

**REGISTERED NUMBER: 03326800**  
**(England and Wales)**

**Guarantee Protection Insurance Limited**  
**Strategic Report, Report of the Directors and**  
**Financial Statements**  
**For The Year Ended**  
**31 December 2013**

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**GUARANTEE PROTECTION INSURANCE LIMITED (Registered number: 03326800)**

**Contents of the financial statements for the year ended 31 December 2013**

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Page:

1	Company Information
2	Strategic report
4	Report of the directors
7	Report of the independent auditors
9	Profit and loss account
10	Balance sheet
11	Cash flow statement
12	Notes to the cash flow statement
13	Notes to the financial statements

**GUARANTEE PROTECTION INSURANCE LIMITED (Registered number: 03326800)**

Company Information for the year ended 31 December 2013

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Directors	Mrs L Wilson Mr J Brettell Mr J Frew
Secretary	Mrs L Wilson
Registered Office	37 – 39 Lime Street London EC3M 7AY
Registered Number	03326800
Auditors	Campbell Dallas LLP Chartered Accountants & Registered Auditors Titanium 1 King's Inch Place Renfrew PA4 8WF

The directors present their strategic report for the year ended 31 December 2013.

**Results**

The profit for the period, after taxation, amounted to £159,433 (2012: £875,355).

**Principal activities, review of business and future developments**

The company is a PRA/FCA authorised and regulated insurer which underwrites mainly in the Insurance Backed Guarantee, Excess Protection, Latent Defect and Warranty Insurance sectors.

The company operates principally in the UK but since 2012 has expanded operations into continental Europe by passporting under EEA legislation.

**Review of Business and Results**

During the course of the year, the company's written premium income decreased by 6%. This was due to a strategic move to reduce non-core operations. The core Insurance Backed Guarantees premium income grew by 17% from 2012.

The company is actively involved in both the Green Deal initiative managed by the Department of the Environment and Climate Change and the Energy Company Obligation Scheme initiated by OFGEM and has specific insurances developed for both initiatives. During 2013 the company has seen sales of these products start to come in and expects volumes to increase over 2014.

During 2013 the company implemented an updated Reserving Policy following an external validation of its overall technical provisions with a minor increase in reserves.

**Governance**

The company has reviewed its governance structure and implemented a three lines of defence model.

A number of senior executives and Board directors have retired during the course of 2013. The positions have been refilled and the Board has been refreshed and enhanced with additional independent directors.

Risk Management continues to be central to all areas of operations and the company has invested in external support to strengthen this area further.

## GUARANTEE PROTECTION INSURANCE LIMITED

Strategic Report for the year ended 31 December 2013 (continued)

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### Risks to the Business

#### Political Risks

The growth of renewable energies and the funding of home improvements to benefit from modern energy efficiencies in the drive to hit carbon targets through Green Deal and ECO is subject to the political landscape. The company does not actively lobby for political support but does seek to keep up to date with the Department for Energy and Climate Change.

#### Inflation, Interest and Currency Risks

The company is exposed to long term inflation of claims costs for repairs. To protect against this the company invests its reserves in a mixture of instruments such that inflation is 'hedged' through growth funds while diversifying the portfolio to ensure capital is protected.

#### Solvency 2

The impending implementation of Solvency 2 presents a potential risk for the company as it requires significant short term resources in ensuring readiness. The company has established a number of workstreams to comply with Solvency 2 requirements and engaged specialist skills to assist.

### Future Developments

The company will continue to focus on core areas and products. It expects to maintain current premium levels in core areas and see expanded volumes through the Green Deal and ECO initiatives.

The board has established a number of external relationships with advisors which are anticipated to be of a long term nature. This includes the continued use of Actuaries to provide guidance and specialist knowledge in regard to pillar 1 Solvency 2, an external compliance firm and the appointment of internal auditors.

As implementation timelines regarding the Solvency 2 directive have become set, one of the main priorities of 2014 will be the preparedness and readiness of GPI to develop and embrace the regulatory, compliance and operational outputs associated with this directive, of which the business has been working toward for the last few years.

On behalf of the Board

  
L. Wilson

Date: 27/03/2014

**GUARANTEE PROTECTION INSURANCE LIMITED (Registered number: 03326800)**

**Report of the directors for the year ended 31 December 2013 (continued)**

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The directors present their report together with the audited financial statements for the year ended 31 December 2013.

