esure Services Limited

Report and Financial Statements

For the year ended 31 December 2022

Company Registration Number 02135610

Corporate Information

Directors

L Bassi
A S Birrell
P D Bole
A K Haste
D J R McMillan
P A Shaw

Secretary

K R Whitehead

Statutory Auditor

Deloitte LLP
1 New Street Square
London
EC4A 3HQ

Registered office

The Observatory
Reigate
Surrey
RH2 0SG

Strategic Report

Review of the business

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

Principal risks and uncertainties

In addition to its regulated activities the Company employs personnel, providing a full range of services to various other members of the Group. The principal risks facing the Company are therefore operational in nature. In 2022 these have included the Game Changer Strategy and the on-going risk of inflation on the cost of operations, for further details of the Company's mitigating actions to this risk please see the esure Group plc annual report. Other risks considered inherently material and therefore engaging most management attention include staff recruitment, fraud and unforeseen consequences of material change programmes. In addition, as the Company and the wider Group operates in a regulated environment there is a risk of reputational or financial damage driven by regulatory or legal intervention. This could have an impact on both the Company and the Group.

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.

Results

The profit for the year, after taxation, amounted to £6.5m (2021: £9.3m).

Approved by order of the Board

Kirsty Whitehead

K R Whitehead
Company Secretary
30 March 2023

Registered number 02135610
Directors' Report

The Directors present their report and the financial statements for the year ended 31 December 2022.

Principal activity

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

Results and dividends

The profit for the year, after taxation, amounted to £6.5m (2021: £9.3m).

Dividends were paid during the year of £Nil (2021: £1.4m). The Directors do not recommend payment of a final dividend (2021: £Nil).

Directors

The Directors who served during the year were:

L Bassi
A S Birrell
P D Bole
A K Haste
D J R McMillan
P A Shaw

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 of 31 December 2022, the Group employed 1,538 (2021: 1,672) people across three offices in Glasgow, Manchester, and Reigate.

Engaging our people

Our people are our strength, supporting us to transform our business and fix insurance for good. Strong insurance heritage and expertise are enhanced by a diverse range of colleagues committed to delivering fantastic products, service, and
experiences for our customers. Our Transformation team has been hand-picked to provide the skills needed to develop innovative insurance products and an outstanding customer experience. You will find people with deep-rooted insurance knowledge working alongside data scientists and machine learning experts, drafted in from more digitally advanced sectors. We are passionate about developing and maximising the potential of all our colleagues and continue to invest in a range of development programmes.

People engagement has always been important for us and continues to be a vital part of our overall colleague proposition, particularly as hybrid working becomes our norm. Our modern 'continual listening' approach to colleague feedback, supported by our monthly engagement survey allows us to regularly capture the views and experiences of our colleagues, which inform the development of local and company-wide initiatives. We have maintained an aggregated survey response rate of 92% and seen a small improvement on our overall engagement score in December 2022 compared to December 2021.

Equity, Inclusion and Diversity

We want to be a truly inclusive and diverse organisation. We want to create an environment where people from all backgrounds and beliefs feel respected, are treated equally, and can thrive. It is important for us that our colleagues' perspectives and beliefs reflect the breadth and diversity of the customers we serve. A diverse and inclusive workplace is also critical to enable us to attract and retain the best talent, reduce risk, and improve decision making.

Our Board Equity, Inclusion and Diversity Policy (I&D Policy) reinforces our commitment to promote equity, inclusion, diversity and fairness. It includes commitments to:

- Ensuring inclusion and diversity are part of everything we do, from how we treat customers to how we work together every day as colleagues;
- Working to a target of 33% female members in our senior team by the end of 2024 and to achieve our longer-term ambition of having each level in the organisation as broadly 50/50 male/female;
- Creating an environment that nurtures individual differences and ensuring that the contributions of all colleagues are recognised and valued.

Key progress in 2022

- We have re-written our job adverts to ensure there is no biased language and we advertise on diverse job boards;
- We have introduced inclusive hiring manager training, a stronger focus on diverse shortlists and new recruitment principles for senior roles, including a panel based assessment to help protect against bias;
- We sponsored a number of inclusion-based events to demonstrate our commitment to important causes, not only to colleagues but across the insurance sector. We were a sponsor of Link Insurance Pride 2022; 50 over Fifty, an initiative working to make Insurance a more age and gender inclusive industry; and a partner of Women in Data, a movement and a force for change in the realm of data science and analytics;
- We have produced our first Ethnicity pay gap report.

