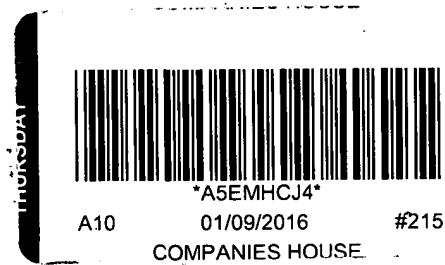


Registration number: 04179465

Paymentshield Life Underwriting Services Limited

Financial Statements

For the year ended 31 December 2015



Paymentshield Life Underwriting Services Limited

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Paymentshield Life Underwriting Services Limited

Strategic report for the year ended 31 December 2015

The director presents his strategic report for the year ended 31 December 2015 for Paymentshield Life Underwriting Services Limited ("the Company"). The strategic report provides a review of the business for the financial year and describes how the director manages risks. The report outlines the developments and performance of the Company during the financial year, the position at the end of the year and discusses the main trends and factors that could affect the future. The Company is part of the Sentry Holdings Limited Group ("the Group"). Whilst Sentry Holdings Limited is the ultimate parent company, the directors of its subsidiary TIG Topco Limited ("Topco") manage the Group's operations on a daily basis.

Principal activities and business review

The principal activity of the Company is that of an indirect introducer for life and mortgage products acting through a panel of underwriters.

The results for the Company show turnover of £139,495 (2014: £97,476) and profit before tax of £127,310 (2014: £38,199) for the year. At 31 December 2015 the Company had net assets of £966,227 (2014: £864,697).

The company has transitioned to Financial Reporting Standard 101 ("*FRS 101 Reduced Disclosure Framework*") with a conversion date of 1 January 2014. As required by IFRS 1 First-time adoption of IFRSs, the Company has applied the relevant accounting policies in place on 31 December 2015 to all periods presented. The Company has taken advantage of the disclosure exemptions allowed under this standard. The Company's parent undertaking was notified of and did not object to the use of the FRS 101 disclosure exemptions. A summary of the recognition and remeasurement adjustments arising on the adoption of FRS 101 can be found note 16.

Business strategy and objectives

The company no longer writes new business but continues to receive commission income from policies in force. The Company continues to emphasise the fundamental importance of putting customers first and has developed policies and processes with the aim of treating every customer fairly and consistently.

Outlook

The Company no longer writes new policies and income is derived from policies in force. The director does not expect there to be any changes in the nature of the business in 2016.

Key performance indicators

The directors of TIG Topco Limited manage the Group's operation on a divisional basis. For this reason, the Company's directors believe that a separate analysis for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business. The development, performance and position of the Group which includes this Company as a member of the paymentshield division, is discussed in the Group's annual report.

Principal risks and uncertainties

Group acquisition

On 2 April 2015 TIG Finco Plc (Finco), a newly formed intermediate holding company, acquired Towergate Insurance Limited (TIL), the previous ultimate parent company, for the total consideration of £735.0 million (m) from Towergate Finance Plc (who was ultimately owned by Advent International, a global private equity firm). This consideration was made up of the issue of £425.0m of senior secured notes by Finco and £310.0m cash which was provided through the issue of new shares in Finco's indirect parent company, TIG Topco Limited (Topco). On the same date Finco issued £300.0m share capital and received a capital contribution from Topco of £60.0m. There is a risk associated with the cost of debt which could impact other companies within the Group.

As a result of these arrangements, on 2 April 2015 funds controlled or managed by Highbridge Principal Strategies LLC became the Group's majority shareholder.

Paymentshield Life Underwriting Services Limited

Strategic report for the year ended 31 December 2015

Risk management

The Company is supported in its risk management by its immediate parent company which has a comprehensive strategy for the identification, mitigation and management of risk. A wide ranging assessment of business risks has been undertaken resulting in the compilation of a risk register. The risk register is subject to discussion at regular Risk Management Committee meetings and the Parent and Company's ongoing risk management ensures there is appropriate reporting from the business which will highlight changes in risk profile to the Risk Management Committee. The risks are managed and monitored to be within the agreed risk appetite. If a risk exceeds appetite, management actions will be put in place to bring it within appetite.

The principal risks and their mitigation are as follows:

Strategic and commercial risk

The Company mitigates risk from its economic environment by monitoring for relevant changes.

Financial risk

There is the risk of adverse impact on business value or earning capacity as well as risk of inadequate cash flow to meet financial obligations. This risk is mitigated by proactive management of the business plan, regular monitoring of cash flows against risk appetite and a focus on debt collection.

