

# Ageas Retail Limited

## Annual Report For the year ended 31 December 2017

Company Registration Number : 1324965



# Ageas Retail Limited

Company registration number: 1324965

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# Ageas Retail Limited

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## Directors and Advisers

### Directors

Gregor Ball	
Francois-Xavier Boisseau	(resigned 31 August 2017)
Christophe Boizard	(resigned 4 August 2017)
Antonio Cano	
Fernley Dyson	
James Furse	
Malcolm McCaig	(appointed 19 October 2017)
Anthony Middle	
Lionel Perl	(appointed 28 September 2017)
Michael Urmston	(resigned 31 August 2017)
Andrew Watson	
David Watson	(resigned 19 October 2017)
Mark Winlow	

### 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  
Rms Dept Level 2 2nd Floor 62-76 Park Street  
London  
SE1 9DZ

### Registered Number

1324965  
Registered in England and Wales

# Ageas Retail Limited

Company registration number: 1324965

## Strategic Report

### Business review

#### Activities

Ageas Retail Limited ('the Company') is a broker of mainly home, motor and travel insurance and operates a variety of brands, including RIAS and Kwik-Fit Insurance Services.

The Company is a 100% owned subsidiary of Ageas (UK) Limited, a company registered in England and Wales.

#### Performance during the year

Total revenue for 2017 was £92.8m (2016: £116.0m). The Company's continuing strategy to focus on the delivery of products direct to customers has meant that some previous panel arrangements have moved to being underwritten solely by a related party. This has driven the decrease in revenue of 20%.

The Company made a profit of £9.6m after tax in the year (2016: loss of £25.2m). The increase in profit in the year was mainly as a result of a non-recurring restructuring provision taken in 2016 (£27.2m, see note 7) as well as favourable administrative expenses in 2017.

#### Key Performance Indicators

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

- Revenue
- Profit before 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 operating metrics.

	2017	2016	Change
	£'000	£'000	%
Revenue	92,806	116,020	(20%)

Revenue is a key indicator to the underlying performance of the Company and its ability to generate profits in line with the desired strategic direction.

	2017	2016	Change
	£'000	£'000	%
Profit/(loss) before tax	10,538	(30,802)	134%

The Company aims to deliver profits through the delivery of superior customer service to its policyholders and intermediaries in line with the strategic aims of the Company.

# Ageas Retail Limited

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## Strategic Report (continued)

### Key Performance Indicators (continued)

	2017	2016	Change
Expense ratio	87%	102%	15%

The expense ratio is 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 total revenue.

### Year End position

#### Shareholders' equity

Shareholders' equity has increased by £33.6m (2016: decrease £34.3m) in the year. On 5 May 2017 the Company received a capital injection of £24.0m from its immediate parent company. In addition, retained earnings within shareholders' equity increased by £9.6m (2016: decrease £34.3m) as a result of the profit after tax in the year.

#### Assets

Total assets decreased by £14.4m (2016: increase £18.0m). This was mainly as a result of a reduction in trade and other receivables (£36.9m) offset by an increase of £14.8m in cash and cash equivalents. In addition, there was a £9.8m increase in financial assets as a result of a loan provided to the Company's immediate parent.

#### Liabilities

Total liabilities decreased by £48.0m in the year (2016: increase £52.3m) mainly as a result of a reduction in trade and other payables (£45.7m).

### Strategic aims and objectives

The strategic aim of the Company is to make life easier for all customers by making insurance personal. The Company's objective is to provide customers with home, motor and travel insurance policies underwritten by related and third parties, delivering superior customer service in compliance with the current regulatory framework.

### Principal risks and uncertainties

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

This report was approved by the Board of Directors on 8 May 2018 and signed on its behalf by:



R Smith  
Secretary

# Ageas Retail Limited

Company registration number: 1324965

## Report of the Directors

The directors submit their report, together with the audited financial statements for the year ended 31 December 2017.

### Results

The results of the Company are contained in the financial statements on pages 6 to 32. The 2017 profit after tax was £9.6m (2016: loss of £25.2m).

No dividend was paid during the year (2016: £9.1m).

### Business review

The business review is set out in the Strategic Report on pages 2 to 3.

### Directors

The Members of the Board are shown on page 1. All directors served throughout the year and to the date of this report except as highlighted on page 1.

### Employees

The average number of persons employed in the United Kingdom by the Company during the year was 1,441 (2016: 1,861). The full time equivalent number of employees adjusted for part time staff was 1,375 (2016: 1,745). Their annual aggregate remuneration was £44.8m (2016: £54.8m). An analysis is shown in note 22.

On 1 January 2018 all employees of the Company were transferred to a fellow group undertaking, Ageas Insurance Limited.

### Employee involvement

The Company kept employees up to date on strategy and performance through a variety of channels which included formal leadership events and regular employee briefings by senior managers. Employees were invited to provide feedback and to actively participate through continued use of the annual engagement survey, and the Employee Forum held regular discussions with senior management at an organisational and site level. The introduction of an enterprise social network gave employees the opportunity to engage directly with colleagues and managers, creating a two way dialogue and sharing of views and ideas in a transparent and immediate manner.

