The Green Insurance Company Limited

Report and Financial Statements

for the year ended 31 December 2014

Registered Number SC314868

The Green Insurance Company Limited

Annual report and financial statements

for the year ended 31 December 2014

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The Green Insurance Company 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

1 Masterton Way
Tannochside Business Park
Uddingston
G71 5PU

Registered Number

SC314868

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.

During the year a strategic review of the structure of Ageas UK's Retail businesses was concluded, during which it was decided that the Company's trading would cease during 2015, with all active policies at that time being serviced for the remainder of the insured period.

The Directors have prepared the financial statements on a non-going concern basis with the Company continuing to operate to the existing business model and servicing of customer policies until policies have completed the insured period, at which point the Company will be struck off with retained earnings transferred to shareholders.

The Company's principal activity is insurance broking. Motor insurance services are sold under The Green Insurance Company brand and underwritten by a panel of leading insurance companies thus enabling competitive quotations for motor risks to be offered to the Company's customers.

The Company is a broker of mainly motor and household Insurance, complimented by the sales of additional products. Sales and Service calls are handled at its contact centre in Uddingston (Glasgow). To date the Company has nearly seventy-five thousand policies.

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*

	2012	**2013**	**2014**
Income from insurance broking services	£10,815	£9,971	£9,235
Percentage change from previous year	-13%	-8%	-7%

The amount of turnover drives the overall size and profitability of the Company. Revenue has fallen over the last two years mainly through reduction of income from the handling of customer claim data from regulatory changes, as well as increased competition in the market driving reduced margins.

Profit before income taxes *in thousands of pounds*

	2012	2013	2014
Profit before income taxes and exceptional costs	£1,716	£549	£292
Percentage change from previous year	-35%	-68%	-47%

In the last two years the Company has seen a decrease in its profitability as revenue has fallen. Much care is taken to ensure that expenses incurred in the acquisition and administration of customers' policies are at a level at which it is forecast that the Company will achieve a satisfactory margin. The Company aims to deliver sustainable growth in profits by well-directed marketing, expense control and provision of superior service levels to its customers.

Expense ratio *in percentages*

	2012	2013	2014
Expense ratio	80%	91%	94%

Turnover has declined at a greater rate than cost reduction measures, resulting in a growth of the expense ratio. A significant proportion of the expenses incurred during the year are a result of recharges from the immediate parent company, Kwik-Fit Insurance Services Ltd, which were based on prior year charges and not adjusted based turnover.

Shareholders' equity

The Company's equity increased by £0.2m (2013: £0.5m) representing profit after tax transferred to reserves.

Assets

Total assets decreased by £0.6m (2013: £2.7m) during the year, because the amount due to the Company from customers has been reduced due to lower turnover and reduced average premiums on Motor policies.

Liabilities

Total liabilities decreased by £0.8m (2013: £3.1m) mainly as a decrease in December sales volumes against the prior year resulting in lower trade creditors at the year end.

Cash flow

The cash available to the Company increased by £0.4m (2013: £0.4m decrease). No dividend was paid in the year (2013: £nil) in line with profit during the year.

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 (formerly Ageas 50 Limited). The Company will continue to trade in the short term, as well as continuing to support the existing customer policies for the remainder of the insured period, though no further business will be written through the Company once transferred to Ageas Retail Limited in 2015.

The Directors have prepared the financial statements on a non-going concern basis, as the Company will be struck off in due course.

Principal risks and uncertainties

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

- Liquidity risk

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

- 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 The Green Insurance Company 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 £228,056 (2013: £450,991). The Directors do not recommend the payment of a dividend. The retained profit will be transferred to reserves.

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 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
- 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 THE GREEN INSURANCE COMPANY LIMITED

We have audited the financial statements of The Green Insurance Company 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.

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 THE GREEN INSURANCE COMPANY 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		9,234,762	9,971,166
Cost of sales		(8,649,955)	(9,073,154)
Operating profit	2	584,807	898,012
Interest receivable		470	638
Interest payable and similar charges	4	(292,804)	(349,554)
Profit/(Loss) before taxation		292,473	549,096
Tax on profit/(loss) on ordinary activities	5	(64,417)	(98,105)
Profit/(Loss) for the financial year	14	228,056	450,991

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

Balance sheet as at 31 December 2014

	Note	2014 £	2013 £
Fixed assets			
Tangible assets	6	**153,269**	**194,857**
Investments	7	**10**	**10**
		153,279	**194,867**
Current assets			
Stock		**8,231**	**11,530**
Debtors	8	**16,304,206**	**17,209,235**
Cash at bank and in hand	9	**1,000,353**	**632,717**
		17,312,790	**17,853,482**
Creditors: amounts falling due within one year	10	**(11,137,782)**	**(11,948,118)**
Net current assets/(liabilities)		**6,175,008**	**5,905,364**
Total assets less current liabilities		**6,328,287**	**6,100,231**
Capital and reserves			
Called up share capital	12	**12,000**	**12,000**
Profit and loss account	13	**6,316,287**	**6,088,231**
Equity shareholders' funds	14	**6,328,287**	**6,100,231**

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:

J D Banwell
Director
Reg No: SC314868

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 agreed cessation of trading during 2015, 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.

