esure broker Limited

Report and Financial Statements

For the year ended 31 December 2021

Company Registration Number 07464424

esure broker Limited

Corporate Information

Directors

P D Bole
D J R McMillan

Auditor

KPMG LLP
Chartered Accountants & Statutory Auditor
15 Canada Square
London
E14 5GL

Registered office

The Observatory
Castlefield Road
Reigate
Surrey
RH2 0SG

Registered number 07464424
Directors' Report

The Directors present their report and the financial statements for the year ended 31 December 2021.

Principal activity

The nature of the Company's operations was as an insurance intermediary.

Dividends

The Directors do not recommend the payment of a dividend.

Directors

The Directors who served during the year were:
P D Bole
D J R McMillan

The Company maintained Directors' and Officers' liability insurance, which gives appropriate cover should legal action be brought against its Directors. In addition, indemnities are in force under which the Company has agreed to indemnify the Directors against all liabilities and related costs that they may incur in the execution of their duties. These indemnities do not cover the Directors for fraudulent activities.

Change of auditor

As a result of the mandatory requirement to rotate external audit firms, the Company commenced an audit re-tender process which was concluded in December 2021 with Deloitte LLP being selected for appointment for the year ending 31 December 2022.

Statement of disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each 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.

Going concern

On April 4 2019 the Directors of esure broker Limited made the decision that the Company would not accept any further business and no new business has been written since October 2019. The Company entered into an agreement to transfer renewal rights from November 2019. During the year ended 31 December 2021, the Company's parent agreed to waive intercompany debt, which has been classified as a capital contribution.

The Company has now ceased to trade and holds no assets or liabilities on its balance sheet. The Directors have considered the possible future resources required for the Company and concluded that the Company is expected to remain dormant. As such the accounts have been prepared on an 'other than going concern' basis.

By order of the Board

P D Bole
Director
28 June 2022

The Observatory
Castlefield Road
Reigate
Surrey
RH2 0SG

Statement of Directors' 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 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;
- 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 esure broker Limited

Opinion

We have audited the financial statements of esure broker Limited ("the Company") for the year ended 31 December 2021 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss 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.

Emphasis of matter - non-going concern basis of preparation

We draw attention to the disclosure made in note 2 to the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the recognition of revenue is not subjective or estimated and as such there is limited opportunity for management to commit a fraud that would lead to a material misstatement.

We did not identify any additional fraud risks.

We performed procedures which included identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those journal entries containing specific keywords, journal entries made by individuals who typically do not post journal entries, or are not authorised to post journal entries, journal entries posted without a user ID, unbalanced journal entries, and journal entries recorded at the end of the period or as post-closing entries that have little or no explanation or description.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards) and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Directors' report

The directors are responsible for the Directors' report. Our opinion on the financial statements does not cover this 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; or*
- 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.

Directors' responsibilities

As explained more fully in their statement set out on page 3, 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.

Caroline Gilbertson

Caroline Gilbertson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

28 June 2022

Statement of comprehensive income
For the year ended 31 December 2021

	Notes	2021 £000	2020 £000
Turnover	4	1	23
Administrative expenses		(32)	(711)
Operating loss		(31)	(688)
Other income		-	147
Interest receivable		-	3
Loss on ordinary activities before tax		(31)	(538)
Tax credit/(charge) on loss on ordinary activities	7	0	102
Loss on ordinary activities after tax and other comprehensive income for the year		(31)	(436)

All amounts relate to discontinued operations.

The notes on pages 9 to 14 form part of these financial statements.

Statement of financial position
As at 31 December 2021

	Notes	2021 £000	2020 £000
Current assets			
Debtors	8	-	63
Cash at bank		-	1,033
		-	1,096
Creditors: amounts falling due within one year	9	-	(2,608)
Net current assets / (liabilities)		-	(1,512)
Total assets less current liabilities		-	(1,512)
Capital and reserves			
Called up share capital	11	4,250	4,250
Profit and loss account		(8,993)	(8,962)
Other reserves		4,743	3,200
Shareholder's funds - all equity		-	(1,512)

The notes on pages 9 to 14 form part of these financial statements.

The financial statements were approved by the Board and authorised for issue on 28 June 2022 and signed on its behalf.

P D Bole
Director

Registered number: 07464424

Statement of changes in equity

	Share capital £000	Other reserves £000	Profit and loss account £000	Total equity £000
Year ended 31 December 2020				
At 1 January 2020	4,250	3,200	(8,526)	(1,076)
Loss for the year	-	-	(436)	(436)
At 31 December 2020	4,250	3,200	(8,962)	(1,512)
Year ended 31 December 2021				
At 1 January 2021	4,250	3,200	(8,962)	(1,512)
Loss for the year	-	-	(31)	(31)
Transactions with owners:				
Capital contribution	-	1,543	-	1,543
At 31 December 2021	4,250	4,743	(8,993)	-

Other reserves relate to capital contributions made by esure Services Limited to esure broker Limited of £4,767,000. During the year ended 31 December 2021, an additional capital contributions of £1,543,000 was made in the form of a waiver of intercompany debt (2020: £nil).

