Ageas Retail Limited

Registered Number 1324965

Annual Report and Financial Statements

31 December 2015

Ageas Retail Limited
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Annual Report and Financial Statements

Contents

Ageas Retail Limited

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Directors and Advisers

Directors

Gregor Ball (INED)	
Jason Banwell	*Appointed 12/3/15*
Mark Cliff	*Resigned 29/4/15*
James Collins	*Resigned 20/4/15*
Peter Corfield	*Resigned 1/10/15*
Fernley Dyson	
Peter Friend (INED)	*Resigned 2/2/15*
James Furse (INED)	
Nicholas Lemans	
Anthony Middle	*Appointed 4/3/15*
Andrew Watson	

Secretary
Rosemary Smith

Head Office and Registered Address
Ageas House
Hampshire Corporate Park
Templars Way
Eastleigh
SO53 3YA

Independent Auditor
KPMG LLP
15 Canada Square
London
E14 5GL

Bankers
HSBC Bank Plc
165 High Street
Southampton
SO14 2NZ

Ageas Retail Limited

Registered Number 1324965

Strategic Report

The directors submit their report, together with the audited financial statements for the year ended 31 December 2015.

Business model

Ageas Retail Limited ('The Company') is a 100% owned subsidiary of Ageas (UK) Limited, a company registered in England and Wales. Ageas (UK) Limited is a wholly owned subsidiary of Ageas Insurance International NV.

The Company's results are consolidated into the accounts of Ageas SA/NV, the ultimate holding company, which is incorporated in Belgium.

Strategic aims and objectives

The strategic aims and objectives of the Company are to provide home, motor and travel insurance policies underwritten by parties including related parties ensuring that such services are ethical and consistent with the current regulatory framework and Ageas UK vision.

Business review

Full details of the results of the Company are contained in the financial statements on pages 6 to 20. The directors intend to continue the development of insurance marketing and broking services.

The Company is a broker of mainly home, motor and travel insurance and comprises a variety of brands, (RIAS, Castle Cover, Kwik-Fit Insurance Services and Express Insurance Services), transacting business mainly though aggregators and in addition acting as a broker for a number of affinity partners.

The Board considers that the key indicators that will communicate the financial performance and strength of the Company to its members are:

- Revenue
- Profit before income tax
- Expense ratio

The Board also uses a number of other key indicators to assess the performance of individual parts of the business, including details on the number of policies written and various performance ratios.

Financial performance

Revenue *in thousands of pounds*

	2013	2014	2015
Income from insurance marketing and broking services	91,903	91,420	139,688
Percentage change from previous year	5%	-1%	53%

The income in 2015 reflects a full year of new business income following the transfer of trade and assets from Kwik-Fit Insurance Services Limited, Express Insurance Services Limited and UKAIS Limited into the Company in 2014.

Profit before income taxes *in thousand of pounds*

	2013	2014	2015
Profit before income taxes	22,516	15,292	13,952
Percentage change from previous year	-15%	-32%	-9%

The profit in 2015 reflects a full year of new business related income and expenses following the transfer of trade and assets from Kwik-Fit Insurance Services Limited, Express Insurance Services Limited and UKAIS Limited into the Company in 2014. Transfered income has resulted in a 53% increase in revenue in the year, however lower margins due to the competitive market in which the Company operates have resulted in a 9% decrease in profit.

Profit before income tax is considered a key performance measure.

Expense ratio *in percentages*

	2013	2014	2015
Expense ratio	75%	83%	89%

The expense ratio is considered a measure of the Company's overall efficiency. It is calculated as total expenses (cost of sales and administrative expenses) expressed as a percentage of earned commission income. The increase seen in 2015 is due to the transfer of trade and assets from Kwik-Fit Insurance Services Limited, Express Insurance Services Limited and UKAIS Limited new business related expenses following the transfer of trade and assets from these entities into Ageas Retail Limited in 2014, coupled with the costs of a Retail wide transformation and consolidation program that started in 2014.

Principal risks and uncertainties

The Company's principal risks and uncertainties and the way in which these risks are managed are detailed in note 4 to the financial statements.

Results and dividends

The result of the year's operation is a profit after taxation of £11.7m (2014: £12.0m).

The Company paid a dividend to Ageas (UK) Limited of £10.4m in 2015 (2014: £20.0m)

Total assets decreased by £20.1m during the year and financial assets decreased by £11.0m, this is due to lower sales volumes in the year resulting in a reduction in the installment debtor balance.

Cash available to the Company decreased by £9.9m as detailed in the statement of cash flows on page 9.

