# Express Insurance Services Limited

## Report and Financial Statements

31 December 2009

Registered No 4975199

# Directors' report

## Directors
C H Woodburn
M J Healy
I E Fraser
B J Devine (appointed 22 January 2009)

## Secretary
B Lawson (resigned 24 September 2009)
J Lynch (appointed 28 October 2009)

## Auditors
Ernst & Young LLP
George House
50 George Square
Glasgow
G2 1RR

## Solicitors
Anderson Strathern WS
1 Rutland Court
Edinburgh
EH3 8EY

## Registered Office
Express Insurance House
22 Old Walsall Road
Hamstead
Birmingham
B42 1DT

# Directors' report

The directors present their report and the financial statements for the year ended 31 December 2009

## Principal activities, business review and future developments

The principal activity of the Company is that of an insurance broker and agent

The results for the year were disappointing Although revenues grew by over 10% driven by increased policy count (+28%), reduced margins resulted in profit before tax falling by £1 0m (27%) compared to 2008

The Motor business was inhibited by the withdrawal of insurer schemes which had been in operation during 2008, resulting in lower New Business sales In addition, the Van and Bike sectors suffered from the impact of the economic recession which resulted in an increasingly competitive market and lower new registrations

Further progress was made during the year in delivering synergy benefits improving the operational efficiency of the business Consequently, mark-up on labour increased to 410%, an improvement of 38 percentage points compared to 2008 and growth in non-labour operating costs was restricted to below 3%

## Results and dividends

The profit for the year, after taxation, amounted to £2,312,283 (2008 £3,887,550) The directors do not recommend payment of a dividend

The Company's key performance indicators during the year were as follows

| | *Year ended 31 December 2009 £'000* | *Year ended 31 December 2008 £'000* |
|---|---|---|
| Turnover | 17,410 | 15,774 |
| Profit before tax | 2,809 | 3,858 |

## Going Concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out above

The Company is expected to continue to generate positive cash flows on its own account for the foreseeable future The Company participates in the group's centralised treasury arrangements and so shares certain banking arrangements with its ultimate UK parent company (Speedy 1 Limited) and fellow subsidiaries

The directors, having assessed the responses of the directors of Speedy 1 Limited to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Speedy 1 Limited group to continue as a going concern or its ability to continue with the current banking arrangements Further disclosures in that respect are set out in Directors' Report of the consolidated financial statements of Speedy 1 Limited for the year ended 31 December 2009

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Speedy 1 Limited, the Company's directors have a reasonable expectation that the Company will be able 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' report

## Principal risks and uncertainties

The Company's operations expose it to a variety of financial risks that include the effects of competitive risk, liquidity risk, and legislative and regulatory risk The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company The Company focuses strongly on risk management and has a culture within which risk management is firmly embedded

- Competitive risk

Competitive pressure in the UK is a continuing risk for the Company, which could result in it losing sales to its key competitors The Company maintains a competitive panel of insurers and constantly reviews margins to ensure competitive pricing The Company further manages this risk by providing added value services to its customers, having fast response times not only in supplying products but also in handling all customer queries and by maintaining strong relationships with customers

- Liquidity risk

The Company actively maintains a mixture of cash and inter-company finance that is designed to ensure that the Company has sufficient available funds for operations

- Legislative and regulatory risk

The Company actively monitors compliance with the Financial Services Authority requirements and is proactive in establishing robust policies and procedures to ensure effective compliance

## Directors

The directors who served during the year are shown on page 1

## Disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information

## Political and charitable donations

During 2009 the Company made charitable donations of £nil (2008 £ nil) to registered charities, both national and local Political donations during the year amounted to £nil (2008 £nil)

## Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

By order of the board

J Lynch
Secretary

23rd June 2010

# Statement of directors' responsibilities in respect of the financial statements

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 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 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,
- 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

# Independent auditors' report

**to the members of Express Insurance Services Limited**

We have audited the financial statements of Express Insurance Services Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 19 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

## Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit 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

