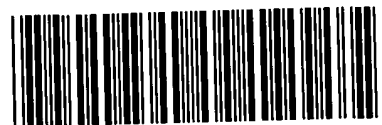


AI Scheme Limited

Annual report and financial statements

For the year ended 30 April 2017

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AI Scheme Limited

Annual report and financial statements for the year ended 30 April 2017

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AI Scheme Limited

Officers and professional advisers

Directors

Andrew Ferguson
Mark Andrews

Company secretary and registered office

Intertrust Corporate Services Limited
35 Great St. Helen's
London
EC3A 6AP

Company number

09295299 (England and Wales)

Independent auditors

Ecovis Wingrave Yeats LLP
Waverley House
7-12 Noel Street
London
W1F 8GQ

Directors' report for the year ended 30 April 2017

The directors present their report together with the audited financial statements of AI Scheme Limited (the "Company") for the year ended 30 April 2017.

The Company qualifies as a small company in accordance with sections 381 – 382 of the Companies Act 2006 (the "Act"). The directors' report has therefore been prepared taking into consideration the entitlement to small companies exemptions provided in sections 414B (as incorporated to the Act by the Strategic Report and Directors' Report Regulations 2013).

Incorporation and principal activity

The Company was incorporated as a private limited company on 4 November 2014 as a special purpose vehicle whose principal activity is to enter into a Scheme of Arrangement (the "Scheme") in order to give effect to a voluntary redress exercise by Affinion International Limited ("AI") and the Business Partners (as defined below) in order to compensate customers who purchased card security products either directly from AI or through Business Partners and their Affiliates on or after 14 January 2005.

The High Court Of Justice, Chancery Division Companies Court, sanctioned the Scheme on 09 July 2015 which became effective on 17 August 2015 which meant that AI and the Business Partners are required to redress customers who purchased Card Security Products (the "Scheme Creditors"), and submitted a valid claim, through the Scheme. Pursuant to the terms of the Scheme, all Scheme Creditors were required to submit compensation claims by 18 March 2016 or, where exceptional circumstances apply in respect of a Scheme Creditor, by 19 September 2016.

The business partners are AIB Group (UK) plc, Barclays Bank plc, Capital One (Europe) plc, Clydesdale Bank plc, The Co-operative Bank plc, HSBC Bank plc, Lloyds Bank plc, Northern Bank Limited trading as Danske Bank, Santander UK plc, Tesco Personal Finance plc and The Royal Bank of Scotland plc together (the "Business Partners").

The Scheme governs the operating and financing policy of the Company. The Business Partners and AI in accordance with the terms of the Scheme are required to fund the Company to meet compensation claims from Scheme Creditors.

Results and Dividend

The statement of comprehensive income is set out on page 7 and shows the result for the year.

The directors do not recommend the payment of a dividend (2016: £nil).

Going concern

In order to form a view as to the most appropriate basis of preparation of these financial statements, the directors have assessed the likelihood of whether the Company will be able to continue trading for the foreseeable future versus the likelihood of it being forced to cease trading and be placed in liquidation.

The financial statements have been prepared on a basis other than that of a going concern as the directors expect that the Company will be wound up and cease to exist within a year of the reporting date. The financial statements do not include a provision for the future costs of terminating the business of the company as these costs are considered to be immaterial.

Future Developments

The directors recognise the existence of material uncertainties, affecting the present level of activity and nature of the company's business in the near future as explained above.

Share capital

The issued share capital consists of 100 fully paid ordinary share of £10.

Directors

The directors of the Company during the period, and subsequently, were:

Andrew Ferguson
Mark Andrews

Directors' report for the year ended 30 April 2017 (*continued*)

Company secretary

Intertrust Corporate Services Limited (previously SFM Corporate Services Limited, name changed on 9 December 2016) acted as the company secretary during the year and subsequently.

Third party indemnities

Qualifying third party indemnity provisions for the benefit of the directors was in force during the period under review and remains in force as at the date of approval of the directors' report and financial statements.

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.

