

Company number 03231094

BISL Limited
Annual Report and Financial Statements
Year Ended 30 June 2014

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BISL Limited

Year ended 30 June 2014

Annual report and financial statements

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Directors	PA Winslow CBE S Klinkert MO Donaldson AB Lenman
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Secretary and registered office	NE Wright Pegasus House Bakewell Road Orton Southgate Peterborough PE2 6YS
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Auditors	KPMG LLP 15 Canada Square London E14 5GL
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BISL Limited

Year ended 30 June 2014

Strategic report

The directors present the strategic report for the year ended 30 June 2014.

Results and dividends

The annual results of BISL Limited, company number 03231094, ("the Company"), are set out on page 7 and show a profit before taxation of £100,589,000 (2013: £83,304,000). The directors are satisfied with the performance for the year and are confident of future prospects.

The Company has paid dividends on ordinary shares of £70,000,000 (2013: £24,000,000) during the year.

Principal activities, trading review and future developments

The Company's principal activity is that of insurance intermediation and insurance aggregation services and it is therefore authorised and regulated by the Financial Conduct Authority ("FCA").

The Company shares resources with fellow subsidiaries of BGL Group Limited ("the BGL Group"). In order to improve operating efficiencies within the business, personnel and infrastructure services are provided by BGL Group Limited to the Company, which raises a management charge in respect of all services provided.

The Company's financial performance is consistent with the investment being made in the Company's brands. Turnover has decreased by 7% (2013: increase 9%), while profit on ordinary activities before taxation has increased by 21% (2013: 71% increase). The decrease in turnover results from a reduction in income from fellow subsidiary undertakings, however on a comparable basis a continued improvement in performance consistent with the previous year in the core intermediary business and substantial growth in the Company's price comparison website, comparethemarket.com. The Company's profitability has increased as it continues to invest in the brands and infrastructure of the Company. This enables all its businesses to compete successfully in difficult market conditions, which have included increasing consumer price sensitivity in the general insurance market and continuing competition in the price comparison market. In a challenging trading environment intermediary volumes have increased compared to the previous year, with policies under management of 2,700,000 at the reporting date (2013: 2,500,000). A rewards program offering free soft toys to customers has successfully increased market share and profitability for comparethemarket.com. The focus for the intermediary business is to continue to further develop sales of core products and affinity services through internet and telesales channels.

During the year, the BGL group underwent a reorganisation, whereby BGL Group Limited purchased all the outstanding share capital of all of the investments held by BFSL Limited. Prior to the restructuring, BFSL Limited owned 100% of BISL Limited, which was all sold to BGL Group Limited as part of the restructuring.

Key performance indicators

Management's key performance indicators are:

	2014	2013	Movement
	£000s	£000s	
Turnover	385,265	413,877	(7%)
Operating profit	99,438	83,673	19%
Profit on ordinary activities before taxation	100,589	83,304	21%

The Company's working capital position remains strong and the monthly cash flow cycle enables the Company to operate without any significant levels of long-term debt.

BISL Limited

Year ended 30 June 2014

Strategic report

Risks and uncertainties

Risks of the Company are managed at a group level by the UK parent company, BGL Group Limited.

Financial risks

The Group has in place a risk management programme that seeks to identify and limit potential adverse effects on the financial performance of the BGL Group.

The BGL Group Limited board of directors ("the BGL Board") reviews its risk appetite annually and a risk management framework is established. Risk is assessed within each area of the business and a quarterly group-wide risk report is produced for the Audit Committee.

The Audit Committee reviews the implementation of processes for identifying, measuring, managing and controlling risks and receives and commissions reports in relation to risk management activities.

The BGL Group's multi-national operations and debt financing expose it to a variety of financial risks that include the effects of changes in debt market prices, foreign currency exchange rates, credit risks, liquidity and interest rates. The Group has in place a risk management programme as described above, using derivative financial instruments where appropriate.

The use of derivative financial instruments is governed by the Group's policies approved by the BGL Board, which provide principles on the use of these instruments consistent with the Group's risk management strategy. The Group does not use derivative financial instruments for speculative purposes.