At 31st December 2022, we had the following diversity split:

55% of our colleagues are male (2021: 52.5%), 45% female (2021:47.5%). Within our senior team, 31% are female (2021: 32%).

Employees (continued)

Recognition and reward

We continue to build a market-leading colleague proposition to attract the best talent.

- We are committed to lifting the salaries of our lowest-paid colleagues. We have done this through ensuring the minimum pay ranges are above the national minimum wage and are in line with the Living Wage Foundation's Real Living Wage.
- We have supported colleagues throughout the recent economic crisis with a package of measures. This included a 5-month acceleration of base salary for our junior colleagues; a £500 one-off payment to colleagues earning £40,000 and below; and free meals in our offices for all colleagues through November, December and January.
- We have enhanced the support we offer colleagues becoming a parent. Our market-leading package of support includes the removal of any service eligibility, 26-weeks paid maternity/adoption leave, 5-weeks paid paternity leave and 2 weeks paid time off in the event of miscarriage, pregnancy loss or neo-natal illness.

Duty to Promote Success of the Company

Section 172 ('s172') of the Companies Act 2006 requires the Board of Directors (the 'Board') to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard for the interests of stakeholders including shareholders, customers, employees, suppliers, regulators and the wider society in which the Company operates.

During the course of the financial year, the Board has given consideration to this duty when making decisions, including the:

a. likely consequences of any decision in the long-term;
b. interests of the Company's employees;
c. need to foster the Company's business relationships with suppliers, customers and others;
d. impact of the Company's operations on the community and the environment; and
e. desirability of the Company maintaining a reputation for high standards of business conduct.
f. need to act fairly as between members of the Company.

The Company is a wholly owned indirect subsidiary of esure Group plc and only has one member and therefore the Board do not need to consider (f.) above being the fairness between members. The Company is also subject to policies and governance arrangements set by the Group as well as local statutory and regulatory requirements. The Board derives its collective authority by delegation from esure Group plc. Its key purpose is to ensure the Company's prosperity by collectively directing the Company's affairs whilst meeting the appropriate interests of its shareholder and relevant stakeholders.

Stakeholder groups

The table below highlights the interests of our key stakeholders, our engagement methods and examples of the decisions made and actions we have taken during 2022 to support those interests.

The Board also engages with other stakeholders on specific issues, such as the tax authorities and regulators. The Directors seek to ensure that their decision-making process not only considers the Company's purpose, strategy and values, but also reflects as far as possible, the interests of all stakeholders. During the year, the Board considered the inputs, engagement and outcomes of the relationships between the Company and its stakeholder groups and has reflected on how the Company's corporate governance structure maintains and protects its reputation by upholding high standards of business conduct.

Customers S172 sections (a), (c) and (e)	**Why we engage** We continually work hard to deliver better outcomes for our customers as part of our mission to fix insurance for good We want to put things right within the insurance industry, bringing human values back into insurance to look after the customers we exist to protect. We will use industry-beating technology, insights and data, alongside fantastic customer service, to deliver more personalised experiences that meet the evolving needs and expectations of all our customers.
	How we engage: Through: •Direct conversations with our Customer Service, Claims and Complaints teams •Social media and our commercial websites •Focus groups/ perception studies including new product design •Customer NPS and Trustpilot surveys
	Our Response – decisions and actions taken in 2022 The Board spent time on: •The pricing approach, associated governance and control framework to ensure quality and value of products, plus fair and reasonable treatment of all customers, including compliance with FCA GIPP. •A review of customer journeys including digital offerings, new product propositions and launch of new esure Flex Motor product •Operational performance (Sales & Service, Claims and Complaints) monitoring to ensure full compliance with regulation •Regular review of Customer RNPS scores

Notes to the financial statements
For the year ended 31 December 2022

Stakeholder groups (continued)