This report was approved by the Board of Directors on 3 May 2016 and signed on its behalf by:

R Smith
Secretary

Report of the Directors

The directors submit their report, together with the audited financial statements, for the year ended 31 December 2015.

Business review
The business review is now set out in the Strategic Report on page 4.

Results and dividends
The information on the results and dividends paid by the Company is now set out in the Strategic Report on page 4.

Directors

The Members of the Board as at the date of these accounts are shown on page 3. Anthony Middle was appointed on 4 March 2015, and Jason Banwell was appointed 12 March 2015. Peter Friend resigned on 2 February 2015, James Collins resigned on 20 April 2015, Mark Cliff resigned on 29 April 2015 and Peter Corfield resigned on 1 October 2015. All other directors served throughout the year, and to the date of this report.

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.

Employees

The average number of persons employed in the United Kingdom by the Company was 2,286. The full time equivalent number of employees adjusted for part time staff was 2,149. Their annual aggregate remuneration was £59.4m. An analysis is shown in note 11.

Employee involvement

Employees are kept up to date about a wide range of Company developments through a programme of engagement activities, delivered through a variety of channels. This includes formal Director briefings for all employees and communication by management on the Company's performance and strategy, as well as using the intranet as the primary engagement channel. In addition, regular informal discussions take place between senior management and the formal employee consultation bodies. In 2015 Ageas continued to run its UK-wide engagement survey.

Diversity

The Company is committed to the employment, promotion and career development of all employees and specifically disabled persons or employees who become disabled during their career. In line with legislation relating to discrimination in employment, including the employment of people with disabilities, the Company's policy and procedures include our requirements and obligations and also form part of our management training. In addition an e-learning module further embeds our approach to a diverse working environment which is made available to all employees. Our approach to diversity is monitored regularly and is considered by the Board and the Ageas UK Remuneration Committee .

Auditors
Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

This Report was approved by the Board of Directors on 3 May 2016 and signed on its behalf by:

R Smith
Secretary

Ageas Retail Limited
Registered Number 1324965

Statement of comprehensive income
For the year ended 31 December 2015

In thousands of pounds	Notes	2015	2014
Revenue	5	139,688	91,420
Cost of sales	6	(72,889)	(49,393)
Gross profit		66,799	42,027
Administrative expenses	6	(51,230)	(26,285)
Operating profit		15,569	15,742
Finance income	8	91	295
Finance costs	9	(1,708)	(745)
Profit before income taxes		13,952	15,292
Income taxes	12	(2,236)	(3,248)
Profit for the year		11,716	12,044
Other comprehensive income		-	-
Total comprehensive income		11,716	12,044

The notes on pages 10 to 20 are an integral part of these financial statements.

Ageas Retail Limited

Registered Number 1324965

Statement of financial position

As at 31 December 2015

In thousands of pounds	Notes	2015	2014
Assets			
Non-Current Assets			
Fixed Assets	13	7,166	7,639
Intangible Assets	14	5,295	4,284
Deferred tax assets	12	4,143	3,861
Total Non-Current Assets		16,604	15,784
Current Assets			
Trade Receivables	15	135,369	151,745
Other Receivables	15	5,393	-
Cash and cash equivalents	18	17,783	27,707
Total Current Assets		158,544	179,452
Total Assets		175,148	195,236
Shareholders' equity			
Share capital	20	50	50
Retained earnings		16,196	14,880
Total shareholders' equity		16,246	14,930
Liabilities			
Non-Current Liabilities			
Loans and borrowings	17	99,537	99,557
Total Non-Current Liabilities		99,537	99,557
Current Liabilities			
Trade and other payables	16	58,472	79,355
Current tax liabilities	19	894	1,394
Total Current Liabilities		59,366	80,749
Total Liabilities		158,903	180,306
Total Equity and Liabilities		175,149	195,236

The notes on pages 10 to 20 are an integral part of these financial statements.

These financial statements were approved by the Board of directors on 3 May 2016 and were signed on its behalf by:

Anthony Middle
Director

Nicholas Lemans
Director

Ageas Retail Limited
Registered Number 1324965

Statement of changes in equity
For the year ended 31 December 2015

In thousands of pounds	Share capital	Retained earnings	Total
Balance as at 01 January 2014	50	22,836	22,886
Profit for the year	-	12,044	12,044
Dividend paid during the year	-	(20,000)	(20,000)
Balance as at 31 December 2014	50	14,880	14,930
Profit for the year	-	11,716	11,716
Dividend paid during the year	-	(10,400)	(10,400)
Balance as at 31 December 2015	50	16,196	16,246

The notes on pages 10 to 20 are an integral part of these financial statements.

