

Company Registration No: 01670887

Finsure Premium Finance Limited

Annual Report and Financial Statements

For the year ended 31 December 2021



Direct Line Group Company Secretariat  
Churchill Court  
Westmoreland Road  
Bromley  
BR1 1DP



**Finsure Premium Finance Limited**  
**Annual report and financial statements**

**01670887**

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**Finsure Premium Finance Limited**  
**Officers and professional advisers**

**01670887**

**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  
1 New Street Square  
London  
EC4A 3HQ  
United Kingdom

**Company registration:**

Registered in England and Wales

**Finsure Premium Finance Limited**

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**Directors' report**

For the year ended 31 December 2021

The Directors present their annual report and the audited financial statements for the year ended 31 December 2021.

**Directors and Secretary**

The present Directors and Company Secretary are listed on page 2.

From 1 January 2021 to date, there have been no changes to Directors and Secretary.

**Activities and business review****Activity**

The principal activity of Finsure Premium Finance Limited (the "Company") was the financing of insurance premiums which it ceased in 2011. In the future, the Directors may consider and, if thought appropriate, liquidate and/or dissolve the Company.

The Company is a member of the Direct Line Group ("the Group") whose ultimate parent Company is Direct Line Insurance Group plc ("DLIG") of which the Company is a subsidiary. The Group provides the Company with access to Group central resources and provides policies in key areas such as finance, risk, human resources and environmental matters. Copies of DLIG's annual report and accounts ("DLIG annual report") 2021 can be obtained from Direct Line Group Company Secretariat, Churchill Court, Westmoreland Road, Bromley, Kent, BR1 1DP, the Registrar of Companies or through the Group's website at [www.directlinegroup.co.uk](http://www.directlinegroup.co.uk)

**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 9. The Company's sole source of income is from interest on loans to DLIG and total profit after tax for the year ended 31 December 2021 was £12,000 (2020: £19,000).

At the end of the year, the balance sheet reflected total assets of £2,883,000 (2020: £2,873,000) and equity of £2,880,000 (2020: £2,868,000).

The Directors do not recommend the payment of a dividend for the financial year ended 31 December 2021 (2020: £nil).

**Principal risks and uncertainties**

The management of the Group's risks, including those of the Company, are monitored at Group level, and are set out in the Risk Management section in the DLIG annual report 2021. The Directors consider that there is minimal level of financial risk associated with the Company's assets and liabilities due to the nature of the Company's activities.

**Market risk**

This is the risk of loss resulting from fluctuations in the level and in the volatility of market prices of assets, liabilities, and financial instruments. The main market risk is the interest rate risk which arises mainly from the Company's loans to related parties. No sensitivity analysis has been provided as the impact is deemed to be immaterial.

**Counterparty default risk**

This is the risk of loss from unexpected default or deterioration in the credit standing of the counterparties and debtors of Company undertakings. The Company is exposed to counterparty risk relating to its other receivables. The Company's counterparty is DLIG.

The main source of counterparty default risk is related to the Company's loans and receivables with its parent.

**Presentation of financial statements**

The primary financial statements are presented in accordance with Company law requirements. In addition, the Company has taken advantage of several disclosure exemptions available under FRS 101 'Reduced Disclosure Framework' ("FRS 101").

## Directors' report

For the year ended 31 December 2021

### Ethical use of data

The insurance industry is gathering and processing greater volumes of data than ever before. The adoption of Artificial Intelligence ("AI") and Machine Learning introduces the potential to create unfair outcomes if data is not processed responsibly. The use of technology to automate decisions could magnify the impact of problems caused by inaccurate or biased data.

The Group has developed a Data Ethics Framework which introduces a set of principles to drive the ethical use of data and a new governance model to ensure appropriate visibility and escalation of ethical concerns. Furthermore, the Group has an established Data Ethics Steering Group which gathers internal and external views on data ethics, reviews business propositions on data use and helps to drive the embedding of the data ethics framework across the Group including incorporating explainable AI into the emerging Data Science capability.

### Global financial instability

Global financial instability can occur through unexpected or unpredictable external events that affect fundamental macroeconomic variables, such as GDP growth, consumption, inflation, or unemployment. As markets worldwide continue to recover from the impact of the Covid-19 pandemic, there is a risk that global financial instability could be triggered and/or worsened by numerous external events, including natural disasters, war, terrorism, natural resource or fuel shortages and global technological failures. Should the Russia-Ukraine situation continue to deteriorate, there is a likelihood that the impact on global financial stability will increase. As a UK-based business, there is no direct impact from the conflict in Ukraine that started in February 2022.

