UKAIS Limited

Registered Number 02613429

Annual Report and Financial Statements

31 December 2013

UKAIS Limited

Registered number 02613429
For the year ended 31 December 2013

Annual Report and Financial Statements

Contents

Directors and Advisers

Directors

Jason Banwell	
Robert Bright	
Mark Cliff	*Appointed 05 02/2013*
Fernley Dyson	
Peter Friend	
Nicholas Lemans	
Anthony Middle	*Appointed 04 02/2014*
Barry Smith	*Resigned 31/03/2013*
Michael Stanley	
Andrew Watson	

Secretary
Rosemary Smith

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Prospect House
Trentham Lakes North
Gordon Banks Drive
Stoke on Trent
ST4 4TW

Registered Number
02613429 (Registered in England and Wales)

Independent Auditor
KPMG Audit Plc
1 The Embankment
Neville Street
Leeds
LS1 4DW

Bankers
HSBC Bank Plc
165 High Street
Southampton
SO14 2NZ

UKAIS Limited

Registered number 02613429
For the year ended 31 December 2013

Strategic Report

The directors submit their Strategic Report, together with the audited financial statements for the year ended 31 December 2013

Business review

Full details of UKAIS Limited's ('the Company') results are contained in the accounts on pages 7 to 26 The directors intend to continue the development of insurance marketing and broking services and the provision of premium finance to its customers

The Company is a multi channel personal lines intermediary focused on retailing predominantly direct to customers under its own brand and through relationships with affinities and brokers

The overall objective of the business is to grow the policies under management to leverage capacity and technology innovations to create sustainable business with a distinct cost advantage so as to

- offer scale efficiencies to affinity and broker clients and
- create a 'volume based virtuous circle in which the scale economies from policy growth are realised

In order to achieve planned growth the Company will remain focused on its personal lines product range increasing the width of the products it is able to retail and source in line with the demands and needs of affinity clients In addition the Company will focus on opportunities to upsell and cross sell to its clients

The Company s distribution strategy will focus on two channels

- Direct distribution will be by the Company s customer brands, AutoDirect and CoverDirect The AutoDirect brand will continue to focus on car insurance by internet distribution and will offer other personal lines products on a cross sell and upsell basis CoverDirect will be used to create non-car insurance related panels of insurers that will be leveraged by the Company to launch direct internet and aggregator propositions and

- Affinity distribution will be a significant growth area for the Company This will encompass the Company providing a full end-to end retail solution, including panel management, to affinities who require a panel of insurers to support their affinity proposition In addition the Company will work with sister companies to offer a wider range of solutions to the affinity and broker market

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

- Revenue income

- Profit before taxation and

- The expense ratio

The Board also uses a number of other key indicators to assess the performance of individual parts of the business including details on the number of policies written and various performance ratios

UKAIS Limited

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Strategic Report (continued)

Financial performance

Revenue *in £ 000*

	2013	2012	2011
Income from insurance marketing and broking services	25 372	24 722	23 396
Percentage change from previous year	2 6%	5 7%	17 9%

Revenue growth is considered a key performance indictor in determining the overall growth and financial performance of the Company Whilst important as a measure of performance much care is taken to ensure that expenses incurred in the acquisition and administration of customers policies are at a level at which it is forecast that the Company will achieve a satisfactory margin

Profit before taxation *in £'000*

	2013	2010	2011
Profit before taxation	2 110	3 182	2 565
Percentage change from previous year	-33 7%	24 0%	27 4%

The Company aims to deliver sustainable growth in profits by well directed marketing expense control and provision of superior service levels to its policyholders Although the actions it takes in a given period will not necessarily produce an immediate impact, and also recognising the potential effect of external factors on results nevertheless over the medium term profit before taxation is considered a key indicator of the Company s success

Expense ratio

	2013	2010	2011
Expense ratio	90 2%	85 6%	87 7%

The expense ratio is considered a measure of the Company s overall efficiency It is calculated as total expenses (cost of sales and administrative expenses) expressed as a percentage of earned revenue As with profit before taxation the expense ratio will not necessarily immediately reflect management actions and may also be influenced by external factors

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Strategic Report (continued)

Position at 31 December 2013

Shareholders equity

During the year the shareholders' equity decreased by £0 82m to £2 25m (2012 increased by £0 61m to £3 07m)

Assets

Total assets increased by £3 13m during the year (2012 increased by £5 37m) This increase was driven primarily by trade and other receivables

Liabilities

Total liabilities increased by £3 95m in 2013 (2012 increased by £4 76m) The most significant reason for this is the increase in loans and borrowings due to an increase in loans from The Royal Bank of Scotland plc