Ageas Retail Limited

Registered Number 1324965

Statement of cash flows

For the year ended 31 December 2015

In thousands of pounds	Notes	2015	2014
Cash flows from operating activities			
Profit before tax		13,952	15,292
Adjustments for:			
Finance income	8	(91)	(295)
Finance cost	9	1,708	745
Depreciation	13	5,485	2,272
Loss on Disposal		404	-
Impairment	13	-	927
Operating profit before working capital changes		21,458	18,941
Decrease in financial assets		10,984	23,897
Decrease in trade and other payables		(20,883)	(34)
Cash flows from operations		11,559	42,804
Interest received	8	91	295
Interest paid	9	(1,708)	(745)
Income taxes paid		(3,019)	(2,643)
Net cash generated from operating activities		6,923	39,711
Cash flows from financing activities			
Dividends paid		(10,400)	(20,000)
Movement in loans		(20)	(16,683)
Net cash used in financing activities		(10,420)	(36,683)
Cash flows from investing activities			
Transfer of business - cash transfer		-	11,777
Purchase and net transfers of fixed assets		(6,427)	(3,294)
Net cash (used)/generated in investing activities		(6,427)	8,483
Net increase/(decrease) in cash and cash equivalents		(9,924)	11,511
Cash and cash equivalents at 1 January		27,707	16,196
Cash and cash equivalents at 31 December	18	17,783	27,707

The notes on pages 10 to 20 are an integral part of these financial statements.

Ageas Retail Limited
Registered Number 1324965

Notes to the financial statements

Ageas Retail Limited is a private company, limited by shares, domiciled and incorporated in England and Wales.

The financial statements were authorised for issue by the directors on 3 May 2016.

1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations issued by the International Accounting Standards Board (IASB) as adopted by the European Union (EU). The financial statements have also been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

2 Basis of Preparation

The Company has prepared the financial statements on a going concern basis.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

For each asset and liability line item in the statement of financial position that combines amounts expected to be recovered or settled within twelve months, or more than twelve months after the statement of financial position date, a classification at the statement of financial position date is included within the notes. The disclosure in the notes for these classifications are distinguished as follows:

- Amounts expected to be recovered in less than one year are referred to as current.
- Amounts expected to be recovered in more than one year are referred to as non-current.

All new standards and interpretations released by the IASB have been considered. The following new and amended standards that came into effect in the year have been adopted by the Company during the period as appropriate:

IAS 19 Amendment: simplifies the accounting for contributions that are independent of the number of years of employee service. The amendment has had no significant impact on the financial statements.

In addition, the following is a list of standards that are in issue but are not effective in 2015, together with the effective date of application to the Company:

IAS 1 Amendment: Disclosure initiative – January 2016
IAS 16 and 38 Amendments: Clarification of acceptable methods of depreciation and amortisation – January 2016
IAS 27 Amendment: Equity method in separate financial statements – January 2016
IFRS 10, IFRS 12 and IAS 28 Amendments: Investment entities - applying the consolidation exception – January 2016
Improvements to IFRSs (2012-2014) – January 2016
IFRS 15: Revenue from Contracts with Customers – January 2018
IFRS 9: Financial Instruments – January 2018

The implications of these standards are under review but we do not anticipate these to have any material impact to the financial statements.

The financial statements have been prepared on the historical cost basis.

3 Significant accounting policies

a) Functional and presentation currency

The financial statements are presented in thousands of Pounds Sterling, which is the Company's functional currency.

b) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS 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. These form the basis of judgements concerning carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The most critical judgements and estimates made by the Company are those relating to depreciable assets. The Company provides for depreciation of property, plant and equipment on a straight line basis over their estimated useful lives. The policy is reviewed regularly to ensure that the policy is appropriate for each class of asset. For further details on property, plant and equipment.

c) Fixed Assets

Fixed assets are stated at cost (or deemed cost) less accumulated depreciation and impairment losses. Where parts of an fixed asset have different useful lives, they are accounted for as separate fixed assets.

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each fixed asset.

The estimated useful lives are as follows:

Office Equipment (including Computer and Telephony)	5 years
Leasehold improvements	10 years

d) Investments

Investments are recorded in the statement of financial position at cost less accumulated impairment. The carrying value of investments is reviewed at each reporting date. If an indication of impairment exists, the assets are written down to their recoverable amount and the impairment is charged to retained earnings.

Notes to the financial statements

Significant accounting policies continued

e) **Intangible Assets**

An intangible asset is defined as an identifiable non-monetary asset without physical substance. Intangible assets are stated at cost less any accumulated amortisation and any accumulated impairment losses. Cost is defined as its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and any directly attributable cost of preparing the asset for its intended use.

Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each intangible asset.

The estimated useful lives are as follows:

Software (including licences & development costs)	5 years

f) **Impairment**

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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 original effective interest rate.

Individually significant financial assets are tested for impairment on an stand alone basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the profit or loss.

(ii) Non-financial assets

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating assets exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

g) **Revenue**

All revenue is derived from the provision of insurance marketing and broking services which is undertaken within the United Kingdom. Revenue represents the Company's brokerage commission earned on insurance premiums written. Commission is recognised in full on the sales/renewal of the insurance policy, irrespective of the timing of monies being received from the customer for this policy. This is the most appropriate date for when risk transfer has occurred. Instalment income from policies on monthly direct debit is recognised on the start date of the policy. A provision has been made at an appropriate level to reflect future cancellations/policy lapses for policies in force at the year end, income has been deferred to cover the fair value of the cost of funding and processing the instalment transactions. In addition a provision has been made for potential bad debts based on ageing of debt at the year end. All of turnover is from UK based operations.

Revenue represents income receivable from the provision of insurance marketing, broking services and interest charge for customers paying by instalment in the accounting period.

h) **Recognition and measurement of expenses:**

(i) Operating lease payments

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease.

(ii) Finance costs

Finance costs comprise interest payable on borrowings, which are expensed as incurred in the statement of comprehensive income in the period to which they relate. No finance costs are capitalised.

(iii) Pension scheme contributions

Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of comprehensive income when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iv) Other operating/administration expenses

Other operating and administration expenses are expensed as incurred in the statement of comprehensive income in the period to which they relate.

Notes to the financial statements

Significant accounting policies continued.

i) **Provisions**

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The main provisions in the accounts are for cancellations and bad debt.

j) **Financial instruments**

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. The Company classifies cash and short term deposits, trade, insurance and other receivables, including amounts due from related companies, as loans and receivables. Management has determined that their carrying amounts reasonably approximate their fair values as they are mostly short term in nature.

Loans and receivables are recognised at cost, plus any attributable transaction costs. Loans and receivables are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control of substantially all risks and rewards of the asset.

Financial liabilities include payables to related parties and interest-bearing loans and borrowings and other payables. Financial liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument. Interest-bearings loans and borrowings are recognised at cost less attributable transaction costs.

Management has determined that the carrying amounts of bank overdrafts and other payables reasonably approximate their fair values because these liabilities are mostly short term in nature or are repriced frequently. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled or if the contract is settled.

k) **Income tax and deferred tax**

Income tax in the statement of comprehensive income for the year comprises current and deferred tax, and is recognised except to the extent that it relates to items recognised directly in equity, in which case the related income tax is also recognised in equity.

Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantially enacted at the date of the statement of financial position, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided 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. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affects neither accounting nor taxable profit. The amount of deferred tax provided 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. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are not discounted.

4 Risk management

Objectives and policies for mitigating business risk

The Company's primary business is the provision of insurance marketing and broking services. As such it is exposed to a number of risks arising from its dealings with customers and suppliers as well as from its own internal operations. The Company has various procedures in place to manage these exposures. These include an overall risk management framework, a statement on the Company's risk appetite, and a set of clearly defined risk policies. The Company also maintains a comprehensive risk register which identifies the individual risks faced in each area of the business and the controls in place to mitigate these. The Company has a Risk Committee which meets regularly to review both the risk policies and the risk register, to ensure they are up-to-date, reflecting the risks currently facing the business, and that corresponding control issues and risk mitigation actions are being addressed in a timely manner. The findings of the Risk Committee are reported to the Company's Board.

Notes to the financial statements

Risk management continued

Credit risks

The Company is exposed to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents and, other receivables (including related party balances). The Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Company's liability to insurers is cancelled if a customer does not pay as the customer is given notice that the insurance policy will be cancelled on default of payment, therefore reducing the Company's credit risk exposure.
Credit risk is constantly monitored by management to mitigate risk and the credit quality of the customers is viewed and assessed by monthly reviews of the levels of default customers and holding a bad debt provision that is deemed adequate.

