

Registered number: 07064319

esure Finance Limited

Directors' report and financial statements

**For the year ended
31 December 2015**



esure Finance Limited

Company information

Directors	P J Wood S R Vann D Ogden P G Ward
Secretary	N Edwards
Company number	07064319
Registered office	The Observatory Reigate Surrey RH2 0SG
Auditor	KPMG LLP Chartered Accountants & Statutory Auditor 15 Canada Square London E14 5GL

esure Finance Limited

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esure Finance Limited

**Directors' report
For the year ended 31 December 2015**

The Directors present their report and the financial statements for the year ended 31 December 2015.

Principal activity

The nature of the company's operations is as an intermediate holding company of the esure group of companies.

Results and dividends

The profit for the year, after taxation, amounted to £115,119,000 (2014: £76,438,000).

Dividends were paid during the year of £ 54,500,000 (2014: £76,639,904). Subsequent to the year end and following the receipt of dividend income of £14,300,000 from group undertakings, a dividend of £14,300,000 was declared by the Board of Directors in March 2016.

Directors

The Directors who served during the year were:

P J Wood

S R Vann

D Ogden

P G Ward

A J Hobson (resigned 13/5/2015)

Certain Directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

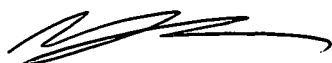
Auditor

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

Statement of disclosure of information to auditor

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

By order of the Board



Nick Edwards
Company Secretary
26 September 2016

esure Finance Limited

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

esure Finance Limited

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

We have audited the financial statements of esure Finance Limited for the year ended 31 December 2015 set out on pages 4 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

- We have not identified material misstatements in that report; and
- In our opinion, that report has been prepared in accordance with the Companies Act 2006

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report



Timothy Butchart
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

26 September 2016

esure Finance Limited

Statement of profit and loss and other comprehensive income
For the year ended 31 December 2015

	Note	2015 £000	2014 £000
Administrative expenses		(20)	(20)
Operating loss		(20)	(20)
Income from investments in group undertakings		55,700	79,840
Interest payable	7	(4,365)	(4,313)
Intercompany loan waiver	11	62,916	-
Profit on ordinary activities before taxation		114,231	75,507
Tax credit on profit on ordinary activities	8	888	931
Profit on ordinary activities after taxation and total comprehensive income for the year		115,119	76,438

All amounts relate to continuing operations.

The notes on pages 7 to 14 form part of these financial statements.

esure Finance Limited

Balance sheet
As at 31 December 2015

	Note	£000	2015 £000	2014 £000
Fixed assets				
Investments	9		278,600	193,600
Current assets				
Debtors	10	3,798		1,510
Cash at bank		<u>92</u>		<u>92</u>
		3,890		1,602
Creditors: amounts falling due within one year	11	<u>(5,432)</u>		<u>(63,763)</u>
Net current liabilities			<u>(1,542)</u>	<u>(62,161)</u>
Total assets less current liabilities			<u>277,058</u>	<u>131,439</u>
Capital and reserves				
Called up share capital	12		131,600	131,600
Profit and loss account			60,458	(161)
Other reserves			85,000	-
Shareholders funds – all equity			<u>277,058</u>	<u>131,439</u>

The notes on pages 7 to 14 form part of these financial statements.

The financial statements were approved by the Board and authorised for issue on 26 September 2016 and signed on its behalf.



D Ogden
Director

Registered number: 07064319

esure Finance Limited

Statement of changes in equity
As at 31 December 2015

	Attributable to owners of esure Finance Limited			
	Share capital	Profit and loss account	Other reserves	Total equity
	£000	£000	£000	£000
Year ended 31 December 2014				
At 1 January 2014	131,600	41	-	131,641
Profit for the year	-	76,438	-	76,438
Total comprehensive income for the year	-	76,438	-	76,438
Transactions with owners:				
Issue of share capital	-			-
Dividends paid in 2014		(76,640)	-	(76,640)
Total transactions with owners	-	(76,640)	-	(76,640)
At 31 December 2014	131,600	(161)	-	131,439
Year ended 31 December 2015				
At 1 January 2015	131,600	(161)	-	131,439
Profit for the year	-	115,119	-	115,119
Total comprehensive income for the year	-	115,119	-	115,119
Transactions with owners:				
Capital contribution: cash	-	-	85,000	85,000
Dividends paid in 2015	-	(54,500)	-	(54,500)
Total transactions with owners	-	(54,500)	85,000	30,500
At 31 December 2015	131,600	60,458	85,000	277,058

During the year ended 31 December 2015, £85m of capital contributions were received from the parent of esure Finance Limited, esure Group plc.