### 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

Ernst & Young LLP

James Douglas Nisbet (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor

Glasgow

24 June 2010

# Profit and loss account

**for year ended 31 December 2009**

| | Notes | Year ended 31 December 2009 £ | Year ended 31 December 2008 £ |
|---|---|---|---|
| ***Turnover*** | 2 | 17,409,825 | 15,773,849 |
| Cost of sales | | (11,062,682) | (10,604,928) |
| ***Operating profit*** | 3 | 6,347,143 | 5,168,921 |
| ***Profit on ordinary activities before interest*** | | 6,347,143 | 5,168,921 |
| Interest receivable | 6 | 123,899 | 290,457 |
| Interest paid and similar charges | 7 | (3,661,592) | (1,601,100) |
| ***Profit on ordinary activities before taxation*** | | 2,809,450 | 3,858,278 |
| Tax on profit on ordinary activities | 8 | (497,167) | 29,272 |
| ***Profit on ordinary activities after taxation*** | 14 | 2,312,283 | 3,887,550 |

All of the items dealt with in arriving at the operating profit for the year relate to continuing operations

The Company has no recognised gains and losses other than those included in the profit above for the financial year and therefore no separate statement of total recognised gains or losses has been presented

# Balance sheet
**at 31 December 2009**

| | Notes | 2009<br>£ | 2008<br>£ |
|---|---|---|---|
| ***Fixed assets*** | | | |
| Tangible assets | 9 | 375,387 | 298,382 |
| ***Current assets*** | | | |
| Stock | | 13,920 | 12,551 |
| Debtors | 10 | 6,893,640 | 13,711,903 |
| Cash at bank and in hand | 11 | 6,594,330 | 341,403 |
| | | 13,501,890 | 14,065,857 |
| ***Creditors***: amounts falling due within one year | 12 | (5,136,921) | (7,936,166) |
| ***Net current assets*** | | 8,364,969 | 6,129,691 |
| ***Total assets less current liabilities*** | | 8,740,356 | 6,428,073 |
| ***Capital and reserves*** | | | |
| Called up share capital | 13 | 100,000 | 100,000 |
| Profit and loss account | 14 | 8,640,356 | 6,328,073 |
| ***Equity shareholders' funds*** | 15 | 8,740,356 | 6,428,073 |

The financial statements were approved for issue by the board of Directors on 2010 and signed on its behalf by

Bredan Devine

B Devine
Director
23rd June 2010

# Notes to the financial statements

**at 31 December 2009**

## 1. Accounting policies

***Basis of preparation***

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards The principal accounting policies are set out below

***Turnover***

Turnover arises from continuing operations and comprises commissions and other income arising principally from the sale of insurance policies in the United Kingdom, recognised at the inception of the policy An allowance is made for expected cancellations

Income earned from provision of finance is stated at the gross interest charged to the customer and the cost of providing finance is included in interest paid and similar charges

***Tangible fixed assets and depreciation***

Tangible fixed assets are stated at cost, net of depreciation and any impairment Depreciation is provided at rates calculated to write off the assets over their estimated useful lives, as follows

| | | |
|---|---|---|
| Fixtures and fittings, and plant and machinery | - | 10% straight line |
| Computer software and hardware | - | 20% straight line |
| Motor vehicles | - | 25% straight line |

***Cash***

The company has risk transfer agreements in place with all suppliers and is therefore not subject to the FSA's client money regulations As a matter of good practice the company continues to keep insurer monies in a separate bank account The total funds held in this account are included within cash at bank and in hand

***Stocks***

Stocks represent stationery and headsets Stocks are valued at the lower of cost and estimated net realisable value Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal

***Insurance creditors***

The company acts as an agent in broking the insurance risk of its clients and is not liable as a principal for premiums due to underwriters or for claims payable to clients Notwithstanding the legal relationship between clients and underwriters and since, in practice, premium monies are usually accounted for by insurance intermediaries, the company has followed generally accepted accounting practice by showing cash and creditors relating to the sale of insurance policies as assets and liabilities of the company

***Deferred taxation***

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with following exceptions

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

# Notes to the financial statements

**at 31 December 2009**

## 1. Accounting policies (continued)

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

***Operating leases***

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term

***Pensions***

The company operates a defined contribution scheme Pension contributions are charged to the profit and loss account when due Any difference between amounts charged to the profit and loss account and paid to the pension fund is shown in the balance sheet as a liability or asset

***Cash flow statement and related party disclosures***

The company is a wholly owned subsidiary of Kwik Fit Insurance Services Limited and its results are included in the consolidated financial statements of Speedy 1 Limited, which are publicly available Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with related parties that are part of Speedy 1 Limited or investees of the group