Amounts due from clients - Period overdue

		2015	2015	2014	2014
	Note	£000's	%	£000's	%
Within terms		136,407	96.9	150,930	99.5
0 - 1 month		1,849	1.3	424	0.3
2 months		1,200	0.9	176	0.1
3 - 6 months		1,009	0.7	172	0.1
6 - 12 months		297	0.2	43	0.0
More than one year		0	0.0	0	-
Total	15	140,762	100.1	151,745	100.0

Liquidity risk

The Company has limited exposure to liquidity risk. The main sources of obligations arise from insurance monies payable to insurers, return premiums, general suppliers and salaries. All these items can be accurately forecasted within a small tolerance and are not subject to large variances. The Company manages its liquidity risk by having guidelines that it maintains sufficient liquidity by holding cash surpluses in its bank accounts that its financial assets can be realised at short notice in the event of a significant event that meant the need to refund customers. The Company may also make use of borrowing facilities if required.

All financial liabilities and trade payables under credit terms are due within 30 days.

Financial liabilities - Maturity profile

		2015	2015	2014	2014
		£000's	%	£000's	%
Less than one year	16	58,472	37.0	79,355	44.4
Between one and five years	17	99,537	63.0	99,557	55.6
More than five years		0	0.0	0	0.0
Total		158,009	100.0	178,912	100.0

Operational risk

Operational risk arises from inadequate or failed internal processes, people and systems, or from external events. It is diverse in nature and permeates all business activities but remains a distinct form of risk. Operational risk includes for example, information technology, people, strategy, business continuity, regulatory, legal and financial crime.

The Company has carried out a detailed review of its operational processes and activities and, based on this, it has identified the areas of key risk to the business. These include the areas of Marketing, Operations, IT, Finance and HR. Separate risk policies have been formulated for each of these areas and, where appropriate, standard procedures have been carefully documented. As well as risk identification, the approach also incorporates risk measurement, risk monitoring, risk reporting and risk management. In evaluating the risks faced by the business significant focus is placed on the controls in place and how well they are operating. Regular reviews of both the risks faced, and the controls, are carried out by the Company's Risk Committee.

Notes to the financial statements

Risk management continued

Capital management

Definitions of capital management (and supporting terms)

Capital management is the collection of processes and activities undertaken to ensure that sufficient capital is maintained to ensure the organisation's ability to meet its liabilities and ultimately ensure its survival, particularly in case of losses arising from adverse events.

Capital management includes the assessment of capital required to support the Company's plans and objectives, the structure of its shareholders' funds, arrangements to secure capital, and the on going monitoring of capital against business requirements, as well as the assessments required by the FCA.

Aims of capital management policy

The Company has established standards for the efficient management of capital, to meet the needs of the business and return on capital requirements of shareholders. This includes the capital required to support the risk appetite identified in the Company's Risk Policies together with a margin for safety, in full compliance with the requirements of the Financial Conduct Authority (FCA). The FCA requires the Company to hold capital of at least 2.5% of annual turnover, which for 2015 is £3.5m. The closing capital and reserves of £16.2m is far in excess of this requirement.

Approach to capital management

The Company develops an Operating Business Plan, which is a key component of the Ageas (UK) Strategic Plan, and is reviewed and revised each year and then formally approved by the Company's Board.

A key factor in the formulation of the Strategic Plan is the assessment of the capital required to support the business objectives (i.e. growth and profit targets) and the appropriateness of the supporting capital structure.

Overall capital requirements and structure are assessed taking account of the following:

- Capital required to support the planned growth in the business;
- The expected dividend; and
- FCA capital requirements.

Sensitivity to key business drivers

Effective interest rates increase by 1.0%

The Company will be exposed to the impact of interest rate changes on its financial assets and liabilities. There would be a reduction in income on short-term cash balances and a reduction in the finance cost on the non-current liabilities. The impact of this can be seen in the table below.

Expenses increase by 10.0%

If administration expenses were to increase by 10.0% there would be an impact on profit of the additional costs. The impact of this can be seen in the table below.

In thousands of pounds	Effective Interest rates increase 1%	Expenses increase 10%
Impact - 2015		
Impact on profit before tax	(1,066)	(5,123)
Impact on net assets	(851)	(4,022)
Impact - 2014		
Impact on profit before tax	(316)	(2,628)
Impact on net assets	(246)	(2,063)

The impact of the changes in key business drivers is each assumed to be a discrete change. All other factors will be unchanged.

Some of these changes cannot be guaranteed to have a linear effect and as a whole range of other factors will impact the results they cannot be guaranteed to predict the result detailed. In addition the risk management that the Company operates will ensure that corrective action is implemented to mitigate or reverse the changes.