Dividends per Ordinary Share of 0.41p were declared and paid in 2015 (2014: 0.58p).

The notes on pages 7 to 14 form part of these financial statements.

esure Finance Limited

Notes to the financial statements For the year ended 31 December 2015

1. General information

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

The nature of the Company's operations is an intermediate holding company of the esure group of companies.

The Company is a wholly owned subsidiary of esure Group plc. The consolidated financial statements of esure Group plc, within which this Company is included, can be obtained from the address given in note 13.

2. Accounting policies

Basis of preparation

These financial statements present the esure Finance Limited Company financial statements for the year ended 31 December 2015, comprising the statement of profit and loss and other comprehensive income, balance sheet, statement of changes in equity and related notes, as well as comparatives for the year ended 31 December 2014.

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 address given in note 13.

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

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

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

esure Finance Limited

Notes to the financial statements For the year ended 31 December 2015

2. Accounting policies (continued)

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:

- The disclosures required by IFRS 7 Financial Instrument Disclosures.

The board has reviewed the Company's projections for the next twelve months and beyond, including cash flow forecasts. Based on the results of these projections, the Directors have a reasonable expectation that the Company has adequate resources to continue as a going concern.

The financial statements have been presented in sterling and rounded to the nearest thousand.

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

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

Changes to accounting policies

There are a number of other amendments to standards with a date of initial application of 1 January 2015, the adoption of which has had no material effect on the Company's accounting policies.

There are a number of standards, amendments and interpretations which have been issued by the IASB but which have not yet been endorsed by the EU thus the date and impact of applying these is uncertain.

Income from investments in group undertakings

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

Interest payable

Interest payable in the year ended 31 December 2015 comprises interest due on amounts owed to group undertakings. Interest payable is recognised in the profit or loss as it accrues, using the effective interest method.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense over the expected life of the asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash flows to the instrument's initial carrying amount. Calculation of the effective interest rate takes into account fees payable or receivable that are an integral part of the instruments yield, premiums or discounts on acquisition or issue, early redemption fees and transaction costs. All contractual terms of a financial instrument are considered when estimating future cash flows.

esure Finance Limited

Notes to the financial statements For the year ended 31 December 2015

2. Accounting policies (continued)

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 statement of profit and loss.

Investments in group undertakings

Investments in group undertakings are stated at cost.

Financial assets

Classification

The Company's financial assets as at 31 December 2014 and 31 December 2015 include amounts owed by group undertakings and cash at bank which are classified as loans and receivables.

Initial recognition of financial assets

All financial assets held (other than investments in group undertakings) were classified as loans and receivables on initial recognition.

Subsequent measurement

Loans and receivables are measured at amortised cost less accumulated impairment losses using the effective interest rate method.

Impairment of financial assets

The Company assesses at each balance sheet date whether any financial assets held at amortised cost are impaired. Financial assets are impaired where there is evidence that one or more events occurring after the initial recognition of the asset may lead to a reduction in the estimated future cash flows arising from the asset. Impairment losses on financial assets classified as loans and receivables are calculated as the difference between the carrying value and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses and any reversals of impairments are recognised through the statement of profit and loss and other comprehensive income.

Objective evidence of impairment may include default on cash flows from the asset and reporting financial difficulty of the issuer or counterparty.

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.

esure Finance Limited

Notes to the financial statements For the year ended 31 December 2015

2. Accounting policies (continued)

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 profit and loss and other comprehensive income unless required or permitted by any accounting standard or interpretation.

Financial liabilities

The Company's financial liabilities at 31 December 2015 comprise amounts owed to group undertakings which are classified as other financial liabilities.

