

Ageas Retail Limited (formerly Ageas 50 Limited)

Registered Number 1324965

Annual Report and Financial Statements

31 December 2014



Ageas Retail Limited (formerly Ageas 50 Limited)

Registered Number 1324965

Annual Report and Financial Statements

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Ageas Retail Limited (formerly Ageas 50 Limited)

Registered Number 1324965

Directors and Advisers

Directors

Gregor Ball
Jason Banwell
Robert Bright
Mark Cliff
James Collins
Peter Corfield
Fernley Dyson
Peter Friend
James Furse
Nicholas Lemans
Anthony Middle
Andrew Watson

appointed 27/05/2014

appointed 12/03/2015

resigned 22/07/2014

resigned 20/04/2015

resigned 02/02/2015

appointed 17/10/2014

appointed 04/03/2015

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 (formerly Ageas 50 Limited)

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Strategic Report

The directors submit their report, together with the audited financial statements for the year ended 31 December 2014.

Business review

Full details of the results of Ageas Retail Limited (the Company) are contained in the financial statements on pages 6 to 22. The directors intend to continue the development of insurance marketing and broking services.

The Company is a broker of mainly home and motor insurance and comprises RIAS and Castle Cover which are brands specialising in the over 50's market; in addition from 30 November 2014 the brands of Kwik-Fit Insurance Services and Express Insurance Services, transacting business mainly through aggregators; and from 31 December 2014 the partnerships division focusing on retailing to the customers of affinity partners.

During the year a strategic review of the structure of Ageas UK's Retail businesses was concluded, during which it was decided that with effect from 30 November 2014 the trade and assets of Kwik-Fit Insurance Service Limited and Express Insurance Services Limited, fellow subsidiaries of Ageas (UK) Limited, were transferred to the Company. In addition, with effect from 31 December 2014 the trade and assets of UKAIS Limited was also transferred to the Company (as detailed in note 19).

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

	2012	2013	2014
Income from insurance marketing and broking services	87,280	91,903	91,420
Percentage change from previous year	-1%	5%	-1%

The income in 2014 reflects one month of the Kwik-Fit Insurance Services Limited and Express Insurance Services Limited new business income following the transfer of trade and assets from these entities into the Company on 30 November 2014.

Profit before income taxes in thousand of pounds

	2012	2013	2014
Profit before income taxes	26,399	22,516	15,292
Percentage change from previous year	-7%	-15%	-32%

The profit in 2014 reflects one month of the Kwik-Fit Insurance Services Limited and Express Insurance Services Limited new business related income and expenses following the transfer of trade and assets from these entities into the Company on 30 November 2014.

Profit before income tax is considered a key performance measure. Margins reduced in 2014 as a result of the very competitive market in which the Company operates.

Expense ratio in percentages

	2012	2013	2014
Expense ratio	69%	75%	83%

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 2014 is due to the transfer of trade and assets from Kwik-Fit Insurance Services Limited and Express Insurance Services Limited new business related expenses following the transfer of trade and assets from these entities into Ageas Retail Limited on 30 November 2014, coupled with the costs of a Retail wide transformation and consolidation program that started in 2014.

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Strategic Report (continued)

Results and dividends

The result of the year's operation is a profit after taxation of £12.0m (2013: £20.7m).

The Company paid a dividend to Ageas (UK) Limited of £20.0m in 2014 (2013: £20.1m) and equity decreased by £8.0m (2013: increased by £0.5m).

Total assets increased by £91.7m during the year and financial assets increased by £73.1m. The amounts transferred from Express Insurance Services Limited, Kwik-Fit Insurance Services Limited and UKAIS Limited are detailed in note 19.

Cash available to the Company increased by £11.5m as detailed in the statement of cash flows on page 9.

Business model

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.

Principal risks and uncertainties

The Company's principal risks and uncertainties and the way in which these risks are managed are detailed in note 2 to the financial statements.

Strategic aims and objectives

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

This report was approved by the Board of directors on 27 April 2015 and signed on its behalf by:



R Smith
Secretary

Ageas Retail Limited (formerly Ageas 50 Limited)

Registered Number 1324965

Report of the Directors

The directors submit their report, together with the audited financial statements, for the year ended 31 December 2014.

