Club Direct (UK) Limited

Directors' report and financial statements

Registered number 04573579

For the year ended 30 April 2015

Contents

Strategic report for the year ended 30 April 2015

Principal activities

The principal activity of the company is that of acting as an insurance intermediary agent providing travel insurance services to the general public.

The company is authorised and regulated by the Financial Conduct Authority, registration number 311886.

Business review

The results for the company show a pre-tax loss of £43,122 (*2014:* £102,261 profit) for the year and turnover of £197,052 (*2014:* £266,473). The group continues to remain committed to the provision of travel insurance sales as part of its wider remit of managing the customer journey.

Strategy

Club Direct is an insurance intermediary and an integral part of the overall insurance capability of the Collinson Insurance and Assistance Group. The Collinson Insurance and Assistance Group is focused on building a multi-line product portfolio utilising the capacity of its insurance partners supported by in-house insurance companies

Business environment

The UK insurance market remains highly competitive, particularly in the personal lines sectors where this business has been focused. Many companies offer similar coverage, giving rise to commoditisation and aggressive pricing structures. The impact of technology has been enormous and it is essential that we keep abreast of advances in this area. Collinson's ability to offer loyalty marketing, as well as its understanding of the customer journey and underwriting through its panel of highly rated underwriters should mean it's well positioned to further grow market share in this sector.

Future outlook

The future outlook of the Company is to continue to support the strategy and development of the Collinson Insurance and Assistance Group.

This report was approved by the Board and signed on its behalf by:

P Escott
Director
9th October 2015

Directors' report

The directors present their directors' report and financial statements for the year ended 30 April 2015.

Financial instruments and risks

The company's principal financial instruments comprise cash, debtors and creditors arising in the normal course of business. The main financial risks to which the company is exposed include revenue risk, liquidity and credit risk and regulatory risk.

Revenue risk

Club Direct (UK) Limited is exposed to a drop in sales and the impact that this has on its ability to meet its variable costs and overheads. The Collinson Insurance and Assistance group manage this risk carefully looking at where it invests in marketing costs, overhead for investment and underwriters performance.

Liquidity risk

Club Direct (UK) Limited is mainly a travel insurance intermediary and therefore it is exposed to seasonal sales performance meaning that at certain times of the year there is limited income to offset costs. The Collinson Insurance and Assistance Group manage this risk by looking at cash flow performance on a regular basis and also ensuring that acquisitions spend achieve a positive return on investment over the life time value of the product.

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Company is exposed to credit risk are:

- amounts due from insurance intermediaries,
- amounts due from policy holders; and
- amounts due from underwriters from profit commission arrangements.

These risks are managed by reviewing credit exposure on a case by case basis.

Regulatory risk

The Company acts as an insurance intermediary and a call centre to consumers and as such is regulated by the Financial Conduct Authority. The Company is conscious of its regulatory requirements to consumers especially around their treatment and ensuring products are fit for purpose.

Going concern

On the basis of their assessment of the company's financial position and of the enquiries made of the directors, the directors have assessed that the company has adequate resources to continue in operational existence for a minimum of 12 months from the date of signing these financial statements. The financial statements have been prepared on a going concern basis as the directors consider that the company has sufficient resources to continue in operation for the foreseeable future, this is based on future cash flow forecasts, continued financial support from The Collinson Group, developing business opportunities and the company's participation as a member of centralised treasury and banking arrangements.

Key performance indicators ('KPIs')

The Board monitors the progress of the Company by reference to a number of KPIs. The main KPI's are:

	2015	2014
Gross Profit Margin	**57.2%**	**75.0%**
EBITDA Margin	**(21.9%)**	**38.4%**
Overhead to commission ratio	**26.8%**	**12.2%**

Directors' report (continued)

Proposed dividend

The directors do not propose the payment of a dividend (*2014: £nil*).

Directors

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

D Evans
P Escott (appointed 1 January 2015)
G J Lawson (appointed 12 May 2014)
S Fordham (resigned 31 December 2014)

Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the year.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is 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 auditor is aware of that information.

