

Registered number
01156896

Domestic & General Group Limited
Report and Accounts
for the year ended 31 March 2014



Domestic & General Group Limited
Registered number. 01156896
Strategic Report

The Strategic Report provides a review of the business for the financial year and describes how we manage risks. The report outlines the developments and performance of the Company during the financial year, the position at the end of the year and discusses the main trends and factors that could affect the future.

Principal activities and business review

The principal activity of the Company is as an intermediate holding company for the Galaxy Finco Group ('the Group').

The results for the year are shown in the income statement on page 5. Shareholders' funds of the Company totals £21.2m (2013: £594.0m).

The business of the Company is managing its investments in subsidiaries. The Group considers key performance indicators (KPIs) on a Group basis. For this reason, the Company's directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business beyond that which is set out in the consolidated accounts of the Galaxy Finco Limited Group, a parent undertaking and the largest Group into which these accounts are consolidated, which are available on the website at www.domesticandgeneral.com. The Group's report does not form part of this report.

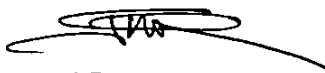
Risk management

The Group risk management strategy is outlined in the consolidated report and accounts of Galaxy Finco Limited, which do not form part of this report.

A summary of the principal financial risks and uncertainties facing the Company is shown below:

- Economic risk reflects the continuing poor economic environment of the UK.
- Credit risk is the potential adverse financial impact of the loss in value of financial assets resulting from counterparties failing to meet all or part of their obligations.
- Liquidity risk is the possibility that there are insufficient available liquid assets to meet obligations as they fall due.
- Operational risks arise as a result of internal processes, information security, systems availability, human error from external events or from fraud and compliance risks.

This report was approved by the board on 8 July 2014 and signed on its behalf



J-P Rabin
Company Secretary

Domestic & General Group Limited
Registered number 01156896
Directors' Report

The directors present their report and accounts for the year ended 31 March 2014

Dividends

During the period, an interim dividend of £675m (2013 £nil) was paid. The directors do not propose to recommend the payment of a final dividend.

Environment

The Group recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to reduce any damage that might be caused by the Group's activities. The Company operates in accordance with Group policies, which are described in the consolidated accounts of Galaxy Finco Limited, which do not form part of this report.

Employees

The Group recognises the need to operate fairly and responsibly towards its employees. The Company operates in accordance with Group policies, which are described in the consolidated accounts of Galaxy Finco Limited, which do not form part of this report.

Directors

The directors, who served during the year, were as follows:

P. Lee
J. Pearmund (resigned 30 April 2014)
K. Wilson (resigned 31 January 2014)

Post year end, the following directors were appointed:

D. Keeling (appointed 30 April 2014)
M. Berryman (appointed 30 April 2014)

Directors' and Officers' insurance and Directors' indemnities

On behalf of the Company the Group has purchased and maintained throughout the year directors' and officers' liability insurance in respect of the Company and its directors. The directors are also entitled, under the Articles of Association, to be indemnified by the Company against costs, charges, losses, expenses and liability incurred in the discharge of their duties, unless prohibited by statute.

Domestic & General Group Limited
Registered number 01156896
Directors' Report

Statement of Directors' Responsibilities in respect of the Strategic Report, Directors' Report and the Financial Statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law. 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 estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, 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.

Disclosure of information to auditor

Each person who was a director at the time this report was approved confirms that

- so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- he has taken all the steps that he ought to have taken as a director in order to make himself 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 s418 of the Companies Act 2006.

Auditor

KPMG Audit Plc has instigated an orderly wind down of business. The board has decided to put KPMG LLP forward to be appointed as auditors and a resolution concerning their appointment will be put to the company in due course in 2014.