Business review

The business review is now set out in the Strategic Report on pages 3 and 4.

Change of name

On 25 July 2014 the Company changed its name from Ageas 50 Limited to Ageas Retail Limited.

Results and dividends

The information on the results and dividends paid by the Company is now set out in the Strategic Report on pages 3 and 4.

Directors

The Members of the Board as at the date of these accounts are shown on page 2. Anthony Middle was appointed on 4 March 2015, Gregor Ball was appointed on 27 May 2014, James Furse was appointed on 17 October 2014 and Jason Banwell was appointed 12 March 2015. Robert Bright resigned on 22 July 2014, Peter Friend resigned on 2 February 2015 and James Collins resigned on 20 April 2015. All other directors served throughout the year, and to the date of this report.

Disclosure of Information to Auditors

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 auditors are 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 auditors are aware of that information.

Employees

The average number of persons employed in the United Kingdom by the Company was 1,246. The full time equivalent number of employees adjusted for part time staff was 1,186. Their annual aggregate remuneration was £36.3m. An analysis is shown in note 18.

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 regular bulletins and employee newsletters. In addition, informal discussions take place between senior management and the formal employee consultation bodies. In 2014 Ageas ran its sixth UK-wide engagement survey and work was undertaken to embed the intranet launched in 2012 to further promote a two-way dialogue between employees and the organisation, and to connect people across different businesses.

Diversity

The Company is committed to the employment, promotion and career development of 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

Due to an internal reorganisation within KPMG, KPMG Audit Plc resigned as auditor with effect from 23 July 2014. To fill this casual vacancy, the directors approved the appointment of KPMG LLP, an intermediate parent of KPMG Audit Plc, as auditor of the Company, on 2 September 2014.

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 27 April 2015 and signed on its behalf by:



R Smith

Secretary

Ageas Retail Limited (formerly Ageas 50 Limited)

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Statement of profit or loss and other comprehensive income

For the year ended 31 December 2014

<i>In thousands of pounds</i>	Notes	2014	2013
Revenue	3	91,420	91,903
Cost of sales	4	(49,393)	(45,834)
Gross profit		42,027	46,069
Administrative expenses	4	(26,285)	(23,446)
Operating profit		15,742	22,623
Finance income	5	295	524
Finance costs	6	(745)	(631)
Profit before income taxes		15,292	22,516
Income taxes	7	(3,248)	(1,863)
Profit for the year		12,044	20,653
Other comprehensive income		-	-
Total comprehensive income		12,044	20,653

There is no other comprehensive income in the 2014 financial year (2013 £nil).

The significant accounting policies on pages 10 to 13 and the notes on pages 14 to 22 are an integral part of these financial statements.

Ageas Retail Limited (formerly Ageas 50 Limited)

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Statement of financial position


As at 31 December 2014

In thousands of pounds

	Notes	2014	2013
Assets			
Property, plant and equipment	8	11,923	5,238
Deferred tax assets	9	3,861	3,478
Financial assets	10	151,745	78,611
Cash and cash equivalents	11	27,707	16,196
Total assets		<u>195,236</u>	<u>103,523</u>
Shareholders' equity			
Share capital	12	50	50
Retained earnings		14,880	22,836
Total shareholders' equity		<u>14,930</u>	<u>22,886</u>
Liabilities			
Financial liabilities:			
- Loans and borrowings	13	99,557	35,923
Trade and other payables	14	79,355	43,281
Current tax liabilities	15	1,394	1,433
Total liabilities		<u>180,306</u>	<u>80,637</u>
Total Equity and Liabilities		<u>195,236</u>	<u>103,523</u>

The significant accounting policies on pages 10 to 13 and the notes on pages 14 to 22 are an integral part of these financial statements.

