

**Company number 02706280**

**BFSL Limited**  
**Annual Report and Financial Statements**  
**Year Ended 30 June 2018**

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# **BFSL Limited**

**Year ended 30 June 2018**

## **Annual report and financial statements**

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### **Directors**

SD Keating  
G Despas  
DA Finch  
MO Donaldson  
DJ Platt  
P Thompson

### **Secretary and registered office**

JC Brown  
Pegasus House  
Bakewell Road  
Orton Southgate  
Peterborough  
PE2 6YS

### **Auditor**

KPMG LLP  
15 Canada Square  
London  
E14 5GL

## **BFSL Limited**

**Year ended 30 June 2018**

### **Strategic report**

The directors present the strategic report for the year ended 30 June 2018.

#### **Results and dividends**

The annual results of BFSL Limited, company number 02706280 ("the Company") are set out on page 9 and show a profit before taxation of £6,993,000 (2017: £8,648,000). The directors have reviewed the performance for the year and are confident of future prospects.

The directors do not recommend the payment of a dividend (2017: £nil).

#### **Principal activity, trading review and future developments**

The Company's principal activity is that of providing credit relating to financial services.

The Company shares resources with fellow subsidiaries of BGL (Holdings) Limited ("the BGL Group"). In order to improve operating efficiencies within the business, personnel and infrastructure services are provided by BGL Group Limited to the Company, which raises a management charge in respect of all services provided.

#### **Key performance indicators**

	<b>2018</b>	<b>2017</b>	<b>Movement</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Revenue	73,308	59,986	22%
Operating profit	14,945	13,484	11%
Profit before taxation	6,993	8,648	(19%)

The revenue increase of £13,322,000 results primarily from a £5,312,000 increase in trading income in the year and £8,010,000 of fees which, prior to the Group restructure, were recognised as income by BISL Limited.

The Company's balance sheet position remains strong and the monthly cash flow cycle enables the Company to operate without any significant levels of long-term debt.

#### **Risks and uncertainties**

The Company has adopted the BGL Group's risk management framework. The framework seeks to identify and limit potential adverse effects on the financial performance of the BGL Group and achievement of its objectives.

The BGL (Holdings) Limited board of directors ("the BGL Board") has established a Group risk appetite, which has been tailored for the Company. All risks considered to be outside of appetite are accompanied by appropriate action plans which are reviewed, approved and tracked by executive management as well as the BISL Limited Audit & Risk Committee and the BGL Group Risk Committee.

The BGL Board and the Company's Board review the implementation of processes for identifying, measuring, managing and controlling financial risks and receive and commission reports in relation to risk management activities.

The risks set out below are monitored using the BGL Group's risk management framework, which has been tailored for the Company, and through established levels of management review, from the BGL Group and subsidiary Board committees, through to the Executive Committee and business unit executive meetings.

##### *Financial risk*

The BGL Group's multi-national operations and debt financing expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risks, liquidity and interest rates. The BGL Group has in place a risk management framework as described above, using derivative financial instruments where appropriate.

## **BFSL Limited**

**Year ended 30 June 2018**

### **Strategic report**

The use of derivative financial instruments is governed by the BGL Group's policies approved by the BGL Board, which provide principles on the use of these instruments consistent with the BGL Group's risk management strategy. The BGL Group does not use derivative financial instruments for speculative purposes.

#### *Operational risk*

The Company recognises the need to maintain people, organisational structures, systems, processes and infrastructure to support current operations and the on-going growth of the business. The Company monitors these risks on an on-going basis and puts in place appropriate controls to manage them.

Key sources of operational risk include business partner and supplier management, data security, change management, business continuity, and fraud and financial crime.

#### *People risk*

Key sources of people risk arise from the Company's resourcing, skills and competence requirements, key person dependency and its approach to reward and recognition. The Company has in place a number of initiatives around monitoring and developing the skills and experience of key roles across the Company. A comprehensive framework of HR processes, incorporating Reward and Resourcing strategic planning, underpins a pro-active people based risk management process.

#### *Technology risk*

The Company has in place processes to manage the design, availability, capacity, performance, infrastructure failure, integrity and security of its technology assets to support the current operations of the business and future change requirements.

