esure Services Limited

Report and Financial Statements

For the year ended 31 December 2021

Company Registration Number 02135610

esure Services Limited

Corporate Information

Directors

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

Secretary

K R Whitehead

Auditor

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

Registered office

The Observatory
Reigate
Surrey
RH2 0SG

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.

Intragroup broking agreement

During the year the Company formalised a broking agreement with esure Insurance Limited, a subsidiary of the Company's parent, esure Holdings Limited. This agreement means that amounts due from policyholders are now paid to the Company which then remits the balance to esure Insurance Limited.

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 2021 these have included the implementation of the Game Changer Strategy and the on-going risk due to the effect of the Covid pandemic on 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 £9.3m (2020: £3.9m).

By order of the Board

Kirsty Whitehead

K R Whitehead
Company Secretary
1 March 2022

Registered number 02135610
Directors' Report

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

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 £9.3m (2020: £3.9m).

Dividends were paid during the year of £1.4m (2020: £4.3m). The Directors do not recommend payment of a final dividend (2020: £Nil).

Directors

The Directors who served during the year were:
P D Bole
A K Haste
A S Birrell
P A Shaw
A R Rubenstein (resigned 31 December 2021)
L Bassi
D J R McMillan

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

Our people are our most important asset, supporting us to transform our business strategy to 'fix insurance for good' and deliver for our customers and stakeholders. As of 31 December 2021, the Group employed 1,672 people across three offices in Glasgow, Manchester and Reigate. 52.5% of our colleagues are male, 47.5% female. Within our senior team, 32% are female.

Colleague engagement

Colleague engagement has always been important for us and continues to be a vital part of our overall colleague proposition. The continued presence of the Covid pandemic has meant working remotely for the majority of our people. Our regular monthly engagement surveys have allowed us to maintain our modern 'continual listening' approach, to ensure we capture the views and experiences of our colleagues on a regular basis.

We are really pleased that throughout the year we maintained an aggregated survey response rate of 94%, meaning colleagues are happy to engage and share their feedback. During what we consider to be a continued challenging period for most of us with the pandemic, we have seen our overall engagement scores reduce in the latter half of 2021. This remains an area of focus with a number of Group Executive management actions under way.

To support our transformation programme, we also invested in and improved our suite of communication channels to offer colleagues greater variety and choice in how they engage across the business. This includes fortnightly newsletters on our Game Changer strategy, interactive e-mails where colleagues can provide immediate feedback, monthly CEO blogs/vlogs and a more socially-focused communication tool, Yammer.

In addition to sponsoring numerous events throughout the year, our Colleague Forum, also provides our colleagues with the opportunity to discuss issues, ideas and opinions on workplace matters. It consists of elected representatives from across the business.

The Group held several colleague events during 2021 to drive engagement, including business-wide fitness challenges, charity fundraisers, online health and wellbeing classes, award nights, quizzes and Christmas events.

Colleague experience

In line with our broader strategic ambitions, we continue to invest in our offices and technology to further enhance the experience of our

This year, to support the re-opening of offices and the introduction of hybrid working, we undertook an extensive re-fit across all our offices. This investment vastly improved the office environments by introducing modern collaboration and break out spaces, as well as hot desking.

We also recently launched a digital benefits platform and now offer an extensive range of supplementary benefits for colleagues to choose from, including electric vehicle salary sacrifice, health & wellbeing products, lifestyle products, holiday buy and sell, and charity 'Give as You Earn'.

Equity, Inclusion and Diversity

In line with our strategic ambition of being a leading digital insurer we want to become a truly diverse and inclusive organisation.

We want to create an environment where people from all backgrounds and beliefs feel respected, are treated equally and can thrive.

We aim to ensure all colleagues are given equal opportunity and we also believe the perspectives and experiences of our colleagues should reflect the breadth and diversity of our customers, suppliers, business partners and communities across the UK.

We believe that outstanding customer service comes hand in hand with a positive working culture where varied skills, perspectives and experiences are respected and nurtured. A diverse and inclusive workplace is also critical to enable us to attract and retain the best talent, reduce risk and improve decision-making.