### Diversity and inclusion

The Company is committed to a culture which is inclusive and supports diversity. Recruitment, promotion, career development, selection for training and any other aspects of employee management of all employees were free from discrimination, including on the grounds of gender, ethnicity, disability, age, sexual orientation and marital status. The Board set the policies and standards within which the Company operates, and its approach to diversity and inclusion is monitored regularly by the Board. The Board places a high emphasis on ensuring the development of diversity across the business and supports various Ageas group initiatives such as the Future Leadership Programme, Women in Insurance, and its Diversity and Inclusion Policy.

### Donations

No political or charitable donations were made during the year by the Company (2016: nil).

# Ageas Retail Limited

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## Report of the Directors (continued)

### 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 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.

### Auditor

At the completion of its audit tenure, KPMG LLP will stand down as the auditor of the Company. During the year Ageas UK undertook an audit tender and at the recommendation of the Ageas UK Audit Committee and the Company's Board, a written resolution to appoint PricewaterhouseCoopers LLP as the auditor of the Company will be circulated to the shareholders following the approval of the Annual Report and financial statements.

This report was approved by the Board of Directors on 8 May 2018 and signed on its behalf by:



R Smith  
Secretary

# Ageas Retail Limited

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## Statement of profit or loss and other comprehensive income

For the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Revenue	3	92,806	116,020
Cost of sales	4	(46,708)	(57,651)
<b>Gross profit</b>		<b>46,098</b>	<b>58,369</b>
Administrative expenses	4	(34,397)	(60,571)
<b>Operating profit/(loss)</b>		<b>11,701</b>	<b>(2,202)</b>
Finance income	5	117	20
Finance costs	6	(1,280)	(1,437)
Non-recurring administrative expenses	7	-	(27,183)
<b>Profit/(loss) before tax</b>		<b>10,538</b>	<b>(30,802)</b>
Income tax	8	(928)	5,621
<b>Profit/(loss) for the year</b>		<b>9,610</b>	<b>(25,181)</b>
Other comprehensive income		-	-
<b>Total comprehensive income/(loss)</b>		<b>9,610</b>	<b>(25,181)</b>

The notes to the financial statements on pages 10 to 32 form an integral part of these financial statements.



# Ageas Retail Limited

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## Statement of financial position

As at 31 December 2017


	Note	2017 £'000	2016 £'000
<b>Assets</b>			
Investments	9	10	10
Property, plant and equipment	10	2,421	2,298
Intangible assets	11	5,338	6,354
Financial assets	13	9,800	-
Current tax asset	17	-	484
Deferred tax asset	12	9,144	9,871
Trade and other receivables	14	120,394	157,294
Cash and cash equivalents	15	31,705	16,862
<b>Total assets</b>		<u>178,812</u>	<u>193,173</u>
<b>Shareholders' equity</b>			
Share capital	21	24,050	50
Retained earnings		<u>(8,475)</u>	<u>(18,085)</u>
<b>Total shareholders' equity</b>		<u>15,575</u>	<u>(18,035)</u>
<b>Liabilities</b>			
Financial liabilities:			
- Loans and borrowings	16	92,373	87,479
Current tax liability	17	309	-
Provisions	18	16,747	24,199
Trade and other payables	20	53,808	99,530
<b>Total liabilities</b>		<u>163,237</u>	<u>211,208</u>
<b>Total equity and liabilities</b>		<u>178,812</u>	<u>193,173</u>

The notes to the financial statements on pages 10 to 32 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 8 May 2018 and were signed on its behalf by:



F Dyson  
Director



A Middle  
Director

# Ageas Retail Limited

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## Statement of changes in equity

As at 31 December 2017

	Share capital £'000	Retained earnings £'000	Total £'000
<b>Balance as at 1 January 2016</b>	50	16,196	16,246
Loss for the year	-	(25,181)	(25,181)
Dividends to shareholders	-	(9,100)	(9,100)
<b>Balance as at 31 December 2016</b>	<u>50</u>	<u>(18,085)</u>	<u>(18,035)</u>
<b>Balance as at 1 January 2017</b>	50	(18,085)	(18,035)
Profit for the year	-	9,610	9,610
Issue of share capital	24,000	-	24,000
<b>Balance as at 31 December 2017</b>	<u>24,050</u>	<u>(8,475)</u>	<u>15,575</u>

The notes to the financial statements on pages 10 to 32 form an integral part of these financial statements.