Customers (continued) S172 sections (a), (c) and (e)	**Our Response – decisions and actions taken in 2022 (continued)** •Approval of FCA Consumer Duty plan and appointment of an Independent Non-Executive Director Consumer Duty champion (at Group) •Launch of new customer support hub on commercial websites to respond to cost of living crisis
	Links to our key risk objectives •Customer •Operational Risk/Reputation
Colleagues S172 sections (a), (b) and (e)	**Why we engage** Our people are a huge strength and are critical to our success. Our colleagues represent an exceptional people and skills capability combining deep-rooted insurance knowledge and others with leading technology and data capabilities. A modern, collaborative, and agile culture allows us to derive maximum value from our technology and data platforms.
	How we engage: Through: •Regular two-way multi-channel communication including face to face meetings, blogs/vlogs, social media (Yammer) and monthly engagement surveys •An independent whistleblowing helpline •Regular Gender and diversity, ethnicity, corporate culture and values updates •Colleague Representative Forums
	Our Response – decisions and actions taken in 2022 The Board spent time on: •Regular review of colleague engagement surveys, including employee satisfaction scores, and other colleague related MI on diversity, attrition, recruitment and sickness •Regular consideration of talent, development and succession plans •Considered and approved cost of living measures for colleagues in •Approval of diversity and inclusion initiatives •Approval of the Gender Pay Gap and Ethnicity Pay Gap reports •Approval of the Modern Slavery Statement, Code of Business Conduct, Whistleblowing, Health and Safety and enhanced Parental Leave Policies •2022 annual bonus plan approved by the Remuneration Committee
	Links to our key risk objectives •Operational Risk/Reputation
Investors S172 sections (a) and (e)	**Why we engage** The interests of our debt investors and shareholder are addressed at a Group level. As such the Company, an Regulated Entity, provides fair, balanced and comprehensive information to esure Group plc, to enable the Group to instil trust and confidence and allow informed investment decisions to be made in esure Group plc. The principal disclosures in respect of these investors appear in the Annual Report and accounts of esure Group plc.
	Links to our key risk objectives •Financial Sustainability •Financial Protection/ Solvency & Liquidity •Customer •Operational Risk/Reputation
Corporate partners S172 sections (a), (c), (d) and (e)	**Why we engage** Strong ethical relationships with our corporate partners ensures the security of supply chain and our speed to market. We rely heavily on the high standards of our carefully selected partners who are integral to us achieving our future strategic goals, market-leading products and services. It is crucial to foster these relationships, mitigate risks and promote business resilience.
	How we engage •Every supplier/partner has a designated supplier relationship manager to monitor performance and help enhance the relationship with dedicated processes to govern end-to-end relationships. •Due diligence process and regular Information Security and business continuity engagement •Monitoring and support of the procurement governance practices for tender and contract management via a software application •Application of fair payment terms and pricing and responsible sourcing practices
	Our Response – decisions and actions taken in 2022 The Board spent time on: •Overhaul, review and approval of the Outsourcing and Material Third Party Suppliers Policy, and supporting Supplier Governance framework •Review of modern slavery risks in supply chains and approval of the Modern Slavery Statement (provided at group level) •Approval of high-value key material supplier contracts

Stakeholder groups (continued)

