

Company Registration No: 01670887

**Finsure Premium Finance Limited**

**Annual Report and Financial Statements**

For the year ended 31 December 2016

TUESDAY



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11/07/2017  
COMPANIES HOUSE

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

**Annual report and financial statements**

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**Finsure Premium Finance Limited**

**01670887**

**Officers and professional advisers**

**Directors:**

R C Clifton

H C O'Murchu

H M Tomlinson

**Company Secretary:**

R C Clifton

**Registered office:**

Churchill Court

Westmoreland Road

Bromley

BR1 1DP

**Independent Auditor:**

Deloitte LLP

2 New St Square

London

EC4 3BZ

**Registered in England and Wales**

**Strategic report**

For the year ended 31 December 2016

The Directors present their Strategic report for the year ended 31 December 2016.

**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 member of the Direct Line Group (the "Group") headed by Direct Line Insurance Group plc ("DLIG") of which the Company is a subsidiary. The Group provides the Company with access to all Group central resources and provides policies in key areas such as finance, risk, human resources and environment. Key performance indicators across the Group taken as whole are referred to in the DLIG annual report and accounts 2016 ("DLIG annual report") and accordingly for an understanding of the development, performance or position of the Company's business, please refer to the annual report of DLIG. Copies can be obtained from Direct Line Group Secretariat, Churchill Court, Westmoreland Road, Bromley, Kent, BR1 1DP, the Registrar of Companies or through the Company's website at [www.directlinegroup.com](http://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 £2,806,000 (2015: £2,794,000) and equity of £2,792,000 (2015: £2,777,000).

The Directors do not recommend the payment of a final dividend for the financial year ended 31 December 2016 (2015: £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:



**H C O' Murchu**  
Director

3 July 2017

**Directors' report**

For the year ended 31 December 2016

The Directors present their Annual report and the audited financial statements for the year ended 31 December 2016.

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 except where noted below, are listed on page 2.

From 1 January 2016 to date the following changes have taken place:

	Appointed	Resigned
Directors		
R C Clifton	8 June 2016	
H C O'Murchu	8 June 2016	
C E Morton		17 June 2016

**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.

Having made due enquiries, the Directors reasonably expect that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements. Accordingly, the Directors have adopted the going concern basis in preparing the financial statements. The Directors may in future consider and if thought fit decide to place the Company into members' voluntary liquidation.

**Employees**

All staff are employed by a fellow subsidiary undertaking of DLIG, DL Insurance Services Limited ("DLIS"). Disclosures relating to employees may be found in the annual report and financial statements of DLIS.

**Disclosure of information of auditor**

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

- a) so far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- b) each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the 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 Deloitte LLP under the deemed appointment rules of section 487 of the Companies Act 2006.

**Directors' report** (continued)

For the year ended 31 December 2016

**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 of the Company at the end of the year and the profit or loss of the Company for the financial year. 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 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on 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 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.

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



**H C O' Murchu**

Director

3 July 2017

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

For the year ended 31 December 2016

We have audited the financial statements of Finsure Premium Finance Limited ("the Company") for the year ended 31 December 2016 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 2016 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, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report and the Directors' report.

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

(continued)

For the year ended 31 December 2016

**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 ACA  
Senior Statutory Auditor - for and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom

3 July 2017



**Statement of comprehensive income**

For the year ended 31 December 2016

	Notes	2016 £'000	2015 £'000
Investment return	3	13	15
Administration expenses	4	6	9
Profit before tax		19	24
Tax charge	5	(4)	(4)
<b>Total comprehensive income for the year attributable to owners of the Company</b>		<b>15</b>	<b>20</b>

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

**Balance sheet**

As at 31 December 2016

	Notes	2016 £'000	2015 £'000
<b>Assets</b>			
Trade and other receivables	6	2,779	2,773
Cash and cash equivalents	7	27	21
<b>Total assets</b>		<b>2,806</b>	<b>2,794</b>
<b>Equity</b>			
		<b>2,792</b>	<b>2,777</b>
<b>Liabilities</b>			
Trade and other payables	8	10	13
Current tax liability	5	4	4
<b>Total liabilities</b>		<b>14</b>	<b>17</b>
<b>Total equity and liabilities</b>		<b>2,806</b>	<b>2,794</b>

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 on 3 July 2017.