Cash flow

Cash available to the Company decreased by £0 36m (2012 £0 96m increase)

Risks and uncertainties

The Company s principal risks and uncertainties and the way in which these risks are managed are detailed in note 2 to the financial statements There have not been any significant changes to the risks to which the Company is exposed or in the procedures used to manage these risks in the year

Results and dividends

The result of the year s operation is a profit after taxation of £1 57m (2012 £2 31m) A dividend of £2 39m was paid in 2013 (2012 £1 70m)

Employees

The average number of persons employed by the Company during the year was 454 (2012 455) The full time equivalent number of employees adjusted for part time staff was 451 (2012 438) Their annual aggregate payroll cost was £10 12m (2012 £9 99m) An analysis is shown on page 25

Going concern basis

On review of information available to management the directors consider it appropriate to prepare the accounts on a going concern basis

A strategic review of the structure of Ageas UK's Retail businesses is currently being undertaken which the Company is a part of This review involves an investigation into the most efficient corporate structure and governance of the Retail businesses and is scheduled to be completed in 2014 Following the conclusion of this review there may be an impact on the Company however it is not possible to quantify the impact at this time

On behalf of the Board

R SMITH
Secretary

Date 1 May 2014

Report of the Directors

The directors submit their report, together with the audited financial statements for the year ended 31 December 2013

Business review

The business review is now set out in the Strategic Report on pages 3 to 5

Results and dividends

The details on the results and dividends paid by the Company is now set out in the Strategic Report on pages 3 to 5

Directors

The Members of the Board are shown on page 2 Barry Smith resigned on 31 March 2013 Mark Cliff was appointed on 5 February 2013 and Anthony Middle was appointed as a director on 4 February 2014 All other directors served throughout the year and to the date of this report

The directors who held office at the date of approval of this Directors' Report confirm that so far as they are aware there is no relevant audit information of which the Company's auditors are unaware and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditor

Pursuant to Section 487 of the Companies Act 2006 the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

Employee involvement

Employees are kept up to date about a wide range of Company developments through a programme of engagement activities, delivered through a variety of channels This includes formal Director briefings for all employees and communication by management on the Company's performance and strategy as well as regular bulletins and employee newsletters In addition, informal discussions take place between senior management and the formal employee consultation bodies In 2013 Ageas ran its fifth UK-wide engagement survey and work was undertaken to embed the intranet launched in 2012 to further promote a two-way dialogue between employees and the organisation, and to connect people across different businesses

Diversity

In line with legislation relating to discrimination in employment including the employment of people with disabilities, the Company s policy and procedures include our requirements and obligations and also form part of our management training In addition an e-learning module further embeds our approach to a diverse working environment which is made available to all employees Our approach to diversity is monitored regularly and is considered by the Board and the Ageas UK Remuneration Committee

On behalf of the Board

R SMITH
Secretary

Date 1 May 2014

UKAIS Limited

Registered Number 02613429

Statement of comprehensive income

For the year ended 31 December 2013

In £ 000	Note	2013	2012
Revenue	3	25 372	24,722
Cost of sales	4	(3 916)	(3 584)
Gross profit		21 456	21 138
Administrative expenses	4	(18 972)	(17 578)
Operating profit		2 484	3 561
Interest income	5	55	67
Finance costs	6	(429)	(446)
Profit before tax		2 110	3 182
Income tax	7	(539)	(868)
Total comprehensive income for the year		1 571	2 314

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations There is no material difference between the results disclosed in the statement of comprehensive income and the results given on a historical cost basis

The significant accounting policies on pages 11 to 14 and the notes on pages 15 to 26 form an integral part of these financial statements

UKAIS Limited

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Statement of changes in equity

For the year ended 31 December 2013

In £'000	Share capital	Retained earnings	Total
Balance as at 1 January 2012	50	2 410	2 460
Net profit for the year	-	2 314	2 314
Total recognised income for the year	50	4 724	4,774
Dividend paid during the year	-	(1 700)	(1 700)
Balance as at 31 December 2012	50	3 024	3,074
Net profit for the year	-	1 571	1 571
Total recognised income for the year	50	4 595	4,645
Dividend paid during the year	-	(2 390)	(2,390)
Balance as at 31 December 2013	50	2 205	2 255

The significant accounting policies on pages 11 to 14 and the notes on pages 15 to 26 form an integral part of these financial statements

