

COMPANY REGISTRATION NUMBER 07165194

**SQUARETRADE LIMITED**  
**FINANCIAL STATEMENTS**  
**(AMENDING ACCOUNTS)**  
**31 DECEMBER 2012**



**NJHCO**  
Chartered Accountants & Statutory Auditor  
Suite 1, The Sanctuary  
23 Oak Hill Grove  
SURBITON  
England  
KT6 6DU

**SQUARETRADE LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2012**

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**SQUARETRADE LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**

<b>The board of directors</b>	S D Abernethy A K Khaishgi K Gillan
<b>Registered office</b>	48 - 54 Charlotte Street LONDON England W1T 2NS
<b>Auditor</b>	NJHCo Chartered Accountants & Statutory Auditor Suite 1, The Sanctuary 23 Oak Hill Grove SURBITON England KT6 6DU
<b>Bankers</b>	HSBC Bank plc 94 Kensington High Street Kensington London England W8 4SH

# **SQUARETRADE LIMITED**

## **DIRECTORS' REPORT**

### **YEAR ENDED 31 DECEMBER 2012**

The directors present their report and the financial statements of the company for the year ended 31 December 2012

#### **PRINCIPAL ACTIVITIES**

The principal activity of the company during the year was as marketer and administrator of extended warranties

#### **DIRECTORS**

The directors who served the company during the year were as follows

S D Abernethy  
A K Khaishgi  
V Tseng

K Gillan was appointed as a director on 12 June 2013  
V Tseng retired as a director on 29 January 2014

#### **DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

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,
- 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.

#### **AUDITOR**

NJHCo are deemed to be re-appointed under section 487(2) of the Companies Act 2006

# **SQUARETRADE LIMITED**

## **DIRECTORS' REPORT** *(continued)*

### **YEAR ENDED 31 DECEMBER 2012**

Each of the persons who is a director at the date of approval of this report confirm that

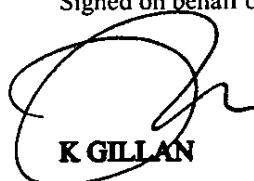
- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

#### **SMALL COMPANY PROVISIONS**

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption

Registered office  
48 - 54 Charlotte Street  
LONDON  
England  
W1T 2NS

Signed on behalf of the directors

A handwritten signature in black ink, appearing to be 'K Gillan', written over a circular stamp.

**K GILLAN**

DIRECTOR

Approved by the directors on 26 March 2014

# **SQUARETRADE LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF SQUARETRADE LIMITED**

**YEAR ENDED 31 DECEMBER 2012**

We have audited the financial statements of SquareTrade Limited for the year ended 31 December 2012. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's shareholder, 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 shareholder 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 shareholder 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 2, 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**

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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, 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.

# **SQUARETRADE LIMITED**

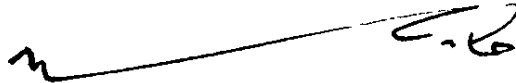
## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF SQUARETRADE LIMITED *(continued)***

**YEAR ENDED 31 DECEMBER 2012**

### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report



**NAVAL J HEERAMANECK, FCA, CTA**

(Senior Statutory Auditor)

For and on behalf of

**NJHCO**

Chartered Accountants  
& Statutory Auditor

Suite 1, The Sanctuary  
23 Oak Hill Grove  
SURBITON  
England  
KT6 6DU

28 March 2014

**SQUARETRADE LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 2012**

		2012	2011 (restated)
	Note	£	£
<b>TURNOVER</b>	<b>2</b>	<b>1,216,839</b>	<b>341,275</b>
Cost of sales		<u>853,365</u>	<u>212,224</u>
<b>GROSS PROFIT</b>		<b>363,474</b>	<b>129,051</b>
Administrative expenses		<u>1,077,535</u>	<u>509,490</u>
<b>OPERATING LOSS</b>	<b>3</b>	<b>(714,061)</b>	<b>(380,439)</b>
Interest receivable		<u>250</u>	<u>125</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(713,811)</b>	<b>(380,314)</b>
Tax on loss on ordinary activities	<b>5</b>	<u>3,354</u>	<u>–</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b>(717,165)</b>	<b>(380,314)</b>