This confirmation is given and should be interpreted in accordance with the provisions of section 418(2) of the Companies Act 2006

Independent auditor

The auditors, Ecovis Wingrave Yeats LLP, have indicated their willingness to continue in office. Pursuant to Section 487 of the Companies Act 2006, subject to any resolution to the contrary, are deemed to have been re-appointed as auditor of the Company.

On behalf of the Board



Mark Andrews
Director
11 August 2017

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' report and the financial statements in accordance with Companies Act 2006, applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

We have audited the financial statements of AI Scheme Limited for the year ended 30 April 2017 set out on pages 7 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Report Standard applicable in the UK and Republic of Ireland'

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 auditors' 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 auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.-

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 web-site 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 for the year ended 30 April 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of Matter – financial statements prepared on a basis other than that of going concern

As detailed in Note 1 to the financial statements, these financial statements have not been prepared on a going concern basis. We have considered the adequacy of disclosures made in the financial statements, and our audit opinion is not modified in respect of this matter.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements and such report has been prepared in accordance with applicable legal requirements.

In light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have no identified material misstatements in the Directors' Report.

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.

Ecovis Wingrave Yeats LLP

Stuart Hinds (Senior statutory auditor)
for and on behalf of
Ecovis Wingrave Yeats LLP
Chartered Accountants & Statutory Auditor
Waverley House
7-12 Noel Street
London
W1F 8GQ

14 August 2017

AI Scheme Limited**Statement of comprehensive income for the year ended 30 April 2017**

	Note	Year ended 30 April 2017 £	4 November 2014 to 30 April 2016 £
Other income	3	1,553,127	3,521,766
Total operating income		1,553,127	3,521,766
Operating expenses	4	(1,553,127)	(3,521,766)
Profit on ordinary activities before taxation	5	-	-
Taxation on profit on ordinary activities	7	-	-
Profit for the financial year/period		-	-
Other comprehensive income		-	-
Total comprehensive income for the year/period		-	-

The notes on pages 10 to 13 form part of these financial statements.

Statement of changes in equity for the year ended 30 April 2017

	Called up share capital	Profit and loss account	Total shareholders' funds
	£	£	£
Balance as at 4 November 2014	-	-	-
Issue of shares	1,000	-	1,000
Total comprehensive income for the period	-	-	-
Balance as at 30 April 2016	1,000	-	1,000
Total comprehensive income for the year	-	-	-
Balance as at 30 April 2017	1,000	-	1,000

The notes on pages 10 to 13 form part of these financial statements.

Balance sheet as at 30 April 2017

	Note	30 April 2017 £	30 April 2016 £
Current assets			
Claims reimbursement debtor	8	-	77,566
Other debtors	9	-	45,160
Cash at bank and in hand		514,981	806,759
		514,981	929,485
Creditors: amount falling due within one year	10	(513,981)	(850,919)
Provision for liabilities	11	-	(77,566)
Total assets less current liabilities		1,000	1,000
Net assets		1,000	1,000
Capital and reserves			
Called up share capital	12	1,000	1,000
Profit and loss account	13	-	-
Total shareholders' funds		1,000	1,000

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS102 section 1A – small entities.

The notes on pages 10 to 13 form part of these financial statements.

These financial statements were approved by the board of directors on 11 August 2017 and were signed on its behalf by:



Mark Andrews
Director

1 Accounting policies

General information

AI Scheme Limited is a private company, limited by shares, domiciled in England and Wales, registration number 09295299. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Directors' report on pages 2 to 3.

Basis of preparation

The financial statements have been prepared under the historical cost convention, and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The Company's financial statements are presented in pounds sterling and all values are rounded to the nearest whole pound.

Cash flow

The directors have taken advantage of the exemption in Financial Reporting Standard 102 from including a cash flow statement in the financial statements on the grounds that the Company is small.

Going concern

In order to form a view as to the most appropriate basis of preparation of these financial statements, the directors have assessed the likelihood of whether the Company will be able to continue trading for the foreseeable future versus the likelihood of it being forced to cease trading and be placed in liquidation.

The financial statements have been prepared on a basis other than that of a going concern as the directors expect that the Company will be wound up and cease to exist within a year of the reporting date. The financial statements do not include a provision for the future costs of terminating the business of the company as these costs are considered to be immaterial.