UKAIS Limited

Registered Number 02613429

Statement of financial position

As at 31 December 2013

In £ 000	Note	2013	2012
Assets			
Property, plant and equipment	8	954	1 372
Intangible assets	9	1 145	310
Deferred tax assets	10	258	273
Non financial assets	11	700	673
Financial assets			
- Trade and other receivables	11	37 106	34,153
- Cash and cash equivalents	12	1 255	1 614
Total assets		41 418	38 394
Shareholders' equity			
Share capital	13	50	50
Retained earnings		2 205	3 024
Total shareholders' equity		2 255	3 074
Liabilities			
Financial liabilities			
Loans and borrowings	14	23 590	22 036
- Trade and other payables	15	10 945	9 279
Non financial liabilities	15	3 736	3,428
Other provisions	16	668	171
Tax liabilities	17	224	406
Total liabilities		39 163	35 320
Total equity and liabilities		41 418	38 394

The significant accounting policies on pages 11 to 14 and the notes on pages 15 to 26 form an integral part of these financial statements

The Company's financial statements were approved by the Board of directors and signed on its behalf on 1 May 2014

Michael Stanley
Director

Nicholas Lemans
Director

UKAIS Limited

Registered Number 02613429

Statement of cash flows

For the year ended 31 December 2013

In £ 000	Note	2013	2012
Cash flows from operating activities			
Profit before tax		2 110	3 182
Adjustments for			
Interest income	5	(55)	(67)
Finance costs	6	429	446
Increase in other provisions	16	498	102
Depreciation of property plant and equipment	8	591	631
Amortisation of intangible assets	9	237	164
		3 810	4 457
Increase in trade and other receivables and non financial assets	11	(2,981)	(4,758)
Increase in trade and other payables and non financial liabilities	15	1 974	171
Income taxes paid		(706)	(332)
Net cash from operating activities		2 097	(462)
Cash flows from investing activities			
Interest income received	5	55	67
Acquisition of property plant and equipment	8	(180)	(351)
Proceeds from disposal of property plant and equipment	8	7	-
Acquisition of intangible assets	9	(1 072)	(234)
Net cash from investing activities		(1 190)	(518)
Cash flows from financing activities			
Finance costs paid	6	(429)	(446)
Dividends paid	21	(2,390)	(1 700)
Movement in loans	14	1 554	4 080
Net cash from financing activities		(1 265)	1 934
Net (Decrease)/Increase in cash and cash equivalents		(359)	954
Cash and cash equivalents at 1 January		1,614	660
Cash and cash equivalents at 31 December	12	1 255	1 614

The significant accounting policies on pages 11 to 14 and the notes on pages 15 to 26 form an integral part of these financial statements

UKAIS Limited

Registered number 02613429
For the year ended 31 December 2013

Significant accounting policies

1 Authorisation of financial statements and statement of compliance with IFRS

UKAIS Limited (the Company') is a private company limited by shares domiciled and incorporated in England and Wales

The Company financial statements for the year ended 31 December 2013 were authorised for issue by the Board of directors on 1 May 2014 and the Statement of Financial Position was signed on the Board's behalf by Michael Stanley and Nicholas Lemans

2 Statement of compliance

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the European Union and as applied in accordance with the provisions of the Companies Act 2006 The principal accounting policies adopted by the Company are set out in significant policies 3 - basis of preparation

3 Basis of preparation

The Company presents its statement of financial position in order of liquidity in accordance with IAS 1 Presentation of Financial Statements For each asset and liability line item in the statement of financial position that combines amounts expected to be recovered or settled within twelve months, or more than twelve months after the statement of financial position date a classification at the statement of financial position date is included within the notes The disclosure in the notes for these classifications are distinguished as follows

- Amounts expected to be recovered in less than one year are referred to as current
- Amounts expected to be recovered in more than one year are referred to as non-current

The financial statements are presented in thousands of Pounds Sterling which is the Companys functional currency They are prepared on the historical cost basis

All new standards and interpretations released by the International Accounting Standards Board (IASB) have been considered and of these the following new and amended standards have been adopted by the Company during the period

Five standards that are considered as a package were effective 1 January 2013

IFRS 10 Consolidated financial statements (effective 1 January 2014 for EU IFRS)
IFRS 11 Joint arrangements (effective 1 January 2014 for EU IFRS)
IFRS 12 Disclosure of interests in other entities (effective 1 January 2014 for EU IFRS)
IAS 27 Separate financial statements
IAS 28 Investments in associates and joint ventures

This package relates largely to consolidated financial statements and had no impact on these financial statements

IFRS 7 Amendment Offsetting financial assets and liabilities (effective 1 January 2013) This amendment has had no significant impact on the financial statements

IFRS 13 Fair Value Measurement (effective 1 January 2013) IFRS 13 sets out a single framework for measuring fair value and making the related disclosures The change has not had any significant impact on the measurements of the Company's assets and liabilities