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



**SQUARETRADE LIMITED**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**YEAR ENDED 31 DECEMBER 2012**

	2012	2011
	£	(restated) £
Loss for the financial year attributable to the shareholder	(717,165)	(380,314)
Total recognised gains and losses relating to the year	<u>(717,165)</u>	<u>(380,314)</u>
Prior year adjustment (see note 6)	1,178,466	—
Total gains and losses recognised since the last annual report	<u>461,301</u>	<u>(380,314)</u>

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

# SQUARETRADE LIMITED

## BALANCE SHEET

31 DECEMBER 2012

		2012	2011
	Note	£	(restated) £
<b>FIXED ASSETS</b>			
Tangible assets	7	<u>1,404</u>	<u>—</u>
<b>CURRENT ASSETS</b>			
Debtors due within one year	8	3,407,540	971,028
Debtors due after one year	8	1,564,993	972,320
Cash at bank and in hand		723,565	661,187
<b>TOTAL CURRENT ASSETS</b>		<u>5,696,098</u>	<u>2,604,535</u>
<b>CREDITORS: Amounts falling due within one year</b>			
Trade creditors		106,151	23,813
Other creditors including taxation and social security	9	18,848	7,354
Accruals and deferred income		3,362,368	989,797
<b>TOTAL CURRENT LIABILITIES</b>		<u>3,487,367</u>	<u>1,020,964</u>
<b>NET CURRENT ASSETS</b>		<u>2,208,731</u>	<u>1,583,571</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,210,135</u>	<u>1,583,571</u>
<b>CREDITORS. Amounts falling due after more than one year</b>			
Amounts owed to group undertakings		167,772	127,248
Accruals and deferred income		<u>2,026,974</u>	<u>723,769</u>
		<u>2,194,746</u>	<u>851,017</u>
		<u>15,389</u>	<u>732,554</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	13	1,000	1,000
Profit and loss account	14	<u>14,389</u>	<u>731,554</u>
<b>SHAREHOLDER'S FUNDS</b>		<u>15,389</u>	<u>732,554</u>

The Balance sheet continues on the following page  
The notes on pages 10 to 14 form part of these financial statements.


# **SQUARETRADE LIMITED**

## **BALANCE SHEET *(continued)***

**31 DECEMBER 2012**

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

These accounts were approved by the directors and authorised for issue on 26 March 2014, and are signed on their behalf by



**K GILLAN**

Company Registration Number 07165194

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

## 1 ACCOUNTING POLICIES

The financial statements have been prepared on the going concern basis as the parent company, SquareTrade Inc has given an undertaking that it is their intention to continue to support the company financially to enable it to continue to trade. Since the year end, SquareTrade Inc has extended an additional loan of £2,090,630 to the company for its working capital requirements.

The turnover in respect of the 2 to 5 year contracts for warranties issued is recognised evenly over the period of the warranty contract applicable to the current accounting period

As at 19 January, 2012, SquareTrade Holding Company, Inc acquired 100% of the equity of SquareTrade Inc , the Company's ultimate holding company

The business combination transaction was recorded at fair value on the date of the transaction, the carrying value of deferred revenue as at 31 December, 2011 was reduced on 19 January, 2012 to reflect the fair value of future commitment, in SquareTrade Holding Company, Inc's books of records. Accordingly, the Company accelerated the revenue recognition as at 31 December, 2011 on 19 January, 2012 and credited an amount of £1,178,466 to the profit & loss account as a prior year adjustment.

**All fixed assets are initially recorded at cost**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Equipment - over 3 years

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

**SQUARETRADE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2012**

**1. ACCOUNTING POLICIES (continued)**

*Foreign currencies*

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

*Financial instruments*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

**2. TURNOVER**

Overseas turnover amounted to 9.19% (2011 - 3.28%) of the total turnover for the year.