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## Statement of cash flows

For the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
<b>Cash flows from operating activities</b>			
Profit/(loss) before tax		10,538	(30,802)
<i>Adjustments for:</i>			
Finance income	5	(117)	(20)
Finance costs	6	1,280	1,437
Depreciation of property, plant and equipment	10	826	2,428
Depreciation of intangible assets	11	1,990	2,023
Impairment of property, plant and equipment	10	-	2,817
Impairment of intangible assets	11	-	28
(Decrease)/increase in provisions	18	(7,452)	24,199
<b>Operating profit before working capital changes</b>		7,065	2,110
Decrease/(increase) in trade and other receivables	14	36,900	(16,532)
(Decrease)/increase in trade and other payables	20	(45,722)	41,058
<b>Cash flows (used in)/from operations</b>		(1,757)	26,636
Interest received	5	117	20
Interest paid	6	(1,280)	(1,437)
Income tax recovered/(paid)		592	(1,485)
<b>Net cash flows (used in)/from operating activities</b>		(2,328)	23,734
<b>Cash flows used in investing activities</b>			
Purchase of shares	9	-	(10)
Purchase of property, plant and equipment and intangibles	10, 11	(1,923)	(3,487)
<b>Net cash used in investing activities</b>		(1,923)	(3,497)
<b>Cash flows from/(used in) financing activities</b>			
Dividends paid	21	-	(9,100)
Increase/(decrease) in loans and borrowings	16	4,894	(12,058)
Loan issued	13	(9,800)	-
Proceeds from issue of share capital	21	24,000	-
<b>Net cash from/(used in) financing activities</b>		19,094	(21,158)
<b>Net increase/(decrease) in cash and cash equivalents</b>		14,843	(921)
Cash and cash equivalents at 1 January		16,862	17,783
<b>Cash and cash equivalents at 31 December</b>	15	31,705	16,862

The notes to the financial statements on pages 10 to 32 form an integral part of these financial statements.

# Ageas Retail Limited

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## Notes to the financial statements

### 1 Accounting policies

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

#### (a) Statement of compliance

The financial statements were approved for issue by the Board of Directors on 8 May 2018.

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU').

The financial statements have also been prepared in accordance with those parts of the Companies Act 2006 ('CA 2006') applicable to companies reporting under IFRS.

In accordance with IFRS 8, the Company is not required to present segmental information as the equity of the Company is not publicly traded.

#### (b) Basis of preparation

The Company has elected not to prepare consolidated financial statements. The accounts as prepared are separate financial statements and the exemption from consolidation, in accordance with the CA 2006 s400(2), has been used. Consolidated accounts including the results of the Company are prepared by the ultimate holding company ageas SA/NV, a company incorporated in Belgium, and copies can be obtained from the Company Secretary, Ageas (UK) Limited, Ageas House, Hampshire Corporate Park, Templars Way, Eastleigh, Hampshire, SO53 3YA.

The financial performance and position of the Company, its cash flows, liquidity position and borrowing facilities are set out in the primary statements on pages 6 to 9, and subsequent notes on pages 10 to 32. Further analysis of the objectives and policies for mitigating risk can be found within note 2.

Having considered the position of the company, its forecast for the next 12 months and reviewing the potential risks to the Company, the directors have concluded the Company has sufficient resources to continue in operation for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

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 details 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 disclosures in the notes for these classifications are distinguished as follows:

- amounts expected to be settled in less than one year are referred to as current; and
- amounts expected to be settled in more than one year are referred to as non-current.

#### (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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## Notes to the financial statements

### 1 Accounting policies (continued)

#### (b) Basis of preparation (continued)

All new standards and interpretations released by the International Accounting Standards Board (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 7 Amendment: Disclosure initiative
- IAS 12 Amendment: Recognition of deferred tax assets for unrealised losses

In addition, the following is a list of standards that are in issue but are not effective in 2017, together with the effective date of application to the Company:

- Improvements to IFRSs (2014-2016) – January 2018
- IFRS 16: Leases – January 2019
- IFRS 23: Uncertainty over income tax treatments – January 2019
- IFRS 10 and IAS 28 Amendments: Sale or contribution of assets between an investor and its associate or joint venture – effective date to be determined

The implications of these standards are still under review.

The following standards are expected to have a material impact on the Company's financial statement in the period of initial application:

- IFRS 9: Financial instruments – January 2018
- IFRS 15: Revenue from contracts with customers – January 2018

The Company is required to adopt IFRS 9 Financial Instruments and IFRS 15 Revenue from contracts with customers from 1 January 2018. The Company has assessed the estimated impact that the initial application of IFRS 9 (see A) and IFRS 15 (see B) will have on its financial statements. The estimated impact of the adoption of these standards on the Company's equity as at 1 January 2018 is based on assessments undertaken to date and is summarised below. The actual impacts of adopting the standards at 1 January 2018 may change as the new accounting policies are subject to change until the Company presents its first financial statements that include the date of initial application.

The total estimated adjustment (net of tax) to the opening balance of the Company's equity at 1 January 2018 is £5.1m. The principle components of the estimated adjustments are as follows:

- a decrease of £1.5m in retained earnings due to the change in the amount of bad debt provision held by the Company (see A); and
- a decrease of £3.6m in retained earnings due to the change in accounting for instalment income (see B).

#### A. IFRS 9: Financial instruments

IFRS 9 Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

##### i. Classification – Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ('FVOCI') and fair value through profit or loss ('FVTPL'). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

Based on its assessment, the Company does not believe that the new classification requirements will have a material impact on its accounting for trade and other receivables.

