

Express Insurance Services Limited  
Report and Financial Statements  
for the year ended 31 December 2014

Registered Number 4975199



# **Express Insurance Services Limited**

## **Annual report and financial statements**

**for the year ended 31 December 2014**

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# **Express Insurance Services Limited**

## **Directors and advisors**

### **Directors**

G F Ball (Appointed 27/05/14)

J D Banwell

R S Bright (Resigned 22/07/14)

A Brown

M Cliff

F K Dyson

P R H Friend (Resigned 2/2/15)

J R J Furse (Appointed 17/10/14)

N J Lemans

A S Watson

### **Secretary**

R A Smith

### **Auditor**

KPMG LLP

191 West George Street

Glasgow

G2 2LJ

### **Registered Office**

Ageas House

Hampshire Corporate Park

Templars Way

Eastleigh

Hampshire

SO53 3YA

### **Registered Number**

4975199

**Strategic report for the year ended 31 December 2014****Business Model and Strategy**

Full details of the Company's results are contained in the financial statements on pages 9 to 18.

A strategic review of the structure of Ageas UK's Retail businesses was concluded in the year ended 31 December 2014, during which it was decided that the Company's activities would be transferred to Ageas Retail Limited (formerly Ageas 50 Limited). On 30 November 2014 the trade and net assets, excluding existing customer debtor balances and the servicing of these and investments, were transferred to Ageas Retail Limited. The existing customer debts will continue to be serviced and run off over the remainder of the policy term.

The Board considers that, in view of the transfer of trade and assets of the Company to Ageas Retail Limited, it is appropriate to draw up financial statements on a 'non-going concern' basis. This conclusion has been reached having considered the provisions of FRS 18 Accounting Policies which requires entities to use the going concern basis, unless the directors intend to cease trading. Based on this the Directors consider it appropriate that these financial statements are not prepared on a going concern basis. The effect of this is explained in note 1.

Express Insurance Services Limited ('the Company') retailed to customers under its own brand predominantly through the online channel. Motor, bike and van insurance services were sold under the Express brand until 30 November 2014 and underwritten by a panel of leading insurance companies thus enabling competitive quotations for risks to be offered to customers. Sales and service calls are handled at the Company's contact centre in Uddingston (Glasgow). The Company has over one hundred thousand policies including additional products.

The Board considers that the key indicators that will communicate the financial performance and strength of the Company to its members are:

- Turnover
- Profit before income taxes
- Expense Ratio

The Board also uses a number of other key indicators to assess the performance of individual parts of the business, including details on the number of policies written and various performance ratios.

**Financial Performance****Turnover in thousands of pounds**

	<b>2012</b>	<b>2013</b>	<b>2014</b>
Income from insurance broking services	£13,466	£5,618	£6,414
Percentage change from previous year	-16%	-58%	14%

The amount of turnover drives the overall size and profitability of the Company. Revenue has increased from the prior year due to changes implemented during 2013. The Company had implemented changes to minimise their exposure to credit risk and customer bad debt, with a short term detrimental effect in that year, with the benefits being realised in this reporting period.

**Profit before income taxes in thousands of pounds**

	<b>2012</b>	<b>2013</b>	<b>2014</b>
Profit/(loss) before income taxes and exceptional costs	£641	(£1,365)	£687
Percentage change from previous year	-74%	-313%	150%

Profit before income taxes has increased significantly from the prior year as a result of the increased turnover as well as reduced costs. The changes implemented in the prior year yielded an increase in turnover and profit as had been planned.

**Expense ratio in percentages**

	<b>2012</b>	<b>2013</b>	<b>2014</b>
Expense ratio	90%	114%	82%

The growth in turnover has been achieved whilst also reducing costs through improved costs management. The Company also benefitted from a reduced management charge from the immediate parent company due to reduced staff costs.

**Shareholders' equity**

The Company's equity increased by £0.5m (2013: £1.0m decrease) representing profit after tax transferred to reserves. No dividend was paid in the year (2013: £nil).

**Assets**

Total assets decreased by £5.1m (2013: £11.6m) during the year, primarily due to the transfer of the business to Ageas Retail Limited.

**Liabilities**

Total liabilities decreased by £5.6m (2013: £10.5m), also as a result of the transfer of non customer assets and liabilities to Ageas Retail Limited.

**Cash flow**

Cash available to the Company decreased by £0.8m (2013: £0.1m increase) as all cash balances were transferred to Ageas Retail Limited.