**Directors**

The directors shown below have held office during the whole period from 1 January 2013 to the date of this report.

Mrs L Wilson

Other changes in directors holding office are as follows:

The following directors resigned during the year:

Mr P Dawson – resigned 31 October 2013

Mr C McIntosh – resigned 2 October 2013

Mr G Dixon – resigned 30 November 2013

Mr A Willoughby – resigned 31 December 2013

The following directors were appointed during the year:

Mr J Brettell – appointed 18 November 2013

Mr J Frew – appointed 3 October 2013

**Directors' responsibilities**

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 accounting estimates that are reasonable and prudent;
- state whether applicable 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein

**GUARANTEE PROTECTION INSURANCE LIMITED**

**Report of the directors for the year ended 31 December 2013 (continued)**

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**Statement as to disclosure of information to auditors**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Auditors**

A resolution to reappoint Campbell Dallas LLP as auditors will be proposed at the next annual general meeting.

**On behalf of the Board**



**L Wilson**

Date: 27/03/14



## **GUARANTEE PROTECTION INSURANCE LIMITED**

### **Report of the independent auditors to the shareholders of Guarantee Protection Insurance Limited**

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We have audited the financial statements of Guarantee Protection Insurance Limited for the year ended 31 December 2013 which comprise the profit and loss account, the balance sheet, the cash flow statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 a Report of the Auditors 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 auditors*

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### *Scope of the audit of the financial statements*

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### *Opinion on financial statements*

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**GUARANTEE PROTECTION INSURANCE LIMITED**

**Report of the independent auditors (continued)**

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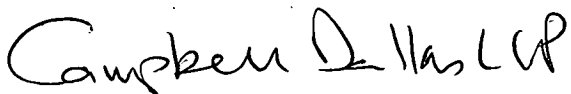
*Opinion on other matter prescribed by the Companies Act 2006*

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.



Peter Gallanagh (Senior Statutory Auditor)  
Campbell Dallas LLP  
Chartered Accountants &  
Registered Auditors  
Titanium 1  
King's Inch Place  
Renfrew  
PA4 8WF

Date: 27 MARCH 2014

**GUARANTEE PROTECTION INSURANCE LIMITED (Registered number: 03326800)**

Profit and loss account for the year ended 31 December 2013

	Note	2013 £	2013 £	2012 £	2012 £
<b>Technical Account: General Business</b>					
<b>Earned premiums, net of reinsurance</b>					
Gross premiums written	2		4,692,201		4,997,110
Outward reinsurance premiums			-		(7,823)
			<u>4,692,201</u>		<u>4,989,287</u>
<b>Change in the gross provision for unearned premiums</b>					
Gross amount	2		<u>(1,283,964)</u>		<u>(765,971)</u>
Earned premiums, net of reinsurance			3,408,237		4,223,316
Claims paid – gross amount		(2,240,167)		(1,710,366)	
Change in the provision for claims – gross amount		<u>(270,725)</u>		<u>(71,922)</u>	
Claims incurred, net of reinsurance			<u>(2,510,892)</u>		<u>(1,782,288)</u>
<b>Earned premiums less claims</b>					
<b>Incurred, net of reinsurance</b>					
			897,345		2,441,028
Net operating expenses	5		<u>(1,229,976)</u>		<u>(1,448,331)</u>
<b>Balance on technical account for general business</b>					
			(332,631)		992,697
<b>Non Technical Account</b>					
Dividends received from investments		80,405		54,863	
Realised gain on investment	6	265,420		68,253	
Unrealised gain on investment	6	(23,256)		(7,029)	
Property impairment		(13,000)		(77,599)	
Interest receivable		96,163		113,137	
Interest payable and charges		(5,208)		(4,745)	
Other income		<u>24,762</u>		<u>19,573</u>	
			<u>425,286</u>		<u>166,453</u>
<b>(Loss)/Profit on ordinary activities before taxation</b>			92,655		1,159,150
Taxation on profit from ordinary activities	7		<u>66,778</u>		<u>(283,795)</u>
<b>(Loss)/Profit for the financial year</b>			159,433		875,355
			=====		=====

**Continuing Operations**

None of the company's activities were acquired or discontinued during the current year and previous year.