Auditor

Grant Thornton UK LLP are deemed reappointed under section 487(2) of the Companies Act 2006.

This report was approved by the board on 9th October 2015 and signed on its behalf.

P Escott
Director

Cutlers Exchange
123 Houndsditch
London, EC3A 7BU

Statement of directors' responsibilities

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 and 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 judgments 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 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Club Direct (UK) Limited

We have audited the financial statements of Club Direct (UK) Limited for the year ended 30 April 2015, which comprise the Profit and loss account, Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Directors' Responsibilities set out on page 5, 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 (APB'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 30 April 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom 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 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 Club Direct (UK) Limited (continued)

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; or

Andrew Heffron (Senior Statutory Auditor)

for and on behalf of
Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
9th October 2015

Profit and Loss Account
for the year ended 30 April 2015

	Note	2015 £	2014 £
Turnover	2	**197,052**	266,473
Cost of Sales		**(84,347)**	(66,659)
Gross Profit		**112,705**	199,814
Administrative expenses		**(155,827)**	(97,553)
(Loss) / Profit on ordinary activities before taxation	3	**(43,122)**	102,261
Tax on (loss)/ profit on ordinary activities	5	**9,021**	(13,305)
(Loss) / Profit for the financial year	10	**(34,101)**	88,956

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the profit and loss account.

The notes on pages 10 to 14 form part of these financial statements.

Balance Sheet
As at 30 April 2015

	Note	2015 £	2014 £
Current Assets			
Cash		**373,675**	212,309
Debtors	6	**476,980**	399,532
		850,655	611,841
Creditors: amounts falling due within one year	8	**(524,734)**	(251,819)
Net Current Assets		**325,921**	360,022
Net Assets		**325,921**	360,022
Capital and Reserves			
Called up Share Capital	9	**725,000**	725,000
Profit and Loss Account	10	**(399,079)**	(364,978)
Total shareholders' funds		**325,921**	360,022

These financial statements were approved by the board of directors on 9th October 2015 and were signed on its behalf by:

P Escott
Director

Company registered number: 04573579

The notes on pages 10 to 14 form part of these financial statements.

Notes (forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, and under the historical cost accounting rules.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

Going concern

On the basis of their assessment of the company's financial position and of the enquiries made of the directors, the directors have assessed that the company has adequate resources to continue in operational existence for a minimum of 12 months from the date of signing these financial statements. The financial statements have been prepared on a going concern basis as the directors consider that the company has sufficient resources to continue in operation for the foreseeable future, this is based on future cash flow forecasts, continued financial support from The Collinson Group, developing business opportunities and the company's participation as a member of centralised treasury and banking arrangements.

Turnover

Turnover represents insurance premiums received net of insurance premium tax and underwriting costs. Income is recognised on the date of sale of the insurance policy being the point at which the company has fulfilled its service obligation to its customers.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date.

Insurance broking debtors and creditors

The company acts as an agent in placing the insurance risks of clients with insurers and is not liable as principal for premiums due to the underwriters or for claims payable to clients. Notwithstanding these legal relationships, it has followed generally accepted accounting practices by showing cash, debtors and creditors arising from insurance broking transactions as assets and liabilities. This recognises that the company is entitled to retain the investment income on any cash arising from these transactions. The credit worthiness of clients is assessed by regularly performing credit checks and reviewing their financial statements.

Notes *(continued)*

2 Analysis of turnover

	2015	2014
	£	£
By geographical market		
United Kingdom	**173,760**	232,976
Rest of European Union	**23,292**	33,497
	197,052	266,473

Turnover relates to net commissions receivable.

3 Notes to the profit and loss account

	2015	2014
	£	£
Profit on ordinary activities before taxation is stated after charging:		
Auditor's remuneration:		
Audit of these financial statements	**4,699**	4,699

Administration expenses are initially incurred by the company's service company, Collinson IG (Management) Limited, and then a portion of these expenses have been re-allocated to the company based primarily upon an estimate of the time spent by the Group's employees. The re-allocated expenses include salaries plus other associated overhead costs. The Group believe this is a fair and reasonable method.