This report was approved by the board on 8 July 2014 and signed on its behalf


J-P Rabin
Company Secretary

Registered Office
Swan Court
11 Worple Road
Wimbledon
London SW19 4JS

**Independent auditor's report
to the member of Domestic & General Group Limited**

We have audited the financial statements of Domestic and General Group Limited for the year ended 31 March 2014 set out on pages 5 to 14. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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 Statement of Directors' Responsibilities 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 March 2014 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

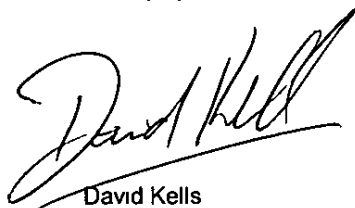
Opinion on other matters prescribed by the Companies Act 2006

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.



David Kells
(Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc
Chartered Accountants
8 July 2014

15 Canada Square
London
E14 5GL

Domestic & General Group Limited
Income Statement
for the year ended 31 March 2014

	Notes	2014 £	2013 £
Revenue			
Interest income	3	59,577,074	54,755,453
Dividends from subsidiaries	4	46,055,766	27,923,741
		<u>105,632,840</u>	<u>82,679,194</u>
Operating (expenses)/income		(65,974)	(25,393)
Significant items	5	(3,336,219)	(2,418,855)
		<u>102,230,647</u>	<u>80,234,946</u>
Profit before tax			
Tax on profit on ordinary activities	7	-	(13,134,298)
		<u>102,230,647</u>	<u>67,100,648</u>
Profit for the financial year			

Continuing operations

None of the Company's activities were acquired or discontinued during the above two financial years

Statement of other comprehensive income

The Company has no recognised gains or losses other than the profit for the above two financial years

The notes on pages 9 to 14 form part of these financial statements

Domestic & General Group Limited
Statement of changes in equity
for the year ended 31 March 2014

	Share capital £m	Share premium £m	Retained earnings £m	Total £m
At 1 April 2013	3,675,291	11,795,456	578,499,437	593,970,184
Profit for the year	-	-	102,230,647	102,230,647
Dividends			(675,000,000)	(675,000,000)
Balance as at 31 March 2014	<u>3,675,291</u>	<u>11,795,456</u>	<u>5,730,084</u>	<u>21,200,831</u>

	Share capital £m	Share premium £m	Retained earnings £m	Total £m
At 1 April 2012	3,675,291	11,795,456	511,398,789	526,869,536
Profit for the year	-	-	67,100,648	67,100,648
Balance as at 31 March 2013	<u>3,675,291</u>	<u>11,795,456</u>	<u>578,499,437</u>	<u>593,970,184</u>

The notes on pages 9 to 14 form part of these financial statements

Domestic & General Group Limited
Balance Sheet
as at 31 March 2014

	Notes	2014 £	2013 £
Investments	8	5,591,305	5,591,305
Other receivables			
- due within one year	9	16,940,656	4,821,431
- due after one year	9	-	598,624,191
Cash at bank and in hand		153,072	152,572
Total assets		22,685,033	609,189,499
Liabilities			
Trade and other payables	10	1,484,202	15,219,315
Shareholders' equity			
Called up share capital	11	3,675,291	3,675,291
Share premium	12	11,795,456	11,795,456
Retained earnings	13	5,730,084	578,499,437
Shareholder's funds	14	21,200,831	593,970,184
Total equity and liabilities		22,685,033	609,189,499

The notes on pages 9 to 14 form part of these financial statements



P. Lee

Director

Approved by the board on 8 July 2014

Domestic & General Group Limited
Cash Flow Statement
for the year ended 31 March 2014

	2014 £	2013 £
Profit before tax	102,230,647	80,234,946
Changes in working capital		
Increase in trade and other receivables	586,504,966	(90,042,091)
Increase in trade and other payables	(13,735,113)	9,923,078
Net cash from operating activities	<u>675,000,500</u>	<u>115,933</u>
Cash flows from investing activities		
Dividends paid	(675,000,000)	-
Net cash used in investing activities	<u>(675,000,000)</u>	<u>-</u>
Net increase in cash and cash equivalents	<u>500</u>	<u>115,933</u>
Cash and cash equivalents at the beginning of the year	152,572	36,639
Cash and cash equivalents at the end of the year	<u>153,072</u>	<u>152,572</u>

The notes on pages 9 to 14 form part of these financial statements

Domestic & General Group Limited
Notes to the Accounts
for the year ended 31 March 2014

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The company is exempt by virtue of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking not about its group.