Corporate partners S172 sections (a), (c), (d) and (e)	**Our Response – decisions and actions taken in 2022 (continued)** •Review and approval of the Supplier Code of Conduct •Approach to environmental sustainability and dialogue with supply chain including carbon footprint, and for motor: *recycled parts, carbon-neutral repairer network, and electric vehicle ready network* •Appropriate response and support to strategic partner with key resources based in Ukraine •Third party impact on our Operational resilience
	Links to our key risk objectives •Financial Sustainability •Financial Protection/Solvency & Liquidity •Operational Risk/Reputation
Regulators S172 sections (a), (b) and (e)	**Why we engage** To understand regulatory and policy changes which provide opportunities but may also pose a risk to our operations. We work closely with our regulators to ensure that our products and services evolve appropriately and mitigate any associated risks.
	How we engage •Proactive and collaborative engagement with the PRA, FCA, CMA and ICO, and alignment of our approach to meet regulatory requirements •Membership of industry bodies (ABI) to ensure active engagement in industry-wide discussions •Regular and ad hoc meetings with regulators, attended by members of the Board and Group Executive team •Open and transparant reporting
	Our Response – decisions and actions taken in 2022 The Board spent time on: •Responses to FCA, PRA, CMA, ICO, and ABI consultations and other requests •A review of regulatory, technological and consumer trends •Periodic summary meeting responses to the PRA •Group climate change metrics in line with PRA requirements •Operational resilience including training •Oversight of the FCA Consumer Duty implementation plan and receipt of associated training •Capital management approach •Review and approval of Conduct Risk Policy by the Risk Committee •Approval of Tax Strategy by the Audit Committee •Membership of industry bodies (ABI) to ensure active engagement in industry-wide discussions
	Links to our key risks •Financial Protection/ Solvency & Liquidity •Customer •Operational Risk/Reputation
Community and environment S172 sections (a), (d) and (e)	**Why we engage** Engaging with our communities is the right thing to do, is an integral part of our culture and helps drive continued the long-term viability of the business. We are committed to helping the UK become a sustainable, low-carbon economy and will play our part in combatting climate change. We believe that unmitigated climate change is a key risk for the insurance industry, as well as a systemic threat to society.
	How we engage •Colleague community committees run by volunteers at each office location supporting fund raising for local charities •Sponsorship deals and partnering with environmentally focused global charities •A clearly articulated Climate Strategy and commitment to annual ClimateWise reporting
	Our Response – decisions and actions taken in 2022 The Board spent time on: •Reviewing and approval of Code of Business Conduct, Modern Slavery Statement and Board Diversity Statement •Reviewing and approval of our sustainability ambition, strategy, targets (aligned with the ABI Climate action roadmap) and initiatives aimed at combatting climate change and managing climate change risks. •Reviewing submission and results of ClimateWise reporting and agreeing ambitions for 2023 •Oversight of various colleague and community engagement initiatives
	Links to our key risks •Financial Sustainability •Customer •Operational Risk/Reputation

Notes to the financial statements
For the year ended 31 December 2022

Corporate Governance Statement

For the year ended 31 December 2022, the Company has applied the Wates Corporate Governance Principles for Large Private Companies (published by the Financial Reporting Council ('FRC') in December 2018). The Company is part of esure Group, which has also adopted the Guidelines for Disclosure and Transparency in Private Equity Companies (the "Walker PERG Guidelines"). For further information see the esure Group plc 2022 Annual Report and Accounts.

Statutory Auditor

As a result of the mandatory requirement to rotate external audit firms, the Company commenced a review and audit tender process which was concluded in December 2021 with Deloitte LLP being selected for appointment for the year ending 31 December 2022. The Audit Committee considers that the relationship is working well and that Deloitte will continue to remain in place.

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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Approved by order of the Board

K R Whitehead
Company Secretary
30 March 2023

The Observatory
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.

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

Opinion

In our opinion the financial statements of Esure Services Limited ("the company"):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 issued.

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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to material misstatement in the financial statements themselves. 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report to the Directors of esure Services Limited (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

• had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and

• do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the company's regulatory permissions and environmental regulations.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

• reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;

• performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

• enquiring of management of internal audit, actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and

• reading minutes of meetings of those charged with governance, reviewing internal audit reports

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

• the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

• the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

• adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

• the financial statements are not in agreement with the accounting records and returns; or

• certain disclosures of directors' remuneration specified by law are not made; or

• we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's directors, 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 directors 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 its directors as a body, for our audit work, for this report, or for the opinions we have formed.

M. McQueen

Mark McQueen (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
30 March 2023

Statement of Comprehensive Income
For the year ended 31 December 2022

	Notes	2022 £m	2021 £m
Turnover	4	**307.8**	308.5
Administrative expenses		**(303.7)**	(302.3)
Operating profit		**4.1**	6.2
Income from other investments		**1.2**	2.6
Interest receivable from group companies		**1.1**	0.7
Interest payable	9	**(0.5)**	(0.5)
Profit on ordinary activities before tax		**5.9**	9.0
Tax credit on profit on ordinary activities	10	**0.6**	0.3
Profit on ordinary activities after tax		**6.5**	9.3
Other comprehensive expense	22	**(1.3)**	(2.6)
Total comprehensive income		**5.2**	6.7

All amounts relate to continuing operations.

The notes on pages 14 to 26 form part of these financial statements.