The notes on pages 9 to 14 form part of these financial statements.

1. General information

esure broker Limited is a company incorporated in England and Wales. Its registered office is The Observatory, Castlefield Road, Reigate, Surrey, RH2 0SG.

The nature of the Company's operations was as an insurance intermediary.

2. Accounting policies

Basis of preparation

These financial statements present the esure broker Limited Company financial statements for the year ended 31 December 2021, comprising the statement of comprehensive income, statement of financial position, statement of changes in equity and related notes, as well as comparatives for the year ended 31 December 2020.

The financial statements have been prepared in accordance with the provisions of Section 396 of the Companies Act 2006 (the 'Act') and Schedule 1 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 (the 'Regulations').

These financial statements were prepared in accordance with the FRS 101 *Reduced Disclosure Framework* ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("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.

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;
- Comparative period reconciliations for share capital;
- Disclosures in respect of capital management;
- Disclosure in respect of transactions with other wholly owned subsidiaries of esure Group plc;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of key management personnel required by IAS 24; and
- Disclosures in respect of revenue required by IFRS 15.

As the consolidated financial statements of esure Group plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:
- The disclosures required by IFRS 7 *Financial Instrument Disclosures*.

On April 4 2019 the Directors of esure broker Limited made the decision that the Company would not accept any further business and no new business has been written since October 2019. The Company entered into an agreement to transfer renewal rights from November 2019.

The Company has now ceased to trade and holds no assets or liabilities on its balance sheet. The Directors have considered the possible future resources required for the Company and concluded that the Company is expected to remain dormant. As such the accounts have been prepared on an 'other than going concern' basis.

The financial statements have been presented in sterling and rounded to the nearest thousand. Throughout these financial statements any amounts which are less than £500 are shown by 0, where as dash (-) represents that no balance exists.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

At the date of approval of these financial statements there were no standards, amendments or interpretations in issue and endorsed by the UK which the Company had not adopted.

2 . Accounting policies (continued)

Turnover

Turnover comprises the brokerage fees and commission, where the Company has a continuing relationship with the customer, and introducer fees where the Company does not have a continuing relationship with the customer.

Revenue relating to insurance broking is *brought into account when the policy placement has been completed and confirmed.*

Where the Company has no contractual obligation to provide future services, the revenue is recognised immediately.

In certain circumstances, where the revenue cannot be reliably measured at the contract or policy inception date, broking fees and commission are recognised on a periodic basis when the consideration becomes due. Rebates of commissions and fees relating to the return of premiums for additional insurance products and services are recognised at the point the return is due.

Interest income

Interest income comprises bank interest. Interest income on assets classified as loans and receivables is recognised in the income statement as it accrues and is calculated by using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or interest expense over the expected life of the asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash flows to the instrument's initial carrying amount. Calculation of the effective interest rate takes into account fees payable or receivable that are an integral part of the instruments yield, premiums or discounts on acquisition or issue, early redemption fees and transaction costs. All contractual terms of a financial instrument are considered when estimating future cash flows.

Taxation

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those enacted or substantively enacted by the reporting date. Current tax assets and liabilities also include adjustments in respect of tax expected to be payable or recoverable in respect of previous periods.

Current tax relating to items recognised directly in equity or other comprehensive income is also recognised in equity or other comprehensive income and not in the income statement.

Financial assets

Classification

Financial assets falling within the scope of IFRS 9 *Financial Instruments* are classified as 'measured at amortised cost'.

During the years ended 31 December 2021 and 31 December 2020 the Company did not classify any financial assets 'at fair value through profit or loss' or at 'fair value through other comprehensive income'.

The Company determines the classification of its financial assets at initial recognition. Financial assets are not reclassified subsequent to their initial recognition, unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:
- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets as at 31 December 2020 included trade debtors, amounts due from Group undertakings and other debtors which were classified as measured at amortised cost.

Initial recognition of financial assets

The Company's financial assets are initially recognised at fair value, plus any directly attributable transaction costs.

Subsequent measurement

Financial assets at amortised cost are measured at amortised cost using the effective interest rate method. Impairment losses are recognised in the income statement. Any gain or loss on derecognition is also recognised in the income statement.

2 . Accounting policies (continued)

Financial assets (continued)

Impairment of financial assets

The Company recognises loss allowances for Expected Credit Losses ('ECL') on all financial assets measured at amortised cost.

For financial assets that are not credit-impaired at the reporting date the ECL is the present value of possible cash shortfalls in the next twelve months. This may be on a portfolio basis.