5 Revenue

	2015	2014
Commission & Fees	101,516	76,277
Interest	35,052	13,005
Other	3,120	2,138
Total revenue	139,688	91,420

Notes to the financial statements

6 Operating expenses

In thousands of pounds	2015	2014
Advertising	25,328	20,073
Depreciation		
- Leasehold buildings	404	204
- Office equipment	3,034	2,068
-Intangibles	2,083	-
- Office equipment	-	927
Hire of plant and machinery	277	654
Hire of other assets	2,661	1,545
Loss on disposal of fixed assets	405	-
- Wages, salaries and redundancy	51,459	31,837
- Compulsory social security contributions	4,903	2,728
- Contributions to pension plans	3,045	1,707
Recruitment costs	556	391
Goods and services	9,167	4,710
Software costs	13,701	3,436
Other costs	7,096	5,399
Total operating expenses	124,119	75,678

Operating expenses are analysed as:		
Cost of sales	72,889	49,393
Administrative expenses	51,230	26,285
	124,119	75,678

Auditor's remuneration, (shown in Goods and services above) of £74,770 (2014: £49,000) for the audit of the Company's annual financial statements.

7 Operating leases

Leases as Lessee

Non-cancellable operating lease rentals are payable as follows:

In thousands of pounds	2015		2014	
	Land & Buildings	Other	Land & Buildings	Other
Less than one year	2,805	69	2,619	13
Between one and five years	11,219	163	10,478	19
More than five years	22,214	-	16,574	-
Total	36,238	232	29,671	32

The Company leases office premises under four operating leases. Deansleigh House in Bournemouth runs to June 2029. Prospect House in Stoke runs to December 2024, Masterton Way in Glasgow runs to April 2030 and 1 Forest Gate in Glasgow runs to October 2021. There are rent reviews every five years. None of the leases include contingent rentals.

The Deansleigh House site is owned by a related party, Ageas Insurance Limited.

During the year ended 31 December 2015, £2,892,000 was recognised as an expense in the statement of comprehensive income in respect of operating leases (2014: £1,498,000).

8 Finance income

In thousands of pounds	2015	2014
Bank and other interest receivable	75	295
Investment income	16	-
	91	295

Finance income comprises of income from bank deposits.

9 Finance costs

In thousands of pounds	2015	2014
Payable to third parties	(1,708)	(639)
Payable to parent	-	(106)
Total	(1,708)	(745)

Notes to the financial statements

10 Pension scheme

In thousands of pounds	2015	2014
Contributions to defined contribution plan	3,045	1,707
	3,045	1,707

The Company participates in a defined contribution plan called Ageas Group Personal Pension Scheme. The assets of the plan are held separately from those of the Company in an independently administered fund. The pension cost in respect of members of this plan represents the contribution payable by the Company to the plan. The net asset/ liability for this pension plan is held by Ageas (UK) Limited.

The Company operated a funded defined benefit pension scheme, the Ageas Insurance Staff Pension Scheme, in respect of staff who were members of the scheme on 31 December 1997. The scheme is now closed to new members and the Company no longer has any active members within the scheme.

11 Staff numbers and costs

The total number of persons employed by the Company (including executive directors) in the year, analysed by category, was as follows:

	2015	2014
Corporate, administration and support	505	552
Marketing and sales	1,557	1,803
	2,062	2,355

The full time equivalent number of employees was as follows:

	2015	2014
Corporate, administration and support	476	503
Marketing and sales	1,461	1,701
	1,937	2,204

The average number of persons employed by the Company during the year was as follows:

	2015	2014
Total number of employees	2,286	1,246
Full time equivalent number of employees	2,149	1,186

The aggregate payroll costs in respect of these persons were as follows:

In thousands of pounds	2015	2014
Wages and salaries	50,987	31,153
Redundancy costs	472	685
Social security costs	4,903	2,728
Other pension costs	3,045	1,707
	59,407	36,273

12 Income taxes

Recognised in the statement of comprehensive income

In thousands of pounds	2015	2014
Current tax		
UK corporation tax on profits of the period	(2,522)	(2,738)
Prior year over provision in respect of current tax	4	158
	(2,518)	(2,580)
Deferred tax		
Origination and reversal of timing differences	326	(651)
Effect of change in rate on deferred tax	(51)	-
Prior year over/(under) provision in respect of deferred tax	7	(17)
	282	(668)
Tax on profit on ordinary activities	(2,236)	(3,248)

Notes to the financial statements

Reconciliation of effective tax rate

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the Company's future current tax charge accordingly. The deferred tax asset at 31 December 2015 has been calculated based on these rates.

The tax assessed on the year is lower (2014: lower) than the standard rate of corporation tax in the United Kingdom of 20.25% (2014: 21.50%).