These financial statements were approved by the Board of directors on 27 April 2015 and were signed on its behalf by:



Peter Corfield
Director



Nicholas Lemans
Director

Ageas Retail Limited (formerly Ageas 50 Limited)

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Statement of changes in equity

For the year ended 31 December 2014

<i>In thousands of pounds</i>	Share capital	Retained earnings	Total
Balance as at 1 January 2013	50	22,332	22,382
Profit for the year	-	20,653	20,653
Total recognised income for the year	-	20,653	20,653
Dividend paid during the year	-	(20,149)	(20,149)
Balance as at 1 January 2014	50	22,836	22,886
Profit for the year	-	12,044	12,044
Total recognised income 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

The significant accounting policies on pages 10 to 13 and the notes on pages 14 to 22 are an integral part of these financial statements.

Ageas Retail Limited (formerly Ageas 50 Limited)

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Statement of cash flows

For the year ended 31 December 2014

In thousands of pounds

	Notes	2014	2013
Cash flows from operating activities			
Profit before tax		15,292	22,516
<i>Adjustments for:</i>			
Interest income	5	(295)	(524)
Finance cost	6	745	631
Depreciation	8	2,272	2,004
Impairment	8	927	-
Operating profit before working capital changes		18,941	24,627
Decrease/(increase) in financial assets		23,897	(14,625)
(Decrease)/increase in trade and other payables		(34)	15,449
Cash flows from operations		42,804	25,451
Interest received	5	295	524
Interest paid	6	(745)	(631)
Income taxes paid		(2,643)	(5,814)
Net cash used in operating activities		39,711	19,530
Cash flows from financing activities			
Dividends paid		(20,000)	(20,149)
Movement in loans		(16,683)	12,284
Net cash used in financing activities		(36,683)	(7,865)
Cash flows from investing activities			
Transfer of business - cash transfer	19	11,777	-
Purchase and net transfers of property, plant and equipment	8	(3,294)	(3,189)
Net cash used in investing activities		8,483	(3,189)
Net increase in cash and cash equivalents		11,511	8,475
Cash and cash equivalents at 1 January		16,196	7,721
Cash and cash equivalents at 31 December	11	27,707	16,196

The significant accounting policies on pages 10 to 13 and the notes on pages 14 to 22 are an integral part of these financial statements.

Ageas Retail Limited (formerly Ageas 50 Limited)

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Significant accounting policies

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 27 April 2015.

(a) 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.

(b) Basis of preparation

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

The Company presents its statement of financial position in order of liquidity in accordance with IAS 1, Presentation of 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:

Amendments to IFRS 10, IFRS 12 and IFRS 37.

These relate to investment entities and had no impact on these financial statements.

IAS 32: Amendment: Offsetting financial assets and financial liabilities.

The amendments have had no significant impact on the financial statements.

IAS 36: Amendment: Recoverable Amount Disclosures for Non-Financial Assets.

IAS 39: Amendment: Novation of Derivatives and Continuation of Hedge Accounts.

These amendments have had no impact on the financial statements.

In addition, the following is a list of standards that are in issue but are not effective in 2014, and have not yet been adopted in the EU, together with the effective date of application to the Company:

IFRS 15: Revenue for Contracts with Customers (effective 1 January 2017)

IFRS 9: Financial Instruments (effective 1 January 2018)

The implications of these standards, amendments and interpretations are under review.

(i) Basis of measurement

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

(ii) Functional and presentation currency

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

(iii) 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.

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Significant accounting policies

(b) Basis of preparation (continued)

(iii) Use of estimates and judgements (continued)

Judgements made by directors in the application of IFRS that have a significant effect on the financial statements, and estimates with a significant risk of material adjustment in the next year, are discussed in note 1.

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

(c) Recognition and measurement of revenue

Revenue represents the Company's brokerage commission earned on insurance premiums written. Commission is recognised in full on the sales/renewal date 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.

Interest income comprises income from bank deposits.

(d) Revenue

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

(e) Expenses

(i) Operating lease payments

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

(ii) Finance costs

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

(f) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the income statement 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.

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Significant accounting policies

(g) Income tax and deferred tax

Income tax in the statement of profit or loss and other comprehensive income for the year comprises current and deferred tax. Income tax is recognised in the statement of profit or loss and other comprehensive income 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: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. 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.