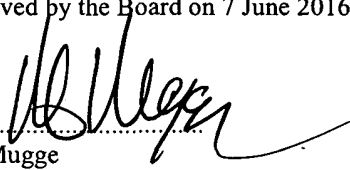
Operational risk

There is the risk of losses arising from inadequate or failed internal processes or systems, from personnel and / or from external events. These are mitigated by having an Enterprise Risk Management Framework in place, which is owned by the Group Risk Officer. The framework requires all risks to have owners, and these owners have appropriate controls in place which are regularly monitored and significant changes to the risk escalated as required.

Regulatory and legal risk

This is the risk of regulatory sanctions, material financial loss or loss to reputation suffered as a result of non compliance with laws, regulations and applicable administrative provisions. This risk is mitigated by a proactive relationship with the Financial Conduct Authority, a dedicated compliance function, and a compliance monitoring programme. Furthermore, there is a control framework that has been rolled out and embedded within the culture throughout the Company to reduce the risk of errors and non compliance.

Approved by the Board on 7 June 2016 and signed on its behalf by:



.....
M S Mugge
Director

Paymentsshield Life Underwriting Services Limited

Director's report for the year ended 31 December 2015

The director presents his report and the financial statements for the year ended 31 December 2015.

Directors of the Company

The directors who held office during the year were as follows:

S Egan (resigned 14 September 2015)

M S Mugge (appointed 11 September 2015)

Dividends

The director does not recommend a final dividend payment to be made in respect of the financial year ended 31 December 2015 (2014: £Nil).

Financial risk management objectives and policies

Details of financial risk management objectives and policies can be found in the strategic report within the 'Risk management' section on page 2.

Future developments

Details of future developments can be found in the strategic report within the 'Outlook' section on page 1.

Political and charitable donations

The Company made charitable donations of £Nil (2014: £Nil) and political donations of £Nil (2014: £Nil) during the year.

Going concern

The financial statements of the Company set out on pages 8 to 24 have been prepared on a going concern basis. The directors believe the going concern basis to be appropriate following their assessment of the Company's financial position and its ability to meet its obligations as and when they fall due. Further details of this assessment can be found in note 2 to these financial statements.

Directors' liabilities

All directors benefit from qualifying third party indemnity provisions, subject to the conditions set out in the Companies Act 2006, in place during the financial year and at the date of this report.

Disclosure of information to the auditor

The director has taken steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The director confirms that there is no relevant information that he knows of and of which he knows the auditors are unaware.

Paymentshield Life Underwriting Services Limited

Director's report for the year ended 31 December 2015

Reappointment of auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board on 7 June 2016 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'M S Mugge', written over a dotted line.

M S Mugge
Director

Paymentshield House
Wight Moss Way
Southport
Merseyside
PR8 4HQ

Paymentshield Life Underwriting Services Limited

Statement of director's responsibilities

The director is responsible for preparing the strategic report, the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law he has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Paymentsshield Life Underwriting Services Limited

We have audited the financial statements of Paymentsshield Life Underwriting Services Limited for the year ended 31 December 2015, set out on pages 8 to 24. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 Statement of director's responsibilities set out on page 5, the director is 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 the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

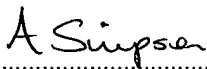
In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Paymentsshield Life Underwriting Services Limited

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.



.....
Alexander Simpson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

1 St Peter's Square
Manchester
M2 3AE

Date 7 June 2016

Paymentshield Life Underwriting Services Limited

Income statement for the year ended 31 December 2015

	Note	2015 £	2014 £
Turnover	3	139,495	97,476
Cost of sales	4	<u>(7,367)</u>	<u>(54,158)</u>
Gross profit		132,128	43,318
Administrative expenses		<u>(4,961)</u>	<u>(4,175)</u>
Operating profit	5	<u>127,167</u>	<u>39,143</u>
Other interest receivable and similar income	6	143	385
Interest payable and similar charges	6	<u>-</u>	<u>(1,329)</u>
		<u>143</u>	<u>(944)</u>
Profit before tax		127,310	38,199
Tax charge on profit on ordinary activities	9	<u>(25,780)</u>	<u>(8,493)</u>
Profit for the financial year		<u>101,530</u>	<u>29,706</u>

The above results were derived from continuing operations.

