital

	2018 £m	2017 £m
Authorised, allotted, called up and fully paid		
13,800,000 Ordinary shares of £1 each (2017: 5,000,000 Ordinary shares of £1 each)	13.8	5.0

During the year ended 31 December 2018, 8,800,000 Ordinary Shares of £1 each (2017: 4,500,000 Ordinary Shares of £1 each) were issued by the Company for £8.8m (2017: £4.5m).

21 . Capital commitments

The Company had capital commitments as follows:

	2018 £m	2017 £m
Contracted for but not provided in these financial statements	1.0	0.3

22 . Pension commitments

The Company contributes to a Group Personal Pension defined contribution scheme available to all staff of which 1,775 (2017: 1,466) employees participated in the scheme.
The pension cost charge for the period represents contributions payable by the company to the pension scheme and amounted to £3.3m (2017: £2.6m). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

23 . Contingent liabilities

The Company has confirmed that it will provide such funds to and continued financial support as necessary to ensure that esure broker Limited is able to continue trade for the forseeable future and for a period of not less than 12 months from the date of approval of the esure broker Limited financial statements for the year ended 31 December 2018.

24 . Operating leases

The Company leases offices under operating leases and sublets a portion of the space not occupied.

Leases as a lessee - future minimum lease payments payable
At 31 December, the future minimum lease payments payable under non-cancellable operating leases were as follows:

	2018 £m	2017 £m
Less than one year	1.4	1.4
Between one and five years	6.3	6.1
More than five years	11.2	12.8
	18.9	20.3

Leases as a lessor - future minimum lease payments receivable
At 31 December, the future minimum lease payments receivable under non-cancellable operating leases were as follows:

	2018 £m	2017 £m
Less than one year	0.2	-
Between one and five years	0.1	-
More than five years	-	-
	0.3	-

25 . Other comprehensive income

During the year ended 31 December 2018, £5.9m was credited to other comprehensive income in respect of fair value movements on an available for sale financial asset (31 December 2017: £0.8m). The available for sale reserve as at 31 December 2018 represents accumulated fair value changes in respect of the financial asset.

26 . Ultimate parent undertaking

The Company is a wholly owned subsidiary undertaking of esure Holdings Limited. The smallest group into which these accounts are consolidated is esure Group plc. Until 19 December 2018 the Company's ultimate parent was esure Group plc. Blue (BC) Bidco Limited acquired 100% of the share capital of esure Group plc on 19 December 2018, its ultimate parent is Blue (BC) Holdings LP, a limited partnership registered in Jersey. Blue (BC) Topco Limited is the largest group into which these accounts are consolidated.

27 . Post balance sheet event

On 4 April 2019 the Directors of esure broker Limited made the decision that the Company would cease to write new business with the book being run off from renewal. The Company's investment in esure broker Limited was already valued at £nil.