

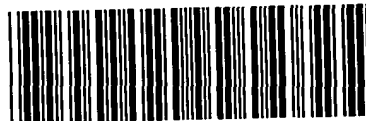
Registered number: 07064319

## **esure Finance Limited**

### **Directors' report and financial statements**

**For the year ended  
31 December 2014**

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## **esure Finance Limited**

### **Company information**

<b>Directors</b>	P J Wood S R Vann D Ogden P G Ward
<b>Secretary</b>	N Edwards
<b>Company number</b>	07064319
<b>Registered office</b>	The Observatory Reigate Surrey RH2 0SG
<b>Auditor</b>	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 2014**

The Directors present their report and the financial statements for the year ended 31 December 2014.

**Results and dividends**

The profit for the year, after taxation, amounted to £76,438,000 (2013: £91,020,000).

Dividends were paid during the year of £76,639,904 (2013: £95,250,140). Subsequent to the year end and following the receipt of dividend income of £26,700,000 from group undertakings, dividends of £25,500,000 were declared by the Board of Directors in March 2015.

**Directors**

The Directors who served during the year were:

P J Wood  
S R Vann  
D Ogden  
A J Hobson (resigned 13/5/2015)  
P G Ward

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

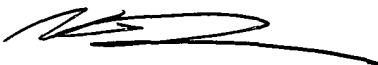
**Change of auditor**

KPMG Audit Plc has instigated an orderly wind down of business and has resigned as auditor pursuant to section 516 of the Companies Act 2006. The Directors have appointed the parent entity KPMG LLP as auditor of the Company. 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*  
3 July 2015

**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.

## **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 2014 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](http://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 2014 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **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.



**Murray Raisbeck (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
London E14 5GL  
22 July 2015

esure Finance Limited

**Statement of Profit and Loss and Other Comprehensive Income  
For the year ended 31 December 2014**

	<b>Note</b>	<b>2014 £000</b>	<b>2013 £000</b>
Administrative expenses		<u>(20)</u>	<u>(13)</u>
<b>Operating loss</b>	<b>4</b>	<b>(20)</b>	<b>(13)</b>
Income from investments in group undertakings		79,840	95,900
Interest payable	<b>7</b>	<u>(4,313)</u>	<u>(6,346)</u>
<b>Profit on ordinary activities before taxation</b>		<b>75,507</b>	<b>89,541</b>
<b>Tax credit on profit on ordinary activities</b>	<b>8</b>	<u><b>931</b></u>	<u><b>1,479</b></u>
<b>Profit on ordinary activities after taxation and total comprehensive income for the year</b>		<u><b>76,438</b></u>	<u><b>91,020</b></u>

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 2014**

	Note	£000	2014 £000	£000	2013 £000
<b>Fixed assets</b>					
Investments	9		193,600		193,600
<b>Current assets</b>					
Debtors	10	1,510		1,229	
Cash at bank		92		92	
			<hr/>	<hr/>	
			1,602	1,321	
<b>Creditors:</b> amounts falling due within one year	11	(63,763)		(63,280)	
			<hr/>	<hr/>	
<b>Net current liabilities</b>			<u>(62,161)</u>		<u>(61,959)</u>
<b>Total assets less current liabilities</b>			<u>131,439</u>		<u>131,641</u>
<b>Capital and reserves</b>					
Called up share capital	12		131,600		131,600
Profit and loss account			(161)		41
			<hr/>	<hr/>	
<b>Shareholder's funds – all equity</b>			<u>131,439</u>		<u>131,641</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 3 July 2015 and signed on its behalf.



D Ogden  
Director

Registered number: 07064319



**esure Finance Limited**

**Statement Of Changes In Equity  
As at 31 December 2014**

Attributable to owners of esure Finance Limited			
	Share capital	Profit and loss account	Total equity
	£000	£000	£000
<b>Year ended 31 December 2013</b>			
<b>At 1 January 2013</b>	81,600	4,271	85,871
Profit for the year	-	91,020	91,020
<b>Total comprehensive income for the year</b>	-	91,020	91,020
<b>Transactions with owners:</b>			
Issue of share capital	50,000	-	50,000
Dividends paid in 2013	-	(95,250)	(95,250)
<b>Total transactions with owners</b>	50,000	(95,250)	(45,250)
<b>At 31 December 2013</b>	131,600	41	131,641
<b>Year ended 31 December 2014</b>			
<b>At 1 January 2014</b>	131,600	41	131,641
Profit for the year	-	76,438	76,438
<b>Total comprehensive income for the year</b>	-	76,438	76,438
<b>Transactions with owners:</b>			
Dividends paid in 2014	-	(76,640)	(76,640)
<b>Total transactions with owners</b>	-	(76,640)	(76,640)
<b>At 31 December 2014</b>	131,600	(161)	131,439

Dividends per Ordinary Share of 0.58p were declared and paid in 2014 (2013: 0.72p).