The Company recognises cyber risk, such as the use of hacking techniques, social engineering or other malicious activities with the intent to cause damage or steal data for financial or competitive gain. The Company has in place a comprehensive framework of controls to actively manage this risk

#### *Conduct risk and Regulatory risk*

Conduct risk is the risk that the Company's business model, product design or sales practices do not deliver fair customer outcomes and meet customer needs. The Company has in place a clearly defined framework of controls to manage conduct risk.

Regulatory risk is the risk that the Company will breach the requirements of a regulator or competition authority. The Company is authorised and regulated by the Financial Conduct Authority ("FCA").

The Company continues to review the legal and regulatory environment and seeks to work proactively to manage risks to the business in this area.

#### *Conflicts of interest risk*

Conflicts of interest risks could arise in circumstances where a duty owed to a customer conflicts with either the interests of the BGL Group and or the Company or duties owed by the BGL Group and or the Company to other customers. The BGL Group and the Company have in place a clearly defined framework of controls to manage conflicts of interest risk.

#### *Strategic risk*

The Company is continually managing a wider variety of risks relating to its business strategy and the markets in which it operates. These include risks relating to:

- The general economic environment, which can impact the overall size of the markets in which The Company operates;
- The insurance underwriting cycle;
- Reputation; and
- The Company's business model and the ability to implement change to react quickly and effectively to changes in competitor and consumer behaviour in the market place.

**BFSL Limited****Year ended 30 June 2018****Strategic report**

Reputational risk is the risk of adverse publicity arising from the Company's relationships with its customers, partners, suppliers and regulators. Key sources of reputational risk arise around direct interaction with consumers and the performance of the BGL Group's affinity partner arrangements. The Company seeks to address reputational risks and also manage these risks where they arise, through established communications and public relations channels.

The Company has performed a review of its operations in the light of the expected exit of the United Kingdom from the European Union and does not foresee any significant direct impact on its business.

**Events since the balance sheet date**

There are no post balance sheet events requiring disclosure in these financial statements.



DJ Platt  
Director  
3 September 2018

## **BFSL Limited**

**Year ended 30 June 2018**

### **Report of the directors**

The directors present the report together with the audited financial statements for the year ended 30 June 2018.

#### **Going concern**

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The financial position of the Company is disclosed in the balance sheet on page 11. The directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### **Directors**

The directors of the Company during the year and to the date of signature were as follows:

SD Keating (appointed 1 December 2017)  
G Despas (appointed 1 December 2017)  
DA Finch (appointed 1 December 2017)  
MO Donaldson  
DJ Platt  
P Thompson (appointed 1 December 2017)

The directors at the time when this report is approved have confirmed that:

- so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all the steps that ought to have been taken as directors in order to be aware of any information needed by the Company's auditor in connection with preparing their report and to establish that the Company's auditor is aware of that information.

#### **Directors' indemnity provision**

In accordance with the Company's Articles of Association, the Company has indemnified the directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year and is still in place as at the date of this report.

#### **Auditor**

In accordance with section 487 of the Companies Act 2006, the auditor will be deemed reappointed and KPMG LLP will continue in office.



DJ Platt  
Director  
3 September 2018

## **BFSL Limited**

**Year ended 30 June 2018**

### **Statement of directors' responsibilities**

The directors are responsible for preparing the strategic report, the report of the directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **BFSL Limited**

**Year ended 30 June 2018**

### **Independent auditor's report to the members of BFSL Limited**

#### **Opinion**

We have audited the financial statements of BFSL Limited ("the company") for the year ended 30 June 2018 which comprise the profit and loss account, statement of changes in equity, balance sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Going concern**

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

#### **Strategic report and report of the directors**

The directors are responsible for the strategic report and the report of the directors. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

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

- we have not identified material misstatements in the strategic report and the report of the directors;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

#### **Directors' responsibilities**

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the



## **BFSL Limited**

**Year ended 30 June 2018**

### **Independent auditor's report to the members of BFSL Limited**

going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities**

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

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

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

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



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

Date: 4 September 2018

**BFSL Limited**  
**Year ended 30 June 2018**  
**Profit and loss account**

	Note	2018 £000s	2017 £000s
<b>Revenue</b>	3	73,308	59,986
Other income		10,713	8,707
Operating expenses		(69,076)	(55,209)
<b>Operating profit</b>	4	<b>14,945</b>	<b>13,484</b>
Finance income	5	3,014	64
Finance costs	6	(10,966)	(4,900)
<b>Profit before taxation</b>		<b>6,993</b>	<b>8,648</b>
Tax expense	7	(1,329)	(1,708)
<b>Profit for the financial year</b>		<b>5,664</b>	<b>6,940</b>

All amounts relate to continuing activities.