In addition the following is a list of standards that are in issue but are not effective in 2013 and have not yet been adopted in the EU together with effective date of application to the Company

IFRS 10 IFRS 12 and IAS 27 Amendments Investment entities (effective 1 January 2014)
IAS 32 Amendment Offsetting financial assets and financial liabilities (effective 1 January 2014)
IFRIC 21 Levies (effective 1 January 2014)
IFRS 9 Financial Instruments (effective 1 January 2015)

The implications of these standards amendments and interpretations are under review

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities income and expenses The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources Actual results may differ from these estimates

The estimates and underlying assumptions are reviewed on an ongoing basis Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year

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

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

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

Significant accounting policies (continued)

4 Revenue

Revenue represents income receivable from the provision of insurance broking services and associated premium financing in the accounting period

Commission income on the insurance premium and on the sale of add-on products such as breakdown cover and legal protection is recognised in full on commencement of cover

Premium instalment income from instalment income contracts provided to customers who purchase insurance policies from the Company is recognised using the effective interest rate method This calculates the amortised cost of the loan and allocates the interest income over the relevant period.

5 Expenses

(i) Operating lease payments

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

(ii) Finance costs

Finance costs comprise interest payable on borrowings

6 Defined contribution plan

The Company participates in a defined contribution pension scheme The assets of the scheme are held separately from those of the Company in an independently administered fund Ageas Group Personal Pension Scheme (formerly Aviva Group Personal Pension Scheme) Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income as incurred

7 Income tax

Income tax in the statement of comprehensive income for the year comprises current and deferred tax Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity in which case the related income tax is also recognised in equity

Current tax is the expected tax payable on the taxable profit for the year using tax rates enacted or substantially enacted at the accounting date and any adjustment to tax payable in respect of previous years

Deferred tax is provided in full, using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the accounting date

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised

Deferred tax assets and liabilities are not discounted

8 Segment reporting

In accordance with IFRS 8 - Operating segments, the Company is not required to present segmental information

Significant accounting policies (continued)

9 Property, plant and equipment

(i) Owned assets
Items of property plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy 15) Where parts of an item of property plant and equipment have different useful lives they are accounted for as separate items of property plant and equipment

(ii) Depreciation
Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property plant and equipment

The estimated useful lives are as follows

Leasehold building improvements	5 years
Furniture fittings and equipment	5 years
Computer equipment	3 - 5 years

10 Intangible assets

(i) Owned assets
Intangible assets, which consist of computer software and software development costs, are stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy 15) Where intangible assets have different useful lives they are accounted for as separate items

(ii) Amortisation
Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of each intangible asset Estimated useful lives are 3 - 5 years

11 Financial assets

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables The Company classifies cash and short term deposits, trade and other receivables including amounts due from related companies, as loans and receivables Management has determined that their carrying amounts reasonably approximate their fair values as they are mostly short term in nature or are repriced frequently

Loans and receivables are recognised initially at fair value plus any directly attributable transaction costs Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method less any impairment losses Loans and receivables are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset Level 1 of the fair value hierarchy is used in the measurement of these financial assets

12 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short term deposits Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows

13 Financial liabilities

Financial liabilities comprise of a loan from Ageas (UK) Limited, the Company's ultimate parent in the UK a loan of £250 000 from Able Brokers Limited the Company's immediate parent and a loan from The Royal Bank of Scotland plc The loans are repayable on demand and interest is calculated by reference to the Bank of England base rate and a margin

Significant accounting policies (continued)

14 Trade and other payables

Trade and other payables comprise premiums and tax due to insurers and trade creditors in respect of goods and services Level 1 of the fair value hierarchy is used in the measurement of these financial liabilities

15 Impairment

The carrying amounts of the Company s assets are reviewed at each accounting date to determine whether there is any indication of impairment If any such indication exists the carrying value is reduced to the estimated recoverable amount by means of a charge to the statement of comprehensive income

For assets that have an indefinite useful life and intangible assets that are not yet available for use the recoverable amount is estimated at each accounting date

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount Impairment losses are recognised in the statement of comprehensive income

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation if no impairment loss had been recognised

16 Provisions

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation If the effect is material provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and where appropriate the risks specific to the liability

17 Dividends

Dividends payable on ordinary shares are recognised when they are paid

18 Investments

Investments in Ageas Legal LLP are classified as fixed asset investments and are recorded in the balance sheet at cost less accumulated impairment The carrying value of investments is reviewed at each reporting date If an indication of impairment exists the assets are written down to their recoverable amount and the impairment is charged to the profit and loss account in the year in which it arises

19 Partnership profit share

Income from Ageas Legal LLP represents a share of the profits of the partnership The profits are divided between the members as agreed by them from time to time and are recognised in the profit and loss account on an accruals basis

