Club Direct (UK) Limited

Annual report and financial statements

For the year ended 30 April 2017

Registered number: 04573579

Contents

Company Information

Directors and Officers

Directors	D. Evans (Managing Director) P. Escott G. J. Lawson
Company Secretary	M. R. Hampton
Registered Office	Cutlers Exchange 123 Houndsditch London EC3A 7BU

Strategic Report

The directors present their strategic report and financial statements for Club Direct (UK) Limited ('Club Direct (UK)' or 'the Company') for the year ended 30 April 2017.

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 £143,691 (*2016: loss of £239,999*) for the year and turnover of £27,239 (*2016: £125,334*).

The Collinson Group Limited ('the Group') remains committed to the provision of travel insurance sales as part of its wider remit of managing the customer journey.

Strategy
Club Direct (UK) is an insurance intermediary and an integral part of the overall insurance and assistance capability of the Group. The insurance and assistance capability 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. The Group'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 insurance and assistance capability.

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

P. Escott
Director

18 October 2017

Cutlers Exchange
123 Houndsditch
London EC3A 7BU

Directors' Report

The directors present their directors' report and the financial statements of the Company for the year ended 30 April 2017.

Principal risks and uncertainties

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to board approval and on-going review by the Company's management and risk management team. Compliance with regulation, legal and ethical standards is a high priority for the Company and the Head of Risk and Compliance and her team take on an important oversight role in this regard.

The Company has developed a framework for identifying the risks that the Company is exposed to and their impact on economic capital.

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 risk, credit risk and regulatory risk.

Revenue risk

Club Direct (UK) is exposed to a drop in sales through changes within the insurance market or competition, and the impact that this has on its ability to meet its variable costs and overheads. The insurance and assistance capability manages this risk carefully looking at where it invests in marketing costs, overhead for investment and underwriters' performance.

Liquidity risk

Club Direct (UK) 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 insurance and assistance capability manages this risk by looking at cash flow performance on a regular basis and also ensuring that acquisition spend achieves 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.

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

In determining whether to prepare these financial statements on a going concern basis the directors have considered a number of factors including the Company's developing business opportunities, multi-year cashflow forecasts, continued financial support from the Collinson Group, the Company's participation as a member of centralised treasury and banking arrangements, etc. On the basis of their assessment the directors have formed the view that the Company has adequate financial resources to enable it to continue in operational existence for a minimum of 12 months from the date these financial statements were signed. Accordingly these financial statements have been prepared on a going concern basis.

Directors' Report

Key performance indicators ('KPIs')
The Board monitors the progress of the Company by reference to a number of KPIs. The main KPIs are:

	2017	2016
Gross profit margin	99.3%	93.1%
EBITDA margin	(527.5)%	(191.5)%
Overhead-to-commission ratio	(624.6)%	(284.6)%

Proposed dividend
The directors do not propose the payment of a dividend *(2016: £nil)*.

Directors
The directors who held office during the year, and subsequent to the year end, were as follows:

D. Evans
P. Escott
G. J. Lawson

Audit

The Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. Accordingly, these financial statements have not been audited.

This report was approved by the board on 18 October 2017 and signed on its behalf by:

P. Escott
Director
18 October 2017

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including Financial Reporting Standard FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"). 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 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 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:

- the members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 467;
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of accounts.

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.

Statement of Comprehensive Income

For the year ended 30 April 2017

	Note	2017 £	2016 £
Revenue	*3*	**27,239**	125,334
Cost of sales		**(201)**	(8,689)
Gross profit		**27,038**	116,645
Administrative expenses		**(170,143)**	(356,644)
Operating loss	*4*	**(143,106)**	(239,999)
Finance costs		**(585)**	-
Loss on ordinary activities before taxation	*4*	**(143,691)**	(239,999)
Tax on loss on ordinary activities	*7*	**28,623**	48,000
Loss for the financial year		**(115,068)**	(191,999)
Other comprehensive income		**-**	-
Total comprehensive loss		**(115,068)**	(191,999)

The notes on pages 9 to 15 are an integral part of these financial statements.

Statement of Financial Position

As at 30 April 2017

	Note	2017 £	2016 £
Current assets			
Cash and cash equivalents	*9*	**210,601**	58,860
Trade and other receivables	*10*	**28,624**	380,343
		239,225	439,203
Current liabilities			
Trade and other payables	*11*	**(220,370)**	(305,281)
Total Net (Liabilities)/Assets		**18,854**	133,922
Equity			
Called up share capital	*12*	**725,000**	725,000
Retained earnings		**(706,146)**	(591,078)
Equity attributable to owners		**18,854**	133,922

For the year ending 30 April 2017 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors Responsibilities

- the members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476;
- the Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements were approved by the board of directors and authorised for issue on 18th October 2017.