There are no other items of comprehensive income other than those included in the above profit and loss account; accordingly profit for the financial year is also total comprehensive income for the year.

The notes on pages 12 to 17 form part of these financial statements.

**BFSL Limited****Year ended 30 June 2018****Statement of changes in equity**

	<b>Share capital £000s</b>	<b>Retained earnings £000s</b>	<b>Total equity £000s</b>
<b>At 1 July 2016</b>	<b>5,000</b>	<b>4,233</b>	<b>9,233</b>
Profit for the year	-	6,940	6,940
<b>At 30 June 2017</b>	<b>5,000</b>	<b>11,173</b>	<b>16,173</b>
Profit for the year	-	5,664	5,664
<b>At 30 June 2018</b>	<b>5,000</b>	<b>16,837</b>	<b>21,837</b>

The notes on pages 12 to 17 form part of these financial statements.

**BFSL Limited****Year ended 30 June 2018**

Company Registration Number 02706280

**Balance sheet**

	Note	2018 £000s	2017 £000s
<b>ASSETS</b>			
<b>Current assets</b>			
Trade and other receivables	9	496,343	472,858
<b>Total assets</b>		<b>496,343</b>	<b>472,858</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	10	474,506	456,685
<b>Total liabilities</b>		<b>474,506</b>	<b>456,685</b>
<b>Equity</b>			
Share capital	11	5,000	5,000
Retained earnings		16,837	11,173
<b>Total equity</b>		<b>21,837</b>	<b>16,173</b>
<b>Total equity and liabilities</b>		<b>496,343</b>	<b>472,858</b>

The financial statements were approved by the directors on 3 September 2018 and signed by:



DJ Platt  
Director

The notes on pages 12 to 17 form part of these financial statements.

## **BFSL Limited**

**Year ended 30 June 2018**

### **Notes forming part of the financial statements**

#### **1. Accounting policies**

The Company's significant accounting policies relating to specific financial statement items, together with a description of the accounting estimates and judgements that were critical to preparing them, are set out below. Accounting policies have been applied consistently to all periods presented in these financial statements.

The accounting policies of the Company are set at a group level by BGL (Holdings) Limited ("the BGL Group").

#### **Basis of preparation**

The Company, a private limited company incorporated and domiciled in England and Wales, has elected to prepare its financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes;
- comparative period reconciliations for share capital;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of key management personnel.

BGL (Holdings) Limited includes the Company in its consolidated financial statements. The consolidated financial statements of BGL (Holdings) Limited are prepared in accordance with International Financial Reporting Standards as adopted by the EU and, as they include equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following:

- certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill;
- certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The financial statements are stated in sterling, which is the Company's functional and presentation currency.

The financial statements have been prepared on the historical cost basis.

#### **Going concern**

The financial statements have been prepared on the going concern basis. The directors have reviewed the budget and cash flow forecasts of the Company for a period of not less than 12 months from the date of approving these financial statements and are confident that they show the Company will have sufficient resources to meet its liabilities as they fall due. Accordingly the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

## **BFSL Limited**

**Year ended 30 June 2018**

### **Notes forming part of the financial statements**

#### **Changes in accounting standards**

During the current year a number of amendments to existing IFRSs became effective. None of these had a material impact on the amounts included or the disclosures made within these financial statements.

#### **Revenue**

Revenue consists of instalment fees charged on finance provided to customers relating to the purchase of insurance products. Instalment fees are recognised over the period that credit is provided to policy holders (usually 12 months) using an average annual percentage interest rate methodology.

#### **Taxation**

##### *Current tax*

The current tax expense is the expected tax payable based on the taxable profits for the year, after any adjustments in respect of prior years. The rates enacted or substantively enacted at the reporting date are used to determine the current tax.