(h) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost (or deemed cost) less accumulated depreciation (see below) and impairment losses (see accounting policy m). Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Depreciation

Depreciation is charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives are as follows:

Office Equipment (including Computer and Telephony)	2-5 years
Leasehold improvements	15 years

(i) Trade and other receivables

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

(j) Financial assets

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 or are repriced frequently.

Loans and receivables are recognised initially at fair value, 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.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

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Significant accounting policies

(l) Financial liabilities

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-bearing loans and borrowings are recognised initially at fair value 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.

(m) 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. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

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. Any cumulative loss in respect of an available-for-sale financial asset recognised previously through other comprehensive income in equity is transferred to 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 and available-for-sale financial assets that are debt securities, the reversal is recognised in the profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in other comprehensive income.

(ii) Non-financial assets

The recoverable amount of an asset or cash-generating unit 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 (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other 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.

(n) 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.

(o) Dividends

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

(p) Insurance broking assets and liabilities

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.

(q) Investments

Investments in Ageas Legal LLP are classified as fixed asset investments and are recorded in the balance sheet 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 the profit and loss account in the year in which it arises.

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 profit and loss account on an accruals basis.

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Notes to the financial statements

1 Accounting estimates and judgements

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 see note 8.

2 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.

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

		2014	2014	2013	2013
	Note	£000's	%	£000's	%
Within terms		40,723	98.0	49,619	100.7
0 - 1 month		424	0.9	(284)	(0.6)
2 months		176	0.4	(3)	(0.0)
3 - 6 months		172	0.4	(36)	(0.1)
6 - 12 months		43	0.1	0	0.0
More than one year		0	0.0	0	0.0
Total	10	<u>41,538</u>	<u>100.0</u>	<u>49,296</u>	<u>100.0</u>

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 significantly 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

		2014	2014	2013	2013
		£000's	%	£000's	%
Less than one year		79,358	44.4	43,281	54.6
Between one and five years		99,554	55.6	35,923	45.4
More than five years		0	0.0	0	0.0
Total	13, 14	<u>178,912</u>	<u>100.0</u>	<u>79,204</u>	<u>100.0</u>

Ageas Retail Limited (formerly Ageas 50 Limited)

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Notes to the financial statements

2 Risk management (continued)

Objectives and policies for mitigating business risk (continued)

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.

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 2014 is £2.3m. The closing capital and reserves of £14.9m 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.

Ageas Retail Limited (formerly Ageas 50 Limited)

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Notes to the financial statements

2 Risk management (continued)

Objectives and policies for mitigating business risk (continued)

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.

<i>In thousands of pounds</i>	Effective Interest rates increase 1%	Expenses increase 10%
Impact - 2014		
Impact on profit before tax	(316)	(2,628)
Impact on net assets	(246)	(2,063)
Impact - 2013		
Impact on profit before tax	(197)	(2,345)
Impact on net assets	(145)	(1,723)

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.

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3 Revenue

All revenue is derived from the provision of insurance marketing and broking services which is undertaken within the United Kingdom.

4 Operating expenses

In thousands of pounds

	2014	2013
Advertising	20,073	19,263
Depreciation		
- Leasehold buildings	204	193
- Office equipment	2,068	1,811
Impairment		
- Office equipment	927	-
Hire of plant and machinery	654	420
Hire of other assets	1,545	1,480
Personnel expenses:		
- Wages, salaries and redundancy	31,837	28,503
- Compulsory social security contributions	2,728	2,453
- Contributions to pension plans	1,707	1,329
Recruitment costs	391	789
Goods and services	4,661	5,029
Audit fees	49	46
Software costs	3,436	2,731
Other costs	5,399	5,233
Total operating expenses	75,678	69,280
 Operating expenses are analysed as:		
Cost of sales	49,393	45,834
Administrative expenses	26,285	23,446
	75,678	69,280

Auditor's remuneration of £49,000 (2013: £46,000) for the audit of the Company's annual financial statements.