**Going Concern basis**

A strategic review of the structure of Ageas UK's Retail businesses concluded during the year. This concluded that the trade of the different retail legal entities should be consolidated within Ageas Retail Limited. As a consequence no further business will be written through the Company after 30 November 2014.

The Directors have prepared the financial statements on a non-going concern basis, as the Company is being wound down and will be struck off in due course once all existing customer policies have reached the end of the policy life.

**Principal risks and uncertainties**

The Company's operations expose it to a variety of financial risks that include the effects of credit 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.

- Credit risk

The Company actively monitors amounts outstanding from customers and has a number of processes in place to minimise credit risk including identity checks and anti fraud measures.

- Legislative and regulatory risk

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

**By order of the Board**

This report was approved by the Board of Directors on 30 April 2015 and signed on its behalf by:



R A Smith  
Secretary

## **Directors' report for the year ended 31 December 2014**

The Directors present their report and the audited financial statements of Express Insurance Services Limited ('the Company') for the year ended 31 December 2014.

### **Activities**

During the year the Company continued to provide insurance broking services.

### **Directors of the Company**

The Directors who served during the year are shown on page 1.

### **Results and dividends**

The Company's profit for the year is £529,194 (2013: £1,049,472 loss). The Directors do not recommend the payment of a dividend.

### **Disclosure of information to the auditor**

The Directors who hold office at the date of approval of this Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the auditor is unaware. Each Director has taken the steps 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**

Due to an internal reorganisation within KPMG, KPMG Audit Plc resigned as auditor with effect from 23 July 2014. To fill this casual vacancy, the directors approved the appointment of KPMG LLP, an intermediate parent of KPMG Audit Plc, as auditor of the Company, on 2 September 2014.

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

### **By order of the Board**

This report was approved by the Board of Directors on 30 April 2015 and signed on its behalf by:



R A Smith  
Secretary

## **Statement of Directors' Responsibilities in respect of the Strategic report, Directors' report and the Financial Statements**

The directors are responsible for preparing the Strategic report, 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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



**INDEPENDENT AUDITOR'S 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 2014 set out on pages 9 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 APB's website at [www.frc.org.uk/auditscopeukprivate](http://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 31 December 2014 and of its loss 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.

**Emphasis of matter – non going concern basis of preparation**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements are not prepared on a going concern basis for the reason set out in that note.

**Opinion on other matter prescribed by the Companies Act 2006**

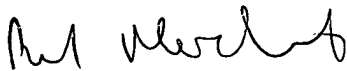
In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EXPRESS INSURANCE SERVICES 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.



**Philip Merchant (Senior Statutory Auditor)**

for and on behalf of KPMG LLP, Statutory Auditor

*Chartered Accountants*

191 West George Street

Glasgow

G2 2LJ

30 April 2015

**Profit and loss account for the year ended 31 December 2014**

	Note	2014 £	2013 £
Turnover		6,413,508	5,617,800
Cost of sales		(5,236,694)	(6,393,142)
<b>Operating profit</b>	2	<b>1,176,814</b>	<b>(775,342)</b>
Interest receivable		990	196
Interest payable and similar charges	4	(490,890)	(589,957)
<b>Profit/(Loss) before taxation</b>		<b>686,914</b>	<b>(1,365,103)</b>
Tax on profit/(loss) on ordinary activities	5	(157,720)	315,631
<b>Profit/(Loss) for the financial year</b>	13	<b>529,194</b>	<b>(1,049,472)</b>

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

The notes on pages 11-18 form part of these financial statements.

**Balance sheet as at 31 December 2014**

	Note	2014 £	2013 £
<b>Fixed assets</b>			
Tangible assets	6	-	568,793
Investments	7	10	10
		10	568,803
<b>Current assets</b>			
Debtors	8	11,366,875	15,289,511
Cash at bank and in hand	9	-	799,295
		11,366,875	16,088,806
<b>Creditors: amounts falling due within one year</b>	10	(1,819,400)	(7,639,318)
<b>Net current assets/(liabilities)</b>		9,547,475	8,449,488
<b>Total assets less current liabilities</b>		9,547,485	9,018,291
<b>Capital and reserves</b>			
Called up share capital	12	100,000	100,000
Profit and loss account	13	9,447,485	8,918,291
<b>Equity shareholders' funds</b>	14	9,547,485	9,018,291

The notes on pages 11-18 form part of these financial statements.