Paymentshield Life Underwriting Services Limited

Statement of comprehensive income for the year ended 31 December 2015

	2015	2014
	£	£
Profit for the year	101,530	29,706
Other comprehensive income, net of tax	-	-
Total comprehensive income for the year	<u>101,530</u>	<u>29,706</u>

The notes on pages 12 to 24 form an integral part of these financial statements.

Paymentshield Life Underwriting Services Limited

(Registration number: 04179465)
Balance sheet as at 31 December 2015

	Note	2015 £	2014 £
Assets			
Current assets			
Trade and other receivables	10	980,126	1,016,844
Cash and cash equivalents	11	92,245	22,800
		<u>1,072,371</u>	<u>1,039,644</u>
Total assets		<u>1,072,371</u>	<u>1,039,644</u>
Equity and liabilities			
Equity			
Share capital	13	1	1
Retained earnings		<u>966,226</u>	<u>864,696</u>
Total equity		<u>966,227</u>	<u>864,697</u>
Current liabilities			
Trade and other payables	12	80,364	166,738
Income tax liability	9	<u>25,780</u>	<u>8,209</u>
		<u>106,144</u>	<u>174,947</u>
Total equity and liabilities		<u>1,072,371</u>	<u>1,039,644</u>

Approved by the director on 7 June 2016

.....
M S Mugge

Director

Paymentshield Life Underwriting Services Limited

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

	Share capital	Retained earnings	Total
	£	£	£
At 1 January 2015	1	864,696	864,697
Profit for the year	-	101,530	101,530
At 31 December 2015	<u>1</u>	<u>966,226</u>	<u>966,227</u>

	Share capital	Retained earnings	Total
	£	£	£
At 1 January 2014	1	834,990	834,991
Profit for the year	-	29,706	29,706
At 31 December 2014	<u>1</u>	<u>864,696</u>	<u>864,697</u>

The notes on pages 12 to 24 form an integral part of these financial statements.

Paymentshield Life Underwriting Services Limited

Notes to the financial statements for the year ended 31 December 2015

1 Authorisation of financial statements

The Company is a private company limited by share capital incorporated and domiciled in the United Kingdom. The financial statements for the year ended 31 December 2015 were authorised for issue by the board of directors on 7 June 2016 and the balance sheet was signed on the board's behalf by M S Mugge.

2 Accounting policies

Basis of preparation

The Company transitioned from UK GAAP to FRS 101 and has applied this standard to each period presented. The principal accounting policies applied in preparation of these financial statements are set out below.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework, and were authorised for issue by the director on 7 June 2016.

The financial statements have been prepared on a historical cost basis. The financial statements are presented in GBP sterling (£), which is also the Company's functional currency.

Summary of disclosure exemptions

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 adopted FRS 101 for the first time.

In the transition to FRS 101, the Company has applied IFRS 1 with assets and liabilities measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position and financial performance of the Company is provided in note 16.

On the first-time adoption of FRS 101, the entity has applied paragraphs 6 to 33 of IFRS 1 except for the requirements of paragraphs 6 and 21 to present an opening statement of financial position at the date of transition.

Paymentshield Life Underwriting Services Limited

Notes to the financial statements for the year ended 31 December 2015

In these financial statements, the Company has taken advantage of the following disclosure exemptions under FRS 101 where relevant:

- (a) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-Based Payment because the arrangement concerns instruments of another group entity;
- (b) the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64 (q)(ii), B66 and B67 of IFRS 3 Business Combinations which includes among other exemptions the requirement to include a comparative period reconciliation for goodwill;
- (c) the requirements of paragraph 33(c) of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the cash flows of discontinued operations;
- (d) the requirements of IFRS 7 Financial Instruments: Disclosures and of paragraphs 91-99 of IFRS 13 Fair Value Measurement apart from those which are relevant for the financial statements which are held at fair value not held as part of a trading portfolio;
- (e) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to provide comparative period reconciliations in respect of outstanding shares, property, plant & equipment and intangible assets;
- (f) the requirements in paragraph 10(d) of IAS 1 Presentation of Financial Statements to prepare a Cash flow statement and the requirements in IAS 7 Statement of Cash Flows regarding the same;
- (g) the requirements in paragraph 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements, which includes the need to provide details on capital management;
- (h) the requirements of paragraphs 30 and 31 in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors regarding disclosure of new IFRS standards not yet effective at the reporting date and their potential impact;
- (i) the requirements in paragraphs 17 and 18A of IAS 24 Related Party Disclosures around the need to disclose information on key management personnel and details on related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member;
- (j) the requirements of paragraphs 134(d) - 134(f) and 135(c) - 135(e) of IAS 36 Impairment of Assets in respect of disclosure of assumptions on which projections used in the impairment review are based and sensitivity analysis.