**Total Recognised Gains and Losses**

The company has no recognised gains or losses other than the profits for the current year and previous year.

The notes form part of these financial statements

# GUARANTEE PROTECTION INSURANCE LIMITED

Balance Sheet at 31 December 2013

	Note	2013 £	2013 £	2012 £	2012 £
<b>ASSETS</b>					
<b>Investments</b>					
Investment property	9		581,455		594,455
Investment in group undertakings and participating interests	10		2,025,000		2,025,000
Other financial investments	11		8,118,025		4,805,420
<b>Debtors</b>					
Debtors arising from direct insurance operation	12		523,575		319,912
<b>Other assets</b>					
Tangible assets	13		16,459		18,936
Cash at bank			3,112,928		5,562,526
Other debtors	14		2,880,910		2,557,303
<b>Prepayments and accrued income</b>					
Prepayments	14		<u>52,417</u>		<u>38,527</u>
<b>Total assets</b>			<u>17,310,769</u>		<u>15,922,079</u>
<b>LIABILITIES</b>					
<b>Called up share capital</b>	15		1,602,100		1,602,100
<b>Reserves</b>	16		1,852,941		1,693,508
<b>Technical provisions</b>					
Provision for unearned premiums		12,346,165		11,062,201	
Provision for outstanding claims		<u>944,147</u>		<u>673,422</u>	
			13,290,312		11,735,623
<b>Creditors</b>					
Creditors arising out of direct insurance operations			205,630		282,652
Other creditors including taxation and social security	17		356,468		603,905
<b>Provision for deferred taxation</b>	19		<u>3,318</u>		<u>4,291</u>
<b>Total liabilities</b>			<u>17,310,769</u>		<u>15,922,079</u>

The financial statements were approved by the Board of Directors on 27 MARCH 2014 and were signed on its behalf by:

L Wilson  
Director



The notes form part of these financial statements.

**GUARANTEE PROTECTION INSURANCE LIMITED (Registered number: 03326800)**

Cash flow statement for the year ended 31 December 2013

	Note	2013 £	2013 £	2012 £	2012 £
<b>Net cash inflow from operating activities</b>	1		1,200,157		2,198,974
<b>Returns on investments and servicing of Finance</b>					
Interest received		96,163		113,137	
Interest paid		<u>(5,208)</u>		<u>(4,745)</u>	
			90,955		108,392
<b>Taxation</b>			(274,213)		-
<b>Capital expenditure and financial investments</b>					
Purchase of tangible fixed assets			(4,025)		(16,861)
<b>Dividends receivable</b>			80,405		54,863
<b>Dividend paid</b>			<u>-</u>		<u>-</u>
			1,093,279		2,345,368
<b>Financing</b>					
Loans granted in year		(264,589)			-
Loans received in year		<u>57,573</u>	<u>(207,016)</u>		<u>-</u>
			886,263		2,345,368
			=====		=====
<b>Cash flows were invested as follows:</b>					
<b>(Decrease)/Increase in cash holdings</b>	3		(2,449,598)		2,113,312
<b>Net portfolio investment</b>					
Purchase of shares and other variable					
Yield securities and units in unit trusts	3		<u>3,335,861</u>		<u>232,056</u>
<b>Net investment of cash flows</b>			886,263		2,345,368
			=====		=====

The notes form part of these financial statements.