5 Finance income

In thousands of pounds

	2014	2013
Bank and other interest receivable	295	524

6 Finance costs

In thousands of pounds

	2014	2013
Interest payable to third parties	(639)	(631)
Payable to group undertakings	(106)	-
Total	(745)	(631)

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Notes to the financial statements

7 Income taxes

Recognised in the statement of profit or loss and other comprehensive income

<i>In thousands of pounds</i>	2014	2013
Current tax		
UK corporation tax on profits of the period	(2,738)	(4,397)
Prior year (over)/under provision in respect of current tax	158	199
	<u>(2,580)</u>	<u>(4,198)</u>
Deferred tax		
Origination and reversal of timing differences	(651)	(114)
Affect of change in rate on deferred tax	-	2,434
Prior year (over)/under provision in respect of deferred tax	(17)	15
	<u>(668)</u>	<u>2,335</u>
Tax on profit on ordinary activities	<u>(3,248)</u>	<u>(1,863)</u>

Reconciliation of effective tax rate

The Finance Act 2013 reduced the main rate of corporation tax from 23% to 21% from 1 April 2014. This will be further reduced to 20% from 1 April 2015. The rate reductions will reduce the Company's future current tax charge and deferred tax asset accordingly.

The tax assessed on the year is lower (2013: lower) than the standard rate of corporation tax in the United Kingdom of 21.5% (2013: 23.25%).

The differences are explained below:

<i>In thousands of pounds</i>	2014	2013
Profit/(loss) on ordinary activities before tax	15,292	22,516
Profit on ordinary activities at the standard rate of corporation tax in the UK at 21.5% (2013: 23.25%)	(3,288)	(5,235)
Expenses not deductible for tax purposes	(20)	(65)
Effect of variable rates	(170)	(19)
Transfer pricing adjustment for tax purposes	-	-
Recognition of deferred tax asset transferred	89	3,242
Prior year (over)/under provision in respect of current tax	158	199
Prior year (over)/under provision in respect of deferred tax	(17)	15
	<u>(3,248)</u>	<u>(1,863)</u>

8 Property, plant and equipment

<i>In thousands of pounds</i>	Leasehold buildings	Office equipment	Total
Cost			
Balance at 31 December 2013	2,414	21,049	23,463
Acquisitions	170	3,124	3,294
Disposals	-	(6,019)	(6,019)
Transfer of assets from group undertakings	80	6,510	6,590
Balance at 31 December 2014	<u>2,664</u>	<u>24,664</u>	<u>27,328</u>
Depreciation and impairment losses			
Balance at 31 December 2013	1,125	17,100	18,225
Depreciation charge for the year	204	2,068	2,272
Impairment	-	927	927
Disposals	-	(6,019)	(6,019)
Balance at 31 December 2014	<u>1,329</u>	<u>14,075</u>	<u>15,405</u>
Carrying amounts			
At 31 December 2013	1,289	3,949	5,238
At 31 December 2014	<u>1,335</u>	<u>10,589</u>	<u>11,923</u>

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Notes to the financial statements

9 Deferred tax assets

In thousands of pounds

	2014	2013
a) Movement in year		
At 1 January	3,478	1,143
Credit/(charge) for the year (see note 7)	(668)	2,335
Transfer of deferred tax assets from group undertakings (see note 7)	1,051	-
At 31 December	<u>3,861</u>	<u>3,478</u>
b) Represented by		
Variance between capital allowances and depreciation	2,195	1,071
Unutilised losses carried forward	1,627	2,366
Other temporary differences	39	41
	<u>3,861</u>	<u>3,478</u>

10 Financial assets

In thousands of pounds

	2014	2013
Amounts falling due within one year		
Due from clients	41,538	49,296
Other assets and prepayments	5,404	2,788
Loans to group companies	-	26,470
Intercompany debtor	104,803	-
Other accrued income	-	57
Total other receivables	<u>151,745</u>	<u>78,611</u>

The effective interest rate payable by Ageas (UK) Limited on the loan from Ageas Retail Limited is 2.5% per annum, the loan is due on demand.