The differences are explained below:

In thousands of pounds	2015	2014
Profit/(loss) on ordinary activities before tax	13,952	15,292
Profit on ordinary activities at the standard rate of corporation tax in the UK at 20.25% (2014: 21.50%)	(2,825)	(3,288)
Expenses not deductible for tax purposes	(82)	(20)
Effect of variable rates	(51)	(170)
Transfer pricing adjustment for tax purposes	-	-
Recognition of deferred tax asset transferred	-	89
Group relief claimed at no charge	711	-
Prior year over provision in respect of current tax	4	158
Prior year over/(under) provision in respect of deferred tax	7	(17)
	(2,236)	(3,248)

Deferred tax assets

In thousands of pounds	2015	2014
a) Movement in year		
At 1 January	3,861	3,478
Credit/(charge) for the year (see above)	282	(668)
Transfer of deferred tax assets from related parties (see above)	-	1,051
At 31 December	4,143	3,861
b) Represented by		
Variance between capital allowances and depreciation	3,037	2,195
Unutilised losses carried forward	915	1,627
Other temporary differences	191	39
	4,143	3,861

13 **Fixed Assets**

In thousands of pounds	Leasehold	Office	Total
Cost			
Balance as at 1 January 2015	2,664	14,236	16,900
Acquisitions	2,141	1,188	3,329
Disposals	(174)	(1,916)	(2,090)
Transfer of assets from related parties	-	40	40
Balance at 31 December 2015	4,631	13,548	18,179
Depreciation and impairment losses			
Balance as at 1 January 2015	1,329	7,932	9,261
Depreciation charge for the year	404	3,034	3,438
Impairment		-	-
Disposals	(52)	(1,634)	(1,686)
Balance at 31 December 2015	1,681	9,332	11,013
Net Book Value			
At 1 January 2015	1,335	6,304	7,639
At 31 December 2015	2,950	4,216	7,166

Prior Year Re-statement Disclosure

Costs of £10,429,000 and accumulated depreciation of £6,145,000 related to software and computer equipment was reclassified from Office Equipment for presentational purposes.

	Office Equipment Prior to Re-statement	Move to Intangibles	Office Equipment 2014 Restated
Cost			
Balance at 31 December 2014	24,665	10,429	14,236
Depreciation and impairment losses			
Balance at 31 December 2014	14,076	6,144	7,932

Notes to the financial statements

14 Intangibles

In thousands of pounds	Computer software	Total
Cost		
Balance as at 1 January 2015	10,429	10,429
Acquisitions	3,058	3,058
Disposals	(783)	(783)
Balance at 31 December 2015	12,704	12,704
		-
Depreciation and impairment losses		-
Balance as at 1 January 2015	6,145	6,145
Depreciation charge for the year	2,047	2,047
Impairment	-	-
Disposals	(783)	(783)
Balance at 31 December 2015	7,409	7,409
Net Book Value		
At 1 January 2015	4,284	4,284
At 31 December 2015	5,295	5,295

15 Trade & other Receivables

In thousands of pounds	2015	2014
Amounts falling due within one year		
Due from clients	135,369	41,538
Other assets and prepayments	4,973	5,404
Loans to group companies	-	-
Intercompany debtor	-	104,803
Other accrued income	420	-
Total other receivables	140,762	151,745

Trade and other receivables are stated at their cost less any impairment losses.

16 Trade and other payables

Amounts falling due within one year:

In thousands of pounds	2015	2014
Due to insurers	32,610	32,127
Trade payables	358	3,222
Other payables and accrued expenses	24,325	41,077
VAT and other taxes payable	1,179	2,929
Total trade and other payables	58,472	79,355

The Company acts as an agent in broking the insurable risks of its clients and is not liable as a principal for premiums due to insurance companies or for claims payable to clients. Notwithstanding the Company's legal relationship with clients and insurance companies and since in practice premiums are usually accounted for by insurance intermediaries, it has followed generally accepted accounting practice by showing cash, debtors and creditors relating to insurance business as assets and liabilities of the Company itself.

17 Financial liabilities

In thousands of pounds	2015	2014
Due to a financial institution	99,537	99,554
Loans from related parties	-	3
	99,537	99,557

The balance represents a receivables financing loan from The Royal Bank of Scotland plc. It is a committed facility, that runs for a minimum period up until the 31 January 2018. The loan gets repaid at this time and earlier repayment would only be triggered by a default.
The maximum capacity of the facility is £150m, limited to 85% of our future debtor balance. There are no covenants.
The financing loan from The Royal Bank of Scotland plc includes a clause where the bank holds a fixed and floating charge over all the Company's assets should the Company default to the terms and conditions. The effective rate of interest as at 31 December 2015 was 1.75%. There is also a non-utilisation charge at 25% of the margin rate.