**GUARANTEE PROTECTION INSURANCE LIMITED (Registered number: 03326800)**

Notes to the cash flow statement for the year ended 31 December 2013

	2013 £	2012 £	
<b>1. Reconciliation of net cash inflow from operating activities</b>			
Operating (loss)/profit	92,655	1,159,150	
Interest receivable	(96,163)	(113,137)	
Interest payable	5,208	4,745	
Dividends received	(80,405)	(54,863)	
Impairment on property	13,000	77,599	
Depreciation and loss on disposal	6,502	6,722	
(Increase)/Decrease in debtors	(217,553)	2,167	
(Decrease)/Increase in creditors	(101,032)	271,669	
Increase in provision	1,554,689	837,893	
Unrealised loss on investments	<u>23,256</u>	<u>7,029</u>	
	<u>1,200,157</u>	<u>2,198,974</u>	
<b>2. Movement in opening and closing portfolio</b>			
<b>Investments net of financing</b>	<b>2013</b>	<b>2012</b>	
	<b>£</b>	<b>£</b>	
Cash inflow	886,263	2,345,368	
Portfolio investment	<u>-</u>	<u>-</u>	
Movement arising from cash flows	886,263	2,345,368	
Changes in market values	<u>(23,256)</u>	<u>(7,029)</u>	
Total movement in portfolio investments net of financing	863,007	2,338,339	
Portfolio investments net of financing at 1 January 2013	<u>10,367,946</u>	<u>8,029,607</u>	
Portfolio investments net of financing at 31 December 2013	<u>11,230,953</u>	<u>10,367,946</u>	
<b>3. Movement in cash and portfolio investments</b>			
	At		At
	1 January	Cash	31 December
	2013	flow	2013
	£	£	£
Cash in hand and at bank	5,562,526	(2,449,598)	3,112,928
Shares and other variable yield securities and units in unit trusts	<u>4,805,420</u>	<u>3,335,861</u>	<u>8,118,025</u>
Total	<u>10,367,946</u>	<u>886,263</u>	<u>11,230,953</u>

**1. Accounting policies**

The financial statements have been prepared under the historical cost convention, except for the revaluation of investments, and are in accordance with applicable accounting standards and Statutory Instrument 2008 Number 410 Schedule 3 applicable to insurance companies.

The requirements of the Statement of Recommended Practice on accounting for insurance business issued by the Association of British Insurers have been adopted.

*Consolidation*

The company has taken advantage of the exemption conferred under section 400 of the Companies Act 2006 not to prepare consolidated accounts on the basis that it will be consolidated into the accounts of its ultimate parent company, Kinnell Holdings Limited.

*Premiums receivable*

Gross premiums comprise the total premiums incepted during the year regardless of whether such amounts may relate in whole or part to a later financial year end and exclude insurance premium tax.

*Reinsurance*

The company cedes reinsurance in specific courses of business, with retention limits varying by line of business. Reinsurance contracts that principally transfer financial risk are accounted for directly through the technical account within the profit and loss account and are not included in reinsurance assets or liabilities.

*Unearned premiums*

Unearned premiums represent the proportion of premiums written in the year which is estimated to be earned in subsequent financial years. This is computed on a basis which reflects the company's statistical experience of claims incurred over the term of policies. This includes the projected cost of future claims and the related administration costs.

A triangulation model is used using past claims experience to predict future claims levels. Where there is insufficient claims history to use this model time apportionment and anticipated loss ratios are used.

The company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

*Claims*

Claims incurred comprise the estimated cost of all claims occurring during the year, whether reported or not, including related direct and indirect claims handling costs and adjustments to claims outstanding from previous years. The provision for claims outstanding is made on an individual case basis and is based on the estimated ultimate cost of all claims notified but not settled by the balance sheet date.

**1. Accounting policies (continued)**

*Unexpired risks*

Provision is made for any excess over the provision for unearned premiums for claims and administrative expenses likely to arise after the year end from contracts concluded before the date if required. The assessment of whether a provision is necessary is made by considering information available at the balance sheet date.

*Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted.

*Foreign currencies*

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

*Investment property*

Investment properties are shown at most recent valuation. Any aggregate surplus or deficit arising from changes in market value is transferred to a revaluation reserve.

*Valuation of listed investments*

All investments are valued at their market value 31 December 2013 determined as follows:

- Unit trust and managed fund investments are stated at the mid-point of the latest prices quoted by the managers at 31 December 2013.

*Investment income and expenses*

Investment income includes interest, gains and losses on the realisation of investments and related expenses and is dealt with in the non-technical account.

*Investment gains and losses*

Realised gains and losses on investments are calculated as the difference between net sales proceeds and purchase price or, if previously valued, the valuation at the last balance sheet date. Unrealised gains and losses that represent the movement in accumulated unrealised gains and losses are taken to the non-technical account.

