

esure Finance Limited

Report and Financial Statements

For the year ended 31 December 2016

Company Registration Number 07064319

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esure Finance Limited

Corporate Information

Directors

P J Wood

S R Vann

D Ogden

Secretary

A Rivers (appointed 1 December 2016)

Auditors

KPMG LLP

Chartered accountants & Statutory Auditor

15 Canada Square

London

E14 5GL

Registered office

The Observatory

Reigate

Surrey

RH2 0SG

esure Finance Limited

Registered number 07064319

Directors' Report

The Directors present their report and the financial statements for the year ended 31 December 2016.

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 £187,929,000 (2015: £115,119,000).

Dividends were paid during the year of £188,169,000 (2015: £54,500,000).

Directors

The Directors who served during the year were:

P J Wood

S R Vann

D Ogden

P G Ward (resigned 17 May 2017)

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


Change of auditor

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

Statement of disclosure of information to auditor

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

By order of the Board



A Rivers (appointed 1 December 2016)

Company Secretary

2 August 2017

esure Finance Limited

Directors' Responsibilities Statement

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.*

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 2016 set out on pages 5 to 13. 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 3, 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 2016 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.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in those reports; 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

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

2 August 2017

esure Finance Limited

Statement of comprehensive income For the year ended 31 December 2016

	Notes	2016 £000	2015 £000
Administrative expenses		(21)	(20)
Operating loss		(21)	(20)
Income from investments in group undertakings	13	188,169	55,700
Interest payable	7	(279)	(4,365)
Intercompany loan waiver	11	-	62,916
Profit on ordinary activities before tax		187,869	114,231
Tax credit on profit on ordinary activities	8	60	888
Profit on ordinary activities after tax and other comprehensive income for the year		187,929	115,119

All amounts relate to continuing operations.

The notes on pages 8 to 13 form part of these financial statements.

esure Finance Limited

Statement of financial position As at 31 December 2016

	Notes	2016 £000	2016 £000	2015 £000	2015 £000
Fixed assets					
Investments	9		278,600		278,600
			<u>278,600</u>		<u>278,600</u>
Current assets					
Debtors	10	33		3,798	
Cash at bank		91		92	
		<u>124</u>		<u>3,890</u>	
Creditors: amounts falling due within one year	11	(1,906)		(5,432)	
Net current liabilities			<u>(1,782)</u>		<u>(1,542)</u>
Net assets			<u>276,818</u>		<u>277,058</u>
Capital and reserves					
Called up share capital	12		131,600		131,600
Profit and loss account			60,218		60,458
Other reserves			85,000		85,000
Shareholder's funds - all equity			<u>276,818</u>		<u>277,058</u>

The notes on pages 8 to 13 form part of these financial statements.

The financial statements were approved by the Board and authorised for issue on 2 August 2017 and signed on its behalf.


D Ogden
Director

Registered number: 07064319

esure Finance Limited

Statement of changes in equity

	Notes	Called up share capital £000	Profit and loss account £000	Other reserves £000	Shareholders funds £000
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 recognised directly in equity:					
Capital contribution : cash		-	-	85,000	85,000
Dividends	13	-	(54,500)	-	(54,500)
Total transactions with owners recognised directly in equity:		-	(54,500)	85,000	30,500
At 31 December 2015		131,600	60,458	85,000	277,058
Year ended 31 December 2016					
At 1 January 2016		131,600	60,458	85,000	277,058
Profit for the year		-	187,929	-	187,929
Total comprehensive income for the year		-	187,929	-	187,929
Transactions with owners recognised directly in equity:					
Dividends	13	-	(188,169)	-	(188,169)
Total transactions with owners recognised directly in equity:		-	(188,169)	-	(188,169)
At 31 December 2016		131,600	60,218	85,000	276,818

Other reserves relate to capital contributions made by esure Group plc to esure Finance Limited of £85,000,000. During the year ended 31 December 2016 no additional capital contributions were made (2015: £85,000,000). These reserves are realised profit and are therefore available for distribution under the requirements of Companies Act 2006.

The notes on pages 8 to 13 form part of these financial statements.

esure Finance Limited

Notes to the financial statements For the year ended 31 December 2016

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 as an intermediate holding company of the esure group of companies.

2 . Accounting policies

Basis of preparation

These financial statements present the esure Finance Limited Company financial statements for the year ended 31 December 2016, 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 2015.

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 14.

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

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

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

- The disclosures required by IFRS 7 Financial Instrument Disclosures.

The financial statements have been prepared on a going concern basis. In considering the appropriateness of this assumption, 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 in operational existence for at least twelve months.

The financial statements have been presented in sterling and rounded to the nearest thousand. Throughout these financial statements any amounts which are less than £500 are shown by 0, where as dash (-) represents that no balance exists.

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

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

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 comprises interest due on amounts owed to group undertakings. Interest payable is recognised in the income statement 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.

Notes to the financial statements
For the year ended 31 December 2016

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 income statement.

Investments in group undertakings

Investments in group undertakings are stated at cost.

Financial assets

Classification

The Company's financial assets include investments in group undertakings, amounts due from group undertakings and cash at bank.

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

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the income statement.