They were signed on its behalf by:



**H C O' Murchu**  
Director

**Statement of changes in equity**  
For the year ended 31 December 2016

	Share capital £'000	Retained earnings £'000	Total equity £'000
<b>Balance at 1 January 2015</b>	1,000	1,757	2,757
Profit for the year	-	20	20
<b>Balance at 31 December 2015</b>	1,000	1,777	2,777
Profit for the year	-	15	15
<b>Balance at 31 December 2016</b>	1,000	1,792	2,792

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 2016.

	Notes	2016 £'000	2015 £'000
<b>Cash flows from operating activities</b>			
Total comprehensive income		15	20
Adjustments for:			
Investment return	3	(13)	(15)
Tax charge	5	4	4
<b>Operating cash flows before movements in working capital</b>		<b>6</b>	<b>9</b>
Movements in working capital:			
Net decrease in trade and other payables		(4)	-
Net increase / (decrease) in amount due to related parties	10	1	(213)
<b>Net cash flows from / (used by) operating activities</b>		<b>3</b>	<b>(204)</b>
Taxes paid		(4)	(3)
<b>Net cash flows used by operating activities</b>		<b>(1)</b>	<b>(207)</b>
<b>Cash flows from investing activities</b>			
Loan repayments received	10	7	226
<b>Net cash flows generated from investing activities</b>		<b>7</b>	<b>226</b>
<b>Net increase in cash and cash equivalents</b>		<b>6</b>	<b>19</b>
Cash and cash equivalents at the beginning of the year		21	2
<b>Cash and cash equivalents at the end of the year</b>	7	<b>27</b>	<b>21</b>

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

## **Notes to the financial statements**

For the year ended 31 December 2016

### **1. Accounting policies**

#### **1.1 Presentation of financial statements**

The financial statements have been prepared in accordance with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board ("IASB") as adopted by the European Union ("EU") (together IFRS).

The Company's financial statements are prepared on the historical cost basis. They are presented in Sterling and amounts are rounded to the nearest thousand except where otherwise indicated.

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 pages 4 and 5.

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.

New standards, interpretations and amendments effective from 1 January 2016

There are no new standards or interpretations effective for the first time for periods beginning on or after 1 January 2016 that have a significant effect on the Company's financial statements. None of the amendments to standards that are effective from 1 January 2016 have a significant effect on the Company's financial statements.

#### **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 statement of comprehensive income when received.

#### **1.3 Financial assets**

On initial recognition, all financial assets are classified as 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.

Loans and other receivables principally comprise loans to related parties and other debtors.

#### **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 and any impairment losses are recognised in the income statement.

Impairment losses are assessed individually where significant or collectively for assets that are not individually significant.

#### **Derecognition of financial assets**

A financial asset is derecognised when the rights to receive the cash flows from the asset have expired or when the Company has transferred its rights to receive the 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)**

For the year ended 31 December 2016

**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 and 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.

**1.8 Accounting developments**

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

**IFRS 9 'Financial Instruments':** The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets and financial liabilities. It is effective for annual periods beginning on or after 1 January 2018 and has been endorsed by the EU.

During 2016 the Group (to which the Company forms a part) undertook a high-level assessment of IFRS 9 and based upon current available information expects no significant impact on its balance sheet and equity, except for the impact of applying the expected loss model for the first time and this impact is currently immaterial.

**IAS 7 'Statement of Cash Flows':** The amendments are part of the IASB's Disclosure Initiative to require entities to explain changes in their liabilities arising from financing activities. These amendments are effective for annual periods beginning on or after 1 January 2017 but are yet to be endorsed by the EU.

The Directors do not expect that these amendments to have a material impact on the financial statements of the Company.

**Notes to the financial statements (continued)**

For the year ended 31 December 2016

**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.

- 1<sup>st</sup> line of defence - Risk ownership
- 2<sup>nd</sup> line of defence - Oversight, challenge and support of 1<sup>st</sup> line
- 3<sup>rd</sup> 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 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](http://www.directlinegroup.com).

**2.1.3 Principal risks and uncertainties**

Risks are always present in business. It is important to ensure that the Company identifies, measures, monitors and reports these risks throughout the business on an ongoing basis. It also monitors changes in these risks over time. It believes these risks are broadly unchanged over the last year.

The key risks applicable to the Company are detailed below.

**2.2 Interest rate risk**

This is the risk of loss from all assets and liabilities for which the net asset value is sensitive to changes in the term structure of interest rates or interest rate volatility. The Company has exposure to changes in interest rates through the returns it receives on its trade and other receivables with fellow subsidiaries.