P. Escott
Director

The notes on pages 9 to 15 are an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 30 April 2017

	Called Up Share Capital £	Retained Earnings £	Total £
At 1 May 2015	725,000	(399,079)	325,921
Loss for the year	-	(191,999)	(191,999)
At 30 April 2016	725,000	(591,078)	133,922
Loss for the year	-	(115,068)	(115,068)
At 30 April 2017	**725,000**	**(706,146)**	**18,854**

The notes on pages 9 to 15 are an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 30 April 2017

1 Accounting policies

1.1 General information

Club Direct (UK) Limited is a limited company incorporated in the United Kingdom. The address of its registered office and principal place of business is Cutlers Exchange, 123 Houndsditch, London EC3A 7BU.

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

The financial statements have been presented in pounds sterling and this is the Company's functional currency, being the currency of the primary economic environment in which the Company operates.

1.2 Basis of preparation

These financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' ('FRS 102') and applicable legislation, as set out in the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. These financial statements have been prepared under the historical cost convention.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. The Company is included in the consolidated financial statements of its parent undertaking, The Collinson Group Limited. Note 18 provides details of where those consolidated financial statements may be obtained from.

In preparing these financial statements, the Company has taken advantage of the following exemptions:

I. from presenting a statement of cash flows, as required by Section 7 'Statement of Cash Flows'; and

II. from disclosing key management personnel compensation, as required by FRS 102 paragraph 33.7.

On the basis that equivalent disclosures are given in the consolidated financial statements the Company has also taken advantage of the exemption not to provide:

III. the disclosure requirements of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues'.

1.3 Going concern

The current economic conditions present increased risks for the Company. In response to such conditions, the directors have carefully considered the business plan for the years to 30 April 2019, and the extent to which risks arising might affect the going concern basis. Based on this assessment, the directors consider that the Company maintains an appropriate level of liquidity, sufficient to meet the demands of the business. In addition, the Company's assets are assessed for recoverability on a regular basis, and the directors consider that the Company is not exposed to losses on these assets which would affect their decision to adopt the going concern basis.

The directors have a reasonable expectation that with the support of The Collinson Group Limited, the Company will have adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties that lead to significant doubt upon the Company's ability to continue as a going concern. Thus the directors have continued to adopt the going concern basis of accounting in preparing these financial statements.

Notes to the Financial Statements

For the year ended 30 April 2017

1 **Accounting policies (continued)**

1.4 Revenue recognition

Revenue from insurance intermediary services

The Company generates revenue from commissions and fees associated with placing insurance contracts.

Revenue related to insurance intermediary activity is recognised on the effective inception date of the related policies, taken as the point the business is placed. Where there is an expectation of future servicing requirements an element of income relating to the policy is deferred to cover the associated contractual obligation.

Fees and other income receivable are recognised in the year to which they relate and when they can be measured with reasonable certainty.

Interest

Revenue is recognised as interest accrues using the effective interest rate method.

1.5 Taxation

Tax expense for the year comprises current and deferred tax. Tax currently payable, relating to UK corporation tax, is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date. Transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future give rise to a deferred tax liability or asset. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in years different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted as at the reporting date, that are expected to apply to the reversal of the timing difference. The tax expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Deferred income tax assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Current and deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and there is the intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.6 Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date the transactions took place. Income and expense items are translated using an average exchange rate for the year where there are limited fluctuations in foreign exchange rates.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are reported at the rates of exchange prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting date of monetary assets and liabilities are reported in profit or loss.

Notes to the Financial Statements

For the year ended 30 April 2017

1 **Accounting policies (continued)**

1.7 Financial instruments

Financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of the financial instrument. The Company holds only basic financial instruments, which comprise cash and cash equivalents, trade and other receivables and trade and other payables. The Company has chosen to apply the measurement and recognition provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' in full.

Financial assets – classified as basic financial instruments

(i) Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held with banks with original maturities of three months or less and fiduciary funds.

Fiduciary funds represent client money held in the form of premiums due to underwriters, claims paid by insurers and due to policyholders, and funds held to settle commissions and other income. Fiduciary funds are not available for general corporate purposes.

The Company is generally entitled to retain interest and investment income earned on fiduciary funds in accordance with agreements with insureds and insurers and in accordance with industry custom and practice where these agreements are not in place.

(ii) Trade and other receivables

Trade and other receivables are initially recognised at the transaction price, including any transaction costs, and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Amounts that are receivable within one year are measured at the undiscounted amount of the cash expected to be received, net of any impairment.

Where a financial asset constitutes a financing transaction it is initially and subsequently measured at the present value of the future payments, discounted at a market rate of interest.

At the end of each reporting year, the Company assesses whether there is objective evidence that any receivable amount may be impaired. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised immediately in profit or loss.