The intercompany debtor includes the transfer from group undertakings balance, which represents the balance outstanding from Express Insurance Services Limited and Kwik-Fit Insurance Services on 30 November 2014 and UKAIS Limited on 31 December 2014, following the transfer of trade and assets to the Company (see note 19). The intercompany debtor is not interest bearing, with the balance being due on demand.

11 Cash and cash equivalents

In thousands of pounds

	2014	2013
Bank and cash balances	27,707	16,196
Cash and cash equivalents in the statement of cash flows	<u>27,707</u>	<u>16,196</u>

The effective interest rate at 31 December 2014 on short term bank deposits was 0.1% (2013: 0.4%), with an average maturity of one day.

12 Share capital

Ordinary shares

In thousands of pounds

	2014	2013
In issue at 1 January and at 31 December - fully paid	<u>50</u>	<u>50</u>

At 31 December 2014, the authorised share capital is 50,000 ordinary shares (2013: 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.

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Notes to the financial statements

13 Financial liabilities

Loans and borrowings

In thousands of pounds

	2014	2013
Non-current liabilities		
Due to a financial institution	99,554	35,923
Loans from group companies	<u>3</u>	<u>-</u>
	99,557	35,923

The balance represents a receivables financing loan from The Royal Bank of Scotland. It is a committed facility, that runs for three years from 1 September 2014. The loan gets repaid at this time and earlier repayment would only be triggered by a default.

The financing loan from The Royal Bank of Scotland 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 2014 was 1.25%.

14 Trade and other payables

Amounts falling due within one year:

In thousands of pounds

	2014	2013
Due to insurers	32,127	24,865
Trade creditors	3,222	2,786
Other payables and accrued expenses	41,077	14,633
VAT and other taxes payable	<u>2,929</u>	<u>997</u>
Total trade and other payables	79,355	43,281

15 Current tax assets and liabilities

The current tax liability of £1,393,727 (2013: £1,433,000) 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.

16 Operating leases

Leases as Lessee

Non-cancellable operating lease rentals are payable as follows:

In thousands of pounds

	2014		2013	
	Land & Buildings	Other	Land & Buildings	Other
Less than one year	2,619	13	1,473	25
Between one and five years	10,477	19	5,891	-
More than five years	<u>16,574</u>	<u>-</u>	<u>8,540</u>	<u>-</u>
Total	29,671	32	15,904	25

The Company leases office premises under two operating leases. One runs to 2020 with a five year break clause and with no further rent review. The other lease runs to March 2024 with a break clause in 2019. Lease payments are increased every five years to reflect market rentals. Neither of the leases include contingent rentals.

During the year ended 31 December 2014, £1,497,977 was recognised as an expense in the statement of profit or loss and other comprehensive income in respect of operating leases (2013: £1,480,093).

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Notes to the financial statements

17 Pension scheme

In thousands of pounds

2014 2013

Contributions to defined contribution plan

1,707	1,329
<u>1,707</u>	<u>1,329</u>

The Company participates in a defined contribution plan called Ageas Group Personal Pension Scheme (previously known as the Ageas 50 Group Personal Pension Scheme until 31 July 2013). 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 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.

18 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:

2014 2013

Corporate, administration and support
Marketing and sales

552	195
<u>1,803</u>	<u>824</u>
<u>2,355</u>	<u>1,019</u>

The full time equivalent number of employees was as follows:

2014 2013

Corporate, administration and support
Marketing and sales

1,701	188
<u>503</u>	<u>782</u>
<u>2,204</u>	<u>970</u>

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

2014 2013

Total number of employees
Full time equivalent number of employees

<u>1,246</u>	<u>1,262</u>
<u>1,186</u>	<u>1,202</u>

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

In thousands of pounds

2014 2013

Wages and salaries
Redundancy costs
Social security costs
Other pension costs

31,153	28,377
685	126
2,728	2,453
<u>1,707</u>	<u>1,329</u>
<u>36,273</u>	<u>32,285</u>

19 Corporate reorganisation

On 30 November 2014 the trade and net assets of Express Insurance Services Limited and Kwik-Fit Insurance Services Limited, fellow subsidiaries of Ageas (UK) Limited and on 31 December 2014 the trade and net assets of UKAIS Limited, also a fellow subsidiary of Ageas (UK) Limited were transferred at book value to the Company. The common parent Ageas (UK) Limited decided that due to the similar business nature of the four entities the operations would be more effectively managed together. The Company set up an intercompany asset equivalent to the net assets transferred in full settlement of the transaction.