Employees (continued)

Inclusion and Diversity (continued)

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 reconfirmed 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

Our Chief Strategy & Transformation Officer is our Inclusion and Diversity Executive Sponsor. In collaboration with the Inclusion and Diversity working group and taking into account the findings of our Inclusion and Diversity survey, we identified eight priorities for inclusion and diversity across the Group for 2021, to target the three key areas of attraction, retention and growth.

Initiative	Attraction	Retention	Growth
Celebrate and educate around a broad number of cultural events – not just events in Christian calendar	✓	✓	✓
Review all our existing policies with an I&D lens and propose changes that fit with our I&D ambitions – including the I&D policy & Board statement. Other priorities are family focus e.g. mat/pat leave/carers and adoption leave	✓	✓	
Review/expand our approach to flexible working – both our approach to job shares, part time etc. and flexibility on where the work gets done	✓	✓	
Inclusive Recruitment – from Hiring Manager and candidate experience - wording of adverts using an application like Textio, recruitment process, interviewers and improving hiring capability amongst hiring managers	✓		✓
Build strong partner relationships to support us and learn from – Women in Data, Women in Tech	✓	✓	✓
Awareness training – I&D is for everyone	✓	✓	✓
Clear and transparent communication plan throughout the year - Recognition of I&D efforts/roles model, blogs, interviews for female role models and personal stories		✓	✓
Drive a more inclusive and gender balanced workforce - Reviewing team by team	✓		✓

Learning and Development

We are dedicated to developing and maximising the potential of our people. We invest in a range of apprenticeship, talent and development programmes for our people, providing opportunities to gain experience and broaden knowledge, skills and behaviours.

To support individual and team growth, we continue to make great progress on esure Learning Academies to make capability building widely available to everyone. This year we launched Leadership, Agile, Data and Technology Academies. We have rolled out LinkedIn Learning as part of our Academies and we will use this to deliver a broad range of awareness training across the company as well as supporting individual development needs.

We are investing in our Leadership Capability through a series of Leadership programmes, one targeted at senior managers the 'Master Programme' and one for more junior colleagues the 'Life Leader programme'. We continue to develop our front-line team leaders, those newly promoted to management and managers new to esure Group through the Management Excellence Programme.

In 2021 esure extended the range of apprenticeship programmes available from core insurance levels 3 and 4 up to and including degree and master levels.

Supporting our colleagues during the Covid pandemic

Colleague wellbeing throughout the Covid pandemic has been a key area of focus. The pandemic changed the way we all work, communicate and connect with one another. As the pandemic unfolded in the first quarter of 2020, the Group quickly prioritised investment in resources to ensure our colleagues could transition to working from home and adapt to the new ways of working.

We launched a number of initiatives to support colleagues working from home in early 2020 which continued into 2021, including surveys an Employee Assistance Programme; a business-wide 'No Apologies' campaign for parents balancing working from home with childcare; and free online health and wellbeing classes.

To accommodate those unable or struggling to work from home, we continued to undertake independent risk assessments of our offices during 2021 and we set up Covid-secure working spaces to allow them to work from the office safely in line with government guidance. We put in place a stringent set of protocols to protect colleagues returning to our offices and carried out induction sessions setting out the new ways of working in the offices.

Section 172 Statement of the Directors

The Directors have acted, in good faith, to promote the success of the Company for the benefit of its members as a whole. For details of how the Directors complied with the requirements of section 172 (1) (a) to (f) of the Companies Act 2006 when performing their duties under section 172, please see the esure Group plc 2020 Annual Report and Accounts.

Corporate Governance Statement

For the year ended 31 December 2021, under The Companies (Miscellaneous Reporting) Regulations 2018, 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 2021 Annual Report and Accounts.

Change of auditor

As a result of the mandatory requirement to rotate external audit firms, the Company commenced an audit re-tender process which was concluded in December 2021 with Deloitte LLP being selected for appointment for the year ending 31 December 2022.

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.

By order of the Board

Kirsty Whitehead

K R Whitehead
Company Secretary
1 March 2022

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 members of esure Services Limited

Opinion

We have audited the financial statements of esure Services Limited ("the Company") for the year ended 31 December 2021 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 2021 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.