The company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs")

The financial statements are prepared on the historical cost basis.

There are no other endorsed standards or interpretations that have not yet been adopted by the Company that are expected to have a material impact on the reported profits or financial position of the Company.

Interest income

Interest income on assets carried at amortised cost is recognised in the income statement as it accrues using the effective interest rate method.

Finance costs

Finance costs comprise interest expense on loans and borrowings. All borrowing costs are recognised in the income statement using the effective interest rate method.

Investments

Investments are held at historic cost less impairment. The carrying amounts are reviewed at each balance sheet date to determine whether there is any indication of impairment. Impairments are recognised immediately in the company's income statement.

Where appropriate, dividends received from pre-acquisition profits of subsidiaries are treated as a recovery of the investment and are recognised as a reduction of the cost.

Trade and other receivables

Trade and other receivables are recognised at amortised cost less any provision for impairment. An impairment of a receivable will be recognised if there is evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and term deposits with a term date of less than one month. Bank overdrafts that form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement. Bank overdrafts are only netted off cash balances where a legal right to offset exists and the Company intends to settle on a net basis.

Loans and borrowings

Loans and borrowings are initially recognised at fair value, net of issue costs. Subsequent to initial recognition, they are measured at amortised cost, using the effective interest rate method.

Domestic & General Group Limited
Notes to the Accounts
for the year ended 31 March 2014

1 Accounting policies (continued)

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method.

Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised directly in equity.

Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years. Deferred tax is recognised in full using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxation is not recognised on the initial recognition of an asset or liability in a transaction which, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The amount of deferred tax recognised is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Dividends

Dividend distributions to the Company's ordinary shareholders are recognised in the Company financial statements in the period in which the dividends are declared and appropriately approved.

Significant item

Significant items are those items that, in the Directors' view, are required to be separately disclosed by virtue of their size or incidence to enable a full understanding of the company's financial performance.

2 Employees and directors

The Company does not have any employees.

All directors are employed by, and receive their emoluments from, another group undertaking. The directors holding office during the year consider that their services to the Company are incidental to their other duties within the Galaxy Finco Group and accordingly no remuneration or other benefits have been apportioned to this Company.

3 Interest income	2014	2013
	£	£
Group undertakings	<u>59,577,074</u>	<u>54,755,453</u>
4 Dividends from subsidiaries	2014	2013
	£	£
Dividends received	<u>46,055,766</u>	<u>27,923,741</u>

Domestic & General Group Limited
Notes to the Accounts
for the year ended 31 March 2014

5 Significant item	2014	2013
	£	£
Impairment of investment	<u>3,336,219</u>	<u>2,418,855</u>

During the year, the company contributed capital to one of its subsidiaries, Servizi Domestic & General Italia S r l , to fund operating losses. The additional investment was capitalised and impaired during the year.

6 Auditors remuneration	2014	2013
	£	£
Fees payable to the Company's auditors for the audit of the Company's annual accounts	<u>8,100</u>	<u>7,754</u>

7 Taxation	2014	2013
	£	£
Analysis of charge in period		
Current tax		
UK corporation tax on profit for the period	<u>-</u>	<u>13,134,298</u>

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2014	2013
	£	£
Profit on ordinary activities before tax	<u>102,230,647</u>	<u>80,234,946</u>
Standard rate of corporation tax in the UK	23%	24%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	23,513,049	19,256,387
Effects of		
Expenses not deductible for tax purposes	767,331	580,526
Dividends from subsidiaries	(10,592,826)	(6,701,698)
Adjustments in respect of previous periods	-	(917)
Utilisation of group loss relief	(13,687,554)	-
Total income tax (credit)/charge	<u>-</u>	<u>13,134,298</u>

Factors that may affect future tax charges

There are no factors that may affect future tax charges.