Statement of Financial Position
As at 31 December 2022

	Notes	2022 £m	2022 £m	2021 £m	2021 £m
Fixed assets					
Intangible assets	11		**21.9**		28.7
Tangible assets	12		**12.1**		14.2
Investments	14		**31.6**		31.8
			65.6		74.7
Current assets					
Debtors	15	**26.1**		28.5	
Cash at bank		**10.9**		11.3	
		37.0		39.8	
Creditors: amounts falling due within one year	16	**(35.3)**		(52.4)	
Net current assets / (liabilities)			**1.7**		(12.6)
Total assets less current liabilities			**67.3**		62.1
Creditors: amounts falling due after more than one year	17		**(9.8)**		(11.0)
Net assets			**57.5**		51.1
Capital and reserves					
Called up share capital	19		**13.8**		13.8
Profit and loss account			**(55.8)**		(62.2)
Available-for-sale and other reserves			**99.5**		99.5
Shareholder's funds - all equity			**57.5**		51.1

The notes on pages 14 to 26 form part of these financial statements.

The financial statements were approved by the Board and authorised for issue on 30 March 2023 and signed on its behalf.

Peter Bole
Director

Registered number: 02135610

Statement of changes in equity

	Notes	Share capital £m	Profit and loss account £m	Available for sale reserve £m	Other reserves £m	Total equity £m
Year ended 31 December 2021						
At 1 January 2021		13.8	(70.1)	1.9	99.2	44.8
Profit for the year		-	9.3	-	-	9.3
Other comprehensive loss		-	-	(2.6)	-	(2.6)
Total comprehensive income for the year		-	9.3	(2.6)	-	6.7
Transactions with owners:						
Dividends		-	(1.4)	-	-	(1.4)
Capital contribution: share-based payments		-	-	-	1.0	1.0
Total transactions with owners:		-	(1.4)	-	1.0	(0.4)
At 31 December 2021		13.8	(62.2)	(0.7)	100.2	51.1
Year ended 31 December 2022						
At 1 January 2022		**13.8**	**(62.2)**	**(0.7)**	**100.2**	**51.1**
Profit for the year		-	**6.5**	-	-	**6.5**
Other comprehensive loss	18	-	**(0.1)**	**(1.2)**	-	**(1.3)**
Total comprehensive income for the year		-	**6.4**	**(1.2)**	-	**5.2**
Transactions with owners:						
Capital contribution: share-based payments		-	-	-	**1.2**	**1.2**
Total transactions with owners:		-	-	-	**1.2**	**1.2**
At 31 December 2022		**13.8**	**(55.8)**	**(1.9)**	**101.4**	**57.5**

During the year ended 31 December 2022 capital contributions of £1.2m (2021: £1.0m) were received from the parent of esure Services Limited, Blue (BC) Topco Limited, related to share-based payment awards made to employees of esure Services Limited in the shares of Blue (BC) Topco Limited.

Other reserves include capital contributions made by esure Holdings Limited to esure Services Limited of £85,000,000. During the year ended 31 December 2022 no additional capital contributions were made (2021: £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 £nil were declared in 2022 (2021 interim dividend: £0.10).

The notes on pages 14 to 26 form part of these financial statements.

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 as an intermediary and service provider for other members of the esure group of companies.

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 2022, 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 2021.

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/results-presentations/

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 accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has 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 Board has reviewed the Company's projections for the next planning cycle including consideration of the liquidity requirements of the Company.

The key uncertainties for 2023 and beyond considered by the Board were the risks resulting from the Blueprint transformation programme, in particular relating to delivery of the new platform; and the impact of inflation.

The Board has reviewed the Company's projections for the 12 months from the date of approval of the financial statements and based on this work, the Directors have a reasonable expectation that the Company has adequate resources to continue in operation for at least the 12 months from the date of signing of these financial statements.

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 UK which the Company had not adopted.

Turnover

Turnover comprises amounts received or receivable for services provided to other members of 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.

Turnover also includes introducer fees where the Company does not have a continuing relationship with the customer. This revenue is brought into the accounts when the policy placement has been completed and confirmed.

2. Accounting policies (continued)

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 offset 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 two and five years.

Impairment testing of intangible assets

The Group tests intangible assets with finite useful lives for impairment where there are indicators that their carrying value may be impaired. All intangible assets not yet in use within the business are tested annually for impairment.

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 entity 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

The investment in the group undertaking is 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 2022 and 31 December 2021 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 2022 and 31 December 2021 included trade and other debtors which were classified as measured at amortised cost. As at 31 December 2022 and 31 December 2021, investments in shares in unquoted equity instruments were 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 OCI 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 cost'.

The Company's financial liabilities at 31 December 2022 and 31 December 2021 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

The Company subleases property. The Company has classified this lease as an operating lease.