#### **Non derivative financial instruments**

Non derivative financial instruments comprise trade and other receivables, cash at bank and in hand, bank loans and overdrafts and trade and other payables.

##### *Trade and other receivables*

Trade and other receivables are recognised initially at fair value. Subsequently to initial recognition they are measured at amortised cost using the effective interest method, less any impairment for losses.

The Company policy is to write off doubtful receivables shortly after identification and then credit any recovered amounts to the profit and loss account when funds are received. Since 1 July 2015 the Company has operated under a guarantee from BISL Limited, the Company's immediate parent, and bears no bad debt risk.

##### *Trade and other payables*

Trade and other payables are recognised initially at fair value. Subsequently to initial recognition they are measured at fair value less any impairment losses.

#### **Foreign exchange**

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions are recognised in the profit and loss account.

Monetary assets and liabilities denominated in foreign currencies are translated at the year-end exchange rate, with all gains and losses being recognised in the profit and loss account.

#### **Derivative financial instruments**

The Company uses derivative financial instruments such as forward currency contracts and currency swaps to hedge its risks associated with foreign currency. Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. The Group does not use the hedge accounting option within IFRS.

# **BFSL Limited**

**Year ended 30 June 2018**

## **Notes forming part of the financial statements**

### **2. Significant judgements and estimation uncertainty**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

There are no key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### **3. Revenue**

	<b>2018</b> <b>£000s</b>	<b>2017</b> <b>£000s</b>
Instalment income	<b>73,308</b>	<b>59,986</b>

All income arises in the UK and relates to the provision of finance.

### **4. Operating profit**

Operating profit is stated after charging the following:

	<b>2018</b> <b>£000s</b>	<b>2017</b> <b>£000s</b>
Auditor's fees for the audit of the Company's financial statements	29	26
Impairment loss on trade receivables	10,713	8,707

Since 1 July 2015 the Company has operated under a guarantee from BISL Limited, the Company's immediate parent, and bears no bad debt risk. The income received from BISL Limited in respect of the impairment loss on trade receivables is disclosed within other income.

### **5. Finance income**

	<b>2018</b> <b>£000s</b>	<b>2017</b> <b>£000s</b>
Interest receivable from group undertakings	<b>3,014</b>	<b>64</b>

**BFSL Limited****Year ended 30 June 2018****Notes forming part of the financial statements****6. Finance costs**

	<b>2018</b>	<b>2017</b>
	<b>£000s</b>	<b>£000s</b>
Interest payable to group undertakings	8,799	2,830
Interest payable to related entities	1,827	1,874
Interest and charges on bank borrowings	340	196
	<b>10,966</b>	<b>4,900</b>

**7. Tax expense**

	<b>2018</b>	<b>2017</b>
	<b>£000s</b>	<b>£000s</b>
<b>Current tax</b>		
UK corporation tax charge	1,329	1,708
Adjustment in respect of prior years	-	-
<b>Total tax expense</b>	<b>1,329</b>	<b>1,708</b>

The standard rate of tax for the year ended 30 June 2018 was 19.00% (2017: 19.75%). The rate is the same as the UK standard rate of corporation tax. There are no reconciling items between the actual tax charge and the tax charge at the standard rate as shown in the table below:

	<b>2018</b>	<b>2017</b>
	<b>£000s</b>	<b>£000s</b>
Profit for the financial year	5,664	6,940
Total tax expense	1,329	1,708
<b>Profit before taxation</b>	<b>6,993</b>	<b>8,648</b>
Tax at the standard corporation tax rate of 19.00% (2017: 19.75%)	<b>1,329</b>	<b>1,708</b>

The UK corporation tax rate throughout the year was 19%. In his Budget on 16 March 2016 the Chancellor of the Exchequer announced an additional planned reduction to 17% by 1 April 2020. This was substantively enacted on 6 September 2016 and will reduce the company's future current tax charge accordingly.

**8. Employees**

The Company did not directly employ any staff during the year. The services of individuals were obtained in exchange for payments made to BGL Group Limited, the management services company of the BGL Group.