4 Staff numbers and costs

For the year ended 30 April 2015, the company has no contracted employees but instead is charged employment costs from other group companies. The total charges received in the year amounted to £37,840 (*2014:* £38,777).

5 Taxation

Analysis of (credit) / charge in year

	2015	2014
	£	£
UK corporation tax		
Current tax on income for the year	**(9,021)**	8,603
Total current tax (credit) / charge	**(9,021)**	8,603
Deferred tax on origination and reversal of timing differences	**-**	4,702
Tax (credit) / charge on profit on ordinary activities	**(9,021)**	13,305

Notes *(continued)*

5 Taxation *(continued)*

Factors affecting the tax charge for the current year

	2015	2014
	£	£
(Loss) / Profit on ordinary activities before tax	**(43,122)**	102,261
Current tax at 20.92% *(2014: 22.83%)*	**(9,021)**	23,346
Effects of:		
Depreciation in excess of capital allowances	**-**	(840)
Expenses not deductible for tax purposes		-
Losses utilised	**-**	(13,903)
Total current tax	**(9,021)**	8,603

Factors that may affect future current and total tax charges

The company has tax losses available to carry forward against future trading profits of £nil (*2014: £nil*).

6 Debtors

	2015	2014
	£	£
Insurance debtors	**8,270**	13,343
Amounts owed by group undertakings	**468,710**	375,218
Other debtors	**-**	9,167
Prepayments and accrued income	**-**	1,804
	476,980	399,532

Notes *(continued)*

7 Deferred Tax

	2015	2014
	£	£
At beginning of the year	-	4,702
Movement in the year	-	(4,702)
At the end of the year	-	-
The deferred tax consists of:		
Timing differences between depreciation and capital allowances	-	-

8 Creditors: amounts falling due within one year

	2015	2014
	£	£
Insurance creditors	**389,433**	103,031
Amounts owed to group undertakings	**69,448**	82,351
Other creditors	**6,432**	6,367
Social security and other taxes	**53,782**	23,761
Accruals and deferred income	**5,639**	36,309
	524,734	251,819

9 Called up share capital

	2015	2014
	£	£
Allotted, called up and fully paid		
725,000 Ordinary shares of £1 each	**725,000**	725,000

Notes *(continued)*

10 Reserves

	Profit and loss account £
At beginning of year	(364,978)
Profit for the year	(34,101)
At end of year	(399,079)

11 Reconciliation of movement in shareholders' funds

	2015 £	2014 £
Opening Shareholders' funds	**360,022**	271,066
Profit for the year	**(34,101)**	88,956
Closing Shareholders' funds	**325,921**	360,022

12 Contingent liabilities

There is a fixed and floating charge over all assets of the company whereby the company guarantees all amounts due to Barclays Bank Plc by the group. As at the year end the amount due to Barclays Bank Plc by certain group companies was £1,087,000 (*2014: £nil*). Under the group banking offset arrangement the company had a liability to Barclays Bank Plc at the balance sheet date.

13 Related party disclosures

The company has taken advantage of the exemption provided by "Financial Reporting Standard 8: Related party disclosures" not to disclose transactions with other wholly owned group entities, including its parent.

At the balance sheet date an amount of £164,978 (*2014: £164,978*) was due from International Customer Loyalty Programmes Plc, a fellow subsidiary undertaking that is not wholly owned by the group.

14 Ultimate parent undertaking and controlling party

The directors regard Parminder Limited, a company incorporated in the Isle of Man, as the company's ultimate parent undertaking. The ultimate controlling parties identified by the company are the Trustees of the Colin Evans 1987 Settlement, established under the laws of the Isle of Man, the beneficiary of which is Mr C R Evans.

The Collinson Group Limited, a company incorporated in England, is the parent undertaking of the largest and smallest group for which group accounts are drawn up. Copies of those group accounts may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.