

ThinkSmart Insurance Services Administration Limited

Annual Report and Financial Statements

For the Year Ended 30 June 2017

Company Number: 05932182

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**THINKSMART INSURANCE SERVICES
ADMINISTRATION LIMITED**

YEAR ENDED 30 JUNE 2017

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**THINKSMART INSURANCE SERVICES
ADMINISTRATION LIMITED**

YEAR ENDED 30 JUNE 2017

REPORT OF THE DIRECTORS'

The Directors hereby submit their Report and the accounts for the year ended 30 June 2017.

Principal activities

The principal activities of the Company are providing insurance mediation services. The Company is regulated by the Financial Conduct Authority (FCA).

Going concern

The director confirms that they are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis for preparing the accounts. In forming their view, the director has considered the Company's prospects for a period exceeding twelve months, from the date the financial statements were approved.

Directors

The directors who held office during the year and up to the date of this report, were as follows:

G. Halton

G. Grimes (appointed 06 July 2017)

Dividends

There was a £400,000 dividend declared and paid in the year ended 30 June 2017 (financial year ending 30 June 2016: £1,350,000).

Political and charitable contributions

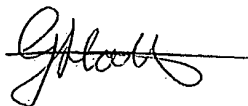
The Company made no political or charitable donations during the year ended 30 June 2017 (year ended 30 June 2016: £nil).

Disclosure of information to auditor

The director who held office at the date of approval of this director's report confirms that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors have also taken advantage of the small companies' exemption from the requirement to prepare a strategic report.

By order of the board



Gary Halton

Director

7th Floor Oakland House,
Talbot Road, Old Trafford,
Manchester, M16 0PQ

Date: 12th December 2017

**THINKSMART INSURANCE SERVICES
ADMINISTRATION LIMITED**

YEAR ENDED 30 JUNE 2017

**STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE
DIRECTORS' REPORT AND 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the 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 judgements 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
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THINKSMART INSURANCE SERVICES ADMINISTRATION LIMITED

We have audited the financial statements of ThinkSmart Insurance Services Administration Limited for the year ended 30 June 2017 which comprise; Statement of total Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THINKSMART INSURANCE SERVICES ADMINISTRATION LIMITED (continued)

Directors' responsibilities

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Jessica S.S. Katsouris

**Jessica Katsouris (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants
St Peter's Square
Manchester
M2 3AE*

Date: 12th December 2017

**THINKSMART INSURANCE SERVICES
ADMINISTRATION LIMITED**

YEAR ENDED 30 JUNE 2017

STATEMENT OF TOTAL COMPREHENSIVE INCOME

	Note	30 June 2017	30 June 2016
		£	£
Turnover	2	674,541	1,002,285
Cost of sales		(34,301)	(34,301)
Gross profit		<u>640,240</u>	<u>967,984</u>
Administrative expenses		(426,618)	(458,843)
Other operating income	2.1	260,678	304,556
Profit before tax		<u>474,300</u>	<u>813,697</u>
Tax on profit on ordinary activities	5	(90,016)	(160,949)
Profit for the financial year		<u>384,284</u>	<u>652,748</u>
Other comprehensive income net of income tax		-	-
Total comprehensive income for the financial year		<u>384,284</u>	<u>652,748</u>

The profit for the year is derived from continuing operations.

The notes on pages 8 to 12 form an integral part of these financial statements.

**THINKSMART INSURANCE SERVICES
ADMINISTRATION LIMITED**

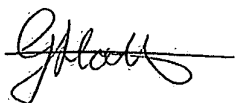
YEAR ENDED 30 JUNE 2017

BALANCE SHEET

	Note	30 June 2017 £	30 June 2016 £
Current assets			
Cash and cash equivalents		1,223,736	560,262
Accrued income		74,667	71,189
Other current assets	6	1,768,476	2,462,915
Tax receivable		52,274	49,335
		<u>3,119,153</u>	<u>3,143,701</u>
Creditors: amounts falling due within one year	7	(22,802)	(63,678)
Net current assets		<u>3,096,351</u>	<u>3,080,023</u>
Creditors: amounts falling due after more than one year	8	(2,998,708)	(2,966,664)
Net assets		<u>97,643</u>	<u>113,359</u>
Capital and reserves			
Called up share capital	10	24,000	24,000
Profit and loss account		73,643	89,359
Equity shareholders' surplus		<u>97,643</u>	<u>113,359</u>

The notes on pages 8 to 12 form an integral part of these financial statements.

