Company Registration No: 01670887

Finsure Premium Finance Limited

Annual Report and Financial Statements

For the year ended 31 December 2015

Company Secretariat
Finsure Premium Finance Limited
Churchill Court
Westmoreland Road
Bromley
BR1 1DP

Annual report and financial statements

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Officers and professional advisers

Directors:	C E Morton H M Tomlinson
Company Secretary:	R C Clifton
Registered office:	Churchill Court Westmoreland Road Bromley BR1 1DP
Independent Auditor:	Deloitte LLP Chartered Accountants London, United Kingdom

Registered in England and Wales

Strategic report

For the year ended 31 December 2015

The Directors present their Strategic report for the year ended 31 December 2015.

Activities

The principal activity of Finsure Premium Finance Limited (the "Company") was the financing of insurance premiums which it ceased in 2011. It is the intention of the Directors to place the Company into members' voluntary liquidation in due course.

The Company is a subsidiary of Direct Line Insurance Group plc ("DLIG") which provides the Company with access to all central resources that it needs and provides policies in all key areas such as finance, risk, human resources and environment. The Directors believe that performance indicators specific to the Company are not necessary or appropriate for an understanding of the development, performance or position of the business and the 2015 DLIG annual report reviews these matters on a Group basis. Copies of the DLIG annual report can be obtained from Direct Line Group Secretariat, Churchill Court, Westmoreland Road, Bromley, BR1 1DP, the Registrar of Companies or through Direct Line Insurance Group's website at www.directlinegroup.com.

Review of the year

Business review

The Company does not trade and the only amounts reported in the current and prior year statement of comprehensive income and balance sheets relate to the Company's ongoing existence.

Financial performance

The Company's financial performance is presented in the statement of comprehensive income on page 8. At the end of the year, the balance sheet reflected total assets of £2,794,000 (2014: £2,986,000) and equity of £2,777,000 (2014: £2,757,000).

The Directors do not recommend the payment of a final dividend for the financial year ended 31 December 2015 (2014: £nil).

Principal risks and uncertainties

The Company's risk management objectives are set out in note 2 to the financial statements.

Approved by the Board of Directors and signed on behalf of the Board by:

C E Morton
Director
2 June 2016

Directors' report (continued)

For the year ended 31 December 2015

The Directors present their Annual report and the audited financial statements for the year ended 31 December 2015.

The Company has chosen, in accordance with section 414c(11) of the Companies Act 2006, to include certain additional matters in its strategic report that would otherwise be required to be disclosed in this Directors' report.

Directors and Secretary

The present Directors and Company Secretary, who have served throughout the year, are listed on page 2. There have been no changes during the year.

Going concern

As stated previously, the Company does not trade and the only amounts reported to the current and prior year statements of comprehensive income and balance sheet relate to the Company's ongoing existence.

The Directors, having a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future, have prepared the financial statements on a going concern basis. However, it is the intention to place the Company into members' voluntary liquidation in due course.

Disclosure of information of auditor

Each person who was a Director of the Company on the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that they ought to have taken to make themselves aware of any relevant audit information, and to establish that the Company's auditor is aware of that information.

This confirmation is given and shall be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditor

Deloitte LLP has expressed its willingness to continue in office as Auditor and it is the intention of the Directors to reappoint them under the deemed appointment rules of section 487 of the Companies Act 2006.

Directors' report (continued)

For the year ended 31 December 2015

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare a Directors' report and financial statements for each financial year and the Directors have elected to prepare them in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU"). In preparing these financial statements, the Directors have also elected to comply with IFRSs, issued by the International Accounting Standards Board ("IASB"). 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 at the end of the year and the profit or loss for the financial year of the Company. In preparing these financial statements, under International Accounting Standard ("IAS") 1, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions of the entity's financial position and performance; and
- make an assessment of the Company's ability to continue as a going concern.