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

As a lessee, the Company leases a property asset. The Company recognises right-of-use assets and lease liabilities for all leases. On initial recognition, lease liabilities are measured at the present value of the future lease payments, discounted at the Group's incremental borrowing rate at that date. The right-of-use asset is equal to the lease liability and is then depreciated on a straight-line basis over the lifetime of the lease.

Share-based payments

Where the Company's ultimate parent, Blue (BC) Topco Limited, grants rights to its equity instruments to employees of esure Services Limited, esure Services Limited accounts for these share-based payments as equity-settled. A corresponding credit to other reserves (an equity contribution from Blue (BC) Topco Limited) 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 the software licences requires particular judgement to be applied as follows:

The useful life of software licences 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 the 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.

The sensitivity analysis for the values of property, plant and equipment illustrates how a change in the useful life by plus or minus 1 year in the calculation would result in an increase of £0.4m or decrease of £1.0m respectively.

The same sensitivity analysis applied to software assets would result in an increase of £6.7m or a decrease of £4.9m respectively.

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 . Profit after tax

Profit after tax is stated after charging:

	2022 £m	2021 £m
Amortisation of intangible assets (note 11)	14.6	14.3
Depreciation of tangible fixed assets:		
- owned by the company (note 12)	2.3	4.7
Auditor's remuneration	0.1	0.1
Loss on disposal of intangible assets (note 11)	2.2	0.1
Loss on disposal of tangible fixed assets (note 12)	-	0.6

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

6 . Staff cost

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

	2022 £m	2021 £m
Wages and salaries	70.7	73.1
Social security costs	7.7	7.5
Other pension costs	4.5	4.2
Equity-settled share-based payment expense (note 7)	1.2	1.0
	84.1	85.8

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

	2022	2021
Operations	1,075	1,160
Support	577	563
Annual average	1,652	1,723

7. Share-based payments

During 2022 certain employees were eligible to purchase shares in the Company's ultimate parent company, Blue (BC) Topco Limited. Due to the restrictive conditions in place over the options these shares qualify as a share-based payment scheme under IFRS 2 *Share Based Payments*. The Company receives the employees' services but the scheme will be settled by Blue (BC) Topco Limited and is therefore classified as equity settled in these accounts.

Awards have been made in the scheme as follows:

	Year ended 31 Dec 2022	Year ended 31 Dec 2021	Year ended 31 Dec 2020
Awarded to Directors	-	-	380
Awarded to Senior Management	71	305	130

Under the scheme the restrictions on the shares are lifted on the event of Blue (BC) Topco exiting its investment in the Group.

Number of shares initially granted	510
Number outstanding at 1 January 2021	510
Granted in the year	305
Lapsed in the year	(7)
Number outstanding at 1 January 2022	**808**
Granted in the year	**71**
Lapsed in the year	**(46)**
Number outstanding at 31 December 2022	**833**
Exercise price per share	£5,500

Valuation of awards

As the shares have a variable participation in proceeds on exit, the fair value of the awards was estimated using a Stochastic (Monte-Carlo) model.

The inputs into the model were:

Valuation date	16 October 2020
Volatility (modelled using historical share price volatility of quoted comparator companies)	25.0%
Expected term	3.2 years
Risk free rate	-0.09%
Expected transaction cost (% of enterprise value)	3.0%
Discount for post vesting restrictions	10.0%

Valuation Methodology

IFRS 2 does not provide direct guidance as to the methodology for determining the share price at the valuation date. As Blue (BC) Topco Limited was not listed at the date of grant an approach using a multiple of net asset value at the date of grant has been applied.

Financial effect of share-based payments made

The total expense recognised for the year arising from the share-based payments above was £1.2m (2021: £1.0m). All share-based payment transactions were accounted for as equity-settled.

8. Directors' remuneration

	2022 £m	2021 £m
Emoluments in respect of qualifying services	2.1	3.3
IFRS share based payment charge (see Note 7)	0.5	0.5
Total Directors' remuneration	2.6	3.8

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 £2.6m during the year ended 31 December 2022 (2021: £3.8m). 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.