Notes to the financial statements

1 Accounting estimates and judgements

The most critical judgements and estimates made by the Company are those relating to depreciable assets and recoverability of amounts due from policyholders The Company provides for depreciation of property plant and equipment on a straight line basis over their estimated useful lives The policy is reviewed regularly to ensure that the policy is appropriate for each class of asset For further details on property, plant and equipment and intangible assets see Notes 8 and 9 The company provides for bad debts based on its experience of default Changes in this experience are reviewed regularly and reflected in the bad debt provision

2 Risk management

Objectives and policies for mitigating business risk

The Company s primary business is the provision of insurance marketing broking services and premium finance As such it is exposed to a number of risks arising from its dealings with customers and suppliers as well as from its own internal operations The Company has various procedures in place to manage these exposures These include an overall risk management framework a statement on the Company's risk appetite and a set of clearly defined risk policies The Company also maintains a comprehensive risk register which identifies the individual risks faced in each area of the business and the controls in place to mitigate these The Company has a Risk Committee which meets regularly to review both the risk policies and the risk register to ensure they are up to-date reflecting the risks currently facing the business and that corresponding control issues and risk mitigation actions are being addressed in a timely manner The findings of the Risk Committee are reported to the Company s Board

Looking at the main areas of risk faced by the Company, they fall into two main categories – Operational Risks and Financial Risks

(i) Operational risks

Operational risk arises from inadequate or failed internal processes people and systems or from external events It is diverse in nature and permeates all business activities but remains a distinct form of risk Operational risk includes for example information technology, people strategy business continuity regulatory and legal risks and financial crime

The identification, assessment and evaluation management monitoring and reporting of risks rest with business managers of the different areas of the business Risks are identified, assessed and scored the Risk Committee on a regular basis reviews the risks and for those falling outside the Company s risk appetite monitors the remedial action to ensure compliance with the Company s risk appetite

Notes to the financial statements (continued)

2 Risk management (continued)

Objectives and policies for mitigating business risk (continued)

(ii) Financial risks

Credit risks

The Company is exposed to credit risk arising from the other financial assets of the Company which comprises cash and cash equivalents and other receivables (including related party balances) The Company's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these instruments

Trade receivables are not considered to give rise to a credit risk due to the ageing analysis provided below

Financial assets - Ageing analysis

The table below shows the maturity profile of trade and other receivables as at 31 December 2013 and 2012

		2013	2013	2012	2012
In £'000	Note		%		%
Within terms	11	36 467	98 3	33 453	98 0
Period overdue					
0 1 month	11	419	1 1	641	1 9
2 months	11	132	0 5	53	0 2
3 - 6 months	11	88	0 2	5	-
		639	1 7	700	2 0
Total	11	37 106	100 0	34 153	100 0

Liquidity risks

The Company is exposed to liquidity risks arising from daily calls on its cash resources resulting in a risk that cash will not be available to settle liabilities as they fall due The Company manages this risk by monitoring its cash balances and liabilities and maintaining credit facilities with RBS, and also with its ultimate parent company in the UK Ageas (UK) Limited

The following table shows the gross financial liabilities as at 31 December 2013 and 2012 analysed by maturity Total financial liability is split by maturity in proportion to the contractual cash flows expected to arise during these periods

Financial liabilities (including loans and borrowings due to group undertakings) - Maturity profile

		2013	2013	2012	2012
In £'000	Note		%		%
0-1 month	14 15	13 730	39 8	16 211	51 8
More than one year	14	20 805	60 2	15 104	48 2
Total	14 15	34 535	100 0	31,315	100 0

Notes to the financial statements (continued)

2 Risk management (continued)

Objectives and policies for mitigating business risk (continued)

(iii) Capital management

Aims of capital management policy

The Company has established standards for the efficient management of capital to meet the needs of the business and return on capital requirements of shareholders This includes the capital required to support the risk appetite identified in the Company's risk policies together with a margin for safety, in full compliance with the requirements of the Financial Conduct Authority ('FCA')

Definitions of capital management (and supporting terms)

Capital management is the collection of processes and activities undertaken to ensure that sufficient capital is maintained to ensure the Company s ability to meet its liabilities and ultimately ensure its survival particularly in case of losses arising from adverse events

Capital management includes the assessment of capital required to support the Company's plans and objectives the structure of its shareholders funds arrangements to secure capital and the ongoing monitoring of capital against business requirements as well as the assessments required by the FCA

Approach to capital management

The Company develops an Operating Business Plan, which is a key component of the Ageas (UK) Strategic Plan and is reviewed and revised each year and then formally approved by the Company s Board