Trading risk

The BGL Group is continually managing a wide variety of risks relating to the markets in which it operates. These include:

- risks relating to the general economic environment, which can impact the overall size of the markets in which the BGL Group operates, the claims environment and recoverability of premium receivables;
- risks arising from the insurance underwriting cycle; and
- risks relating to competitor behaviour and the ability of the BGL Group to react quickly and effectively to changes in the market place.

The above risks are monitored using the BGL Group's risk management framework and through established levels of management review, from the BGL Board, through to the Executive Board and business unit executive meetings.

Operational risk

The BGL Group recognises the need to maintain people, organisational structures, systems and infrastructure to support current operations and the on-going growth of the business. The BGL Group monitor these risks on an on-going basis and has taken specific steps to mitigate identified risks.

Reputational risk

Reputational risk is the risk of adverse publicity arising from the BGL Group's relationships with its customers, partners, suppliers and regulators. Key sources of reputational risk arise around direct interaction with consumers, and the performance of the BGL Group's affinity partner arrangements. The BGL Group seeks to minimise reputational risks wherever possible and also manages these risks where they arise through established communications and public relations channels.

Regulatory risk

Regulatory risk is the risk that one of the Group's regulated entities will breach the requirements of its regulator. The Company is authorised and regulated by the Financial Conduct Authority ("FCA");

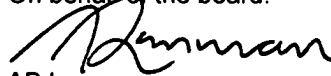
BISL Limited**Year ended 30 June 2014****Strategic report**

This risk is mitigated through effective operation of the governance structures as determined by BGL Group Limited. Management of risks relating to the BGL Group's interactions with its customers are devolved to individual operating units with detailed management oversight being provided by a dedicated compliance team.

Since November 2011, the sale of insurance through comparison sites has been categorised as regulated activity. Structurally this has limited impact for the Group given that comparethemarket.com has always operated as a trading division of the Company, which is a regulated entity.

The BGL Group continues to review the legal and regulatory environment relating to the claims management industry and seeks to work proactively to manage risks to the business in this area.

On behalf of the board:



AB Lehman
Director

Date: 19/09/2014

BISL Limited

Year ended 30 June 2014

Report of the directors

The directors present their report together with the audited financial statements for the year ended 30 June 2014.

Results, dividends and future developments

Details of the Company's results, dividends and future developments are set out in the strategic report.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set in the strategic report. The financial position of the Company is disclosed on the balance sheet on page 9. The directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors

The directors of the Company during the year were:

PA Winslow CBE
S Klinkert
MO Donaldson (appointed 1 July 2013)
AB Lenman (appointed 1 July 2013)
IR Leech (resigned 1 July 2013)
BGL Group Limited (resigned 1 July 2013)

Each of the persons who are directors at the time when this report is approved has confirmed that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

Directors' indemnity provision

In accordance with the Company's Articles of Association, the Company has indemnified the directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year and is still in place as at the date of this report.


Auditor

During the current year KPMG Audit Plc resigned as auditors of the Company and were replaced by KPMG LLP. In accordance with section 487 of the Companies Act 2006, the auditors will be deemed reappointed, and KPMG LLP will therefore continue in office.

Events since the balance sheet date

In August 2014 the Group successfully completed a refinancing of its bank facilities. These facilities comprise a £190,000,000 securitisation facility maturing in August 2016 and a £80,000,000 revolving credit facility maturing in December 2016.

On behalf of the board:


AB Lenman
Director

Date: 19/09/2014

BISL Limited

Year ended 30 June 2014

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, the report of the directors 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
- 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.

BISL Limited

Year ended 30 June 2014

Independent auditor's report to the members of BISL Limited

We have audited the financial statements of BISL Limited for the year ended 30 June 2014 set out on pages 7 to 21. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 statement of directors' responsibilities set out on page 5, 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 Financial Reporting Council'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 30 June 2014 and of its profit 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.