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 2014**

#### **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 2014, 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 2013.

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'). 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 2014**

#### **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.

#### **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 2014 comprises interest due on amounts owed to group undertakings. Interest payable in the year ended 31 December 2013 comprises interest due on amounts owed to group undertakings and interest payable on Unsecured Perpetual Subordinated Loan Notes. 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 2014**

#### **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 2013 and 31 December 2014 include amounts owed by 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*

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.

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 2014**

#### **2. Accounting policies (continued)**

##### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet 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 unless required or permitted by any accounting standard or interpretation.

##### **Financial liabilities**

The Company's financial liabilities at 31 December 2014 comprise amounts owed to group undertakings which are classified as other financial liabilities. The Company's financial liabilities at 31 December 2013 also include Unsecured Loan Notes and Unsecured Perpetual Subordinated Loan Notes 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 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.

##### *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.

##### **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 2014**

#### **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:

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Auditor's remuneration	11	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 (2013: Nil) during the current period, all duties being carried out by esure Services Limited.

**esure Finance Limited**

**Notes to the financial statements  
For the year ended 31 December 2014**

**6. Directors' remuneration**

	<b>2014 £000</b>	<b>2013 £000</b>
Emoluments in respect of qualifying services	1,987	2,166
Contributions to defined contribution pension schemes	126	150
	<hr/>	<hr/>
Total Directors' remuneration	<u><u>2,113</u></u>	<u><u>2,316</u></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 £2,113,000 during the year ended 31 December 2014 (2013: £2,316,000). 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 (2013: 3) in respect of defined contribution pension schemes.

The highest paid Director of esure Finance Limited received total remuneration of £780,000 (2013: £818,000). The highest paid Director is not a member of the defined contribution pension scheme operated by esure Services Limited.

**7. Interest payable**

	<b>2014 £000</b>	<b>2013 £000</b>
On amounts owed to group undertakings	4,313	4,119
On other loans	-	2,227
	<hr/>	<hr/>
	<u><u>4,313</u></u>	<u><u>6,346</u></u>

**Unsecured Perpetual Subordinated Loan Notes**

At 1 January 2013, the Company had outstanding 50,000,000 unsecured perpetual subordinated loan notes of £1 each (the "Perpetual Loan Notes"). The Perpetual Loan Notes qualified as Upper Tier 2 capital. The interest rate was 18.9% per annum. The Perpetual Loan Notes were repaid at par during 2013.

**esure Finance Limited**

**Notes to the financial statements  
For the year ended 31 December 2014**

**8. Taxation**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
UK Corporation Tax credit on profit for the year	(931)	(1,479)
<b>Total current tax</b>	<u>(931)</u>	<u>(1,479)</u>
<b>Taxation credit</b>	<u>(931)</u>	<u>(1,479)</u>

The tax rate used for the calculations is the Corporation Tax rate of 21.5% (2013: 23.25%) 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 as follows:

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Profit before taxation	<u>75,507</u>	<u>89,541</u>
Taxation calculated at 21.5% (2013: 23.25%)	16,226	20,818
Non-taxable Income	<u>(17,157)</u>	<u>(22,297)</u>
<b>Taxation credit</b>	<u>(931)</u>	<u>(1,479)</u>

**Factors affecting the tax charge for future periods**

The Corporation Tax rate will be reduced to 20% from 1 April 2015.

**9. Fixed asset investments**

<b>Cost</b>	<b>Shares in group under- takings £000</b>
At 1 January 2014 and 31 December 2014	<u>193,600</u>

**Investments in group undertakings**

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

	<b>Country of Incorporation</b>	<b>Class of shares held</b>
esure Holdings Limited	England and Wales	Ordinary



**esure Finance Limited**

**Notes to the financial statements  
For the year ended 31 December 2014**

**10. Debtors: Amounts falling due within one year**

	<b>2014 £000</b>	<b>2013 £000</b>
Amounts owed by group undertakings	1,510	1,229
	<u>1,510</u>	<u>1,229</u>

**11. Creditors: Amounts falling due within one year**

	<b>2014 £000</b>	<b>2013 £000</b>
Amounts owed to group undertakings	63,763	63,280
	<u>63,763</u>	<u>63,280</u>

**12. Share capital**

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

At 1 January 2014 and 31 December 2014, 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.