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 to enable them to ensure that the Directors' report and financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for maintaining and ensuring the integrity of the corporate and financial information included on the Company's website at www.directlinegroup.com. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Directors and signed on behalf of the Board by:

C E Morton
Director
7 June 2016

Independent Auditor's report to the members of Finsure Premium Finance Limited

For the year ended 31 December 2015

We have audited the financial statements of Finsure Premium Finance Limited ("the Company") for the year ended 31 December 2015 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and the related notes 1 to 10. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

This report is made solely to the Company's member 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, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 1 to the financial statements, the Company, in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the financial statements comply with IFRSs as issued by the IASB.

Opinion and other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report and the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's report to the members of Finsure Premium Finance Limited

For the year ended 31 December 2015

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.

Adam Addis
Senior Statutory Auditor - for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
6 June 2016

Statement of comprehensive income

For the year ended 31 December 2015

	Notes	**2015 £'000**	2014 £'000
Investment return	3	**15**	16
Administration expenses	4	**9**	(4)
Profit before tax		**24**	12
Tax charge	5	**(4)**	(2)
Total comprehensive income for the year attributable to owners of the Company		**20**	10

The attached notes on pages 12 to 18 form an integral part of these financial statements.

Balance sheet

As at 31 December 2015

	Notes	2015 £'000	2014 £'000
Assets			
Trade and other receivables	6	**2,773**	2,984
Cash and cash equivalents	7	**21**	2
Total assets		**2,794**	2,986
Equity		**2,777**	2,757
Liabilities			
Trade and other payables	8	**13**	226
Current tax liability	5	**4**	3
Total liabilities		**17**	229
Total equity and liabilities		**2,794**	2,986

The attached notes on pages 12 to 18 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 7 June 2016. They were signed on its behalf by:

C E Morton
Director

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

	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2014	1,000	1,747	2,747
Profit for the year	-	10	10
Balance at 31 December 2014	1,000	1,757	2,757
Profit for the year	-	**20**	**20**
Balance at 31 December 2015	**1,000**	**1,777**	**2,777**

The attached notes on pages 12 to 18 form an integral part of these financial statements.

Cash flow statement
For the year ended 31 December 2015

	Notes	2015 £'000	2014 £'000
Cash flows from operating activities			
Total comprehensive income		**20**	10
Investment return	3	**(15)**	(16)
Tax charge	5	**4**	2
Operating cash flows before movements in working capital		**9**	(4)
Movements in working capital			
Net (decrease) / increase in amount due to related parties	10	**(213)**	216
Net cash flows used by / from operating activities		**(204)**	212
Taxes paid		**(3)**	(217)
Net cash flows used by operating activities		**(207)**	(5)
Cash flows from investing activities			
Loan repayments received	10	**226**	2
Net cash flows generated from investing activities		**226**	2
Net increase / (decrease) in cash and cash equivalents		**19**	(3)
Cash and cash equivalents at the beginning of the year		**2**	5
Cash and cash equivalents at the end of the year	7	**21**	2

The attached notes on pages 12 to 18 form an integral part of these financial statements.

Notes to the financial statements

1. Accounting policies

1.1 Presentation of financial statements
The financial statements have been prepared in accordance with IFRSs issued by the IASB and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB as adopted by the EU . The financial statements are prepared on the historical cost basis.

The directors confirm, at the time of approving the financial statements that the Company has adequate resources to continue in operational existence for the foreseeable future. They have thus adopted the going concern basis of accounting in preparing the financial statements. Further detail is contained in the directors' report on page 4.

The Company is incorporated in the United Kingdom and registered in England and Wales.

The Company's financial statements are presented in accordance with the Companies Act 2006.

Adoption of new and revised standards
The following amendments have been adopted in the year and have not had a material impact on the Company's financial statements:

IAS 24 (amended), 'Related Party Disclosures' – The amendment provides additional clarification as to when an entity which provides managerial services is a related party.

1.2 Revenue recognition
Interest income on financial assets that are classified as loans and receivables, is determined using the effective interest rate.

Debts recovered are recognised in the income statement when received.

1.3 Financial assets
The Company only holds assets which comprises loans and receivables.

Loans and receivables are initially recognised at fair value plus directly related transaction costs and are subsequently measured at amortised cost using the effective interest method less any impairment losses.