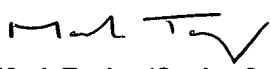
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.


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

Date: 19 September 2014

BISL Limited**Year ended 30 June 2014****Profit and loss account**

	Note	2014 £000s	2013 £000s
Turnover	3	385,265	413,877
Cost of sales		(191,244)	(229,980)
Gross profit		194,021	183,897
Administrative expenses		(179)	(262)
Other operating expenses		(94,404)	(99,962)
Operating profit	4	99,438	83,673
Interest receivable and similar income	5	2,056	633
Interest payable and similar charges	6	(905)	(1,002)
Profit on ordinary activities before taxation		100,589	83,304
Tax on profit on ordinary activities	7	(22,151)	(19,813)
Profit for the financial year		78,438	63,491

All amounts relates to continuing activities.

There are no other items of comprehensive income other than those included above in the profit and loss account, accordingly profit for the financial year is also total comprehensive income for the year.

The notes on pages 10 to 21 form part of these financial statements.

BISL Limited**Year ended 30 June 2014****Statement of changes in equity**

	Called up share capital £000s	Profit and loss account £000s	Shareholders' funds £000s
At 1 July 2012	18,000	10,309	28,309
Profit for the year	-	63,491	63,491
Equity dividends paid	-	(24,000)	(24,000)
At 30 June 2013	18,000	49,800	67,800
Profit for the year	-	78,438	78,438
Equity dividends paid	-	(70,000)	(70,000)
At 30 June 2014	18,000	58,238	76,238

The notes on pages 10 to 21 form part of these financial statements.

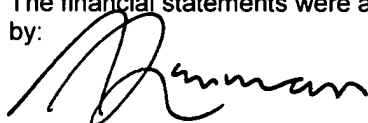
BISL Limited**Year ended 30 June 2014**

Company Number 03231094

Balance sheet

	Note	2014 £000s	2013 £000s
Fixed assets			
Intangible assets	8	30,479	10,055
Current assets			
Stock	10	1,749	1,532
Debtors	11	216,226	208,106
Cash at bank and in hand	13	77,443	24,875
		295,418	234,513
Creditors: amounts falling due within one year	15	246,834	175,875
Net current assets		48,584	58,638
Total assets less current liabilities		79,063	68,693
Provisions for liabilities	16	2,824	893
Net assets		76,239	67,800
Capital and reserves			
Called up share capital	17	18,000	18,000
Profit and loss account	18	58,238	49,800
Shareholders' funds		76,238	67,800

The financial statements were approved by the board of directors on 19/09/14 and signed on its behalf by:



AB Lenman
Director

The notes on pages 10 to 21 form part of these financial statements.

BISL Limited

Year ended 30 June 2014

Notes forming part of the financial statements

1. Accounting policies

The Company's significant accounting policies relating to specific financial statement items, together with a description of the accounting estimates and judgements that were critical to preparing them, are set out below. Accounting policies have been applied consistently to all periods presented in these financial statements

The accounting policies of the Company are set at a group level by the UK parent company, BGL Group Limited ("the BGL Group").

Basis of preparation

The Company, a private limited company incorporated and domiciled in England and Wales, has elected to prepare its financial statements in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and in accordance with applicable accounting standards.

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 transitioned from EU-adopted IFRS to FRS 101 for all periods presented. There were no material measurement and recognition adjustments on the adoption of FRS 101. FRS 101 has been adopted early.

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 transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of key management personnel.

The Company's parent undertaking BGL Group includes the Company in its consolidated financial statements. The consolidated financial statements of BGL Group are prepared in accordance with International Financial Reporting Standards as adopted by the EU and, as they include equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following:

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

The disclosures required by IFRS 7 and IFRS 13 regarding financial instrument disclosures have not been provided apart from those which are relevant for the financial instruments which are held at fair value and are not either held as part of a trading portfolio or are derivatives.

The financial statements are stated in sterling, which is the Company's functional and presentation currency.

The financial statements have been prepared on the historical cost basis.