# Ageas Retail Limited

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## Notes to the financial statements

### 1 Accounting policies (continued)

#### (b) Basis of preparation (continued)

##### A. IFRS 9: Financial instruments

###### ii. Impairment – Financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' ('ECL') model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables without a significant financing component; the Company has chosen to apply this policy also for trade receivables with a significant financing component.

The Company believes that impairment losses are likely to increase and become more volatile for assets in the scope of the IFRS 9 impairment model. The Company has estimated that application of IFRS 9's impairment requirements at 1 January 2018 results in additional impairment losses for trade receivables of £1.9m.

###### iii. Classification – Financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in other comprehensive income ('OCI'); and
- the remaining amount of change in the fair value is presented in profit or loss.

The Company has not designated any financial liabilities at FVTPL and it has no current intention to do so. The Company's assessment did not indicate any material impact regarding the classification of financial liabilities at 1 January 2018.

###### iv. Disclosures

IFRS 9 will require extensive new disclosures, in particular about credit risk and ECLs. The Company's assessment included an analysis to identify data gaps against current processes and the Company is in the process of implementing the system and controls changes that it believes will be necessary to capture the required data.

###### v. Transition

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as described below.

- The Company will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 will generally be recognised in retained earnings and reserves as at 1 January 2018.

# Ageas Retail Limited

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## Notes to the financial statements

### 1 Accounting policies (continued)

#### (b) Basis of preparation (continued)

##### **B. IFRS 15 Revenue from contracts with customers**

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue.

Revenue comprises commissions and fees and instalment income. Commissions and fees, which represents brokers' commissions earned on insurance premiums written, is currently 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. Instalment income, which represents interest charges for customers paying by instalment in the accounting period, is currently recognised on the start date of the policy.

Under IFRS 15, the revenue recognised from commissions and fees will not be impacted as the date of the sales/renewal is the date when the Company satisfies its performance obligation in full.

The performance obligation for instalment income is satisfied over the period of time that the customer loan is advanced and therefore an element of the revenue will need to be deferred over the life of the contract.

The estimated impact on retained earnings at 1 January 2018 as a result of the change in accounting for instalment income is a decrease of £3.6m.

IFRS 15 also allows the Company to recognise as an asset the incremental costs of obtaining a contract with a customer. The Company is currently reviewing the impact of applying this to the acquisition costs that it incurs and initial indications are that it would result in an increase to opening reserves of up to £4.0m.

The Company plans to adopt IFRS 15 using the modified retrospective approach. Differences in the carrying amounts resulting from the adoption of IFRS 15 will be recognised in retained earnings and reserves as at 1 January 2018.

#### (c) Revenue

All revenue is derived from the provision of insurance 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. Instalment income represents interest charges for customers paying by instalment in the accounting period. A provision has been made at an appropriate level to reflect future cancellations/policy lapses for policies in force at the year end. In addition a provision has been made for potential bad debts based on ageing of debt at the year end. All turnover is from UK based operations.

#### (d) Recognition and measurement of expenses:

##### **(i) Operating lease payments**

Payments made under operating leases are recognised in the statement of profit or loss and other 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 profit or loss and other 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 profit or loss and other 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 profit or loss and other comprehensive income in the period to which they relate.

# Ageas Retail Limited

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## Notes to the financial statements

### 1 Accounting policies (continued)

#### (e) Income tax

Income tax in the statement of profit or loss and other 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 substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full, using the statement of financial position 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; 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 statement of financial position date.

A deferred tax asset is only recognised to the extent that it is probable that future profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and 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.

#### (f) Investments

Investments are stated at the lower of cost or net realisable value. 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 statement of profit or loss and other comprehensive income. Details of transactions with group companies are included in note 24, Related party transactions.

#### (g) Property, plant and equipment

Items of property, plant and equipment are stated at cost (or deemed cost) less accumulated depreciation (see below) and impairment losses (see accounting policy (i)). 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.

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. Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

The estimated useful lives of assets are as follows:

Leasehold buildings	Ten years
Office equipment	Five years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in the statement of profit or loss and other comprehensive income.



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## Notes to the financial statements

### 1 Accounting policies (continued)

#### (h) 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 (see accounting policy (i)). 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 profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each intangible asset.

The estimated useful lives are as follows:

Computer software	Five years
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#### (i) 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 a stand-alone basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in 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 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 statement of profit or loss and other comprehensive income. 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.

# Ageas Retail Limited

Company registration number: 1324965

## Notes to the financial statements

### 1 Accounting policies (continued)

#### (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-bearing 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 when they are discharged or cancelled, or if the contract is settled.

#### (k) Provisions

A provision is recognised in the statement of financial position if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, 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 provision in the accounts is for the closure of the Glasgow site. Further details are given in note 7.

### 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 Ageas UK Board Risk Committee established by the Boards of the Company, Ageas (UK) Limited, Ageas Insurance Limited and Ageas Services (UK) Limited meets regularly to review both the risk policies and the risk register, to ensure they are up-to-date, reflect 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 Board Risk Committee are reported to the Boards.