Where required equivalent disclosures are included in the Group's consolidated financial statements as required by FRS 101 where exemptions have been applied.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 balance sheet at 1 January 2014 for the purposes of the transition to FRS 101.

Judgments made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the Critical accounting policies and estimates disclosure on page 16.

Paymentshield Life Underwriting Services Limited

Notes to the financial statements for the year ended 31 December 2015

Going concern

The financial statements of the Company set out on pages 8 to 24 have been prepared on a going concern basis. The directors believe the going concern basis to be appropriate following their assessment of the Company's financial position and its ability to meet its obligations as and when they fall due as described below.

At 31 December 2015 the Company had net assets of £1.0m (31 December 2014: £0.9m) and net current assets of £1.0m (31 December 2014: £0.9m). The net assets included amounts receivable from related parties of £1.0m (31 December 2014: £1.0m), amounts due to related parties of £0.1m (31 December 2014: £0.1m). These assets are considered by the directors to be recoverable. A group wide project commenced in Q1 2016 to settle the intergroup balances.

In reaching his view on preparation of the Company's financial statements on a going concern basis, the Director has considered significant uncertainties facing the Towergate Group surrounding the potential liabilities arising from the past business review of enhanced transfer value ("ETV") and unregulated collective investment schemes ("UCIS") products that existed at the balance sheet date of 31 December 2015, and subsequent actions and developments in the period up to the date of approval of these financial statements.

A contingent liability has been recognised in respect of ETV at Group level, as there are a number of material uncertainties and it is not yet possible to make a reliable estimate of the Group's ultimate liability and related payment profile. A provision has been recognised in respect of UCIS at Group level, however uncertainty remains over the expected profile of redress payments.

During Q1 2016 the Group secured two sources of additional funding totalling up to £65m from Highbridge. Binding heads of terms have been signed for both of these transactions. Details are as follows:

- Disposal of the entire issued share capital of The Broker Network Limited and Countrywide Insurance Management Limited, both wholly owned subsidiaries of the Group, and the assets of Broker Network Underwriting, a trading style of Towergate Underwriting Group Limited. The consideration for the acquisition shall be satisfied in part by the allotment to Towergate of approximately 19.9% of the shares (subject to adjustment) in the acquisition vehicle; and
- A five year facility from Highbridge secured by certain legacy assets of the Group. Both initiatives remain subject to appropriate consents and/or approvals and will result in a cash injection to the Group.

In addition to the above, the Group secured a short term loan facility from Highbridge for an amount of up to £28m which will result in a cash injection to the Group if it is drawn.

Proceeds from these initiatives will largely be applied towards an acceleration of the strategic investments in the group transformation plan.

On the basis of the Directors' assessment of the Company's financial position and of the Group's ability to continue to provide such support as might be required, the Director has a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Hence the Director continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Changes in accounting policy

The company has applied the accounting policies effective at the end of the first reporting period for all periods presented, as required by IFRS 1 First-time adoption of IFRS 101. Details on the adjustments resulting from application of these accounting policies compared to previous UK GAAP can be found in note 16.

The principal accounting policies applied in the preparation of these financial statements are set out below.

Paymentshield Life Underwriting Services Limited

Notes to the financial statements for the year ended 31 December 2015

Turnover

(a) Commission and fees

Revenue includes commission and fees receivable at the later of policy inception date or when the policy placement has been completed and confirmed. To the extent that the Company is contractually obliged to provide services after this date, a suitable proportion of income is deferred and recognised over the life of the relevant contracts to ensure that revenue appropriately reflects the cost of fulfillment of these obligations.

(b) Trading deals and profit commission arrangements

Profit sharing arrangements, fees for the provision of payment instalment plans and other contingent and non-contingent trading deals with third parties are recognised over the life of the relevant arrangement or when they can be measured with reasonable certainty. Trading deal income includes contributions to marketing or product development, volume payments and profit commissions receivable.

The Company no longer writes new business and any income previously deferred has now been recognised. Commission continues to be received on policies still in force each year but without clawback.

Income tax

The tax expense for the period comprises current tax. Income tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

Financial assets

Financial assets within the scope of IAS 39 are initially measured at fair value plus directly attributable transaction costs. The Company's financial assets include cash, trade and other receivables. The subsequent measurement of financial assets depends on their classification.