*Depreciation*

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

Office equipment	- 10%-15% per annum straight line
Computer equipment	- over 3 years straight line



**GUARANTEE PROTECTION INSURANCE LIMITED (Registered number: 03326800)**

Notes to the financial statements for the year ended 31 December 2013 (continued)

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**1. Accounting policies (continued)**

*Operating leases*

The annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

*Pension costs and other post-retirement benefits*

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

**2. Premiums written and change in provision for unearned premiums**

Premiums written during the year are as follows:

	2013	2012
	£	£
Premiums receivable	4,484,326	4,773,459
Policy fees receivable	<u>207,875</u>	<u>223,651</u>
	4,692,201	4,997,110
	=====	=====
Change in provision for unearned premiums In respect of premiums receivable	1,283,964	765,971
	=====	=====

The 2013 income shown above includes £183,930 (2012: £336,554) of premiums generated in Europe outwith the United Kingdom.

<b>3 Employees</b>	<b>2013</b>	<b>2012</b>
	£	£
Staff costs, including directors' salaries (note 4) consists of:		
Wages and salaries	470,716	408,113
Social security costs	51,404	48,549
Other pension costs	<u>7,743</u>	<u>8,202</u>
	529,863	464,864
	=====	=====

The average number of employees including directors during the year was 14 (2012: 12).

<b>4 Directors emoluments</b>	<b>2013</b>	<b>2012</b>
	£	£
Directors emoluments consists of:		
Directors' salaries	155,986	136,854
Directors consultancy fees	<u>42,000</u>	<u>48,000</u>
	197,986	184,854
	=====	=====

**GUARANTEE PROTECTION INSURANCE LIMITED (Registered number: 03326800)**

Notes to the financial statements for the year ended 31 December 2013 (continued)

<b>5 Net operating expenses</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Administrative expenses	1,117,027	1,359,242
Auditors' remuneration – Audit fee	25,200	23,623
Auditors' remuneration – non audit services	864	-
Hire of other assets – operating leases – land and buildings	80,383	58,745
Depreciation	<u>6,502</u>	<u>6,721</u>
	<u>1,229,976</u>	<u>1,448,331</u>
	=====	=====
<b>6 Investment return summary</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Realised gain on investments	265,420	68,253
Unrealised loss on investments	<u>(23,256)</u>	<u>(7,029)</u>
	<u>242,164</u>	<u>61,224</u>
	=====	=====
<b>7 Taxation on profit on ordinary activities</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
<i>Current tax</i>		
UK corporation tax on profits of the year	11,182	281,000
Adjustments in respect of prior year	(76,987)	-
<i>Deferred tax</i>		
Accelerated capital allowances	<u>(973)</u>	<u>2,795</u>
Taxation on profit on ordinary activities	<u>(66,778)</u>	<u>283,795</u>
	=====	=====

The company is liable to UK corporation tax on its investment income and realised chargeable gains. The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax	92,655	1,159,150
	=====	=====
Tax on ordinary activities at the standard rate of corporation tax in the UK of 23% (2012: 25%)	21,311	289,787
Effects of:		
Adjustment in respect of previous periods	(76,987)	-
Expenses not deductible for tax purposes	4,908	7,123
Depreciation in excess of capital allowances	3,456	(2,676)
Income not available for loss relief	(18,493)	-
Utilisation of tax losses	-	(13,388)
Change of rate	<u>-</u>	<u>154</u>
Current tax charge for year	<u>(65,805)</u>	<u>281,000</u>
	=====	=====

**GUARANTEE PROTECTION INSURANCE LIMITED (Registered number: 03326800)**

Notes to the financial statements for the year ended 31 December 2013 (continued)

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**8 Dividends**

	Year ended 31.12.13 £	Year ended 31.12.12 £
Ordinary shares of £1 each		
Interim	-	-
	=====	=====

**9 Investment property**

	Total £
<b>Cost or valuation</b>	
At 1.1.2013	594,455
Impairment	<u>(13,000)</u>
At 31.12.2013	581,455
	=====
<b>Net Book Value</b>	
At 31.12.2013	581,455
	=====
At 31.12.2012	594,455
	=====
Cost or valuation at 31 December 2013 is represented by:	
	£
Cost	722,054
Valuation in 2011	(50,000)
Valuation in 2012	(77,599)
Valuation in 2013	<u>(13,000)</u>
	581,455
	=====

The property was valued on an open market basis by the directors during the year.