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").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee and internal audit and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management and staff.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as impairment. On this audit we do not believe there is a fraud risk related to revenue recognition because the recognition and valuation of revenue is not subjective or estimated and as such there is limited opportunity for management to commit a fraud, and that would lead to a material misstatement.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the Company-wide fraud risk management controls.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. The risk criteria included those posted by an individual who is not from the Finance Department to seldom used accounts, unusual journal entry pairings and journal entries recorded at the end of the period or as post-closing entries that have little or no explanation or description.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

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

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations (continued)

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: data privacy, employment law, regulatory capital and liquidity, regulatory conduct and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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 6, 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.

Caroline Gilbertson

Caroline Gilbertson
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London, E14 5GL
1 March 2022

Statement of Comprehensive Income
For the year ended 31 December 2021

	Notes	2021 £m	2020 £m
Turnover	4	308.5	274.3
Administrative expenses		(302.3)	(271.8)
Operating profit		6.2	2.5
Income from other investments		2.6	2.3
Interest receivable from group companies		0.7	0.3
Interest payable	9	(0.5)	(0.5)
Profit on ordinary activities before tax		9.0	4.6
Tax credit / (charge) on profit on ordinary activities	10	0.3	(0.7)
Profit on ordinary activities after tax		9.3	3.9
Other comprehensive expense	24	(2.6)	(3.7)
Total comprehensive income		6.7	0.2

All amounts relate to continuing operations.

The notes on pages 12 to 24 form part of these financial statements.

Statement of Financial Position
As at 31 December 2021

	Notes	2021 £m	2021 £m	2020 £m	2020 £m
Fixed assets					
Intangible assets	11		**28.7**		34.7
Tangible assets	12		**14.2**		17.1
Investments	14		**31.8**		4.4
			74.7		56.2
Current assets					
Debtors	15	**28.5**		47.1	
Cash at bank		**11.3**		1.5	
		39.8		48.6	
Creditors: amounts falling due within one year	16	**(52.4)**		(47.9)	
Net current (liabilities) / assets			**(12.6)**		0.7
Total assets less current liabilities			**62.1**		56.9
Creditors: amounts falling due after more than one year	17		**(11.0)**		(12.1)
Net assets			**51.1**		44.8
Capital and reserves					
Called up share capital	19		**13.8**		13.8
Profit and loss account			**(62.2)**		(70.1)
Available-for-sale and other reserves			**99.5**		101.1
Shareholder's funds - all equity			**51.1**		44.8

The notes on pages 12 to 24 form part of these financial statements.

The financial statements were approved by the Board and authorised for issue on 1 March 2022 and signed on its behalf.

Peter Bole
Director

Registered number: 02135610

esure Services Limited

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 2020					
At 1 January 2020	13.8	(69.7)	5.6	99.1	48.8
Profit for the year	-	3.9	(3.7)	-	0.2
Total comprehensive income for the year	-	3.9	(3.7)	-	0.2
Transactions with owners:					
Dividends	-	(4.3)	-	-	(4.3)
Capital contribution: share-based payments	-	-	-	0.1	0.1
Total transactions with owners:	-	(4.3)	-	0.1	(4.2)
At 31 December 2020	13.8	(70.1)	1.9	99.2	44.8
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	(2.6)	-	6.7
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	0.0	-	-	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

During the year ended 31 December 2021 capital contributions of £1.0m (2020: £0.1m) 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 2021 no additional capital contributions were made (2020: £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 £0.10 were declared and paid in 2021 (2020 (interim dividend): £0.31).

The notes on pages 12 to 24 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 2021, 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 2020.

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 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 2022 and beyond considered by the Board were the risks resulting from the Game Changer programme, in particular relating to delivery of the new platform; and the on-going Operational Risks to the business of the Covid pandemic.

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 three 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 2021 and 31 December 2020 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 2021 and 31 December 2020 included trade and other debtors which were classified as measured at amortised cost. As at 31 December 2021 and 31 December 2020, 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 2021 and 31 December 2020 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.