## 2. Turnover

All turnover originates in the United Kingdom from continuing operations

## 3 Operating profit

This is stated after charging

| | *Year ended 31 December 2009* | *Year ended 31 December 2008* |
|---|---|---|
| | *£* | *£* |
| Depreciation of tangible fixed assets - owned by the company | 77,841 | 75,437 |
| Auditors' remuneration - audit | 27,044 | 47,000 |
| Operating lease rentals - land and buildings | 72,500 | 62,101 |

# Notes to the financial statements

at 31 December 2009

## 4. Staff costs

Staff costs were as follows

| | Year ended 31 December 2009 £ | Year ended 31 December 2008 £ |
|---|---|---|
| Wages and salaries | 3,893,575 | 3,985,016 |
| Social security costs | 356,228 | 385,476 |
| Other pension costs | 27,878 | 38,203 |
| | 4,277,681 | 4,408,695 |

The average monthly number of employees, including the directors, during the year was as follows

| | Year ended 31 December 2009 No | Year ended 31 December 2008 No |
|---|---|---|
| Sales | 122 | 108 |
| Administration and support | 52 | 53 |

## 5. Directors' emoluments

| | Year ended 31 December 2009 £ | Period ended 31 December 2008 £ |
|---|---|---|
| Aggregate emoluments | 64,508 | 35,007 |
| Company contributions paid to defined contribution pension scheme | 3,696 | 3,464 |
| | 68,204 | 38,471 |
| | No | No |
| Members of defined contribution pension scheme | 1 | 1 |

The remuneration of Messrs Fraser and Healy was borne by Kwik-Fit Group Limited in their capacities as Kwik-Fit Group CEO and Finance Director respectively No retirement benefits were accruing for the directors under money purchase schemes (2008 £nil)

# Notes to the financial statements

**at 31 December 2009**

## 6. Interest receivable

| | Year ended 31 December 2009 £ | Year ended 31 December 2008 £ |
|---|---|---|
| Interest receivable from group undertakings | 122,951 | 109,614 |
| Other receivable | 948 | 180,843 |
| | 123,899 | 290,457 |

## 7. Interest paid and similar charges

| | Year ended 31 December 2009 £ | Year ended 31 December 2008 £ |
|---|---|---|
| Finance charges arising from policies sold on finance | 3,661,592 | 1,586,232 |
| Other interest costs | - | 14,868 |
| | 3,661,592 | 1,601,100 |

## 8. Tax

(a) Analysis of tax charge in the year

| | Year ended 31 December 2009 £ | Year ended 31 December 2008 £ |
|---|---|---|
| Current tax (see note below) | | |
| UK corporation tax charge on profits of the year | 480,000 | - |
| Prior year adjustment | - | (37,127) |
| Deferred tax | | |
| Origination and reversal of timing differences | 17,167 | 7,855 |
| Changes in tax rate | - | - |
| Tax (credit) / charge on profit on ordinary activities | 497,167 | (29,272) |

# Notes to the financial statements

**at 31 December 2009**

## 8. Tax (continued)

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 28% (2008 28 497%) The differences are reconciled below

| | *Year ended 31 December 2009* £ | *Year ended 31 December 2008* £ |
|---|---|---|
| Profit on ordinary activities before tax | 2,809,450 | 3,858,278 |
| Profit on ordinary activities multiplied by standard rate of Corporation tax in the UK of 28% (2008 28 497%) | 786,646 | 1,099,504 |
| Effects of | | |
| Prior year tax adjustment | - | (37,127) |
| Expenses not deductible for tax purposes | 294 | 1,239 |
| Depreciation for the year in excess of capital allowances | - | - |
| Capital allowances in excess of depreciation | (17,167) | (7,994) |
| Group relief claimed for nil payment | (289,773) | (1,092,749) |
| Current tax (credit) / charge for the year (see note above) | 480,000 | (37,127) |

(c) Deferred tax

The deferred tax included in the balance sheet is as follows

| | *2009* £ | *2008* £ |
|---|---|---|
| Included within debtors (note 10) | 12,380 | 29,547 |
| Accelerated capital allowances | 12,380 | 29,547 |
| Deferred tax asset | 12,380 | 29,547 |

# Notes to the financial statements

**at 31 December 2009**

## 8. Tax (continued)

(c) Deferred tax (continued)

| | £ |
|---|---|
| At 1 January 2009 | 29,547 |
| (Charge)/credit for the year (note 8(a)) | (17,167) |
| At 31 December 2009 | 12,380 |