BISL Limited

Year ended 30 June 2014

Notes forming part of the financial statements

Going concern

The financial statements have been prepared on the going concern basis. The directors have reviewed the budget and cash flow forecasts of the Company for a period of not less than 12 months from the date of approving these financial statements and are confident that they show the Company will have sufficient resources to meet its liabilities as they fall due. Accordingly the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Changes in accounting standards

During the current year a number of new IFRS's and amendments to existing IFRS's became effective. None of these had a material impact on the amounts included or the disclosures made within these financial statements.

Turnover

Turnover consists substantially of gross commissions and fees on insurance and other business transacted, before deduction of the related amounts payable to agents or affinity partners, which are included in cost of sales. Turnover is analysed into its constituent components with each element recognised at fair value upon provision of each service. For the intermediary businesses this is generally at policy inception or once the service has been delivered, and varies depending upon contractual arrangements for the price comparison website.

When the sale comprises of an obligation to deliver an incentive such as a free gift, revenue is allocated between the components of the sale and the amount allocated to the gift is deferred and recognised as revenue when the Company has fulfilled its obligation to supply the items under the terms of the agreement.

The fair value of instalment fees is recognised over the period that credit is provided to policy holders using an effective interest rate methodology. Commission and fees arising from midterm amendments are measured at their fair value and recognised as these services are provided.

Commission is recognised when it can be measured with suitable reliability and the Company has sufficient evidence of recovery.

Income from the financial assets at fair value through profit and loss representing trail commission income including any change in the assets value are recognised as part of turnover as earned and entitlement can be reliably measured.

Taxation

Current tax

The current tax expense is the expected tax payable based on the taxable profits for the year, after any adjustments in respect of prior years. The rates enacted or substantively enacted at the reporting date are used to determine the current tax.

Deferred tax

Provision is made for deferred tax liabilities, or credit taken for deferred tax assets, using the liability method on all material temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

The rates enacted or substantively enacted at the reporting date are used to determine the deferred tax.

BISL Limited

Year ended 30 June 2014

Notes forming part of the financial statements

Marketing incentives

Marketing incentives and contributions received from insurers or agents are credited against the related expenditure incurred by the Company to the extent that the Company is contractually entitled to retain them without repayment. Excess amounts received over expenses incurred are recognised as deferred income and released to the profit and loss account on a systematic basis over the contract period.

Insurance assets and liabilities

Insurance intermediaries act as agents in placing the insurable risks of their clients with insurers and, as such are not liable as principals for amounts arising from such transactions. The Company recognises receivables, representing cash in respect of premiums and a corresponding liability is established in favour of the insurer, representing the premium amount net of any commission due from the Company.

Intangible assets

Customer bases

Customer bases (which confer the right to administer insurance policies for a given period of time) are recognised as intangible assets.

The Company capitalises customer bases at cost (where separately acquired) or at fair value (where acquired as part of a business combination), less accumulated amortisation and impairment losses where applicable. Amortisation is recognised on a systematic basis over the periods during which the related economic benefits arise (up to 10 years), taking into account the relevant contractual arrangements.

Affinity relationships

Affinity relationships are recognised as intangible assets when the Company has acquired the right to control either directly or jointly with the affinity partner key aspects of the relationship such as pricing, insurer panel selection, product design and marketing and as a result these rights confer direct probable economic benefits to the Company.

The Company capitalises the amounts paid at cost or at fair value, less accumulated amortisation and impairment losses where appropriate. Amortisation is recognised on a systematic basis over the periods during which the related economic benefits arise, usually the length of the original contract.

Impairment

Intangible assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Stock

Stock is stated at the lower of cost and net realisable value. The cost of stock is based on the weighted average cost principle, and includes expenditure incurred in acquiring the stock, production or conversion costs and other costs incurred in bringing the items to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less costs to sell.

Non derivative financial instruments

Non derivative financial instruments comprise trade and other debtors, cash at bank and in hand, bank loans and overdrafts, and trade and other creditors.