Notes to the financial statements

18 **Cash and cash equivalents**

In thousands of pounds	2015	2014
Bank and cash balances	17,783	27,707
Cash and cash equivalents	17,783	27,707

The effective interest rate at 31 December 2015 on short term bank deposits was 0.5% (2014: 0.1%), with an average maturity of one day.

Cash and cash equivalents comprise cash balances and call deposits.

19 **Current tax liabilities**

The current tax liability of £894,000 (2014: £1,394,000) represents the residual amount of income taxes payable in respect of the current year under the quarterly payment system less adjustment in respect of prior years.

20 **Share capital**

	Ordinary shares	
In thousands of pounds	2015	2014
Issued and fully paid at 1 January and at 31 December	50	50

At 31 December 2015, the authorised share capital is 50,000 ordinary shares (2014: 50,000), which have a par value of £1 per ordinary share.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Dividends payable on ordinary shares are recognised when they are declared.

21 **Investments**

The Company has a holding in Ageas Legal LLP of £10, this is a 14.3% share in the partnership. Ageas Legal LLP ('the LLP') is a limited liability partnership registered in England & Wales. The principal activity of the LLP is that of a holding entity.

Partnership profit share

Income from Ageas Legal LLP represents a share of the profits of the partnership. The profits are divided between the members and distributed automatically and are recognised in the statement of comprehensive income on an accruals basis.

22 **Related party transactions**

The Company has a related party relationship with its key management personnel who are all directors of the Company.

Transactions with Directors

In addition to their salaries, the Company also provides non-cash benefits to directors and contributes to a post-employment defined contribution plan or a defined benefit scheme on their behalf.

The directors' compensations are as follows:

In thousands of pounds	2015	2014
Short term employment benefits	1,003	534
Post employment benefits	154	85
	1,157	619

In respect of the highest paid director:

Short term employment benefits	388	309
Post employment benefits	72	50
	460	359

The highest paid director's accrued pension at the year-end was £nil (2014: £nil)

Notes to the financial statements

Related party transactions continued

In the ordinary course of business the Company carries out transactions with related parties as defined in IAS 24, Related Party Disclosures.

Material transactions are set out below.

In thousands of pounds		2015 Statement of Profit or Loss and Other Comprehensive Income	2015 Statement of Financial Position	2014 Statement of Profit or Loss and Other Comprehensive Income	2014 Statement of Financial Position
Immediate parent and ultimate holding company transactions and assets held in the statement of financial position	Ageas (UK) Ltd	(203)	(215)	(1,970)	145
Fellow subsidiary company transactions, assets and liabilities held in the statement of financial position	Ageas Insurance Ltd	2,796	(120,049)	44,050	(9,172)
	Ageas Legal LLP	45,133	200	242	820
	Ageas Protect Ltd (now AIG Life Ltd)			434	-
	Ageas Services (UK) Ltd			678	-
	Castle Cover Ltd				(3,136)
	Tesco Underwriting Ltd				4
Intercompany debtor balance following transfer from related parties	UKAIS Ltd		38,640		38,640
	Express Insurance Services Ltd	-	4,284	-	4,284
	Kwik-Fit Insurance Services Ltd		61,807		61,807
		47,726	(15,333)	43,434	93,392

The Company's immediate parent undertaking is Ageas (UK) Limited which provides the Company with administration and management services.

Fellow subsidiary company transactions and assets relate to insurance policies written by Ageas Insurance Limited and Ageas Legal LLP, and commissions received. All related party transactions are settled on a net basis.

23 Parent company and ultimate controlling party

The Company's immediate parent undertaking is Ageas (UK) Limited.

The Company's results are consolidated into the accounts of Ageas SA/NV, the ultimate holding company, which is incorporated in Belgium.

Copies of the above accounts can be obtained from the Company Secretary, Ageas (UK) Limited, Ageas House, Hampshire Corporate Park, Templars Way, Eastleigh, Hants SO53 3YA. The accounts of Ageas SA/NV are also available online at:

http://ageas.com/en/text/statutory-accounts-2015

Statement of Directors' Responsibilities in respect of the Strategic Report, the 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 IFRS 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 IFRS 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.

Ageas Retail Limited

Registered Number 1324965

Independent Auditor's Report to the Members of Ageas Retail Limited

We have audited the financial statements of Ageas Retail Limited for the year ended 31 December 2015 set out on pages 6 to 20. 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 21, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; 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.

Jonathan Bell (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
Canary Wharf
London
E14 5GL
3 May 2016