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

The Company's financial liabilities include trade and other creditors and 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 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.

Notes to the financial statements
For the year ended 31 December 2016**2 . Accounting policies (continued)****Financial liabilities (continued)***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.

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:

	2016 £000	2015 £000
Auditor's remuneration	17	17

The auditor's remuneration for the Company for the year ended 31 December 2016 amounted to £17,000 (2015: £17,000). Details of auditor's remuneration for the esure group of companies are disclosed in the consolidated financial statements of esure Group plc.

5 . Staff cost

The Company employed no staff during the current period (2015: Nil), all duties being carried out by esure Services Limited.

esure Finance Limited

Notes to the financial statements For the year ended 31 December 2016

6 . Directors' remuneration

	2016 £000	2015 £000
Emoluments in respect of qualifying services	2,592	2,051
Vested share awards	390	-
Contributions to defined contribution pension schemes	136	135
Total Directors' remuneration	<u>3,118</u>	<u>2,186</u>

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 Finance Limited received total remuneration of £3,118,000 during the year ended 31 December 2016 (2015: £2,186,000). 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 (2015: 2) in respect of defined contribution pension schemes.

Remuneration of the highest paid Director	2016 £000	2015 £000
Emoluments in respect of qualifying services	1,062	743
Vested share awards	250	-
Contributions to defined contribution pension schemes	79	81
	<u>1,391</u>	<u>824</u>

7 . Interest payable

	2016 £000	2015 £000
On amounts owed to group undertakings (Note 11).	279	4,365
	<u>279</u>	<u>4,365</u>

8 . Taxation

	2016 £000	2015 £000
UK corporation tax credit on profit for the year	(60)	(888)
Taxation credit	<u>(60)</u>	<u>(888)</u>

The tax rate used for the calculations is the Corporation Tax rate of 20.00% (2015: 20.25%) payable by the corporate entities in the UK on taxable profits under tax law in that jurisdiction.

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

	2016 £000	2015 £000
Profit before taxation	<u>187,869</u>	<u>114,231</u>
Taxation calculated at 20.00% (2015: 20.25%)	37,574	23,128
Non taxable income	(37,634)	(24,016)
Taxation credit	<u>(60)</u>	<u>(888)</u>

Factors affecting the tax charge for future periods

A reduction in the standard rate of Corporation Tax from 21% to 20% was effective from 1 April 2015. There will be further reductions in the rate of Corporation Tax to 19% from 1 April 2017 and 17% from 1 April 2020. These changes were substantively enacted at the year end date.

esure Finance Limited

Notes to the financial statements For the year ended 31 December 2016

9 . Investments

	Shares in group undertakings £000
Cost	
At 1 January 2016 at 31 December 2016	<u>278,600</u>

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 Holdings Limited	England and Wales	The Observatory, Reigate, Surrey, RH2 0SG	Ordinary	100%

10 . Debtors: Amounts falling due within one year

	2016 £000	2015 £000
Amounts owed by group undertakings	0	3,798
Current tax	<u>33</u>	<u>-</u>
	<u>33</u>	<u>3,798</u>

11 . Creditors: Amounts falling due within one year

	2016 £000	2015 £000
Amounts owed to group undertakings	<u>1,906</u>	<u>5,432</u>
	<u>1,906</u>	<u>5,432</u>

During the year ended 31 December 2015, an intercompany loan for 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

	2016 £000	2015 £000
Authorised, allotted, called up and fully paid		
13,159,990,000 Ordinary shares of 1p each	<u>131,600</u>	<u>131,600</u>

esure Finance Limited

Notes to the financial statements

For the year ended 31 December 2016

13 . Dividends

A final dividend per ordinary share of 0.11p was declared and paid in March 2016 (2015: nil). An interim dividend of 0.09p per ordinary share was declared and paid during the year (2015: 0.41p).

On 7 June 2016 the Board announced a strategic review which concluded that a demerger of Gocompare.com should be pursued. At a General Meeting on 1 November 2016, the Company's shareholders approved the demerger of Gocompare.com plc - a subsidiary of esure Services Limited. On 3 November 2016, the demerger was completed and the shares in Gocompare.com were admitted to the premium segment of the Official List and to trading on the main market of the London Stock Exchange. The demerger was effected by the Group making an interim in-specie distribution of Gocompare.com shares to shareholders. Prior to the demerger a cash dividend of £62,500,000 was received by the Company from esure Holdings Limited. The value of the in-specie dividend received relating to the demerger was £98,869,000. Equivalent dividends totalling 5.50p per ordinary share were then paid to the Company's shareholders.

Dividends paid and received in the year

	Paid to shareholders	Received from subsidiaries
	£000s	£000s
March 2016	14,300	14,300
August 2016	12,500	12,500
Pre demerger of Gocompare.com	62,500	62,500
On demerger of Gocompare.com	98,869	98,869
Total	188,169	188,169

14 . Ultimate parent undertaking

The Company is a wholly owned subsidiary undertaking of esure Group plc. The Company's ultimate parent and the largest and smallest group into which these accounts are consolidated is esure Group plc. The registered office of esure Group plc is The Observatory, Reigate, Surrey RH2 0SG.