BISL Limited

Year ended 30 June 2014

Notes forming part of the financial statements

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequently to initial recognition they are measured at amortised cost using the effective interest method, less any impairment for losses.

Group policy is to write off doubtful debtors shortly after identification and then credit any recovered amounts to the profit and loss account when funds are received. Recoverability of debtors and financial assets are assessed on a case by case basis and provisions are recognised where appropriate.

Prepaid commissions

Where the Company pays certain amounts to partners under long-term business relationships, the benefits of which will be realised over future accounting periods, these amounts are included within trade and other debtors and are charged to operating expenses in the profit and loss on a systematic basis over the periods during which the benefits are expected to accrue. The carrying value of prepaid commission assets are tested annually for impairment.

An impairment loss is calculated as the difference between its carrying amount and the present value of estimated future cashflows discounted at the assets original effective interest rate.

The Company policy is to write off doubtful debtors shortly after identification and then credit any recovered amounts to the profit and loss account when funds are received. Recoverability of debtors are assessed on a case by case basis and provisions are recognised where appropriate.

Cash at bank and in hand

Cash at bank and in hand consist of cash at bank and in hand, deposits held at call with banks, treasury bills and other short-term highly liquid investments with less than 90 days' maturity from the date of acquisition.

Restricted cash is cash set aside for a specific purpose due to them being either notionally or legally 'ring-fenced'. The Company considers the nature of any restrictions in order to identify whether the deposit can be classified as cash.

Bank loans and overdrafts

Interest bearing borrowings are initially recognised at fair value less any attributable transaction costs. Subsequently to initial recognition interest bearing borrowings are stated at amortised cost using the effective interest method less any impairment losses.

Bank loans and overdrafts are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequently to initial recognition they are measured at amortised cost using the effective interest method less any impairment losses.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The Company recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

BISL Limited

Year ended 30 June 2014

Notes forming part of the financial statements

Dividends

Dividends on equity instruments are recognised when they become legally payable. Dividends that are declared and approved by the board of directors in an accounting period are recognised in that accounting period.

2. Significant judgements and estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management have not made significant judgements.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Trail commissions

The Company has recognised revenue on the sale of certain products which earn trail commissions based on the expected fair value of the total consideration receivable in relation to the Company's performance obligations. The ultimate fair value of the consideration may differ from the amounts included in the income statement to date which may result in a gain or loss recognised in future periods. The value of the related asset in the consolidated balance sheet is £2,885,000 (2013: £4,563,000) and is included within financial assets at fair value.

Impairment of intangible assets

The Company has recognised intangible assets as a result of transactions with affinity partners. The total value of intangibles assets at the balance sheet date is £30,479,000 (2013: £10,055,000). The value of these assets is expected to be recovered through value in use and the recoverability of these assets at each balance sheet date is assessed with reference to the cash flows associated with the relevant CGU. Various assumptions around discount rates, growth rates and future cash flows have been made by management in assessing the recoverability intangible assets which may differ from actual results, and could lead to an impairment of intangible assets.

Clawback provisions

Provisions are made in the balance sheet for the expected level of cancellations in relation to policies on which the Company has earned commission. The key assumption made by management in the determination of the value of this provision is the expected future lapse rates. The provision held in the balance sheet at the year end was £2,824,000 (2013: £1,318,000).

3. Turnover

Turnover is wholly attributable to the principal activity of the Company and arises solely within the UK.

	2014	2013
	£000s	£000s
Fees and commissions	385,265	413,877

It is in the director's opinion that it would be seriously prejudicial to disclose the operating segments.

BISL Limited**Year ended 30 June 2014****Notes forming part of the financial statements****4. Operating profit**

Operating profit is stated after charging the following:

	2014 £000s	2013 £000s
Impairment loss on trade and other debtors	8,351	12,297
Auditors fees for the audit of the Company's financial statements	157	217
Amortisation of intangible assets	4,714	2,255
Charitable donations	22	45

Auditors' fees are recharged from BGL Group Limited and form part of the management charges.