The financial statements on pages 5 to 12 were approved by the board of directors on 12th December 2017 and were signed on its behalf by:



Gary Halton (Director)

Company Number 05932182

**THINKSMART INSURANCE SERVICES
ADMINISTRATION LIMITED**

YEAR ENDED 30 JUNE 2017

STATEMENT OF CHANGES IN EQUITY

	Fully paid ordinary shares	Accumulated profit	Equity
	£	£	£
Balance at 1 July 2015	24,000	786,611	810,611
Profit for the year	-	652,748	652,748
Other comprehensive income net of income tax	-	-	-
Total comprehensive income for the financial year	-	652,748	652,748
Dividends paid	-	(1,350,000)	(1,350,000)
Balance at 30 June 2016	24,000	89,359	113,359
Balance at 1 July 2016	24,000	89,359	113,359
Profit for the year	-	384,284	384,284
Other comprehensive income net of income tax	-	-	-
Total comprehensive income for the financial year	-	384,284	384,284
Dividends paid	-	(400,000)	(400,000)
Balance at 30 June 2017	24,000	73,643	97,643

The notes on pages 8 to 12 form an integral part of these financial statements.

**THINKSMART INSURANCE SERVICES
ADMINISTRATION LIMITED**

YEAR ENDED 30 JUNE 2017

NOTES TO FINANCIAL STATEMENTS

1. Accounting Policies

ThinkSmart Insurance Services Administration Limited (the "Company") is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, ThinkSmart Limited incorporated in Australia and listed on the Alternative Investment Market ("AIM"), a sub-market of the London Stock Exchange includes the Company in its consolidated financial statements. The consolidated financial statements of ThinkSmart Limited prepared in accordance with both Australian Accounting Standards and International Financial Reporting Standards are available to the public and may be obtained from Suite 5, 531 Hay Street, SUBIACO, WA 6008, Australia.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries ;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy, the correction of error, or the reclassification of items in the financial statements;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

As the consolidated financial statements of ThinkSmart Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

THINKSMART INSURANCE SERVICES ADMINISTRATION LIMITED

YEAR ENDED 30 JUNE 2017

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting Policies (continued)

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Change in accounting policy

There have been no changes in accounting policies compared to the year ending 30 June 2017.

1.2 Measurement convention

The financial statements are prepared on the historical cost basis. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

1.3 Insurance Prepayment

In relation to business customers of RentSmart Limited who do not already have insurance, a policy is set up through a third party insurance provider. The Company pays for the insurance cover upfront and also recognises its income upfront which creates an insurance prepayment on the balance sheet. The Company subsequently collects the insurance premium from the customer on a monthly basis over the life of the rental agreement, which reduces the prepayment. Where a policy is cancelled, the unexpired premiums are refunded to the Company.

2. Turnover

The Company earns a commission for supplying insurance to customers of RentSmart Limited through a third party. All of this income is recognised upfront net of a provision for future cancellations based on past experience (2016:30%, 2015:30%). To allow for the cash being received over the contract term the present value of the debtor is discounted by the Company's weighted cost of capital of 10% (2016:10%) and unwound over the contract term. This accounting recognition was applied to the entire insurance book.

	30 June 2017	30 June 2016
	£	£
Commissions	674,541	1,002,285

2.1 Other operating income

	30 June 2017	30 June 2016
	£	£
Interest income	260,678	304,556

**THINKSMART INSURANCE SERVICES
ADMINISTRATION LIMITED**

YEAR ENDED 30 JUNE 2017

NOTES TO FINANCIAL STATEMENTS (continued)

3. Statement of Profit and Loss

Turnover, all of which arose from activities within the United Kingdom, represents insurance commissions earned from the IT rental agreements provided by RentSmart Limited, which is also a wholly owned subsidiary of ThinkSmart Europe Limited.

4. Profit on ordinary activities before taxation is stated after charging:

The auditor's remuneration of £16,164 (2016: £14,675) is borne by RentSmart Limited.