Paymentshield Life Underwriting Services Limited

Notes to the financial statements for the year ended 31 December 2015

Financial liabilities

Financial liabilities within the scope of IAS 39 are initially classified as financial liabilities at fair value plus directly attributable transaction costs. The Company's financial liabilities includes trade and other payables. The subsequent measurement of financial liabilities depends on their classification.

Critical accounting policies and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year.

The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below:

Impairment of assets

The Company tests annually whether goodwill and other assets that have indefinite useful lives suffered any impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount.

The recoverable amount of an asset or a cash generating unit is determined based on value in use calculations prepared on the basis of management's assumptions and estimates. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investment, including factors such as industry and sector performance, changes in regional economies and operational and financing cash flow.

Revenue recognition

(a) Commission

Revenue includes commission and fees receivable at the later of policy inception date or when the policy placement has been completed and confirmed. To the extent that the Company is contractually obliged to provide services after this date, a suitable proportion of income is deferred and recognised over the life of the relevant contracts to ensure that revenue appropriately reflects the cost of fulfilment of these obligations.

The company no longer writes new business but continues to receive commission income from policies in force. The Company has no contractual obligation to provide services for policies already in force and a deferral of income to provide for the future cost of servicing of policies is not required.

Income taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Paymentshield Life Underwriting Services Limited

Notes to the financial statements for the year ended 31 December 2015

3 Turnover

The analysis of the Company's turnover for the year is as follows:

	2015	2014
	£	£
Commission and fees	<u>139,495</u>	<u>97,476</u>

Turnover consists entirely of sales made in the United Kingdom.

4 Cost of sales

The analysis of the Company's cost of sales for the year from continuing operations is as follows:

	2015	2014
	£	£
Other costs	<u>7,367</u>	<u>54,158</u>

5 Operating profit

Arrived at after charging

	2015	2014
	£	£
Auditor's remuneration: audit of these financial statements	<u>-</u>	<u>-</u>

The audit fees were paid by a fellow group subsidiary which made no recharge to the Company.

Amounts receivable by the Company's auditor in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, Sentry Holdings Limited.

6 Interest receivable and interest payable

	2015	2014
	£	£
Finance income		
Interest income on bank deposits	143	385
Finance costs		
Interest expense on other financing liabilities	<u>-</u>	<u>(1,329)</u>
Net finance income/(costs)	<u>143</u>	<u>(944)</u>

Paymentshield Life Underwriting Services Limited

Notes to the financial statements for the year ended 31 December 2015

7 Staff costs

The company had no employees in the current year or the preceding year. All administration is performed by employees of the Group who make a recharge to the Company for this service.

The aggregate payroll costs (including directors' remuneration) were as follows:

	2015	2014
	£	£
Wages and salaries	<u>-</u>	<u>4,137</u>

8 Directors' remuneration

The emoluments of all directors are paid by other Group companies, which make no recharge to the Company. These directors are / were directors of the TIG Topco Limited and the predecessor Group parent company (Towergate Insurance Limited) and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Their total emoluments are included in the consolidated financial statements of TIG Topco Limited.

Paymentshield Life Underwriting Services Limited

Notes to the financial statements for the year ended 31 December 2015

9 Income tax

Tax charged in the income statement

	2015 £	2014 £
Current taxation		
UK corporation tax	25,780	8,209
UK corporation tax adjustment to prior periods	-	156
	<u>25,780</u>	<u>8,365</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	-	128
Tax charge in the income statement	<u>25,780</u>	<u>8,493</u>

The tax on ordinary activities for the year is the same as the standard rate of corporation tax in the UK (2014 - higher than the standard rate of corporation tax in the UK) of 20.25% (2014: 21.49%).

The differences are reconciled below:

	2015 £	2014 £
Profit before tax	<u>127,310</u>	<u>38,199</u>
Corporation tax at standard rate	25,780	8,209
Adjustment to prior periods	-	156
Total tax charge	<u>25,780</u>	<u>8,365</u>

A reduction in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) was substantively enacted on 2 July 2013, a further reduction to 20% (effective from 1 April 2015) was also substantively enacted on 2 July 2013 and further reductions to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. These reductions will reduce the Company's future current tax charge / credit accordingly.

The deferred tax asset/liability at 31 December 2015 has been calculated based on the rates disclosed in the above paragraph.