**BFSL Limited****Year ended 30 June 2018****Notes forming part of the financial statements****9. Trade and other receivables**

	<b>2018</b>	<b>2017</b>
	<b>£000s</b>	<b>£000s</b>
Trade receivables	385,584	372,889
Amounts due from related undertakings	110,615	99,631
Prepayments	144	338
	<b>496,343</b>	<b>472,858</b>

Certain trade receivables subject to instalment collection arrangements have been sold to BGL Receivables Financing (1) Limited, a structured entity controlled by the BGL Group. These are shown with amounts due from related undertakings. BGL Receivables Financing (1) Limited subsequently secures asset-based securitised financing on these receivables.

Prepayments of £92,000 (2017: £196,000) are expected to be fully amortised after more than 12 months from the reporting date. All other amounts fall due for payment within one year.

**10. Trade and other payables**

	<b>2018</b>	<b>2017</b>
	<b>£000s</b>	<b>£000s</b>
Amounts owed to related undertakings	438,546	423,068
Other payables	16	26
Accruals and deferred income	35,720	32,796
Corporation tax payable	224	795
	<b>474,506</b>	<b>456,685</b>

**11. Share capital**

	<b>Allotted, called up and fully paid</b>	
	<b>2018</b>	<b>2017</b>
	<b>£000s</b>	<b>£000s</b>
Ordinary shares of £1 each	<b>5,000</b>	<b>5,000</b>

The Company has one class of ordinary shares which all have equal voting and dividend rights.

## **BFSL Limited**

**Year ended 30 June 2018**

### **Notes forming part of the financial statements**

#### **12. Contingent liabilities**

Under the terms of the BGL Group's £300,000,000 revolving credit facility BFSL Limited together with BGL Group Limited, BISL Limited, ACM ULR Limited and BGL (Holdings) Limited, provided a joint and several guarantee. At 30 June 2018 the maximum exposure to this liability was £50,000,000 (2017: £117,000,000).

The Company has joint and several liability under the group VAT registration and joint liability under the group payment arrangement in relation to corporation tax.

#### **13. Related party transactions**

The Company has taken the exemption available under paragraph 8(k) FRS 101 from the disclosure requirements of IAS 24 in relation to entities which are wholly owned members of the same group. Transactions between the Company and other related parties are disclosed below.

##### **Directors' emoluments and interests**

None of the directors were remunerated primarily for their services to the Company, and it is not possible to determine the proportion of remuneration which relates to the Company. The directors are employed by BGL Group Limited, the management services company of the BGL Group, and the emoluments are disclosed within the financial statements of that company.

##### **BGL Receivables Financing (1) Limited**

Certain trade receivables subject to instalment collection arrangements have been sold to BGL Receivables Financing (1) Limited, a structured entity controlled by the BGL Group. BGL Receivables Financing (1) Limited subsequently secures asset-based securitised financing on these receivables. At the reporting date the Company was owed £362,100,000 (2017: £316,273,000) from this entity.

#### **14. Ultimate and immediate holding company**

Until 30 November 2017 the Company's immediate parent undertaking was BGL Group Limited, a Company incorporated in the United Kingdom. On 1 December 2017 the Company's ultimate parent undertaking became BISL Limited, a subsidiary of BGL Group Limited, following the transfer of BGL Group Limited's entire interest in the Company's shareholding to BISL Limited. BISL Limited is incorporated in the United Kingdom.

The Company's ultimate parent undertaking is BHL Holdings Limited. BHL Holdings Limited is a subsidiary of the ultimate controlling party, Reef Holdings Limited. Both companies are incorporated in Guernsey. Reef Holdings Limited is wholly owned by The Concrete Trust. The Reef Foundation acts as trustee of The Concrete Trust.

The largest group in which the results of the Company are consolidated is that headed by BHL Holdings Limited. The smallest group in which they are consolidated is that headed by BGL (Holdings) Limited. The results of the Company are also consolidated in the BHL (UK) Holdings Limited financial statements.

The consolidated financial statements of BHL Holdings Limited are not available to the public. The consolidated financial statements of BHL (UK) Holdings Limited can be obtained from BHL (UK) Holdings Limited, Bath House, 16 Bath Row, Stamford, PE9 2QU. The consolidated financial statements of BGL (Holdings) Limited can be obtained from BGL (Holdings) Limited, Pegasus House, Bakewell Road, Orton Southgate, Peterborough, PE2 6YS.