1.4 Impairment of financial assets
At each balance sheet date the Company assesses whether there is any objective evidence that a financial asset or group of financial assets classified as loans and receivables is impaired. A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset.

Derecognition of financial assets
A financial asset is derecognised when the rights to receive the cash flows from that asset have expired or when the Company has transferred its rights to receive cash flows from the asset and has transferred substantially all the risk and reward of ownership of the asset.

Notes to the financial statements (continued)

1. Accounting policies (continued)

1.5 Cash and cash equivalents
Cash and cash equivalents comprise cash in hand and demand deposits with banks together with short-term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of change in value.

1.6 Financial liabilities
Financial liabilities are initially recognised at fair value net of transaction costs incurred. Other than derivatives which are recognised and measured at fair value, all other financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

1.7 Taxation
Provision for taxation is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date, and is allocated over profits before taxation and amounts charged or credited to components of other comprehensive income and equity, as appropriate.

Deferred taxation is accounted for in full using the balance sheet liability method on all temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes.

Deferred tax liabilities are generally recognised for all taxable temporary timing differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is probable that they will not be recovered.

1.8 Accounting developments
In July 2014, the IASB issued IFRS 9 'Financial Instruments' that will replace IAS 39 'Financial Instruments: Recognition and Measurement' in its entirety. The classification and measurement of financial assets and liabilities will be directly linked to the nature of the instrument's contractual cash flows and the business model employed by the holder of the instrument.

The standard introduces a new expected loss model that is a departure from the current incurred loss model. The model requires a 12 month expected loss to be recognised for all financial instruments when they are first originated or are acquired. In subsequent periods, if there is a significant increase in credit risk of a financial instrument since it was originated or acquired, the full lifetime expected credit loss would then be recognised.

The effective date of this new standard has been revised to annual periods beginning on or after 1 January 2018, although early adoption is permitted.

Notes to the financial statements (continued)

2. Risk management

2.1 Risk management overview
The Direct Line Insurance Group plc Board ("Group Board") monitors adherence to the risk strategy, risk appetite and risk framework across the Direct Line Group. The Group Board has established a risk management model that separates the business's risk management responsibilities into "3 lines of defence" as set out below.

1st line of defence - Risk ownership

2nd line of defence - Oversight, challenge and support of 1st line

3rd line of defence - Independent assurance

The annual report of DLIG annual report contains a comprehensive review of the risk management framework for the whole Group. The Company adheres to this risk management framework.

2.1.1 Risk Strategy and Risk Appetite
Direct Line Group's risk appetite statements express the level of risk the Group (including Finsure Premium Finance Limited) is prepared to accept to achieve our business objectives. Details of the Group's risk strategy and risk appetite are contained in the DLIG annual report.

2.1.2 Enterprise-wide Risk Management Framework
This sets out, at a high level, the Group's (which includes Finsure Premium Finance Limited) approach to setting risk strategy and the Enterprise-wide Risk Management Framework ("ERMF") for managing risks. Details of the Group's "Enterprise-wide Risk Management Framework" are contained in the DLIG annual report.

Copies can be obtained from Direct Line Group Secretariat, Churchill Court, Westmoreland Road, Bromley, BR1 1DP, the Registrar of Companies or through the Group's website at www.directlinegroup.com.

2.1.3 Principal risks and uncertainties
Risks are always present in our business. It is important to ensure that we identify, measure, monitor and report these risks throughout the business on an ongoing basis. We also monitor changes in these risks over time. We believe these risks are broadly unchanged over the last year.

The key risks applicable to the Company are detailed below.

2.2 Interest rate risk
The Company has exposure to changes in interest rates through the returns it receives on its trade and other receivables with fellow subsidaries.

2.3 Counterparty default risk
The Company is exposed to counterparty default risk relating to its trade and other receivables. The Company's counterparties are fellow subsidiaries of DLIG.

Notes to the financial statements (continued)

3. Investment return

	2015 £'000	2014 £'000
Interest income from fellow subsidiaries (note 10)	**15**	16

4. Administration expenses

	2015 £'000	2014 £'000
Administration expenses	**9**	(4)

Management charges

Management charges, which are included in administration expenses, relate to direct costs of the Company, are paid by DL Insurance Services Limited ("DLIS"), a fellow subsidiary company, and are recharged on an annual basis.