<u>**Remuneration of the highest paid Director**</u>	2022 £m	2021 £m
Emoluments in respect of qualifying services	1.0	1.8
IFRS share based payment charge (see Note 7)	0.3	0.3
	1.3	2.1

9. Interest payable

	2022 £m	2021 £m
Interest expense on leasing liabilities	0.5	0.5
	0.5	0.5

10. Taxation

	2022 £m	2021 £m
UK corporation tax charge on profit for the year	0.4	1.8
Tax adjustment relating to income for prior periods	(0.7)	(0.6)
Taxation (credit)/charge	(0.3)	1.2
Deferred tax for the reporting period (note 18)	(0.4)	(1.2)
Deferred tax relating to prior periods (note 18)	0.1	(0.3)
Total deferred tax	(0.3)	(1.5)
Taxation credit	(0.6)	(0.3)

The tax rate used for the calculations is the Corporation Tax rate of 19.00% (2021: 19.00%) payable by the corporate entities in the UK on taxable profits under tax law in that jurisdiction.

10 . Taxation (continued)

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

	2022 £m	2021 £m
Profit before taxation	5.9	9.0
Taxation calculated at 19.00% (2021: 19.00%)	1.1	1.7
Effect of expenses that are not deductible	0.5	0.9
Adjustments in relation to the current tax of prior years	(0.7)	(0.6)
Adjustments in relation to the deferred tax of prior years	0.1	(0.3)
Remeasurement of Deferred Tax - Change in UK tax rate	(0.2)	-
Current tax transferred through equity	(0.1)	(0.6)
Non taxable income	(1.3)	(1.4)
Taxation expense	(0.6)	(0.3)

Tax recognised directly in equity

	2022 £m	2021 £m
Deferred tax credit recognised directly in equity	0.6	(0.6)
Total tax credit recognised directly in equity	0.6	(0.6)

In 2022 and 2021 the deferred tax recognised directly in equity related to deferred tax on the implementation of IFRS 16.

11 . Intangible fixed assets

	Software £m
Cost	
At 1 January 2022	71.7
Additions	10.0
Disposals and impairments	(3.5)
At 31 December 2022	78.2
Amortisation	
At 1 January 2022	43.0
Charge for the year	14.6
Disposals and impairments	(1.3)
At 31 December 2022	56.3
Net book value	
At 31 December 2022	21.9
At 1 January 2022	28.7

Included in software as at 31 December 2022 is £3.4m relating to software assets that are not yet available for use in the manner intended by management (31 December 2021: £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 2023, after which the assets are expected to have a useful economic life of two to four years.

The Company tests intangible assets with finite useful lives for impairment where there are indicators that their carrying value may be impaired. In 2022, the Company recognised a charge of £2.3m (2021: £0.1m).

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

12 . Tangible fixed assets

	Right of use assets - leasehold buildings	Furniture, fittings and equipment	Total
Cost	**£m**	**£m**	**£m**
At 1 January 2022	15.1	27.6	42.7
Additions	0.0	0.2	0.2
At 31 December 2022	15.1	27.8	42.9
Depreciation			
At 1 January 2022	3.9	24.6	28.5
Charge for the year	1.3	1.0	2.3
At 31 December 2022	5.2	25.6	30.8
Net book value			
At 31 December 2022	9.9	2.2	12.1
At 1 January 2022	11.2	3.0	14.2

The Company has tested its right-of-use asset for impairment at 31 December 2022 and at 31 December 2021 and has concluded that there is no indication that the right-of-use asset is impaired.

13 . Financial Assets and Liabilities

<u>Financial assets</u>

Designation under IFRS 9	**2022**	**2021**
	£m	**£m**
Financial assets measured at FVOCI (designated)	0.7	1.8
Financial assets at amortised cost	45.2	47.3
Total financial assets	45.9	49.1

<u>Financial liabilities</u>

Financial liabilities measured at amortised cost	8.1	4.8
Total financial liabilities	8.1	4.8

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.

<u>Credit Risk</u>

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 2022		
Low Risk	45.2	-
Doubtful	-	-
Loss	0.0	-
Total	45.2	-
At 31 December 2021		
Low Risk	47.3	-
Doubtful	-	-
Loss	0.0	-
Total	47.3	-

Low risk includes items that are intra group and where there is no expectation of irrecoverability, items of 0-3 months.
Doubtful includes any items that are over six months old and therefore there is some possibility that these may not be recovered. A doubtful debt provision will be held based on the facts and circumstances of individual items.
Loss includes any amounts that are thought to be unlikely to be recovered and are provisioned in full as Bad debts.