# Ageas Retail Limited

Company registration number: 1324965

## Notes to the financial statements

### 2 Risk management (continued)

#### (a) Credit risk

The Company is exposed to credit risk arising from the 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 monitored by management to mitigate risk and the credit quality of customers is viewed and assessed by monthly reviews of the levels of default.

#### Amounts due from clients – period overdue:

	2017 £'000	2017 %	2016 £'000	2016 %
Within terms	110,336	99.7	135,587	99.8
0 - 1 month	134	0.1	67	0.1
2 months	145	0.1	66	0.1
3 - 6 months	158	0.1	156	0.2
7 - 12 months	12	0.0	60	0.0
<b>Total</b>	<b>110,785</b>	<b>100.0</b>	<b>135,936</b>	<b>100.0</b>

#### (b) 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 forecast within a small tolerance and are not subject to large variances. The Company manages its liquidity risk by holding cash surpluses in its bank accounts such that its financial assets can be realised at short notice in the event that this is necessary. The Company may also make use of borrowing facilities if required.

#### Financial liabilities - Maturity profile

	2017 £'000	2017 %	2016 £'000	2016 %
Less than 1 year	55,959	34.3	106,527	50.4
Between 1 and 5 years	106,969	65.7	104,681	49.6
<b>Total</b>	<b>162,928</b>	<b>100.0</b>	<b>211,208</b>	<b>100.0</b>

# Ageas Retail Limited

Company registration number: 1324965

## Notes to the financial statements

### 2 Risk management (continued)

#### (c) 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 Board Risk Committee.

#### (d) Capital management

##### (i) 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 Financial Conduct Authority ('FCA').

##### (ii) 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 FCA.

##### (iii) Approach to capital management

The Company provides input into the Ageas UK Business Plans which are reviewed and revised each year and then formally approved by the Board.

A factor in the formulation of the Business Plans 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

Company registration number: 1324965

## Notes to the financial statements

### 2 Risk management (continued)

#### (e) 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. If interest rates were to increase, there would be an increase in the finance costs in relation to the financing facility. The impact of this can be seen in the table below.

	2017 £'000	2016 £'000
Impact on profit before tax	(1,278)	(788)
Impact on net assets	(1,032)	(630)

##### 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.

	2017 £'000	2016 £'000
Impact on profit before tax	(3,440)	(6,057)
Impact on net assets	(2,778)	(4,846)

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 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.

# Ageas Retail Limited

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## Notes to the financial statements

### 3 Revenue

	2017 £'000	2016 £'000
Commissions and fees	71,049	85,355
Instalment income	16,680	27,969
Other	5,077	2,696
<b>Total</b>	<b>92,806</b>	<b>116,020</b>

### 4 Operating expenses

	2017 £'000	2016 £'000
Advertising	12,850	17,085
Depreciation:		
- Leasehold buildings	206	387
- Office equipment	620	2,041
- Computer software	1,990	2,023
Hire of plant and machinery	17	86
Hire of other assets	953	3,023
Personnel expenses:		
- Wages and salaries	38,870	47,412
- Compulsory social security contributions	3,878	4,574
- Contributions to pension plans	2,039	2,767
Recruitment costs	245	564
Goods and services	11,675	12,645
Software costs	7,625	7,434
Other costs	137	18,181
<b>Total operating expense</b>	<b>81,105</b>	<b>118,222</b>

#### Operating expenses are analysed as:

Cost of sales	46,708	57,651
Administrative costs	34,397	60,571
	<b>81,105</b>	<b>118,222</b>

#### Auditor's remuneration

	2017 £'000	2016 £'000
Auditor's remuneration is included within goods and services costs above.		

Fees payable to the Company's auditor for the audit of the Company's annual accounts	<u>91</u>	<u>90</u>
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### 5 Finance income

	2017 £'000	2016 £'000
Bank and other interest receivable	<u>117</u>	<u>20</u>

# Ageas Retail Limited

Company registration number: 1324965

## Notes to the financial statements

### 6 Finance costs

	2017 £'000	2016 £'000
Interest expense	1,280	1,437

### 7 Non-recurring administrative expenses

	2017 £'000	2016 £'000
Onerous lease provision	-	18,662
Impairment of non-current assets	-	2,845
Other restructuring costs	-	5,676
<b>Total non-recurring administrative expenses</b>	<b>-</b>	<b>27,183</b>

The non-recurring administrative expenses, incurred in 2016, relate to the closure of the site at which the Kwik-Fit Insurance Services brand was based, 1 Masterton Way, Glasgow, on 31 March 2017.

The closure of the site resulted in costs being incurred which were fully provided for as at 31 December 2016 as a restructuring provision (see note 18). The costs relate to an onerous lease provision, staff redundancy costs, contractual penalties and the impairment of the non-current assets held at the site (see notes 10 and 11).