5. Interest receivable and similar income

	2014 £000s	2013 £000s
Interest receivable from group undertakings	1,955	-
Interest on bank deposits	101	633
	2,056	633

6. Interest payable and similar charges

	2014 £000s	2013 £000s
Interest payable to group undertaking	-	302
Interest and charges payable on bank borrowings	905	700
	905	1,002

7. Taxation

	2014 £000s	2013 £000s
Current tax		
UK corporation tax charge	22,077	19,178
Adjustment in respect of prior years	(411)	-
Total current tax	21,666	19,178
Deferred tax		
Origination and reversal of timing differences	(1)	635
Adjustment in respect of prior years	486	-
Total deferred tax	485	635
Total tax expense	22,151	19,813

BISL Limited**Year ended 30 June 2014****Notes forming part of the financial statements**

The standard rate of tax for the year ended 30 June 2014 was 22.50% (2013: 23.75%). The rate is the same as the UK standard rate of corporation tax. The reconciling items between the actual tax charge and the tax charge at the standard rate are shown in the table below:

	2014 £000s	2013 £000s
Profit for the period	78,438	63,491
Total income tax expense	22,151	19,813
Profit before tax	100,589	83,304
Tax at the weighted average corporate tax rate of 22.50% (2013: 23.75%)	22,634	19,785
Effects of:		
Adjustment in respect of prior periods	75	-
Group relief claimed	(558)	(536)
Payment for group relief	-	536
Adjustment to deferred tax	-	28
Total tax expense	22,151	19,813

The UK corporation tax rate was reduced from 23% to 21% (effective from 1 April 2014) and to 20% (effective from 1 April 2015) and were substantively enacted on 2 July 2013. This will further reduce the Company's future current tax charge and reduce the Company's deferred tax liability accordingly. Any deferred tax expected to reverse in future years has been re-measured using the rates substantively enacted at 30 June 2014.

8. Intangible assets

	Affinity relationships £000s	Customer bases £000s	Total £000s
Cost			
At 1 July 2013	8,500	6,355	14,855
Acquisitions	25,138	-	25,138
At 30 June 2014	33,638	6,355	39,993
Accumulated amortisation			
At 1 July 2013	(2,450)	(2,350)	(4,800)
Charge for the year	(3,374)	(1,340)	(4,714)
At 30 June 2014	(5,824)	(3,690)	(9,514)
Net book value			
At 30 June 2014	27,814	2,665	30,479
At 30 June 2013	6,050	4,005	10,055

All additions to customer basis and affinity relationships have been acquired separately. There has been no impairment during the year.

BISL Limited**Year ended 30 June 2014****Notes forming part of the financial statements****9. Deferred tax**

	2014	2013
	£000s	£000s
Other temporary differences	<u>-</u>	<u>486</u>

The deferred tax relates to provisions and has been charged directly to the profit and loss.

10. Stock

	2014	2013
	£000s	£000s
Finished goods	<u>1,749</u>	<u>1,532</u>

11. Debtors

	2014	2013
	£000s	£000s
Trade debtors	27,765	27,952
Amounts due by group undertakings	147,070	116,046
Other debtors at fair value through profit or loss	-	16,000
Accrued income	33,318	30,173
Prepayments	1,131	8,456
Deferred tax (see note 9)	-	486
Other debtors	6,942	8,993
	<u>216,226</u>	<u>208,106</u>

Other debtors at fair value through profit or loss £nil (2013: £16,000,000) and prepayments and accrued income of approximately £nil (2013: £1,635,000) are forecast to be recognised in the profit and loss after more than 12 months from the reporting date. All other amounts fall due for payment within one year.

Trade debtors include a total provision of £1,071,000 (2013: £1,222,000), of which £nil (2013: £nil) are against non-insurance related receivables.

Other debtors include an amount of £2,885,000 (2013: £4,563,000) relating to the fair value of trail commission, see note 12.

Other debtors at fair value through profit or loss of £nil (2013: £16,000,000) represent amounts due from specific affinity partners.