5. Tax on profit on ordinary activities

	30 June 2017	30 June 2016
	£	£
Current tax on income for the year	142,290	162,740
Adjustments in respect for prior year	(52,274)	(1,791)
Total tax on profit on ordinary activities	<u>90,016</u>	<u>160,949</u>
Reconciliation of effective tax rate		
Accounting profit before tax	474,300	813,697
Tax using the UK corporation rate* (2016: 20%)	93,677	162,740
Group relief claimed	48,613	-
Adjustments in respect for prior year	(52,274)	(1,791)
Total tax on profit on ordinary activities	<u>90,016</u>	<u>160,949</u>

*The Budget on 8 July 2015 announced changes in the main UK corporation tax rate. During the Year Ending 30 June 2017 the rate was 20% to 31 March 2017 and reduced to 19% from 1 April 2017. The rate will reduce again to 18% from 1 April 2020.

6. Other current assets

	30 June 2017	30 June 2016
	£	£
Insurance prepayments	747,114	1,029,853
Accrued income (i)	1,019,487	1,430,994
Prepayments and other debtors	1,875	2,068
	<u>1,768,476</u>	<u>2,462,915</u>

(i) Accrued income reflects brokerage commission earned from making insurance arrangements on behalf of leaseholders and is net of a clawback provision. (see note 2)

7. Creditors: amounts falling due within one year

	30 June 2017	30 June 2016
	£	£
Trade creditors	22,608	62,349
Accruals	194	1,329
	<u>22,802</u>	<u>63,678</u>

**THINKSMART INSURANCE SERVICES
ADMINISTRATION LIMITED**

YEAR ENDED 30 JUNE 2017

NOTES TO FINANCIAL STATEMENTS (continued)

8. Creditors: amounts falling due after more than one year

	30 June 2017	30 June 2016
	£	£
Intercompany loan – RentSmart Limited	-	478,374
Intercompany loan – ThinkSmart Europe Limited	2,998,708	2,488,290
	<u>2,998,708</u>	<u>2,966,664</u>

9. Financial instruments

Credit risk

ThinkSmart Insurance Services Administration Limited takes no credit risk on the collection of the insurance premiums. If a customer defaults on the payment of their insurance premium the insurance is cancelled. ThinkSmart Insurance Services Administration Limited then receives a refund from Lease and Loan Insurance Services Limited for any advance premiums previously paid on behalf of the customer. Lease and Loan Insurance Services Limited is part of the Great American Insurance Group which has a credit rating of A2 with Moody's and as such any credit risk relating to amounts due is minimal.

Liquidity risk

ThinkSmart Insurance Services Administration Limited's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Payment terms on intercompany loans can be amended to reduce any liquidity risks and regular cash forecasts and sensitivities are prepared.

Currency risk

ThinkSmart Insurance Services Administration Limited is not exposed to any currency risk.

Concentration risk

ThinkSmart Insurance Services Administration Limited's sole insurance partner in the UK is Lease and Loan Insurance Services Limited who are part of the Great American Insurance Group. A long term contract exists with Lease and Loan Insurance Services Limited and the relationship is deemed to be strategically strong.

10. Called up share capital

	30 June 2017	30 June 2016
	£	£
<i>Allotted, called up and fully paid</i>		
24,000 (2016: 24,000) ordinary authorised shares of £1 each (2016: £1 each)	<u>24,000</u>	<u>24,000</u>
Shares classified in shareholders' funds	<u>24,000</u>	<u>24,000</u>

**THINKSMART INSURANCE SERVICES
ADMINISTRATION LIMITED**

YEAR ENDED 30 JUNE 2017

NOTES TO FINANCIAL STATEMENTS (continued)

11. Related parties

The Company does not hold any interests in any other subsidiaries, associates, joint ventures or other significant holdings.

In exchange for its services the Company pays a monthly management fee to its sister company RentSmart Limited.

12. Ultimate parent undertaking

100% of the share capital of ThinkSmart Insurance Services Administration Limited is held by ThinkSmart Europe Limited, whose ultimate parent company is ThinkSmart Limited. ThinkSmart Limited is incorporated in Australia, and is the largest group in which the results of ThinkSmart Insurance Services Administration Limited are included. Copies of these group accounts are available from Suite 5, 531 Hay Street, SUBIACO, WA 6008, Australia.

13. Events occurring after balance sheet date

There has not arisen, in the interval between the end of the financial year and the date of this report, any subsequent events.