### Climate change

The Group recognises that climate change potentially poses material long-term financial risks to the business and is receiving increased scrutiny from regulators and investors. Climate change risk can be divided into physical and transition risks. Both categories can manifest themselves through a range of existing financial and non-financial risks, including insurance, market, operational, strategic, and reputational risks.

In 2021, the Group participated in the Bank of England's Climate Biennial Exploratory Scenario ("CBES") exercise, which was designed to test the resilience of the financial system to the physical and transition risks from climate change. The CBES exercise covered both a quantitative scenario analysis, spanning a 30-year time horizon, and a qualitative assessment of management actions and the sustainability of different business models.

The Group and the Company continue to monitor these risks closely and to develop climate change modelling capability.

### Outlook

High level strategies of the Group, of which this Company is a member, are determined by the DLIG Board and are shown in the DLIG annual report 2021. The Directors consider that the Company's principal activities will continue unchanged for the foreseeable future. For this purpose, the foreseeable future is taken to mean a period of at least twelve months from the date of signing these financial statements.

### Going concern

The Directors believe the Company has sufficient financial resources to meet its financial needs. The Directors believe the Company is well positioned to manage its business risks successfully in the current economic climate. The Directors' report on pages 3 to 5 describes the Company's business activities and financial performance for the year, together with the factors likely to affect its future development, performance and position. Additionally, the Directors' report includes the Company's principal risks and uncertainties, including counterparty default and market risks, which may affect the Company's financial position. The Directors have assessed the principal risks of the Company over the duration of the planning cycle. These included the ongoing potential for challenging market conditions due to the impact of the Covid-19 pandemic on the economy. The key judgements applied were in relation to the likely time period of continued Covid-19 pandemic related effects and the impact on the economic recovery. However, as the Company's primary activity ceased in 2011, these risks are expected to have a limited impact on the Company.

Therefore, 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 26 April 2022 (the date of approval of the financial statements). Accordingly, the Directors have adopted the going concern basis in preparing the financial statements.

## Finsure Premium Finance Limited

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### Directors' report

For the year ended 31 December 2021

#### Disclosure of information to the 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, being information needed by the auditors in connection with preparing their report, 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.

#### Statement of Directors' responsibilities

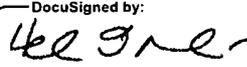
The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework', 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 at the end of the year and the profit or loss of the Company for the financial year. In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom standards, comprising FRS 101 have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose, with reasonable accuracy, the Company's financial position at any time; and enable them to ensure the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the Company's assets and, hence, taking reasonable steps to prevent and detect fraud and other irregularities.

Approved by the Board of Directors on 26 April 2022 and signed on its behalf by:

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H C O' Murchu  
Director

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

For the year ended 31 December 2021

**Report on the audit of the financial statements****Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Finsure Premium Finance Limited (the "Company") which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 7.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's ("FRC's") Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

For the year ended 31 December 2021

### Responsibilities of Directors

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

In preparing the financial statements, the Directors are responsible for 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 the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit and the audit committee about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included environmental regulations.

We discussed among the audit engagement team including relevant internal specialists such as IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and internal legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, and reviewing internal audit reports.

**Finsure Premium Finance Limited**

**01670887**

**Independent Auditor's report to the members of Finsure Premium Finance Limited**  
For the year ended 31 December 2021

**Report on other legal and regulatory requirements**

**Opinions on other matters 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

In the 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 Directors' report.

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

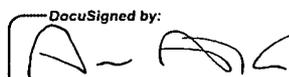
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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 respect of these matters.

**Use of our report**

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.

DocuSigned by:  
  
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Adam Addis ACA (senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
26 April 2022

**Finsure Premium Finance Limited****01670887****Statement of comprehensive income**

For the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Interest income	2	15	24
<b>Profit before tax</b>		<b>15</b>	<b>24</b>
Tax charge	4	(3)	(5)
<b>Profit and total comprehensive income for the year<sup>1</sup></b>		<b>12</b>	<b>19</b>

Note:

1. There was no other comprehensive income in the years ended 31 December 2021 and 31 December 2020.

The total comprehensive income for the year is entirely attributable to the owners of the Company.

The attached notes on pages 12 to 15 form an integral part of these financial statements.