Staff costs, number of employees and Directors' emoluments

The Company did not have any employees for the years ended 31 December 2015 and 31 December 2014.
The Directors of the Company do not receive remuneration for specific services provided to the Company.

Operating profit before tax is stated after charging:	2015 £'000	2014 £'000
Auditor's remuneration – audit services	**2**	2

There were no non-audit services recharged during the year (2014: none).

Notes to the financial statements (continued)

5. Tax charge

	2015 £'000	2014 £'000
Current taxation:		
Charge for the year	**4**	3
Over provision in respect of prior year	**-**	(1)
Tax charge for the year	**4**	2

The following table analyses the difference between the actual income tax charge and the expected income tax charge computed by applying the standard rate of UK corporation tax of 20.25%[1] (2014: 21.5%).

	2015 £'000	2014 £'000
Profit before tax	**24**	12
Expected tax charge	**5**	2
Non-deductible items	**(1)**	1
Adjustments in respect of prior periods	**-**	(1)
Tax charge for the year	**4**	2

Note 1:
In The Finance Act 2013 the UK Government enacted a reduction in the UK corporation tax rate from 23% to 21% effective from 1 April 2014 and a further reduction to 20% effective from 1 April 2015. The Finance (No 2) Act 2015 enacted further reductions to 19% effective from 1 April 2017 and 18% effective from 1 April 2020.

	2015 £'000	2014 £'000
Current tax liabilities	**4**	3

6. Trade and other receivables

	2015 £'000	2014 £'000
Loans to related parties (note 10)	**2,773**	2,984

Trade and other receivables amounting to £2,773,000 (2014: £2,984,000) are neither past due nor impaired and are classified as unrated. All receivables from related parties are considered current. Loans are short-term in nature and repayable when required.

7. Cash and cash equivalents

	2015 £'000	2014 £'000
Cash at bank and in hand	**21**	2

Notes to the financial statements (continued)

8. Trade and other payables

	2015 £'000	2014 £'000
Trade and other creditors	**10**	10
Due to related parties (note 10)	**3**	216
Total	**13**	226

Trade and other payables amounting to £13,000 (2014: £226,000) are neither past due nor impaired and are classified as unrated. All payables to related parties are considered current. Loans are short-term in nature and repayable when required.

9. Share capital

	2015 £'000	2014 £'000
Issued and fully paid: equity shares		
1,000,000 Ordinary Shares of £1 each	**1,000**	1,000

10. Related parties

As at 31 December 2015 the immediate parent and ultimate holding company was DLIG which is incorporated in the United Kingdom and registered in England and Wales.

As at 31 December 2015 DLIG heads the largest and smallest group in which the Company is consolidated. Copies of the consolidated financial statements of DLIG may be obtained from The Company Secretary, DLIG, Churchill Court, Westmoreland Road, Bromley, BR1 1DP.

The following transactions were carried out with related parties, who are all members the Group.

i. Investment return

	2015 £'000	2014 £'000
Interest income from fellow subsidiaries (note 3)	**15**	16

ii. All employees were employed by DLIS. Total employee costs, including Directors' remuneration, recharged to the Company by DLIS during the year were £nil (2014: £nil).

Notes to the financial statements (continued)

10. Related parties (continued)
iii. Year-end balances arising from sales/purchases of products/services

	2015 £'000	2014 £'000
Payables to related parties		
Fellow subsidiaries (note 8)	**3**	216

Movements in payables to related parties were as follows:

	2015 £'000	2014 £'000
At 1 January	**216**	-
Transactions in the year	**3**	216
Settled in the year	**(216)**	-
At 31 December	**3**	216

iv. Loans to related parties

	2015 £'000	2014 £'000
Fellow subsidiaries (note 6)	**2,773**	2,984

Movements in loan to related parties were as follows:

	2015 £'000	2014 £'000
At 1 January	**2,984**	2,970
Loan repayments received	**(226)**	(2)
Interest charged (note 3)	**15**	16
At 31 December	**2,773**	2,984