The table below discloses the specific amounts transferred to the Company, under each category of asset and liability, for each entity that was transferred to the Company.

In thousands of pounds

Assets

	UKAIS Limited	Express Insurance Services Limited	Kwik-Fit Insurance Services Limited	Total
Property, plant and equipment	1,864	380	4,346	6,590
Financial assets	(7,473)	8,385	(8,613)	(7,701)
Cash and cash equivalents	9,246	556	1,975	11,777
Deferred tax assets	292	79	680	1,051
Total assets	<u>3,929</u>	<u>9,400</u>	<u>(1,612)</u>	<u>11,717</u>
Loans and borrowings	23,536	10,708	46,073	80,317
Trade and other payables	19,033	2,976	14,122	36,131
Total liabilities	<u>42,569</u>	<u>13,684</u>	<u>60,195</u>	<u>116,448</u>
Amount receivable by Ageas Retail Limited	<u>(38,640)</u>	<u>(4,284)</u>	<u>(61,807)</u>	<u>(104,731)</u>

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Notes to the financial statements

20 Fixed asset investment

The Company has a holding in Ageas Legal LLP of £10. 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.

21 Business combination

On 1 May 2013 the Company acquired the trade and net assets of Castle Cover Limited, a fellow subsidiary of Ageas (UK) Limited. The common parent Ageas (UK) Limited decided that due to the similar business nature of the two entities the operations would be more effectively managed together. The assets and liabilities were transferred at book value which management has determined as approximating their fair values under IFRS. The Company set up an intercompany liability equivalent to the net assets transferred in full settlement of the transaction.

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Assets	
Property, plant and equipment	1,029,935
Financial assets	12,580,712
Cash and cash equivalents	<u>6,069,664</u>
Total assets	<u>19,680,311</u>
Trade and other payables	17,215,927
Amount due to Castle Cover	2,464,383
	<u>19,680,311</u>

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:

<i>In thousands of pounds</i>	2014	2013
Short term employment benefits	534	229
Post employment benefits	<u>85</u>	<u>101</u>
	<u>619</u>	<u>330</u>

In respect of the highest paid director:

Short term employment benefits	309	122
Post employment benefits	<u>50</u>	<u>49</u>
	<u>359</u>	<u>171</u>

The highest paid director's accrued pension at the year-end was £nil (2013: £nil)

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.

<i>In thousands of pounds</i>	2014 Statement of Profit or Loss and Other Comprehensive Income	2014 Statement of Financial Position	2013 Statement of Profit or Loss and Other Comprehensive Income	2013 Statement of Financial Position
Immediate parent and ultimate holding company transactions and assets held in the statement of financial position	(1,970)	145	1,428	26,441
Fellow subsidiary company transactions and assets held in the statement of financial position	45,404	(11,484)	(33,542)	(15,140)
Intercompany debtor balance following transfer from group undertakings	-	104,731	-	-
	<u>43,434</u>	<u>93,392</u>	<u>(32,114)</u>	<u>11,301</u>

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 Protect Limited (now named AIG Life Limited), and commissions received.

23 Parent company

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.

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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, 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.

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Independent Auditor's Report to the Members of Ageas Retail Limited (formerly Ageas 50 Limited)

We have audited the financial statements of Ageas Retail Limited for the year ended 31 December 2014 set out on pages 6 to 22. 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 23, 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 (APB'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 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.

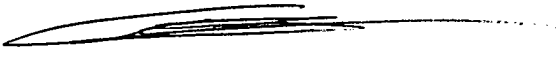
Opinion on other matter prescribed by the Companies Act 2006

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
London
E14 5GL

27 April 2015