**10 Fixed asset investment**

	£
<b>Investment in subsidiary undertakings</b>	
At 31 December 2013 and 31 December 2012	1,900,000
	=====
<b>Investment in associate interest</b>	
At 31 December 2013 and 31 December 2012	125,000
	=====

The company's investments at the balance sheet date in the share capital of companies include the following:

**GUARANTEE PROTECTION INSURANCE LIMITED (Registered number: 03326800)**

Notes to the financial statements for the year ended 31 December 2013 (continued)

**10 Fixed asset investment - continued**

**Subsidiary undertakings:**

**Warranty Services Limited**

Nature of business: Administration of providing insurance backed guarantees

Interest in share capital: 100%

	2013	2012
	£	£
Aggregate capital and reserves	1,959,112	1,719,899
(Loss)/profit for the year	<u>601,285</u>	<u>362,245</u>

The company's investment in Warranty Services Limited represents the cost of acquiring 100% of the ordinary share capital. Warranty Services Limited is a company incorporated in Scotland.

**Associate undertakings:**

**Kinnell Corporate Limited**

Nature of business: Insurance broker

Interest in share capital: 19.5%

The company owns 19.5% of the ordinary share capital of Kinnell Corporate Limited. Kinnell Corporate Limited is a company incorporated in England and Wales.

**11 Financial investments**

	Current Value 2013 £	Current value 2012 £	Cost 2013 £	Cost 2012 £
<b>Total listed investments</b>				
Shares and other variable yield securities and units in units trusts:				
- Listed	8,118,025	4,805,420	7,936,840	4,500,972
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

At 31 December 2013, there is no material difference between the bid price and the mid-point market price for the investment above.

**12 Debtors**

	2013	2012
	£	£
Debtors arising from direct insurance operations	523,575	319,912
	<u>=====</u>	<u>=====</u>

All amounts show under debtors fall due for payment within one year.

**GUARANTEE PROTECTION INSURANCE LIMITED (Registered number: 03326800)**

Notes to the financial statements for the year ended 31 December 2013 (continued)

**13 Tangible assets**

	<b>Office equipment £</b>	<b>Computer Equipment £</b>	<b>Total £</b>
<b>Cost</b>			
At 1.1.2013	27,691	23,063	50,754
Additions	<u>3,426</u>	<u>599</u>	<u>4,025</u>
At 31.12.2013	<u>31,117</u>	<u>23,662</u>	<u>54,779</u>
<b>Depreciation</b>			
At 1.1.2013	16,657	15,161	31,818
Charge for year	<u>3,112</u>	<u>3,390</u>	<u>6,502</u>
At 31.12.2013	<u>19,769</u>	<u>18,551</u>	<u>38,320</u>
<b>Net Book Value</b>			
At 31.12.2013	11,348	5,111	16,459
	=====	=====	=====
At 31.12.2012	11,034	7,902	18,936
	=====	=====	=====

**14 Other debtors and prepayments**

	<b>2013 £</b>	<b>2012 £</b>
<b>Other debtors</b>		
Amounts due from Kinnell Holdings Limited	749,566	606,954
Amounts due from subsidiary undertaking	1,157,177	1,267,560
Related party debtors	271,724	329,719
Directors loan account	-	7,778
Other debtors	<u>702,443</u>	<u>345,292</u>
	<u>2,880,910</u>	<u>2,557,303</u>
	=====	=====

Shown within other debtors at 31 December 2013 is an amount of £117,000 due after one year.

**Prepayments**

All amounts shown within prepayments are due within one year.

**GUARANTEE PROTECTION INSURANCE LIMITED (Registered number: 03326800)**

Notes to the financial statements for the year ended 31 December 2013 (continued)

**15 Share capital**

	<b>Authorised</b>			
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Number</b>	<b>Number</b>	<b>£</b>	<b>£</b>
Ordinary shares of £1 each	2,000,000	2,000,000	2,000,000	2,000,000
'A' Ordinary shares of £0.01 each	<u>210,000</u>	<u>210,000</u>	<u>2,100</u>	<u>2,100</u>
	<u>2,210,000</u>	<u>2,210,000</u>	<u>2,002,100</u>	<u>2,002,100</u>

**Allotted, called up and fully paid**

	<b>Allotted, called up and fully paid</b>			
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Number</b>	<b>Number</b>	<b>£</b>	<b>£</b>
Ordinary Shares of £1 each	1,600,000	1,600,000	1,600,000	1,600,000
'A' Ordinary Shares of £0.01 each	<u>210,000</u>	<u>210,000</u>	<u>2,100</u>	<u>2,100</u>
	<u>1,810,000</u>	<u>1,810,000</u>	<u>1,602,100</u>	<u>1,602,100</u>

At 31 December 2013, the different classes of shares rank pari passu.