A key factor in the formulation of the Strategic Plan is the assessment of the capital required to support the business objectives (i e growth and profit targets) and the appropriateness of the supporting capital structure

Overall capital requirements and structure are assessed taking account of the following

- Capital required to support the
- The required rate of return on
- The required dividend and
- FCA capital requirements

Notes to the financial statements (continued)

2 Risk management (continued)

Objectives and policies for mitigating business risk (continued)

Sensitivity to key business drivers

In £'000	Interest rates increase 1%	Expenses increase 10%	Average premium decrease 10%
2013 results if			
Profit/(loss) before tax	2 151	(180)	342
Net assets	2 581	793	602
2012 results if			
Profit before tax	3 210	682	1,122
Net assets	3 343	1 485	1 809

The impact of the changes in key business drivers is each assumed to be a discrete change All other factors will be unchanged

Some of these changes cannot be guaranteed to have a linear effect and as a whole range of other factors will impact the results they cannot be guaranteed to predict the result detailed In addition, the risk management that the Company operates will ensure that corrective action is implemented to mitigate or reverse the changes

Interest rates increase by 1%

The Company will be exposed to the impact of interest rate changes on its financial assets and liabilities There would be an increase in income on short-term cash balances plus an increase in cost on the inter company loan and RBS facility

Expenses increase by 10%

If all expense areas increased by 10% in addition to the creation of a loss there would also be a reduction in cash availability at year end

Average premium decrease by 10%

Reduction on the average premium of 10% would have a proportional impact on commission income earned from policy sales This in turn would lead to a reduction in profit

Notes to the financial statements (continued)

3 Revenue

All revenue and profit before income taxes is derived from the provision of insurance broking services and associated premium financing operations which is undertaken within the United Kingdom

4 Cost of sales and administrative expenses

In £'000	2013	2012
Advertising	3 916	3 584
Depreciation and amortisation		
Leasehold buildings	326	342
Furniture, fixtures and equipment	9	4
Computer equipment	256	285
Computer software	237	164
Hire of plant and machinery	9	49
Hire of other assets	28	26
Personnel expenses		
- Wages and salaries	9 028	8 952
- Compulsory social security contributions	694	699
Contributions to defined contribution plans	394	338
Goods and services	1,916	1 867
Software costs	1,931	1 773
Other costs	4 144	3 079
Total cost of sales and administrative expenses	22,888	21 162

In £'000	2013	2012
Cost of sales and administrative expenses are analysed as		
Cost of sales	3 916	3 584
Administrative expenses	18 972	17 578
	22 888	21 162

Goods and services includes auditors' remuneration of £35 200 (2012 £31 000) for audit fees No other amounts were paid to the Company's auditors during the period under review (2012 £nil) in relation to non audit services

5 Interest income

In £'000	2013	2012
Bank and other interest receivable	55	67

Notes to the financial statements (continued)

6 Finance costs

In £'000	2013	2012
Payable to group undertakings	(429)	(446)

7 Income tax

Recognised in the income statement

In £'000	2013	2012
Current tax expense		
Current year charge at 23 25% (2012 24 5%)	(486)	(806)
Prior year adjustment	(38)	-
Total current tax charge	(524)	(806)
Deferred tax credit		
Origination and reversal of temporary timing differences	(27)	(10)
Prior year adjustment	35	(28)
Impact of change in tax rate	(23)	(24)
Total deferred tax charge	(15)	(62)
Total tax charge for the period	(539)	(868)

Reconciliation of effective tax rate

The Finance Act 2012 reduced the main rate of UK corporation tax from 24% to 23% (effective from 1 April 2013) The Finance Act 2013 further reduces the headline rate to 21% from 1 April 2014 and 20% from 1 April 2015 The rate reduction will reduce the Company's future current tax charge and deferred tax asset accordingly

The deferred tax asset as at 31 December 2013 has been calculated at 21 5% (2012 23 25%)

The tax assessed on the year is higher (2012 higher) than the standard rate of corporation tax in the United Kingdom of 23 25% (2012 24 5%) The differences are explained below

In £'000	2013	2012
Profit before tax	2 110	3,182
Income tax using the domestic corporation tax rate of 23 25% (2012 24 5%)	(491)	(779)
Non-deductable expenses	(24)	(37)
Prior year adjustment in respect of current tax	(38)	-
Prior year adjustment in respect of deferred tax	35	(28)
Impact of change in tax rate	(21)	(24)
Total tax charge for the period	(539)	(868)

Notes to the financial statements (continued)