13 . Financial Assets and Liabilities (continued)

Items of income, expense, gains or losses

Net gains/(losses) on:	2022 £m	2021 £m
Financial assets measured at FVOCI (designated)	**(1.2)**	(2.1)
Financial assets at amortised cost	-	1.5
Financial liabilities measured at amortised cost	-	-

14 . Investments

Fixed asset investments comprise:

	Unlisted equity investments £m	Total £m
At 1 January 2021	4.4	4.4
Change in discounted cash flow valuation	(2.6)	(2.6)
At 1 January 2022	1.8	1.8
Change in discounted cash flow valuation	(1.1)	(1.1)
At 31 December 2022	0.7	0.7

As permitted by IFRS 9, on initial recognition the Company has irrevocably elected to present the unlisted equity investments as measured at FVOCI. This election has been made to reflect the intention of the Company to hold the investments and to obtain its return through dividend income. The fair value at 31 December 2022 was £0.7m (31 December 2021: £1.8m) and the dividend income received in 2022 totalled £1.2m (2021: £2.6m). During 2022 there were no transfers within equity (2021: £nil).

	2022 £m	2021 £m
Amounts owed by group undertakings	30.9	30.0

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, Reigate, Surrey, RH2 0SG	Ordinary	100%

Investment in esure broker Limited

During 2021 esure broker Limited became dormant and esure Services Limited wrote off a residual amount, against which provision had previously been made. As the investment had already been written down to £nil no further impairment of the investment was required.

15 . Debtors: Amounts falling due within one year

	2022 £m	2021 £m
Amounts owed by group undertakings	10.8	14.4
Corporation tax	2.6	1.1
Other debtors	3.4	2.9
Prepayments and accrued income	6.9	7.4
Deferred tax asset (see note 18)	2.4	2.7
	26.1	28.5

16 . Creditors: Amounts falling due within one year

	2022 £m	2021 £m
Amounts owed to group undertakings	4.1	2.6
Social security and other taxes	4.3	3.1
Other creditors	4.0	2.2
Accruals	21.7	43.4
Lease liabilities	1.2	1.1
	35.3	52.4

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

	2022 £m	2021 £m
Lease liabilities	9.8	11.0
	9.8	11.0

18 . Deferred taxation asset

The deferred tax asset is made up as follows:

	2022 £m	2021 £m
Capital allowances	3.0	2.7
Leases	(0.6)	(0.0)
	2.4	2.7

There were no unrecognised deferred tax assets.

The deferred tax blended rate is 24.5% (2020: 19.0%).

	Leases £m	Capital allowances £m	Total £m
1 January 2021	(0.6)	1.2	0.6
Deferred tax charge for prior periods	-	0.3	0.3
Deferred tax charge for the period	-	0.1	0.1
Impact of change in tax rate	-	1.1	1.1
Recognised directly in equity	0.6	-	0.6
At 31 December 2021	(0.0)	2.7	2.7
At 1 January 2022	(0.0)	2.7	2.7
Deferred tax charge for prior periods	-	0.1	0.1
Impact of change in tax rate	-	0.2	0.2
Recognised directly in equity	(0.6)	-	(0.6)
At 31 December 2022	(0.6)	3.0	2.4

19 . Share capital

	2022 £m	2021 £m
Authorised, allotted, called up and fully paid		
13,800,000 Ordinary shares of £1 each (2021: 13,800,000 Ordinary shares of £1 each)	13.8	13.8

20. Capital commitments

The Company had capital commitments as follows:

	2022 £m	2021 £m
Contracted for but not provided in these financial statements	-	0.1

21. Pension commitments

The Company contributes to a Group Personal Pension defined contribution scheme available to all staff of which 1,517 (2021: 1,690) 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 £4.5m (2021: £4.2m). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

22. Other comprehensive income

During the year ended 31 December 2022, £1.2m was expensed to other comprehensive income in respect of fair value movements on an available for sale financial asset (31 December 2021: £2.6m). The available for sale reserve as at 31 December 2022 represents accumulated fair value changes in respect of the financial asset. Additionally there was a movement of £0.1m related to Deferred Tax as shown in note 18.

23. Ultimate parent undertaking

The Company is a wholly owned subsidiary undertaking of esure Holdings Limited. The largest and smallest group into which these accounts are consolidated is esure Group plc.