**16 Reserves**

	<b>Profit and loss account</b>
	<b>£</b>
At 1 January 2013	1,693,508
Profit/(loss) for the year	<u>159,433</u>
At 31 December 2013	<u>1,852,941</u>

**17 Other creditors including taxation and social security**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Other taxes, including insurance premium tax	165,619	171,431
Accruals	97,916	116,114
Other creditors	92,933	35,360
Corporation tax	<u>-</u>	<u>281,000</u>
	<u>356,468</u>	<u>603,905</u>

**18 Obligations under hire purchase contracts and leases**

The following operating lease payments relating to buildings are committed to be paid within one year:

	Land and buildings	
	2013	2012
	£	£
Expiring:		
Due 2-5 years	44,000	-
In more than five years	-	44,000
	=====	=====

**19 Deferred taxation**

	2013
	£
Balance at 1 January 2013	4,291
Charge to profit and loss account	<u>(973)</u>
Deferred taxation	3,318
	=====
Accelerated capital allowances	3,318
	=====

## **GUARANTEE PROTECTION INSURANCE LIMITED (Registered number: 03326800)**

Notes to the financial statements for the year ended 31 December 2013 (continued)

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### **20 Related party transactions**

The company paid fees of £22,000 (2012: £24,000) to Mr G Dixon and £20,000 (2012: £24,000) to Mr P Dawson as directors of the company.

At 31 December 2013, £Nil (2012: £7,778) is due to the company from Mr P T Dawson for a loan made in 2010.

An investment property held by the company is being rented to Mr P Dawson. The rent charged is on an arms length basis.

Warranty Services Limited is a 100% subsidiary of Guarantee Protection Insurance Limited. Gross premium received from Warranty Services in the year amounted to £1,949,410 (2012: £1,665,583) with a charge of £353,719 (2012: £151,318) transferred to the profit and loss account and £2,303,129 (2012: £1,816,901) transferred to unearned reserves. At 31 December 2013, Warranty Services owe Guarantee Protection Insurance Ltd £203,406 (2012: £70,217) disclosed as debtors arising from direct insurance operations. Warranty Services also owe Guarantee Protection Insurance Limited £1,157,177 (2012: £1,267,560) for expenses and loans granted.

Kinnell Holdings Limited own 100% of the share capital of Guarantee Protection Insurance Limited. At 31 December 2013, Kinnell Holdings Limited owe £749,566 (2012: £606,954) to the company. This amount is included within other debtors shown at note 14 to the financial statements.



## **GUARANTEE PROTECTION INSURANCE LIMITED (Registered number: 03326800)**

Notes to the financial statements for the year ended 31 December 2013 (continued)

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### **20 Related party transactions - continued**

At 31 December 2013, the following amounts were due to Guarantee Protection Insurance Limited from other subsidiary companies of Kinnell Holdings Limited and are disclosed within other debtors at note 14 to the financial statements:

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Kinnell Corporate Limited	79,724	73,011
The Remedial Company Limited	100,000	138,945
Confederation Holdings Limited	-	14,225

Insurance premiums of £1,653 (2012: £nil) were due to Guarantee Protection Insurance Limited from Kinnell Corporate Limited at 31 December 2013. These are included within insurance debtors within the financial statements.

Certass Limited is a company owned by Mr P Dawson, a director of the company. At 31 December 2013 £92,000 (2012: £100,000) remains outstanding for loans advanced and is disclosed within other debtors at note 14 to the financial statements.

### **21 Ultimate parent company**

The ultimate parent company, and controlling party at 31 December 2013 was Kinnell Holdings Limited, a company registered in Scotland.