### 8 Income taxes

#### (a) Amounts recognised in profit or loss

	Note	2017 £'000	2016 £'000
<b>Current tax expense</b>			
UK corporation tax on profits of the period		(392)	-
Prior year over/(under) provision in respect of current tax		191	(107)
		<u>(201)</u>	<u>(107)</u>
<b>Deferred tax (expense)/credit</b>			
Origination and reversal of temporary differences		(256)	6,060
Reduction in tax rate		(311)	(470)
Prior year (under)/over provision in respect of deferred tax		(160)	138
	12	<u>(727)</u>	<u>5,728</u>
<b>Total income tax (expense)/credit</b>		<u>(928)</u>	<u>5,621</u>

From 1 April 2015, the main rate of UK corporation tax rate was 20%. The Finance (No. 2) Act 2015 was substantively enacted on 26 October 2015 and reduced the corporation tax rate to 19% (effective from 1 April 2017). The Finance Act 2016 was substantively enacted on 6 September 2016 and further reduces the corporation tax rate to 17% (effective 1 April 2020). The deferred tax asset recognised as at 31 December 2017 has been calculated based on these rates.

# Ageas Retail Limited

Company registration number: 1324965

## Notes to the financial statements

### 8 Income taxes (continued)

#### (b) Reconciliation of effective tax rate

The tax assessed on the year is lower (2016: lower) than the standard rate of corporation tax in the United Kingdom of 19.25% (2016: 20.00%). The differences are explained below:

	2017 £'000	2016 £'000
Profit/(loss) before tax	10,538	(30,802)
Standard rate of corporation tax in year	19.25%	20.00%
Expected tax (charge)/credit based on the standard rate of corporation tax in the UK	(2,029)	6,160
Income not taxable for tax purposes	1,427	-
Expenses not deductible for tax purposes	(46)	(101)
Effect of variable tax rates	(311)	(469)
	(959)	5,590
Prior year over/(under) provision in respect of current tax	191	(107)
Prior year (under)/over provision in respect of deferred tax	(160)	138
	<b>(928)</b>	<b>5,621</b>

### 9 Investments

	2017 £'000	2016 £'000
Quote Searcher Limited	10	10

Investment	Country of registration	Type of holding	% owned	Nature of business
Ageas Law LLP	England	Partnership	50.0	Partnership
Ageas Legal LLP	England	Partnership	14.3	Partnership (in run-off)
Quote Searcher Limited	England	Ordinary shares	9.9	Intermediary

The registered address of Quote Searcher Limited is 8 Waldegrave Road, Teddington, Middlesex, TW11 8GT.

In 2016, Express Insurance Services Limited transferred its investment in Quote Searcher Limited to the Company. Quote Searcher Limited is a private limited company and acts as an insurance intermediary.

The Company has a holding in Ageas Legal LLP of £10, representing a 14.3% share in the partnership. Ageas Legal LLP is a limited liability partnership registered in England and Wales and whose registered address is Ageas House, Hampshire Corporate Park, Templars Way, Eastleigh, Hampshire SO53 3YA. Until 4 May 2017 the principal activity of Ageas Legal LLP was that of a holding entity, from 5 May 2017 it has been non-trading.

From 4 May 2017, the Company has a holding in Ageas Law LLP of £1. Ageas Law LLP is a limited liability partnership registered in England and Wales and whose registered address is Belmont House, Churchill Way, Cardiff, South Glamorgan, CF10 2HE.



# Ageas Retail Limited

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## Notes to the financial statements

### 10 Property, plant and equipment

	Leasehold land and buildings	Office equipment	Total
	£'000	£'000	£'000
<b>Cost</b>			
Balance as at 1 January 2016	4,631	13,548	18,179
Acquisitions	59	318	377
Balance as at 31 December 2016	4,690	13,866	18,556
Acquisitions	-	949	949
Balance as at 31 December 2017	4,690	14,815	19,505
<b>Depreciation and impairment losses</b>			
Balance as at 1 January 2016	1,681	9,332	11,013
Depreciation charge for the year	387	2,041	2,428
Impairment	1,872	945	2,817
Balance as at 31 December 2016	3,940	12,318	16,258
Depreciation charge for the year	206	620	826
Balance as at 31 December 2017	4,146	12,938	17,084
<b>Carrying amounts</b>			
Balance as at 31 December 2016	750	1,548	2,298
Balance as at 31 December 2017	544	1,877	2,421

The impairment in the prior year relates to the closure of the Glasgow office (see note 7 for further details).

# Ageas Retail Limited

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## Notes to the financial statements

### 11 Intangible assets

	Computer software £'000
<b>Cost</b>	
Balance as at 1 January 2016	12,704
Acquisitions	<u>3,110</u>
Balance as at 31 December 2016	15,814
Acquisitions	<u>974</u>
Balance as at 31 December 2017	<u>16,788</u>
<b>Depreciation and impairment losses</b>	
Balance as at 1 January 2016	7,409
Depreciation charge for the year	2,023
Impairment	<u>28</u>
Balance as at 31 December 2016	9,460
Depreciation charge for the year	<u>1,990</u>
Balance as at 31 December 2017	<u>11,450</u>
<b>Carrying amounts</b>	
Balance as at 31 December 2016	<u>6,354</u>
Balance as at 31 December 2017	<u>5,338</u>

The impairment in the prior year relates to the closure of the Glasgow office (see note 7 for further details).