The financial statements were approved for issue by the Board of Directors on 30 April 2015, and signed on its behalf by:



I.D. Banwell

Director

Reg No: 4975199

**Notes to the financial statements  
for the year ended 31 December 2014****1 Accounting policies****Basis of preparation**

The Company has prepared the financial statements on a non-going concern basis.

The Board considers that, in view of the transfer of trade and assets of Express Insurance Services Limited to Ageas Retail Limited (formerly Ageas 50 Limited) on 30 November 2014, it is appropriate to draw up financial statements on a 'non-going concern' basis. This conclusion has been reached having considered the provisions of FRS 18 Accounting Policies which requires entities to use the going concern basis, unless the directors intend to cease trading. Following the run off of existing business there is the intention to have the Company struck off.

The directors have considered the accounting treatment of assets and liabilities in the balance sheet at 31 December 2014 and have concluded that no changes are required in light of adopting a 'non-going concern' basis for preparing the accounts.

**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.

**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 - 20 per cent straight line

**Cash**

The Company is regulated by the Financial Conduct Authority ('FCA'). The Company has risk transfer agreements in place with all suppliers and is therefore not subject to the FCA's client money regulations. In its capacity as an intermediary, acting as an agent on behalf of insurers, the Company keeps insurer monies in a separate bank account. The total funds held in this account are included within cash at bank and in hand.

**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.

## **1 Accounting policies (continued)**

### **Deferred taxation**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date that will result in an obligation to pay more, or right to pay less tax, with the 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.
- 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 periods 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.

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

The Company is a wholly owned subsidiary of Ageas SA/NV and its results are included in the consolidated financial statements of that company. 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 Ageas SA/NV or investees of the group.

### **Investments**

Investments in Ageas Legal LLP are classified as fixed asset investments and are recorded in the balance sheet at cost less accumulated impairment. The carrying value of investments is reviewed at each reporting date. If an indication of impairment exists, the assets are written down to their recoverable amount and the impairment is charged to the profit and loss account in the year in which it arises.

### **Partnership profit share**

Income from Ageas Legal LLP represents a share of the profits of the partnership. The profits are divided between the members as agreed by them from time to time and are recognised in the profit and loss account on an accruals basis.

## 2 Operating profit

	2014	2013
	£	£
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	265,319	223,453
Operating lease rentals		
- Land and buildings	-	13,927

Audit fees of £11,100 (2013: £14,000) were borne by the immediate parent company and non-audit services were £nil (2013: £nil)

## 3 Staff costs

### a. Staff costs:

From September 2012, labour was provided by Kwik Fit Insurance Services Limited and a cross charge is being made for services provided. The total charge for the year was £1.7m (2013: £2.4m).

The average number of persons (including Directors) employed by the Company during the year was nil (2013: nil).

b. Directors' emoluments:	2014	2013
	£	£
Emoluments	92,574	132,682
Company contributions paid to defined contribution pension scheme	12,340	10,530
	2014	2013
	No.	No.
Members of defined contribution pension scheme	2	2

The remuneration of Messrs Watson, Lemans, Friend, Bright, Ball, Banwell, Brown, Furse, Dyson and Cliff was borne by companies within the Ageas (UK) Ltd group. No retirement benefits were accruing for the Directors under money purchase schemes (2013: £nil).

## 4 Interest payable and similar charges

	2014	2013
	£	£
Bank charges	56,751	74,875
Debt factoring charges	433,250	515,083
Other interest payable	889	-
	490,890	589,957

## 5 Tax

	2014 £	2013 £
<b>Current tax</b>		
UK Corporation tax on profits of the period	173,652	(317,386)
Adjustment in respect of prior years	(1,242)	3,358
<b>Total current tax</b>	<b>172,410</b>	<b>(314,028)</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(14,690)	(1,728)
Adjustment in respect of prior years	-	125
<b>Total deferred tax charge (note 11)</b>	<b>(14,690)</b>	<b>(1,603)</b>
<b>Tax charge on profit on ordinary activities</b>	<b>157,720</b>	<b>(315,631)</b>

### Tax reconciliation

	2014 £	2013 £
Profit on ordinary activities before tax	686,914	(1,365,103)
Profit on ordinary activities multiplied by standard rate in the UK 21.5% (2013: 23.25%)	147,687	(317,386)
Effects of:		
Expenses not deductible for tax purposes	6,444	2,324
Depreciation in excess of capital allowances	14,690	(2,324)
Impact of change in rate	4,830	-
Adjustment in respect of prior years	(1,242)	3,358
<b>Current tax charge for the period</b>	<b>172,410</b>	<b>(314,028)</b>

The Finance Act 2013 reduced the main rate of UK corporation tax from 23% to 21% from 1 April 2014. This will be further reduced to 20% from 1 April 2015. The rate reduction will reduce the Company's future current tax charge and deferred tax asset accordingly.