Stock
Stock represents marketing and insurance literature. Stock is valued at the lower of cost and estimated net realisable value. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

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

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.

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

Cash flow statement and related party disclosures
The Company is a wholly owned subsidiary of 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	**82,383**	**95,604**

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

3 Staff costs

a. Staff costs

Staff costs are borne by the parent company and a cross charge in this respect of £4.6m (2013: £3.9m) was made in the year.

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

b. Directors' emoluments:	2014	2013
	£	£
Emoluments	**46,287**	**66,341**
Company contributions paid to defined contribution pension scheme	**6,170**	**5,265**

	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	**87,929**	**73,996**
Debt factoring charges	**204,875**	**275,558**
	292,804	**349,554**

5 Tax

	2014 £	2013 £
Current tax		
UK Corporation tax on profits of the period	67,462	134,670
Adjustment in respect of prior years	-	(31,350)
Total current tax	67,462	103,320
Deferred tax		
Origination and reversal of timing differences	(1,756)	(6,491)
Adjustment in respect of prior years	(1,289)	1,276
Total deferred tax charge (note 11)	(3,045)	(5,215)
Tax charge on profit on ordinary activities	64,417	98,105

Tax reconciliation

	2014 £	2013 £
Profit on ordinary activities before tax	292,473	549,096
Profit on ordinary activities multiplied by standard rate in the UK 21.5% (2013: 23.25%)	62,881	127,665
Effects of:		
Depreciation in excess of capital allowances	4,581	7,005
Adjustment in respect of prior years	-	(31,350)
Other short term timing differences	-	-
Current tax charge for the period	67,462	103,320

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 £
Cost	
At 1 January 2014	**628,272**
Additions	**40,795**
At 31 December 2014	**669,067**
Depreciation	
At 1 January 2014	**433,415**
Charge for the year	**82,383**
At 31 December 2014	**515,798**
Net book value	
At 31 December 2014	**153,269**
At 31 December 2013	194,857

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	13,516,343	16,490,715
- Other trade debtors	397,985	604,713
Amounts owed by group undertakings	2,338,047	-
Prepayments and accrued income	26,613	44,385
Deferred tax asset (note 11)	25,218	22,173
Corporation Tax	-	47,248
	16,304,206	17,209,235

9 Cash at bank and in hand

	2014	2013
	£	£
Cash at bank and in hand	1,000,353	632,717

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 amounted to £742,149 at 31 December 2014 (2013: £563,451). The balance of this account is included in the cash at bank and in hand above.

10 Creditors – Amounts falling due within one year

	2014	2013
	£	£
Trade creditors	999,810	1,828,675
Loan financing for factored debts	9,722,658	6,317,774
Amounts owed to group undertakings	-	3,381,120
Corporation Tax	67,780	-
Accruals and other creditors	347,534	420,549
	11,137,782	11,948,118

11 Deferred tax asset

The deferred tax asset is detailed as follows:

	2014	2013
	£	£
Accelerated capital allowances	25,218	22,173
Short term timing differences	-	-
Total deferred tax asset	25,218	22,173

	2014	2013
	£	£
At 1 January 2014	22,173	16,958
Credit to profit and loss account (note 5)	3,045	5,215
At 31 December 2014	25,218	22,173

12 Called up share capital

	2014	2013
	£	£
Authorised, allotted and fully paid		
12,000 ordinary shares of £1 each	12,000	12,000
	12,000	12,000

13 Reserves

	Profit and loss account	Total
	£	£
At 1 January 2014	6,088,231	6,088,231
Profit for the financial year	228,056	228,056
At 31 December 2014	6,316,287	6,316,287

14 Reconciliation of movements in shareholders' funds

	2014	2013
	£	£
Profit for the year	228,056	450,991
Net increase in shareholders' funds	228,056	450,991
Opening shareholders' funds	6,100,231	5,649,240
Closing shareholders' funds	6,328,287	6,100,231

15 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.