**Finsure Premium Finance Limited****01670887****Balance sheet**

As at 31 December 2021

	Notes	2020 £'000	2020 £'000
<b>Assets</b>			
Other receivables	5	2,855	2,845
Cash and cash equivalents	6	28	28
<b>Total assets</b>		<b>2,883</b>	<b>2,873</b>
<b>Equity</b>			
		<b>2,880</b>	<b>2,868</b>
<b>Liabilities</b>			
Current tax liability	4	3	5
<b>Total liabilities</b>		<b>3</b>	<b>5</b>
<b>Total equity and liabilities</b>		<b>2,883</b>	<b>2,873</b>

The attached notes on pages 12 to 15 form an integral part of these financial statements.

Approved by the Board of Directors on 26 April 2022 and signed on its behalf by:

DocuSigned by:  
  
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**H C O Murchu**  
 Director

**Finsure Premium Finance Limited****01670887****Statement of changes in equity**

For the year ended 31 December 2021

	Share capital £'000 (Note 7)	Retained earnings £'000	Total equity £'000
<b>Balance at 1 January 2020</b>	1,000	1,849	2,849
Profit for the year	-	19	19
<b>Balance at 31 December 2020</b>	1,000	1,868	2,868
Profit for the year	-	12	12
<b>Balance at 31 December 2021</b>	1,000	1,880	2,880

The attached notes on pages 12 to 15 form an integral part of these financial statements.

**Notes to the financial statements**

For the year ended 31 December 2021

**1. Accounting policies****1.1 Basis of Preparation**

The Company's financial statements are prepared in accordance with Financial Reporting Standard FRS 101 'Reduced Disclosure Framework' ("FRS 101"). The financial statements are prepared on a historical cost basis.

The Company is incorporated and domiciled in the UK and registered in England and Wales. The Company is limited by shares.

The Company's financial statements are presented in sterling which is the functional and presentational currency of the Company.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of effective International Financial Reporting Standards ("IFRS") as adopted by the UK at 31 December 2021 but makes amendments where necessary to comply with Companies Act 2006, and to take advantage of the following disclosure exemptions available under FRS 101:

- FRS 101.8 (d): the requirements of IFRS 7 'Financial Instruments: Disclosures' to make disclosures about financial instruments;
- FRS 101.8 (g): the requirements of paragraphs 10(d), 16, 38A, 38B, 38C, 38D, 111, and 134 to 136 of IAS 1 'Presentation of Financial Statements' to produce a cash flow statement and to make an explicit and unreserved statement of compliance with IFRSs, additional comparative information and capital management information;
- FRS 101.8 (h): the requirements of IAS 7 'Statements of Cash Flows' to produce a cash flow statement and related notes;
- FRS 101.8 (i): the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' to include a list of new IFRSs that have been issued but that have yet to be applied; and
- FRS 101.8 (k): the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary party to the transaction is wholly owned by such a member.

The Directors believe the Company has sufficient financial resources to meet its financial needs. The Directors believe the Company is well positioned to manage its business risks successfully in the current economic climate. The Directors' report on pages 3 to 5 describes the Company's business activities and financial performance for the year, together with the factors likely to affect its future development, performance and position. Additionally, the Directors' report includes the Company's principal risks and uncertainties, including counterparty default and market risks, which may affect the Company's financial position. The Directors have assessed the principal risks of the Company over the duration of the planning cycle. These included the ongoing potential for challenging market conditions due to the impact of the Covid-19 pandemic on the economy. The key judgements applied were in relation to the likely time period of continued Covid-19 pandemic related effects and the impact on the economic recovery. However, as the Company's primary activity ceased in 2011, these risks are expected to have a limited impact on the Company.

Therefore, 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 26 April 2022 (the date of approval of the financial statements). Accordingly, the Directors have adopted the going concern basis in preparing the financial statements.

**Adoption of new and revised standards**

The Company has not needed to adopt any new amendments to IFRSs and International Accounting Standards ("IASs") that become mandatorily effective in the UK for the first time during 2021.

**1.2 Revenue recognition – interest income**

Interest income on financial assets is determined using the effective interest rate method. The effective interest rate method is a way of calculating the amortised cost of a financial asset (or group of financial assets) and of allocating the interest income over the expected life of the asset.

Interest income relates to interest received from loans to other Group undertakings.

**Notes to the financial statements**

For the year ended 31 December 2021

**1. Accounting policies continued****1.3 Taxation**

The tax charge or credit represents the sum of the tax currently payable or receivable.

The current tax charge is based on the taxable profits for the year as determined in accordance with the relevant tax legislation, after any adjustments in respect of prior years. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

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.