Segmental analysis

The whole Company's operations are carried out in the UK and the results and net assets are derived from activities in the UK.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

1 Accounting policies (*continued*)

Impairment of assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The effective interest rate is the rate that exactly discounts the future contractual cash flows from the financial instruments back to its carrying value.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Provision for liabilities

The financial statements include a provision for claims to be upheld of £nil (2016: £77,566).

Provisions are recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably. The actual future costs could be higher or lower than this estimate, depending on the progress of the claims that are ongoing.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Other income and deferred income

The Business Partners provide financial support to the Company and these funds are included in deferred income until the Company incurs costs from third party suppliers, at which time an equal amount is credited to other income in the statement of comprehensive income and released from deferred income.

2 Critical accounting judgements

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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.

AI Scheme Limited

Notes forming part of the financial statements for the year ended 30 April 2017 (*continued*)

3 Other income	Year ended 30 April 2017 £	4 November 2014 to 30 April 2016 £
Amounts received from the Business Partners	<u>1,553,127</u>	<u>3,521,766</u>
4 Operating expenses	Year ended 30 April 2017 £	4 November 2014 to 30 April 2016 £
Costs incurred from operating the Scheme	<u>1,553,127</u>	<u>3,521,766</u>
5 Profit on ordinary activities before taxation	Year ended 30 April 2017 £	4 November 2014 to 30 April 2016 £
This has been arrived at after charging:		
Auditors' remuneration - statutory audit of financial statements of the Company	5,600	6,000
Non-audit fees paid to the auditor in relation to tax compliance services	1,200	1,200
	<u>6,800</u>	<u>7,200</u>
6 Directors and employees		
The Company has no employees and services required are contracted from third parties. The directors received remuneration totalling £12,185 (2016: £33,981) of which £4,121 (2016: £3,098) remains owed to the directors in respect of qualifying services rendered during the year.		
The average number of employees, including directors, during the year/period was 2 (2016: 2).		
7 Taxation on profit on ordinary activities		
No liability for UK corporation tax arose on ordinary activities during the year/period.		
8 Claims reimbursement debtor	30 April 2017 £	30 April 2016 £
Amounts receivable from Affinion International Limited and the Business Partners	<u>-</u>	<u>77,566</u>
9 Debtors	30 April 2017 £	30 April 2016 £
Prepayments	-	44,160
Called up share capital	-	1,000
	<u>-</u>	<u>45,160</u>
10 Creditors	30 April 2017 £	30 April 2016 £
Amounts falling due within one year		
Deferred income	258,233	768,881
Other creditors	50,000	-
Accrued expenses	205,748	82,038
	<u>513,981</u>	<u>850,919</u>

AI Scheme Limited

Notes forming part of the financial statements for the year ended 30 April 2017 (*continued*)

11 Provision for liabilities	30 April 2017	30 April 2016
	£	£
Opening balance	77,566	-
Amount charged during the year/period	97,153	108,316,671
Amount utilised during the year/period	(174,719)	(108,239,105)
Balance at 30 April	-	77,566

12 Share capital	30 April 2017	30 April 2016
	£	£
<i>Called up, allotted and issued</i>		
Ordinary shares of £10 each:	1,000	1,000

13 Profit and loss account	Year ended 30 April 2017	4 November 2014 to 30 April 2016
	£	£
Opening balance	-	-
Profit for the year/period	-	-
Closing balance as at 30 April	-	-

14 Controlling party

The Company's immediate parent company is Intertrust Corporate Services Limited (previously SFM Corporate Services Limited), a company incorporated in the United Kingdom and registered in England and Wales, which holds the entire issued share capital of the Company in trust under a share trust deed.

As the trustees are not entitled to any economic benefit and the beneficiaries do not have any decision making power, there is no controlling party.

15 Related Party transactions

During the year/period fees of 13,104 (2016: £14,940) (including VAT) were paid to Intertrust Management Limited (previously Structured Finance Management Limited, name changed on 9 December 2016) in respect of corporate services provided to the Company. At the year/period end corporate services fees of £nil (2016: £4,526) were accrued.

Intertrust Corporate Services Limited is a wholly owned subsidiary of Intertrust Management Limited.