For financial assets that are credit-impaired at the reporting date the ECL is the difference between the gross carrying amount and the present value of the estimated future cash flows.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Derecognition of financial assets

A financial asset is derecognised when the rights to receive cash flows from that asset have expired or when the Company transfers substantially all the risks and rewards of ownership of the financial assets.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, the Company has a currently enforceable legal right to offset the recognised amounts and it intends to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the statement of comprehensive income unless required or permitted by any accounting standard or interpretation.

Financial liabilities

Financial liabilities falling within the scope of IFRS 9 are classified as 'financial liabilities at amortised costs'.

The Company's financial liabilities at 31 December 2020 include amounts owed to Group undertakings.

Initial recognition

Other financial liabilities are measured initially at fair value less directly attributable transaction costs.

Subsequent measurement

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised.

Amortised cost is calculated by taking into account any fees or costs that are an integral part of effective interest rate, transaction costs and all other premiums and discounts. The amortisation is included in finance costs in the statement of comprehensive income.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Share Capital

Shares are classified as equity when there is no contractual obligation to transfer cash or other assets to holders of the financial instruments.

Capital Contributions

Capital contributions are credited directly to equity (other reserves).

3 . Critical accounting judgements and estimates

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates; however the financial statements presented are based on conditions that existed at the balance sheet date.

3 . Critical accounting judgements and estimates (continued)

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

As the Company is dormant as at 31 December 2021, there are no key judgements or estimates reflected in these accounts.

4 . Turnover

The whole of turnover is attributable to commissions received and receivable from within the United Kingdom.

5 . Loss after tax

Loss after tax is stated after charging:

	2021 £000	2020 £000
Auditor's remuneration	29	25

The auditor's remuneration for the Company for the year ended 31 December 2021 amounted to £29,000 (2020: £25,000). Details of auditor's remuneration for the esure group of companies are disclosed in the consolidated financial statements of esure Group plc.

6 . Staff cost

The Company employed no staff during the current period (2020: Nil), all duties being carried out by esure Services Limited. Management fees for those services are included within expenses.

7 . Taxation

	2021 £000	2020 £000
UK corporation tax credit on the loss for the year	(6)	(102)
Tax adjustment relating to prior periods	6	-
Total current tax	0	(102)

The tax rate used for the calculations is the Corporation Tax rate of 19.00% (2020: 19.00%) payable by the corporate entities in the UK on taxable profits under tax law in that jurisdiction.

The expense for the year can be reconciled to the profit per the statement of profit and loss and other comprehensive income as follows:

	2021 £000	2020 £000
Loss before taxation	(31)	(538)
Taxation calculated at 19.00% (2020: 19.00%)	(6)	(102)
Tax adjustment relating to prior periods	6	-
Taxation (credit)/charge	0	(102)

8 . Debtors: Amounts falling due within one year

	2021 £000	2020 £000
Trade debtors	-	4
Amounts owed by group undertakings	-	59
	-	63

9 . Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Accruals and deferred income	-	8
Amounts owed to Group undertakings	-	2,600
	-	2,608

10 . Financial Assets and Liabilities

<u>Financial assets</u>

	2021 £000	2020 £000
Financial assets at amortised cost	-	63
Total financial assets	-	**63**
Financial liabilities		
Financial liabilities measured at amortised cost	-	2,600
Total financial liabilities	-	2,600

The Directors consider that the carrying amount of the financial assets and liabilities at amortised cost approximates their fair value. All financial assets and liabilities at amortised cost are expected to be settled within one year.

Credit Risk

Loss allowances

	Measured at equal to lifetime expected credit loss: credit-impaired £000
At 31 December 2021	-
At 31 December 2020	119

Credit Risk Exposure

Gross carrying amounts

	Loss allowance equal to 12-month expected credit loss £000	Loss allowance equal to lifetime expected credit loss: credit-impaired £000
At 31 December 2021		
Low Risk	-	-
Doubtful	-	-
Loss	-	-
Total	-	-
At 31 December 2020		
Low Risk	63	-
Doubtful	-	119
Loss	-	-
Total	63	119

10 . Financial Assets and Liabilities (continued)

<u>Items of income, expense, gains or losses</u>
Net gains/(losses) on:

	2021 £000	2020 £000
Financial assets at amortised cost	-	-
Financial liabilities measured at amortised cost	-	-

11 . Share capital

	2021 £000	2020 £000
Authorised, allotted, called up and fully paid		
4,250,000 Ordinary shares of £1 each	4,250	4,250

12 . Ultimate parent undertaking

The Company is a wholly owned subsidiary undertaking of esure Services Limited. The smallest group into which these accounts are consolidated is esure Group plc. Its ultimate parent company is Blue (BC) Holdings LP, a limited partnership registered in Jersey. The largest group into which these accounts are consolidated is an intermediate holding company, Blue (BC) Topco Limited.