**1.4 Dividends**

Interim dividends on ordinary shares are recognised in equity in the period in which they are paid. Final dividends on ordinary shares are recognised when they have been approved at the annual general meeting.

**1.5 Financial assets**

The classification of financial assets at initial recognition and subsequent measurement depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. A financial asset is written off when there is no reasonable expectation of recovery.

*Amortised cost*

The Company only holds assets that are classified as held at amortised cost. These financial assets are held to collect contractual cash flows, and have contractual terms which give rise to cash flows which are solely payments of principal and interest on the principal amount outstanding. The Company initially measures a financial asset held at amortised cost at its fair value plus transaction costs. They are subsequently measured using the effective interest method, where applicable, and are subject to impairment. Gains and losses are recognised in statement of comprehensive income when the asset is derecognised, modified or impaired.

*Impairment of financial assets*

At initial recognition an expected credit loss allowance assessment is conducted with an impairment loss booked if material. The expected loss allowance for financial assets is based on assumptions about risk of default and expected loss rates.

The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the credit quality and history of the financial asset or group of financial assets, as well existing market conditions and forward-looking expectations.

At each balance sheet date, the Company assesses, on a forward-looking basis, whether there is any objective evidence that an impairment loss on a financial asset or group of financial assets classified as held at amortised cost is expected. The Company measures the amount of the loss as the difference between the carrying amount of the asset or group of assets including an allowance for expected losses at initial recognition, and the present value of estimate future cash flows from the asset or group of assets, discounted at the effective interest rate of the instrument at initial recognition.

The Company applies the simplified impairment approach to its trade receivables, grouping receivables into categories with shared credit risk characteristics and estimating expected future loss rates based on historical experience.

Impairment losses, including the expected credit allowance, are recognised in the statement of comprehensive income and the carrying amount of the financial asset or group of financial assets is reduced by establishing an allowance for the impairment losses. If in a subsequent period the amount of the expected impairment allowance reduces and this can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance.

*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 rewards of ownership of the asset.

**1.6 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.

## Finsure Premium Finance Limited

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## Notes to the financial statements

For the year ended 31 December 2021

## 1. Accounting policies continued

**1.7 Financial liabilities**

Financial liabilities include other payables which are initially recognised at fair value net of transaction costs incurred and subsequently measured at amortised cost using the effective interest method. A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expires.

## 2. Interest income

	2021	2020
	£'000	£'000
<b>Interest income from parent company</b>	<b>15</b>	<b>24</b>

## 3. Administration expenses

*Auditor's remuneration*

Fees for audit and non-audit services for the current and prior years were borne by a fellow subsidiary company.

Fees paid to the Auditor in respect of the statutory audit of the Company's financial statements amount to £2,287 (2020: £2,251).

*Staff costs, number of employees and Directors' emoluments*

The Company had no employees during the years ended 31 December 2021 or 31 December 2020. The services provided by the Directors of the Company are non-executive in nature and therefore it is not appropriate to allocate their emoluments in respect of services to the Company.

## 4. Taxation

	2021	2020
	£'000	£'000
<b>Current tax charge for the year</b>	<b>3</b>	<b>5</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 19%<sup>1</sup> (2020: 19%).

	2021	2020
	£'000	£'000
Profit before tax	15	24
Expected tax charge	3	5
<b>Tax charge for the year</b>	<b>3</b>	<b>5</b>
<b>Effective income tax rate</b>	<b>19%</b>	<b>19%</b>

Note:

- In the Finance Act 2021 the UK Government enacted, on 10 June 2021, an increase in the UK corporation tax rate from 19% to 25% effective from 1 April 2023.

	2021	2020
	£'000	£'000
<b>Current tax liabilities</b>	<b>3</b>	<b>5</b>

## 5. Other receivables

	2021	2020
	£'000	£'000
<b>Loans to related parties</b>	<b>2,855</b>	<b>2,845</b>

Other receivables amounting to £2,855,000 (2020: £2,845,000) are neither past due nor impaired and are classified as unrated. All loans to related parties are considered current, are short-term in nature and repayable when required, and considered due within one year. All loans are due from the parent company.

**Finsure Premium Finance Limited****01670887****Notes to the financial statements**

For the year ended 31 December 2021

**6. Cash and cash equivalents**

	2021	2020
	£'000	£'000
<b>Cash and cash equivalents</b>	<b>28</b>	<b>28</b>

**7. Share capital**

	2021	2020
	£'000	£'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>

The Company is a member of the Direct Line Group whose ultimate parent company is Direct Line Insurance Group plc, of which the Company is a subsidiary.