Financial liabilities – classified as basic financial instruments

(i) Trade and other payables

Trade and other payables are initially measured at the transaction price, including any transaction costs, and subsequently measured at amortised cost using the effective interest method. Amounts that are payable within one year are measured at the undiscounted amount of the cash expected to be paid.

Where a financial liability constitutes a financing transaction it is initially and subsequently measured at the present value of the future payments, discounted at a market rate of interest.

Notes to the Financial Statements

For the year ended 30 April 2017

1 Accounting policies (continued)

1.8 Fiduciary assets and liabilities

Uncollected premiums from insureds or cover-holders are recorded as fiduciary assets on the Company's balance sheet and the obligation to remit funds to insurers are recorded as fiduciary liabilities on the Company's statement of financial position.

Unremitted insurance premiums are recorded within fiduciary funds. Fiduciary funds are held in separate bank accounts and as such these funds are not available for use by the Company. The period for which the Company holds such funds is dependent upon the date the insureds remit the payment of the premium to the Company and the date the Company is required to forward such payments to the insurer.

1.9 Provisions

A provision is recognised when there is a present obligation as a result of a past event, when it is probable that the obligation will be settled, and a when that obligation can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the obligation at the end of the reporting year, taking into account the risks and uncertainties surrounding the obligation.

2 Critical accounting judgements and key sources of estimation uncertainty

In applying the Company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

2.1 Critical judgements in applying the Company's accounting policies

There have been no critical judgements made in the process of applying the Company's accounting policies.

2.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Recoverability of receivables

The Company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the directors consider factors such as the aging of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

3 Revenue

The Company has one class of business which is the supply of insurance intermediary services. All revenue arises in the United Kingdom.

Notes to the Financial Statements

For the year ended 30 April 2017

4 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	2017	2016
	£	£
Difference on foreign exchange	-	(1,392)
Audit of these financial statements	-	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.

5 Staff costs

For the year ended 30 April 2017 the Company had no contracted employees *(2016: nil)*. The Company utilised the services of employees of group companies for which a charge was received. The total charges received in the year, including staff costs, were £167,477 *(2016: £357,236)*.

6 Directors' remuneration

Certain directors are also directors of other companies within the Group. The directors' services to the Company do not occupy a significant amount of time. As such the directors do not consider that they receive any remuneration for their incidental services to the Company for the years ended 30 April 2017 and 30 April 2016.

7 Tax on loss on ordinary activities

The tax credit comprises:

	2017	2016
	£	£
UK corporation tax		
Income for group taxation relief	**28,623**	48,000
Total tax on loss	**28,623**	48,000

Notes to the Financial Statements

For the year ended 30 April 2017

7 Tax on loss on ordinary activities (continued)

Tax on loss on ordinary activities for the year is the same as *(2016: same)* the standard rate of corporation tax in the UK of 19.92% *(2016: 20.00%)*, as per the below:

	2017	2016
	£	£
Loss on ordinary activities before tax	**(143,691)**	(239,999)
Income tax @ 19.92% *(2016: 20.00%)*	**28,623**	48,000
Total tax on loss	**28,623**	48,000

The Company has surrendered the benefit of tax losses to other group companies for a consideration of £28,623 *(2016: £48,000)*.

Factors affecting the tax charge

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016.

8 Dividends

No dividends were declared in respect of 2017 *(2016: £nil)* at the reporting date.

9 Cash and cash equivalents

	2017	2016
	£	£
Own funds	**192,611**	7,290
Fiduciary funds	**17,990**	51,570
	210,601	58,860

10 Trade and other receivables

	2017	2016
	£	£
Fiduciary insurance receivables	**-**	1,614
Amounts owed by group undertakings	**28,624**	378,729
	28,624	380,343

11 Trade and other payables

	2017	2016
	£	£
Amounts owed to group undertakings	**219,987**	300,582
Accruals and deferred income	**383**	4,699
	220,370	305,281

Notes to the Financial Statements

For the year ended 30 April 2017

12 Share capital

	2017	2016
	£	£
Allotted, called up and fully paid		
725,000 ordinary shares of £1 each	**725,000**	725,000

The Company has one class of ordinary shares; each share carries one voting right per share but no right to fixed income.

13 Contingent liabilities

The Company did not have any contingent liabilities *(2016: £nil)*.

14 Related party transactions

The company is exempt from disclosing related party transactions with other companies that are wholly owned within the group. There are no other material related party transactions requiring disclosure.

15 Ultimate controlling party

The directors regard Parminder Limited, a company incorporated in the Isle of Man, to be the Company's ultimate parent undertaking. The ultimate controlling parties identified by the directors 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 prepared. Copies of those group accounts may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

16 Post balance sheet events

There are no post balance sheet events.