8 Property, plant and equipment

In £'000

	Leasehold buildings	Furniture fixtures and equipment	Computer equipment	Total
Cost				
Balance at 1 January 2012	1 693	783	2 380	4 856
Acquisitions	6	27	318	351
Disposals	-	-	-	-
Balance at 31 December 2012	1 699	810	2 698	5 207
Acquisitions	-	5	175	180
Disposals	(7)	-	-	(7)
Balance at 31 December 2013	1 692	815	2 873	5 380
Depreciation and impairment losses				
Balance at 1 January 2012	649	769	1 786	3 204
Depreciation charge for the year	342	4	285	631
Disposals	-		-	-
Balance at 31 December 2012	991	773	2 071	3 835
Depreciation charge for the year	326	9	256	591
Disposals	-	-	-	
Balance at 31 December 2013	1 317	782	2 327	4 426
Carrying amounts				
At 1 January 2012	1 044	14	594	1 651
At 30 December 2012	708	37	627	1 372
At 31 December 2013	375	33	546	954

9 Intangible assets

In £ 000

	Computer software
Cost	
Balance at 1 January 2012	1 730
Acquisitions	234
Balance at 31 December 2012	1 964
Acquisitions	1 072
Balance at 31 December 2013	3 036
Depreciation and impairment losses	
Balance at 1 January 2012	1 490
Amortisation charge for the year	164
Balance at 31 December 2012	1 654
Amortisation charge for the year	237
Balance at 31 December 2013	1 891
Carrying amounts	
At 1 January 2012	240
At 30 December 2012	310
At 31 December 2013	1 145

Notes to the financial statements (continued)

10 Deferred tax asset

In £'000	2013	2012
a) Movement in year		
At 1 January	273	335
Charge for the year (Note 7)	(15)	(62)
At 31 December	258	273
b) Represented by		
Depreciation in excess of capital allowances	229	247
Other temporary differences	29	26
	258	273

11 Trade and other receivables

In £'000	2013	2012
Financial assets		
Due from policyholders	35 392	33,462
Trade receivables	1 715	691
	37,106	34 153
Non financial assets		
Other receivables and prepayments	700	673
	700	673
Total trade and other receivables	37 806	34 825

12 Cash and cash equivalents

In £ 000	2013	2012
Bank and cash balances	1 255	1 614
Cash and cash equivalents in the statement of cash flows	1 255	1 614

The effective interest rate at 31 December 2013 on short term bank deposits was 0% (2012 0%) with an average maturity of one day

Notes to the financial statements (continued)

13 Capital and reserves

Share capital

	Ordinary shares			
	2013		2012	
In £'000	Number	£000	Number	£000
In issue at 1 January	50 000	50	50 000	50
In issue at 31 December – fully paid	50,000	50	50 000	50

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company All shares rank equally with regard to the Company s residual assets

14 Loans and borrowings

This note provides information about the contractual terms of the Company's loans and borrowings

In £'000	2013	2012
Due to group undertakings	2 785	6 932
Due to other financial institutions	20,805	15 104
	23 590	22 036

The amount due to group undertakings is due to Ageas (UK) Limited The loan is repayable on demand Interest is charged at 2 0% over UK bank base rate The interest rate at 31 December 2013 was 2 50% (2012 2 50%)

The amont due to other financial institutions is due to The Royal Bank of Scotland plc The loan is a committed facility and not repayable on demand Interest is charged at 1 6% over the UK bank base rate The interest rate at 31 December 2013 was 2 1% (2012 2 25%)

Notes to the financial statements (continued)

15 Trade and other payables

Amounts falling due within one year

In £'000	2013	2012
Financial liabilities		
Due to group undertakings	7,507	6 077
Direct insurance contract payables	3 438	3 202
	10 945	9 279
Non financial liabilities		
Other payables	174	223
Accrued expenses	3 200	2 889
VAT and other taxes payable	362	316
	3,736	3 428
Total trade and other payables	14 681	12 707

A loan of £250 000 from Able Brokers Limited, the Company's immediate parent is included within financial liabilities

16 Other provisions

In £'000	2013	2012
Balance at 1 January	171	70
Charge for the year	497	101
Balance at 31 December	668	171

Included in the provisions figure above is both a cancellations provision of £118 000 (2012 £110 000) and a provision relating to monies that may in future be payable to HMRC of £40 000 (2012 £61 000)

A provision has also been set up for refunds due to customers who cancelled add on products and did not receive the correct policy refund The provision comprises refunds due to the customers interest and the cost of the redress The provision is stated gross of a refund of £197,000 due from the policy provider which is included in receivables

17 Current tax liabilities

The current tax liability of £224 000 (2012 £406,000) represents the amount of income taxes payable in respect of the current year less current year payments and adjustments in respect of prior years