**2.3 Counterparty default risk**

This is the risk of loss from unexpected default or deterioration in the credit standing of the counterparties and debtors of undertakings. 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)**

For the year ended 31 December 2016

**3. Investment return**

	2016 £'000	2015 £'000
Interest income from fellow subsidiaries (note 10)	13	15

**4. Administration expenses**

	2016 £'000	2015 £'000
Administration expenses <sup>1</sup>	6	9

Note:

- Administration expenses credit comprises broker debts previously provided as a bad debt that have subsequently been recovered in the years ended 31 December 2016 and 31 December 2015.

**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 and number of employees**

The Company had no employees at any time during the current or preceding year.

**Directors' emoluments**

The services provided by the Directors of the Company are non-executive in nature and it is not appropriate to allocate their emoluments in respect of services to the Company.

	2016 £'000	2015 £'000
Operating profit before tax is stated after charging:		
Auditor's remuneration – audit services	2	2

Fees for audit and non-audit services are borne by a related party, DL Insurance Services Limited ("DLIS"), a fellow subsidiary company.

There were no non-audit services recharged during the year (2015: none).



**Notes to the financial statements (continued)**

For the year ended 31 December 2016

**5. Tax charge**

	2016 £'000	2015 £'000
Current taxation:		
Charge for the year	4	4
<b>Tax charge for the year</b>	<b>4</b>	<b>4</b>

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%<sup>1</sup> (2015: 20.25%).

	2016 £'000	2015 £'000
Profit before tax	19	24
Expected tax charge	4	5
Non-deductible items	-	(1)
<b>Tax charge for the year</b>	<b>4</b>	<b>4</b>

Note:

1. In The Finance Act 2013 the UK Government enacted a reduction in the UK corporation tax rate from 21% 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. The Finance Act 2016 then enacted a further reduction to 17% effective from 1 April 2020.

	2016 £'000	2015 £'000
<b>Current tax liabilities</b>	<b>4</b>	<b>4</b>

**6. Trade and other receivables**

	2016 £'000	2015 £'000
<b>Loans to related parties (note 10)</b>	<b>2,779</b>	<b>2,773</b>

Trade and other receivables amounting to £2,779,000 (2015: £2,773,000) 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**

	2016 £'000	2015 £'000
<b>Cash at bank and in hand</b>	<b>27</b>	<b>21</b>

**Notes to the financial statements (continued)**

For the year ended 31 December 2016

**8. Trade and other payables**

	2016 £'000	2015 £'000
Trade and other creditors	6	10
Due to related parties (note 10)	4	3
<b>Total</b>	<b>10</b>	<b>13</b>

Trade and other payables amounting to £10,000 (2015: £13,000) 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**

	2016 £'000	2015 £'000
Issued and fully paid: equity shares		
<b>1,000,000 Ordinary Shares of £1 each</b>	<b>1,000</b>	<b>1,000</b>

**10. Related parties**

As at 31 December 2016 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 2016 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**

	2016 £'000	2015 £'000
<b>Interest income from fellow subsidiaries (note 3)</b>	<b>13</b>	<b>15</b>

**ii. Year-end balances arising from sales/purchases of products/services**

	2016 £'000	2015 £'000
Payables to related parties		
<b>Fellow subsidiaries (note 8)</b>	<b>4</b>	<b>3</b>

**Notes to the financial statements (continued)**

For the year ended 31 December 2016

**10. Related parties (continued)**

Movements in payables to related parties were as follows:

	2016 £'000	2015 £'000
At 1 January	3	216
Transactions in the year	4	3
Settled in the year	(3)	(216)
<b>At 31 December</b>	<b>4</b>	<b>3</b>

The transactions in the year relates to taxes paid on behalf of the Company by DLIS.

## iii. Loans to related parties

	2016 £'000	2015 £'000
<b>Fellow subsidiaries (note 6)</b>	<b>2,779</b>	<b>2,773</b>

Movements in loan to related parties were as follows:

	2016 £'000	2015 £'000
At 1 January	2,773	2,984
Loan repayments received	(7)	(226)
Interest charged (note 3)	13	15
<b>At 31 December</b>	<b>2,779</b>	<b>2,773</b>

The loans to related parties are unsecured and repayable when required. Interest is charged using the average 3 month LIBOR rate.