## 9. Tangible fixed assets

| | *Motor vehicles* | *Office equipment* | *Total* |
|---|---|---|---|
| | £ | £ | £ |
| Cost | | | |
| At 1 January 2009 | 99,715 | 368,757 | 468,472 |
| Additions | - | 154,846 | 154,846 |
| Disposals | (34,000) | - | (34,000) |
| At 31 December 2009 | 65,715 | 523,603 | 589,318 |
| Depreciation | | | |
| At 1 January 2009 | 87,164 | 82,926 | 170,090 |
| Charge for the year | 7,082 | 70,759 | 77,841 |
| Disposals | (34,000) | - | (34,000) |
| At 31 December 2009 | 60,246 | 153,685 | 213,931 |
| Net book value | | | |
| At 31 December 2009 | 5,469 | 369,918 | 375,387 |
| At 31 December 2008 | 12,551 | 285,831 | 298,382 |

## 10. Debtors

| | *2009* | *2008* |
|---|---|---|
| | £ | £ |
| Trade debtors | 4,234,930 | 4,662,023 |
| Amount owed by group undertakings | 1,870,044 | 8,312,995 |
| Prepayments and accrued income | 776,286 | 670,211 |
| Deferred tax asset (note 8(c)) | 12,380 | 29,547 |
| Corporation tax | - | 37,127 |
| | 6,893,640 | 13,711,903 |

# Notes to the financial statements

**at 31 December 2009**

## 11. Cash at bank and in hand

| | 2009 | 2008 |
|---|---|---|
| | £ | £ |
| Cash at bank and in hand | 6,594,330 | 341,403 |

Pending the payment of insurance premiums, monies relating to the payment of insurer premiums are held in a separate bank account and are not used as part of the working capital of the business These monies amounted to £285,149 at 31st December 2009 (2008 £259,325)

## 12. Creditors: amounts falling due within one year

| | 2009 | 2008 |
|---|---|---|
| | £ | £ |
| Trade creditors | 3,992,963 | 6,471,974 |
| Amounts owed to group undertakings | 13,655 | 4,885 |
| Corporation tax | 210,000 | - |
| Social security and other taxes | 103,593 | 122,605 |
| Other creditors | 166,623 | 429,521 |
| Accruals and deferred income | 650,087 | 907,181 |
| | 5,136,921 | 7,936,166 |

## 13. Share capital

*Authorised, allotted, called up and fully paid*

| | 2009 | 2008 |
|---|---|---|
| | £ | £ |
| 100,000 ordinary shares of £1 each | 100,000 | 100,000 |

## 14. Reserves

| | *Profit and loss account* |
|---|---|
| | £ |
| At beginning of year | 6,328,073 |
| Profit for the year | 2,312,283 |
| At 31 December 2009 | 8,640,356 |

# Notes to the financial statements

**at 31 December 2009**

## 15. Reconciliation of movement in shareholders' funds

| | *2009* | *2008* |
|---|---|---|
| | *£* | *£* |
| At beginning of period as previously reported | 6,428,073 | 2,540,523 |
| Profit for the year | 2,312,283 | 3,887,550 |
| Closing shareholders' funds | 8,740,356 | 6,428,073 |

## 16 Operating lease commitments

At 31 December 2009 the company had annual commitments under non-cancellable operating leases as follows

| | *2009* | *2008* |
|---|---|---|
| | *£* | *£* |
| Expiry date within one year – land and buildings | 72,500 | 72,500 |

## 17. Pension Commitments

The company contributes to a defined contribution pension scheme on behalf of employees

The contributions amounted to £31,574 (2008 £41,667) and there were £1,911 of outstanding contributions at the year end (2008 £4,218)

## 18. Contingent liabilities

The Company has guaranteed the bank borrowings of certain other fellow group undertakings Certain banks have full set-off rights between the bank accounts of companies within the group

## 19. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking at 31 December 2009 is Kwik Fit Insurance Services Limited, a company registered in the United Kingdom

The company's ultimate holding company is Financiere Daunou 2 S A , which is incorporated in Luxembourg and whose registered office address is 5, rue Guillaume Kroll, L-1471, Luxembourg The ultimate controlling entity of Financiere Daunou 2 S A is PAI Partners SAS incorporated in France

The largest group into which the activities of the company are consolidated is that headed by Financiere Daunou 2 S A The smallest group into which the activities of the company are consolidated is that headed by Speedy 1 Limited Copies of these financial statements are available to the public and may be obtained from the Company Secretary, 216 East Main Street, Broxburn, West Lothian, EH52 5AS