Initial recognition

All 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 profit and loss and other 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 profit and loss and other 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 profit and loss and other 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.

esure Finance Limited

Notes to the financial statements For the year ended 31 December 2015

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.

4. Profit after tax

Profit after tax is stated after charging:

	2015 £000	2014 £000
Auditor's remuneration	17	11

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

5. Staff costs

The Company employed no staff during the current period (2014: Nil), all duties being carried out by esure Services Limited.

esure Finance Limited

Notes to the financial statements For the year ended 31 December 2015

6. Directors' remuneration

	2015	2014
	£000	£000
Emoluments in respect of qualifying services	2,051	1,987
Contributions to defined contribution pension schemes	135	126
	<hr/>	<hr/>
Total Directors' remuneration	2,186	2,113
	<hr/>	<hr/>

All of the Directors of the Company and esure Group plc receive remuneration from esure Services Limited as employees of that company. The Directors of esure Finance Limited received total remuneration of £2,186,000 during the year ended 31 December 2015 (2014 £2,113,000). It is not appropriate to allocate this remuneration between their services as Directors of esure Finance Limited and the other services provided to esure Group plc and its subsidiary undertakings.

During the year, retirement benefits were accruing to 2 Directors of esure Finance Limited (2014: 2) in respect of defined contribution pension schemes.

The highest paid Director of esure Finance Limited received total remuneration of £824,000 (2014: £780,000). The highest paid Director is not a member of the defined contribution pension scheme operated by esure Services Limited.

7. Interest payable

	2015	2014
	£000	£000
On amounts owed to group undertakings	4,365	4,313
	<hr/>	<hr/>
	4,365	4,313
	<hr/>	<hr/>

esure Finance Limited

**Notes to the financial statements
For the year ended 31 December 2015**

8. Taxation

	2015	2014
	£000	£000
UK Corporation Tax credit on profit for the year	(888)	(931)
Total current tax	(888)	(931)
Taxation credit	(888)	(931)

The tax rate used for the calculations is the Corporation Tax rate of 20.25% (2014: 21.50%) payable by the corporate entities in the UK on taxable profits under tax law in that jurisdiction.

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

	2015	2014
	£000	£000
Profit before taxation	114,231	75,507
Tax calculated at 20.25% (2014: 21.50%)	23,128	16,226
Non-taxable income	(24,016)	(17,157)
Taxation credit	(888)	(931)

Factors affecting the tax charge for future periods

A reduction in the standard rate of Corporation Tax from 23% to 21% was effective from 1 April 2014. A further reduction in the rate of Corporation Tax from 21% to 20% was effective from 1 April 2015.

There will be a reduction in the rate of Corporation Tax to 19% from 1 April 2017 and 18% from 1 April 2020. This change was substantively enacted at the year-end date.

9. Fixed asset investments

	Shares in group under- takings £000
Cost	
At 1 January 2015	193,600
Additions: increase in investment	85,000
At 31 December 2015	<u>278,600</u>

Investments in group undertakings

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

	Country of Incorporation	Class of shares held
esure Holdings Limited	England and Wales	Ordinary

esure Finance Limited

**Notes to the financial statements
For the year ended 31 December 2015**

10. Debtors: Amounts falling due within one year

	2015 £000	2014 £000
Amounts owed by group undertakings	3,798	1,510
	<u>3,798</u>	<u>1,510</u>

11. Creditors: Amounts falling due within one year

	2015 £000	2014 £000
Amounts owed to group undertakings	5,432	63,763
	<u>5,432</u>	<u>63,763</u>

During the year ended 31 December 2015, an intercompany loan from esure Services Limited was waived, by means of a Deed of Release, resulting in a £62.9m reduction in amounts owed to group undertakings.

12. Share capital

	2015 £000	2014 £000
Allotted, called up and fully paid		
At 1 January and 31 December	<u>131,600</u>	<u>131,600</u>

At 1 January 2013, the Company had allotted, called up and fully paid share capital of 13,159,990,000 Ordinary Shares of 1p each.

13. Ultimate parent undertaking

The Company is a wholly owned subsidiary undertaking of esure Group plc. The registered office of esure Group plc is The Observatory, Reigate, Surrey RH2 0SG.