Domestic & General Group Limited
Notes to the Accounts
for the year ended 31 March 2014

8 Investments

	Investments in subsidiary undertakings £
Cost	
At 1 April 2013	5,591,305
Additions	3,336,219
Impairment - see note 5	(3,336,219)
	<hr/>
At 31 March 2014	5,591,305

During the year, the company contributed capital into Servizi Domestic & General Italia S r l to fund start-up losses, which was subsequently impaired (see Note 5)

The company's subsidiaries, which are all wholly owned and incorporated and registered in England & Wales other than where noted, are

Company	Nature of business
Domestic & General Insurance Plc	General insurance
Inkfish Financial Services Limited	Telephone services
Domestic & General Insurance Services Limited	Insurance broker
Copleys Limited	Personal finance
Domestic & General Services Pty Limited ¹	Warranty service plans
Servizi Domestic & General Italia S r l ²	Warranty service plans
Servicios Domestic & General Espana S L ³	Warranty service plans
Domestic & General Service GmbH ⁴	Warranty service plans
¹ Incorporated and registered in Australia	
² Incorporated and registered in Italy	
³ Incorporated and registered in Spain	
⁴ Incorporated and registered in Germany	

9 Other receivables

	2014 £	2013 £
Amounts falling due within one year		
Amounts owed by group undertakings	<u>16,940,656</u>	<u>4,821,431</u>
Amounts falling due after one year		
Amounts owed by group undertakings	<u>-</u>	<u>598,624,191</u>

Interest receivable is subject to agreement between the parties and is currently charged at a rate of 10% per annum

During the period, the company paid an interim dividend of £675m (2013 £Nil), reducing amounts owed by group undertakings

Domestic & General Group Limited
Notes to the Accounts
for the year ended 31 March 2014

10 Trade and other payables	2014	2013
	£	£
Amounts owed to group undertakings	1,311,722	15,048,001
Other payables	172,480	171,314
	<u>1,484,202</u>	<u>15,219,315</u>

11 Share capital	2014	2013	2014	2013
	No	No	£	£
Allotted, called up and fully paid				
Ordinary shares of 10p each	<u>36,752,915</u>	<u>36,752,915</u>	<u>3,675,291</u>	<u>3,675,291</u>

12 Share premium	2014
	£
At 1 April 2013 and 31 March 2014	<u>11,795,456</u>

13 Retained earnings	2014
	£
At 1 April 2013	578,499,437
Profit for the financial year	102,230,647
Dividends	(675,000,000)
At 31 March 2014	<u>5,730,084</u>

14 Reconciliation of movement in shareholder's funds	2014	2013
	£	£
At 1 April	593,970,184	526,869,536
Profit for the financial year	102,230,647	67,100,648
Dividends	(675,000,000)	-
At 31 March	<u>21,200,831</u>	<u>593,970,184</u>

15 Related parties

The Company received dividend income of £46.1m (2013 £27.9m) and interest income of £59.6m (2013 £54.8m) from subsidiaries in the normal course of business.

Amounts owed by and to group undertakings are not secured and no guarantees were received in respect thereof. The receivables will be settled in accordance with normal credit terms.

At the year end the Company had net intercompany balances due of £15.6m (2013 £588.4m).

Domestic & General Group Limited
Notes to the Accounts
for the year ended 31 March 2014

16 Controlling party

The Company is a subsidiary undertaking of Galaxy Topco Limited which is the ultimate parent company incorporated in Jersey

The largest and smallest group in which the results of the Company are consolidated is that headed by Galaxy Finco Limited, incorporated in Jersey. The consolidated financial statements of Galaxy Finco Limited are available to the public and may be obtained from the website at www.domesticandgeneral.com

The ultimate controlling party of the Group is Galaxy Topco Limited, an entity whose shareholders are Funds managed and advised by subsidiaries and affiliates of CVC Capital Partners SICAV-FIS S A