Paymentshield Life Underwriting Services Limited

Notes to the financial statements for the year ended 31 December 2015

10 Trade and other receivables

	2015	2014
	£	£
Receivables from related parties	980,126	1,013,882
Prepayments	-	212
Other receivables	-	2,750
	<u>-</u>	<u>2,750</u>
Total current trade and other receivables	<u>980,126</u>	<u>1,016,844</u>

11 Cash and cash equivalents

	2015	2014
	£	£
Cash at bank	<u>92,245</u>	<u>22,800</u>

12 Trade and other payables

	2015	2014
	£	£
Current trade and other payables		
Trade payables in relation to insurance transactions	5,267	98,532
Amounts due to related parties	75,097	67,438
Other payables	-	768
	<u>-</u>	<u>768</u>
	<u>80,364</u>	<u>166,738</u>

13 Share capital

Allotted, called-up and fully-paid shares

	No.	2015 £	No.	2014 £
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

Paymentshield Life Underwriting Services Limited

Notes to the financial statements for the year ended 31 December 2015

14 Related party transactions and transactions with other related parties

During the year the Company entered into transactions, in the ordinary course of business, with a number of related parties. The Company has taken the exemption under FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

15 Ultimate parent company

At 31 December 2014, the ultimate parent company was Towergate Insurance Limited. On 2 April 2015, Highbridge Principal Strategies LLC became the Group's majority shareholder when its investment in Sentry Holdings Limited (incorporated in Jersey) acquired a direct interest in TIG Topco Limited (incorporated in Jersey) and its indirect interest in Towergate Insurance Limited and its subsidiaries. At 31 December 2015, the ultimate parent company was Sentry Holdings Limited.

The consolidated financial statements of Sentry Holdings Limited are available upon request from:

Towergate House
Eclipse Park
Sittingbourne Road
Maidstone
Kent
ME14 3EN

Paymentshield Life Underwriting Services Limited

Notes to the financial statements for the year ended 31 December 2015

16 Transition to FRS 101

Balance sheet at 1 January 2014

	As originally reported £	As restated £
Current assets		
Debtors	1,019,803	1,019,803
Cash at bank and in hand	<u>59,847</u>	<u>59,847</u>
	1,079,650	1,079,650
Creditors: Amounts falling due within one year	<u>(244,659)</u>	<u>(244,659)</u>
Net assets	<u><u>834,991</u></u>	<u><u>834,991</u></u>
Capital and reserves		
Share capital	1	1
Profit and loss account	<u>834,990</u>	<u>834,990</u>
Shareholder's funds	<u><u>834,991</u></u>	<u><u>834,991</u></u>

There are no remeasurement or reclassification adjustments shown in the above table during the transition from UK GAAP to FRS 101.

Paymentshield Life Underwriting Services Limited

Notes to the financial statements for the year ended 31 December 2015

Balance sheet at 31 December 2014

	As originally reported £	As restated £
Current assets		
Debtors	1,016,844	1,016,844
Cash at bank and in hand	<u>22,800</u>	<u>22,800</u>
	1,039,644	1,039,644
Creditors: Amounts falling due within one year	<u>(174,947)</u>	<u>(174,947)</u>
Net assets	<u><u>864,697</u></u>	<u><u>864,697</u></u>
Capital and reserves		
Share capital	1	1
Profit and loss account	<u>864,696</u>	<u>864,696</u>
Shareholder's funds	<u><u>864,697</u></u>	<u><u>864,697</u></u>

There are no remeasurement or reclassification adjustments shown in the above table during the transition from UK GAAP to FRS 101.

Paymentshield Life Underwriting Services Limited

Notes to the financial statements for the year ended 31 December 2015

Profit and loss account for the year ended 31 December 2014

	As originally reported £	As restated £
Turnover	97,476	97,476
Cost of sales	<u>(54,158)</u>	<u>(54,158)</u>
Gross profit	43,318	43,318
Administrative expenses	<u>(4,175)</u>	<u>(4,175)</u>
Operating profit	<u>39,143</u>	<u>39,143</u>
Other interest receivable and similar income	385	385
Interest payable and similar charges	<u>(1,329)</u>	<u>(1,329)</u>
	<u>(944)</u>	<u>(944)</u>
Profit before tax	38,199	38,199
Tax on profit on ordinary activities	<u>(8,493)</u>	<u>(8,493)</u>
Profit for the financial year	<u><u>29,706</u></u>	<u><u>29,706</u></u>

There were no remeasurement or reclassification adjustments required to the profit for the period during the transition from UK GAAP to FRS 101.