**3. OPERATING LOSS**

Operating loss is stated after charging

	2012	2011 (restated)
	£	£
Depreciation of owned fixed assets	83	—
Auditor's fees	10,000	7,500
Net loss on foreign currency translation	<u>4,444</u>	<u>—</u>

**4. DIRECTORS' REMUNERATION**

The directors' aggregate remuneration in respect of qualifying services were

	2012	2011 (restated)
	£	£
Aggregate remuneration	<u>190,162</u>	<u>127,237</u>

**SQUARETRADE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2012**

**5. TAXATION ON ORDINARY ACTIVITIES**

**Analysis of charge in the year**

	2012	2011 (restated)
	£	£
Current tax		
UK Corporation tax based on the results for the year at 20% (2011 - 21%)	<u>3,354</u>	-
Total current tax	<u>3,354</u>	-

The provision for corporation tax is based on the results for the year as adjusted for the prior year adjustments less allowable corporation tax losses brought forward

**6. PRIOR YEAR ADJUSTMENT**

The prior period adjustments relate to the writing down or adjustment to the Balance Sheet accounts to the market fair value in respect of the deferred revenues and deferred costs of 2 to 5 year contracts for warranties issued

**7. TANGIBLE FIXED ASSETS**

	Equipment £
<b>COST</b>	
Additions	<u>1,487</u>
<b>At 31 December 2012</b>	<u>1,487</u>
<b>DEPRECIATION</b>	
Charge for the year	<u>83</u>
<b>At 31 December 2012</b>	<u>83</u>
<b>NET BOOK VALUE</b>	
<b>At 31 December 2012</b>	<u>1,404</u>
At 31 December 2011	-

**8. DEBTORS**

	2012	2011 (restated)
	£	£
Trade debtors	875,415	107,420
Prepayments and accrued income	78,331	96,747
Deferred costs	<u>4,018,787</u>	<u>1,739,181</u>
	<u>4,972,533</u>	<u>1,943,348</u>

**SQUARETRADE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2012**

**8. DEBTORS (continued)**

The debtors above include the following amounts falling due after more than one year

	2012	2011 (restated)
	£	£
Deferred costs Amounts due after 1 year	<u>1,564,993</u>	<u>972,320</u>

**9. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY**

	2012	2011 (restated)
	£	£
Corporation tax	3,354	—
PAYE and social security	<u>15,494</u>	<u>7,354</u>
	<u>18,848</u>	<u>7,354</u>

**10. CREDITORS**

Accruals and deferred income for creditors falling due within one year and falling due after more than one year includes deferred income in respect of warranties and relevant associated costs

**11. COMMITMENTS UNDER OPERATING LEASES**

At 31 December 2012 the company had aggregate annual commitments under non-cancellable operating leases as set out below

	2012	2011 (restated)
	£	£
Operating leases which expire Within 1 year	<u>40,050</u>	<u>-</u>

**12. RELATED PARTY TRANSACTIONS**

The company was under the control of the Directors throughout the current period

No transactions with related parties were undertaken such as are required to be disclosed under the FRSSE

**13. SHARE CAPITAL**

**Allotted, called up and fully paid:**

	2012		2011 (restated)	
	No	£	No	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

**SQUARETRADE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2012**

**14. PROFIT AND LOSS ACCOUNT**

	2012	2011 (restated)
	£	£
Balance brought forward as previously reported	(446,912)	1,111,868
Prior year adjustment (see note 6)	1,178,466	-
	<u>731,554</u>	<u>1,111,868</u>
Balance brought forward restated	731,554	1,111,868
Loss for the financial year	(717,165)	(380,314)
	<u>14,389</u>	<u>731,554</u>
Balance carried forward	<u>14,389</u>	<u>731,554</u>

**15. ULTIMATE PARENT COMPANY**

The ultimate parent company is SquareTrade Holding Company, Inc a company registered in Delaware, USA under Federal EIN number 45-4123000