**6 Tangible fixed assets**

	Office Equipment £
<b>Cost</b>	
At 1 January 2014	1,137,963
Additions	76,321
Transfer to Ageas Retail	(1,214,284)
<b>At 31 December 2014</b>	-
<b>Depreciation</b>	
At 1 January 2014	569,170
Charge for the year	265,319
Transfer to Ageas Retail	(834,489)
<b>At 31 December 2014</b>	-
<b>Net book value</b>	
<b>At 31 December 2014</b>	-
At 31 December 2013	568,793

**7 Investments**

	2014 £	2013 £
Ageas Legal LLP	10	10
	10	10

	Country of Registration	Holding	Proportion Held	Nature of Business
Ageas Legal LLP	England	Partnership	14%	Partnership

Ageas Legal LLP ('the LLP') is a limited liability partnership registered in England & Wales. The principal activity of the LLP is that of a holding entity.

**8 Debtors**

	2014	2013
	£	£
Amounts falling due within one year:		
Trade debtors:		
- Instalment plans and insurance debtors	11,366,875	15,014,798
- Other trade debtors	-	115,045
Prepayments and accrued income	-	19,507
Deferred tax asset	-	64,454
Corporation Tax	-	75,707
	<b>11,366,875</b>	<b>15,289,511</b>

**9 Cash at bank and in hand**

	2014	2013
	£	£
Cash at bank and in hand	-	799,295

Monies payable in relation to insurer premiums are held in a separate bank account and are not used as part of the working capital of the business. These monies have been transferred to Ageas Retail Limited (formerly Ageas 50 Limited) on 30 November 2014, due to the transfer of assets to Ageas Retail Limited the cash figure as at 31 December 2014 is £nil (2013: £732,409).

**10 Creditors – Amounts falling due within one year**

	2014	2013
	£	£
Trade creditors	-	1,461,543
Loan financing for factored debts	-	5,946,496
Amounts owed to group undertakings	1,819,400	25,848
Accruals and deferred income	-	205,431
	<b>1,819,400</b>	<b>7,639,318</b>

**11 Deferred tax asset**

The deferred tax asset is detailed as follows:

	2014 £	2013 £
Accelerated capital allowances	79,144	64,454
Transfer to Ageas Retail	(79,144)	-
Total deferred tax asset/(liability)	-	64,454

	2014 £	2013 £
At 1 January 2014	64,454	62,851
Credited as deferred tax asset increased (note 5)	14,690	1,603
Transfer to Ageas Retail	(79,144)	-
At 31 December 2014	-	64,454

The deferred tax asset has been transferred to Ageas Retail Limited (formerly Ageas 50 Limited) as part of the transfer of trade and assets for the strategy to have the Company struck off with retained earnings transferred to shareholders.

**12 Called up share capital**

	2014 £	2013 £
<b>Authorised, allotted and fully paid</b>		
100,000 ordinary shares of £1 each	100,000	100,000
	100,000	100,000

**13 Reserves**

	Profit and loss account £	Total £
At 1 January 2014	8,918,291	8,918,291
Profit for the financial year	529,194	529,194
At 31 December 2014	9,447,485	9,447,485

**14 Reconciliation of movements in shareholders' funds**

	2014	2013
	£	£
Profit/(Loss) for the year	529,194	(1,049,472)
Opening shareholders' funds	9,018,291	10,067,763
Closing shareholders' funds	9,547,485	9,018,291

**15 Related party transactions**

On 30 November 2014 the Company's trade and net assets, excluding investments and existing customer debts, were transferred to Ageas Retail Limited (formally Ageas 50 Limited) creating an intercompany liability of £4,283,869.

The balance as at 31 December 2014 is £1,819,400.

**16 Ultimate parent undertaking and controlling party**

The Company's immediate parent is Kwik-Fit Insurance Services Limited, a company registered in Scotland.

The Company's results are consolidated into the accounts of Ageas SA/NV, a company incorporated in Belgium.

The ultimate holding company is Ageas SA/NV, incorporated in Belgium.

Copies of the above accounts can be obtained from the Company Secretary, Ageas (UK) Limited, Ageas House, Hampshire Corporate Park, Templars Way, Eastleigh, Hampshire, SO53 3YA.