12. Other assets

	2014	2013
	£000s	£000s
Other assets at fair value	<u>2,885</u>	<u>4,563</u>

BISL Limited

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Notes forming part of the financial statements

Other assets at fair value through profit or loss of £2,885,000 (2013: £4,563,000) represent the fair value of total trail commission receivable from a product provider where no subsequent servicing obligations exist under the contract.

The fair value assessment was undertaken by taking into account the total contractual commission entitlement per policy sold, applying lapse rates based on historical observed metrics. A further discount factor of 5% was then applied to take account of the time value of money. The following table sets out a reconciliation of opening and closing balances for these assets.

	2014	2013
	£000s	£000s
Value at start of year	4,563	4,185
Purchases	3,915	4,257
Change in lapses	1,170	967
Settlements	(6,763)	(4,846)
Value at end of year	2,885	4,563

The net charge to the profit and loss account in 2014 was £1,678,000 (2013: credit £378,000).

Risks of the Company are managed at a group level by the UK parent company, BGL Group Limited.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the Company by failing to pay its obligation.

Trade debtors

Certain trade debtors subject to instalment collection arrangements have been securitised. See note 14 for details.

Concentrations of credit risk with respect to trade debtors are limited due to the Company's customer base being large and diversified. It is the Group's policy to write off doubtful insurance debtors when identified.

Short-term deposits

Counter-parties for short-term deposits are subject to pre-approval, and are limited to institutions with a certain credit rating. The amount of exposure to any individual counter party is subject to defined limits. Both the acceptable credit rating and exposure limits are reassessed on a regular basis.

Measures taken to monitor these risks include exposure reports to monitor counterparty credit risk, review of monthly Key Performance Indicator's relating to receivables write-offs and collection performance.

Liquidity risk

Liquidity risk is the risk that the Company will have difficulties in paying its financial liabilities.

The Group maintains a mixture of long-term and short-term committed facilities that are designed to ensure the Group has sufficient available funds for operations. The risk is mitigated by a number of financial and non-financial covenants that Group companies have to comply with.

The borrowings of the Group with the Group's main bankers, Lloyds Bank PLC ("Lloyds Bank") as well as HSBC Bank PLC ("HSBC Bank"), are secured through a fixed and floating charge over all of the Group's assets, including those of the Company.

BISL Limited

Year ended 30 June 2014

Notes forming part of the financial statements

In August 2014, BGL Group Limited and certain subsidiaries provided a joint and several guarantee in respect of the newly executed £80,000,000 revolving credit facilities of BGL Group Limited. At 30 June 2014 the maximum exposure to these liabilities was £nil (2013: £nil).

Measures taken to monitor these risks include a bimonthly treasury report to the Board, including monitoring against the Group's existing and expected future available funding and cash requirements and compliance with financial covenants included within the committed debt facilities.

Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk and other price risks.

13. Cash at bank and in hand

	2014	2013
	£000s	£000s
Cash at bank and in hand	77,443	24,875

14. Bank loans and overdrafts

Bank loans and overdrafts comprise a bank overdraft, which is secured by a fixed and floating charge over all the assets of the Company. The effective interest rate at the reporting date was 2.4% over base rate (2013: 0.5%).

At 30 June 2014, the entirety of the balance of £112,000 (2013: £109,000) was floating rate and had maturity terms of less than one year.

The borrowings of BGL Group Limited and all the companies within the Group with the Group's main bankers, Lloyds Bank plc, are secured through a fixed and floating charge over all of the Group's assets, including those of the Company.

Current borrowings are drawn down under annual facilities subject to review at various dates during the financial year. The current revolving credit facility is due to mature in December 2016 (refer to note 21).