# Ageas Retail Limited

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## Notes to the financial statements

### 12 Deferred tax

#### Recognised deferred tax

Deferred tax assets and liabilities are attributable to the following:

	2017 £'000	2016 £'000
Fixed assets	4,696	4,061
Losses	4,020	5,635
Other temporary differences	428	175
<b>Deferred tax asset</b>	<b>9,144</b>	<b>9,871</b>

The balance is all non-current (2016: all non-current).

There is no unrecognised deferred tax (2016: none).

#### Movement in temporary differences during the year

	1 Jan 2017 £'000	Recognised in profit £'000	31 Dec 2017 £'000
Fixed assets	4,061	635	4,696
Losses	5,635	(1,615)	4,020
Other temporary differences	175	253	428
<b>Tax assets</b>	<b>9,871</b>	<b>(727)</b>	<b>9,144</b>

	1 Jan 2016 £'000	Recognised in profit £'000	31 Dec 2016 £'000
Fixed assets	3,037	1,024	4,061
Losses	915	4,720	5,635
Other temporary differences	191	(16)	175
<b>Tax assets</b>	<b>4,143</b>	<b>5,728</b>	<b>9,871</b>

### 13 Financial assets

	2017 £'000	2016 £'000
Loan with parent company	9,800	-

On 5 May 2017 the Company issued a loan of £9.8m to its parent company, Ageas (UK) Limited. Interest is charged at 1.5% above LIBOR. The loan was settled in full on 4 April 2018.

# Ageas Retail Limited

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## Notes to the financial statements

### 14 Trade and other receivables

	2017 £'000	2016 £'000
Due from clients	110,785	135,936
Other receivables and prepayments	4,681	4,672
Other accrued income	394	612
Due from group undertakings	4,534	16,074
<b>Total trade and other receivables</b>	<b>120,394</b>	<b>157,294</b>

### 15 Cash and cash equivalents

	2017 £'000	2016 £'000
Cash at bank	31,705	16,862

Cash and cash equivalents comprise cash balances and call deposits.

The effective interest rate at 31 December 2017 on short term bank deposits was 0.60% (2016: 0.60%), with an average maturity of one day.

### 16 Loans and borrowings

	2017 £'000	2016 £'000
<b>Non-current liabilities</b>		
Due to a financial institution	-	87,479
Due to fellow group subsidiary	92,373	-

On 7 September 2017 the loan with The Royal Bank of Scotland plc was paid in full and replaced with a loan from a fellow group subsidiary, Ageas Insurance Limited.

The loan with Ageas Insurance Limited has a maximum capacity of £100.0m, including a covenant to maintain at all times sufficient capital to comply with the rules of the Financial Conduct Authority. The loan bears interest rate at 1.6% above LIBOR per annum, with interest payable at the end of each quarter. There is also a non-utilisation charge at 0.56% of the undrawn portion of the maximum capacity.

# Ageas Retail Limited

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## Notes to the financial statements

### 17 Current tax

	2017 £'000	2016 £'000
Current tax liability/(asset)	<u>309</u>	<u>(484)</u>

The current tax liability of £309k (2016: asset £484k) represents the residual amount of income taxes payable/receivable in respect of the current year under the quarterly payment regime less any adjustment in respect of prior years.

### 18 Provisions

	2017 £'000	2016 £'000
Balance at 1 January	24,199	-
Provisions made during the year	-	24,199
Provisions utilised during the year	<u>(7,452)</u>	<u>-</u>
<b>Balance at 31 December</b>	<b><u>16,747</u></b>	<b><u>24,199</u></b>

The restructuring provision made during 2016 was for the anticipated costs for the closure of the Glasgow office. The provision is expected to be fully utilised by 2030.

### 19 Pension scheme

	2017 £'000	2016 £'000
Payments to defined contribution plan	<u>2,039</u>	<u>2,767</u>

The Company participates in a defined contribution plan called the 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 contributions payable by the Company to the plan.

The Company offered 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.

On 1 January 2018, all employees were transferred to Ageas Insurance Limited.

# Ageas Retail Limited

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## Notes to the financial statements

### 20 Trade and other payables

	2017 £'000	2016 £'000
Due to insurers	7,408	48,653
Trade payables	809	1,213
Amounts due to group undertakings	31,835	42,054
Other payables and accrued expenses	12,986	6,357
VAT and other taxes payable	770	1,253
<b>Total trade and other payables</b>	<b>53,808</b>	<b>99,530</b>

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.

### 21 Capital and reserves

#### (a) Share capital

	Ordinary shares	
	2017 £'000	2016 £'000
In issue at 1 January	50	50
Share issue	24,000	-
In issue at 31 December	24,050	50

During the year, the Company increased its authorised and issued share capital to 24,050,000 ordinary shares with a par value of £1.

At 31 December 2017, the authorised share capital is 24,050,000 ordinary shares (2016: 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.

#### (b) Dividends

The following dividends were declared and paid by the Company for the year.