Notes to the financial statements
For the year ended 31 December 2021

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:

	2021 £m	2020 £m
Amortisation of intangible assets (note 11)	14.3	12.4
Depreciation of tangible fixed assets:		
- owned by the company (note 12)	4.7	6.5
Auditor's remuneration	0.1	0.1
Loss on disposal of intangible assets (note 11)	0.1	1.8
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:

	2021 £m	2020 £m
Wages and salaries	73.1	69.7
Social security costs	7.5	7.4
Other pension costs	4.2	3.9
Equity-settled share-based payment expense (note 7)	1.0	0.1
	85.8	81.1

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

	2021	2020
Operations	1,160	1,342
Support	563	453
	1,723	1,795

7 . Share-based payments

During 2021 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 2021	**Year ended 31 Dec 2020**
Awarded to Directors	-	380
Awarded to Senior Management	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 2020	-
Granted in the year	380
Number outstanding at 1 January 2021	**380**
Granted in the year	**305**
Lapsed in the year	**(7)**
Number outstanding at 31 December 2021	**678**
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 £1.0m (2020: £0.1m). All share-based payment transactions were accounted for as equity-settled.

8 . Directors' remuneration

	2021 £m	2020 £m
Emoluments in respect of qualifying services	3.3	3.3
Contributions to defined contribution pension schemes	-	0.1
Total Directors' remuneration	3.3	3.4

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 £3.3m during the year ended 31 December 2021 (2020: £3.4m). 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, retirement benefits were accruing to two Directors of esure Services Limited (2020: two) in respect of defined contribution pension schemes.

Remuneration of the highest paid Director	2021 £m	2020 £m
Emoluments in respect of qualifying services	1.8	1.9
Contributions to defined contribution pension schemes	-	0.1
	1.8	2.0

9 . Interest payable

	2021 £m	2020 £m
Interest expense on leasing liabilities	0.5	0.5
	0.5	0.5

10 . Taxation

	2021 £m	2020 £m
UK corporation tax charge on profit for the year	1.8	0.6
Tax adjustment relating to income for prior periods	(0.6)	(0.4)
Taxation charge	1.2	0.2
Deferred tax for the reporting period (note 18)	(1.2)	0.3
Deferred tax relating to prior periods (note 18)	(0.3)	0.2
Total deferred tax	(1.5)	0.5
Taxation expense	(0.3)	0.7

The tax rate used for the calculations is the Corporation Tax rate of 19.00% (2020: 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:

	2021 £m	2020 £m
Profit before taxation	9.0	4.6
Taxation calculated at 19.00% (2020: 19.00%)	1.7	0.9
Effect of expenses that are not deductible	0.9	(0.2)
Adjustments in relation to the current tax of prior years	(0.6)	0.2
Adjustments in relation to the deferred tax of prior years	(0.3)	0.2
Current tax transferred through equity	(0.6)	-
Non taxable income	(1.4)	(0.4)
Taxation expense	(0.3)	0.7

Tax recognised directly in equity

	2021 £m	2020 £m
Deferred tax credit recognised directly in equity	(0.6)	(0.0)
Total tax credit recognised directly in equity	(0.6)	(0.0)

In 2021 and 2020 the deferred tax recognised directly in equity related to the unwind of deferred tax on the implementation of IFRS 16.

11 . Intangible fixed assets

	Software £m
Cost	
At 1 January 2021	71.1
Additions	8.4
Disposals and impairments	(7.8)
At 31 December 2021	71.7
Amortisation	
At 1 January 2021	36.4
Charge for the year	14.3
Disposals and impairments	(7.7)
At 31 December 2021	43.0
Net book value	
At 31 December 2021	28.7
At 1 January 2021	34.7

Included in software as at 31 December 2021 is £5.3m relating to software assets that are not yet available for use in the manner intended by management (31 December 2020: £8.1m). 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 2022, after which the assets are expected to have a useful economic life of three to five years.

The Company tests intangible assets with finite useful lives for impairment where there are indicators that their carrying value may be impaired. In 2020, due to regulatory changes, the Company identified intangible assets requiring impairment and recognised a charge of £1.7m. In 2021, the Company has identified intangible assets that will have shorter useful lives than previously expected, due to the Blueprint programme, and has recognised a charge of £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

Cost	Right of use assets - leasehold buildings £m	Furniture, fittings and equipment £m	Total £m
At 1 January 2021	15.1	43.2	58.3
Additions	0.0	2.4	2.4
Disposals and impairments	0.0	(18.0)	(18.0)
At 31 December 2021	15.1	27.6	42.7
Depreciation			
At 1 January 2021	2.6	38.6	41.2
Charge for the year	1.3	3.4	4.7
Disposals and impairments	0.0	(17.4)	(17.4)
At 31 December 2021	3.9	24.6	28.5
Net book value			
At 31 December 2021	11.2	3.0	14.2
At 1 January 2021	12.5	4.6	17.1