15. Creditors: amounts due within one year

	2014	2013
	£000s	£000s
Bank loans and overdrafts (see note 14)	112	109
Trade creditors	225,114	153,077
Other creditors including tax and social security	246	-
Accruals and deferred income	21,362	22,689
	246,834	175,875

BISL Limited**Year ended 30 June 2014****Notes forming part of the financial statements****16. Provisions for liabilities**

	2014 £000s	2013 £000s
Value at start of year	893	-
Transfer of provision	-	813
Increase in provision	3,815	3,277
Utilised	(1,884)	(3,197)
Value at end of year	<u>2,824</u>	<u>893</u>

The above provisions relate to an estimation of the insurer or broker claw back of commission following the lapse of policies recognised as income over the period. The key assumption in this accounting estimate is the future lapse rate.

17. Share capital

	Authorised		Allotted, called up and fully paid	
	2014 £000s	2013 £000s	2014 £000s	2013 £000s
Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>	<u>18,000</u>	<u>18,000</u>

The Company has one class of ordinary shares all of which carry equal voting and dividend rights.

18. Retained earnings

At 30 June 2014 the ability to distribute consolidated retained earnings of the BGL Group was restricted by the covenants under funding arrangements with Lloyds Bank plc. These restrictions included minimum limits for the BGL Group's consolidated tangible net worth. Following the refinancing of the group's banking facilities, as disclosed in note 16, this restriction is no longer in place.

19. Dividends

	2014 £'000s	2013 £'000s
<i>Declared and paid during the year:</i>		
Equity dividends on ordinary shares:		
Dividend for 2014: £3.889 per share (2013: £0.8333 per share)	70,000	15,000
Dividend for 2014: £nil per share (2013: £0.50 per share)	-	9,000
	<u>70,000</u>	<u>24,000</u>

20. Employee costs

The Company did not directly employ any staff during the year. The services of individuals were obtained in exchange for payments made to BGL Group Limited, the parent company.

21. Contingent liability

In August 2014, BGL Group Limited and certain subsidiaries provided a joint and several guarantee in respect of the newly executed £80,000,000 revolving credit facilities of BGL Group Limited. At 30 June 2014 the maximum exposure to these liabilities was £nil (2013: £nil).

BISL Limited

Year ended 30 June 2014

Notes forming part of the financial statements

22. Post balance sheet event

In August 2014 the Group successfully completed a refinancing of its bank facilities. These facilities comprise a £190,000,000 securitisation facility maturing in August 2016 and a £80,000,000 revolving credit facility maturing in December 2016.

23. Related party transactions

The Company has taken the exemption available under paragraph 8(k) FRS 101 from the disclosure requirements of IAS 24 in relation to entities which are wholly owned members of the same group. Transactions between the Company and other related parties are disclosed below.

On 28 February 2014, the Company became a wholly owned subsidiary of BGL Group Limited following the acquisition of the non-controlling interest. As such exemption from disclosing related party transactions and balances with BGL Group Limited, have been taken in the current year from the point at which it became a wholly owned subsidiary.

The Company had the following transactions up to the point in which it became a wholly owned subsidiary:

	2014	2013
	£000s	£000s
Management charges payable		
BGL Group Limited	161,267	216,672

Directors' emoluments and interests

None of the directors were remunerated primarily for their services to the Company and it is not possible to determine the proportion of remuneration which relates to this company. The directors are employed by BGL Group Limited, the parent company, and the emoluments are disclosed within the financial statements of that company.

24. Ultimate and immediate parent company

During the year the immediate parent company changed to BGL Group Limited which is incorporated in the United Kingdom. The Company's ultimate parent undertaking and ultimate controlling party is Budget Holdings Limited which is incorporated in Guernsey.

The largest group in which the results of the Company are consolidated is that headed by Budget Holdings Limited. The smallest group in which they are consolidated is that headed by the BGL Group Limited. The results of the Company are also consolidated in the BHL (UK) Holdings Limited financial statements.

The consolidated financial statements of Budget Holdings Limited are not available to the public. The consolidated financial statements of BHL (UK) Holdings Limited can be obtained from Companies House. The consolidated financial statements of BGL Group Limited are available to the public and may be obtained from BGL Group Limited, Pegasus House, Bakewell Road, Orton Southgate, Peterborough, PE2 6YS.