	2017 £'000	2016 £'000
Dividend paid	-	9,100

No dividend has been paid in the year (2016: £182 per share).

# Ageas Retail Limited

Company registration number: 1324965

## Notes to the financial statements

### 22 Staff numbers and costs

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

	2017	2016
Corporate, administration and support	297	407
Marketing and sales	968	1,344
	<u>1,265</u>	<u>1,751</u>

The full time equivalent number of employees was as follows:

	2017	2016
Corporate, administration and support	288	395
Marketing and sales	921	1,251
	<u>1,209</u>	<u>1,646</u>

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

	2017	2016
Total number of employees	1,441	1,861
Full time equivalent number of employees	<u>1,375</u>	<u>1,745</u>

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

	2017 £'000	2016 £'000
Wages and salaries	38,870	47,412
Social security costs	3,878	4,574
Other pension costs	2,039	2,767
	<u>44,787</u>	<u>54,753</u>

# Ageas Retail Limited

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## Notes to the financial statements

### 23 Operating leases

#### Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Land and buildings	Other	Land and buildings	Other
	2017	2017	2016	2016
	£'000	£'000	£'000	£'000
Less than one year	2,805	45	2,805	59
Between one and five years	11,155	55	11,206	105
More than five years	16,699	-	19,448	-
<b>Total</b>	<b>30,659</b>	<b>100</b>	<b>33,459</b>	<b>164</b>

The Company leases office premises under four operating leases. Deansleigh House in Bournemouth runs to June 2029. Prospect House in Stoke runs to December 2021, 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.

In 2016 the Company took the decision to close the Glasgow office and as a result a provision was set up to cover the costs for this closure (see note 18 for further details).

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

During the year ended 31 December 2017, £2.9m was recognised as an expense in the statement of comprehensive income in respect of operating leases (2016: £3.1m).



# Ageas Retail Limited

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## Notes to the financial statements

### 24 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 benefit plan or a defined contribution scheme on their behalf. The directors' compensations are as follows:

	2017 £'000	2016 £'000
Short-term employee benefits	1,121	1,851
Post-employment benefits	1	-
Share-based payments	112	144
	<u>1,234</u>	<u>1,995</u>

In respect of the highest paid director:

Short-term employee benefits	198	562
Post-employment benefits	46	26
	<u>244</u>	<u>588</u>

Under the defined benefit scheme, the highest paid director's accrued pension at the year-end was £nil (2016: £nil).

The directors are able to obtain discounted personal insurance at the same rates as all other staff.

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:

	2017 Comp. income £'000	2017 Financial Position £'000	2016 Comp. income £'000	2016 Financial Position £'000
	Income/ (expense)	Asset/ (liability)	Income/ (expense)	Asset/ (liability)
Immediate parent and intermediate holding company	(7,670)	9,558	13,594	16,074
Fellow subsidiary company transactions and balances	<u>92,776</u>	<u>(119,432)</u>	<u>52,227</u>	<u>(42,054)</u>
	<u>85,106</u>	<u>(109,874)</u>	<u>65,821</u>	<u>(25,980)</u>

# Ageas Retail Limited

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## Notes to the financial statements

### 24 Related party transactions (continued)

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

Fellow subsidiary company transactions and assets relate to commission received on insurance policies written by Ageas Insurance Limited and profit share received from Ageas Law LLP, and Ageas Legal LLP up until 4 May 2017 when the LLP ceased trading. All related party transactions are settled on a net basis.

### 25 Post balance sheet event

On 18 January 2018, the Company announced its intention to sell the back books of the Kwik Fit Insurance Services, Auto Direct, Cover Direct and Regal brands to Autonet Insurance Services Limited for customers whose insurance falls due for renewal on or after 1 April 2018.

### 26 Parent company

The Company's immediate parent is Ageas (UK) Limited, a company registered in England and Wales whose registered address is Ageas House, Hampshire Corporate Park, Templars Way, Eastleigh, Hampshire SO53 3YA.

The Company's results are consolidated into the accounts of the ultimate holding company ageas SA/NV, a company incorporated in Belgium whose registered address is Markiesstraat 1 Box 7, 1000 Brussels.

Copies of the above accounts can be obtained from the Company Secretary, Ageas (UK) Limited, Ageas House, Hampshire Corporate Park, Templars Way, Eastleigh, Hampshire SO53 3YA.

# Ageas Retail Limited

Company registration number: 1324965

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

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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

Company registration number: 1324965

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

### Opinion

We have audited the financial statements of Ageas Retail Limited ("the Company") for the year ended 31 December 2017 which comprise the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### Strategic Report and Directors' Report

The directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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

We have nothing to report in these respects.

# Ageas Retail Limited

Company registration number: 1324965

## Independent Auditor's Report to the Members of Ageas Retail Limited (continued)

### Directors' responsibilities

As explained more fully in their statement set out on page 33, the directors are responsible for:

- the preparation of the financial statements and for being satisfied that they give a true and fair view;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### The purpose of our audit work and to whom we owe our responsibilities

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.



**Karen Orr (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL

8 May 2018