The Company has tested its right-of-use asset for impairment at 31 December 2021 and at 31 December 2020 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	2021 £m	2020 £m
Financial assets measured at FVOCI (designated)	**1.8**	4.4
Financial assets at amortised cost	**47.3**	37.7
Total financial assets	**49.1**	42.1

<u>Financial liabilities</u>

	2021 £m	2020 £m
Financial liabilities measured at amortised cost	**4.8**	4.2
Total financial liabilities	**4.8**	4.2

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>

<u>Loss allowances</u>

	Measured at equal to lifetime expected credit loss: credit-impaired £m
At 31 Dec 2020	1.5
At 31 Dec 2021	-

At 31 December 2021 the Company did not have any amounts that were written off during the year and which were still subject to enforcement activity (2020: £nil).

Credit Risk Exposure

<u>Gross carrying amounts</u>

	Loss allowance equal to 12-month expected credit loss £m	Loss allowance equal to lifetime expected credit loss: credit-impaired £m
At 31 December 2021		
Low Risk	**47.3**	-
Doubtful	-	-
Loss	-	-
Total	**47.3**	**0.0**
At 31 December 2020		
Low Risk	35.1	-
Doubtful	-	2.6
Loss	-	-
Total	35.1	2.6

13. Financial Assets and Liabilities (continued)

Items of income, expense, gains or losses

Net gains/(losses) on:	2021 £m	2020 £m
Financial assets measured at FVOCI (designated)	**(2.1)**	(3.8)
Financial assets at amortised cost	**1.5**	(0.4)
Financial liabilities measured at amortised cost	-	-

14. Investments

Fixed asset investments comprise:

	Unlisted equity investments £m	Total £m
At 1 January 2020	8.2	8.2
Change in discounted cash flow valuation	(3.8)	(3.8)
At 1 January 2021	4.4	4.4
Change in discounted cash flow valuation	(2.6)	(2.6)
At 31 December 2021	1.8	1.8

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 2021 was £1.8m (31 December 2020: £4.4m) and the dividend income received in 2021 totalled £2.6m (2020: £2.3m). During 2021 there were no transfers within equity (2020: £nil).

	2021 £m	2020 £m
Amounts owed by group undertakings	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

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. 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

	2021 £m	2020 £m
Amounts owed by group undertakings	14.4	36.1
Corporation tax	1.1	0.1
Other debtors	2.9	1.6
Prepayments and accrued income	7.4	8.7
Deferred tax asset (see note 18)	2.7	0.6
	28.5	47.1

16. Creditors: Amounts falling due within one year

	2021 £m	2020 £m
Amounts owed to group undertakings	2.6	1.1
Social security and other taxes	3.1	2.9
Other creditors	2.2	3.1
Accruals	43.4	39.7
Lease liabilities	1.1	1.1
	52.4	47.9

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

	2021 £m	2020 £m
Lease liabilities	11.0	12.1
	11.0	12.1

18. Deferred taxation asset

The deferred tax asset is made up as follows:

	2021 £m	2020 £m
Capital allowances	2.7	1.2
Leases	(0.0)	(0.6)
	2.7	0.6

There were no unrecognised deferred tax assets.

The deferred tax blended rate is 19.00% (2020: 19.00%).

	Leases £m	Losses brought forward £m	Capital allowances £m	Total £m
1 January 2020	(0.6)	0.6	0.1	0.1
Deferred tax charge for prior periods	-	0.2	-	0.2
Deferred tax charge for the period	-	(0.8)	1.1	0.3
Recognised directly in equity	0.0	-	-	0.0
At 31 December 2020	(0.6)	-	1.2	0.6
At 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	0.0	-	1.1	1.1
Recognised directly in equity	0.6	-	-	0.6
At 31 December 2021	(0.0)	-	2.7	2.7

19. Share capital

	2021 £m	2020 £m
Authorised, allotted, called up and fully paid		
13,800,000 Ordinary shares of £1 each (2020: 13,800,000 Ordinary shares of £1 each)	13.8	13.8