18 Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows

In £'000	2013		2012	
	Land & Buildings	Other	Land & Buildings	Other
Less than one year				54
Between one and five years	1 460	17	1 460	16
More than 5 years	2 920	-	2 920	-
Total	4 380	17	4 380	70

The Company leases office premises under an operating lease which runs to 1 December 2024 The lease does not include contingent rentals

During the year ended 31 December 2013, £365 000 was recognised as an expense in the income statement in respect of operating leases (2012 £433 000)

UKAIS Limited

Registered number 02613429
For the year ended 31 December 2013

Notes to the financial statements (continued)

19 Capital commitments

Capital commitments of the Company at the end of the year for which no provision has been made are as follows

In £'000	2013	2012
Authorised but not contracted for	450	
	450	

19 Pension scheme

In £'000	2013	2012
Contributions to defined contribution plans	394	338

The Company operates a defined contribution scheme called Ageas Group Personal Pension Scheme (formerly Aviva Group Personal Pension Scheme) The assets of the scheme are held separately from those of the Company in an independently administered fund The pension cost in respect of members of this scheme represents the contribution payable by the Company to the scheme

20 Staff numbers and costs

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

	2013	2012
Insurance broking	350	421
Executive directors	1	2
Non Executive directors	8	6
Other	128	40
	487	469

The full time equivalent number of employees was as follows

	2013	2012
Insurance broking	343	391
Executive directors	1	2
Non Executive directors	8	6
Other	99	39
	451	438

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

	2013	2012
Total number of employees	454	455
Full time equivalent number of employees	454	455

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

In £'000	2013	2012
Wages and salaries	9 028	8 952
Social security costs	694	699
Other pension costs	394	338
	10 116	9 989

Notes to the financial statements (continued)

21 Related party transactions

The Company has a related party relationship with its key management personnel who are all directors of the Company

Transactions with directors

In addition to their salaries the Company also provides non-cash benefits to directors and contributes to a post employment defined contribution plan on their behalf
The directors' compensations are as follows

In £'000	2013	2012
Emoluments paid by the Company	364	384
Emoluments include contributions made to pension schemes amounting to	50	57
In respect of the highest paid director	189	214

In the ordinary course of business the Company carries out transactions with related parties as defined in IAS 24
Material transactions are set out below

In £'000	2013 Income statement	2013 Statement of financial position	2012 Income statement	2012 Statement of financial position
Immediate parent and ultimate holding company transactions and assets held in the statement of financial position	(794)	(2,782)	(1 099)	(6 933)
Fellow subsidiary company transactions and assets held in the statement of financial position	3,110	(7 436)	12 053	(5 007)
	2 316	(10 218)	10 954	(11,940)

The Company's immediate parent undertaking is Able Brokers Limited to which the Company paid a dividend of £2 390 000 in the year (2012 £1 700 000)

The Company has a loan from its ultimate UK holding company Ageas (UK) Limited Interest is paid on the loan which is included in the statement of comprehensive income

The Company receives commission from a fellow subsidiary company with whom it places its clients insurance business An amount is due to the fellow subsidiary at the statement of financial position date in respect of unsettled balances

22 Investments

During the period under review the Company acquired a holding in Ageas Legal LLP of £10 Ageas Legal LLP ('the LLP') is a limited liability partnership registered in England & Wales which was incorporated on 27 July 2012 The principal activity of the LLP is that of a holding entity

23 Ultimate holding company

The Company's immediate parent undertaking is Able Brokers Limited a company registered in England and Wales

The Company s results are consolidated into the accounts of Ageas SA/NV the ultimate holding company, which is incorporated in Belgium

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

24 Events after the statement of financial position date

There were no material adjusting or non-adjusting events after the statement of financial position date

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

The directors are responsible for preparing the Strategic Report the Directors Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with IFRS as adopted by the EU and applicable law

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for the period

In preparing these financial statements the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether they have been prepared in accordance with IFRS as adopted by the EU and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

Independent Auditor's Report to the Members of UKAIS Limited

We have audited the financial statements of UKAIS Limited for the year ended 31 December 2013 set out on page 7 to 26 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU

This report is made solely to the Company s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work for this report or for the opinions we have formed

Respective responsibilities of directors and auditor

As explained more fully in the Directors Responsibilities Statement set out on page 27 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www frc org uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company s affairs as at 31 December 2013 and of its profit for the year then ended
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if in our opinion

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us or
- the financial statements are not in agreement with the accounting records and returns or
- certain disclosures of directors' remuneration specified by law are not made or
- we have not received all the information and explanations we require for our audit

James Hillyard (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
1 The Embankment
Neville Street
Leeds
LS1 4DW
1 May 2014