

Guarantee Protection Insurance Limited
Strategic Report, Report of the Directors and
Financial Statements
For The Year Ended
31 December 2014

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GUARANTEE PROTECTION INSURANCE LIMITED

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GUARANTEE PROTECTION INSURANCE LIMITED

Company Information for the year ended 31 December 2014

Directors	Mrs L Wilson Mr J Brettell Mr K Crossan Mr AF Wilson Mr I Moffatt
Secretary	Mrs L Wilson
Registered Office	14 Castle Street Liverpool Merseyside England L2 0NE
Registered Number	03326800
Auditors	Campbell Dallas LLP Chartered Accountants & Registered Auditors Titanium 1 King's Inch Place Renfrew PA4 8WF

GUARANTEE PROTECTION INSURANCE LIMITED

Strategic Report for the year ended 31 December 2014

The directors present their strategic report for the year ended 31 December 2014

Results

The profit for the period, after taxation, amounted to £2,715,408 (2013 £159,433)

Principal activities, review of business and future developments

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

The company operates principally in the UK but has passport permissions to operate in continental Europe

Review of Business and Results

During the course of the year, the company's written premium income increased by 25% from 2013. The core Insurance Backed Guarantees Premium income introduced by Warranty Services Ltd grew by 53% from 2013, however the overall growth was limited to 25% as direct result of the strategic move in 2014 to reduce non-core insurance premium and to focus growth on the core products of Insurance Backed Guarantees via Warranty Services Ltd

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 2014 the company has seen sales of these products increase, however it is expected that volumes into 2015 will steady and a more modest growth rate in this sector will be seen

The company commissioned an external actuarial validation of its overall technical provisions. This validated the methodology used and validated that technical provisions are held within the actuarially assessed expected range

Governance

The company operates an industry proven three lines of defence model within its governance structure

A number of senior executives have joined the Board of Directors during the year and in the early part of 2015. The additional experience, specifically in our core market areas ensures that we can adapt to the ever changing industry and regulatory landscape

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 2014 (continued)

Risk Areas

Market Risk

The portfolio value has experienced volatility during 2014 and we expect this will continue, although overall returns are within appetite. Nevertheless, the P&L retains volatility due to the monthly unpredictability of the markets. This risk is well mitigated today through the mechanism outlined above, but we anticipate over 2015 reducing the volatility by moving assets to less risky asset classes.

Reserve Risk

With the long tail nature of our business we are exposed to claims arising in a pattern different to assumed in the technical provisions. This risk is mitigated by

- Setting a clear reserving policy for our business based on what is now a significant history of claims i.e. over the last 14 years
- Setting reserves on a prudent basis including an element of margin
- Obtaining an external actuarial validation of the reserves

Regulatory Risk

As we operate in a highly regulated environment we are cognisant of the exposure to potential regulatory action that may be punitive for the business, financially or reputational. This risk is mitigated through establishing systems and controls that monitor our adherence to regulatory obligations and in particular to our treatment of customers. This is reflected in our ongoing dialogue with the regulator.

Strategic Risks

A key strategy of GPI is to be a market leader in the insurance of ECO / Green Deal obligations introduced by the government. While this has created a significant opportunity we are exposed to changes in political appetite in the carbon emissions arena.

Operational Risks

Due to the nature and size of GPI and adopting the proportionality principle Operational risk is low and the exposure to people, systems and control risks do not present a major impact to business continuity or financial loss. As such GPI has a flexible appetite to operational risk however monitors events on a daily basis to ensure the identification of any significant operational risks, moreover, has mitigation plans to ensure continuity of its operations.

Solvency II

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

GUARANTEE PROTECTION INSURANCE LIMITED

Strategic Report for the year ended 31 December 2014 (continued)

Future Developments

The company will continue to focus on core areas and products looking to grow current premium along with maintenance of Green Deal & ECO income

The board has a number of established external relationships with advisors which includes the continued use of Actuaries to provide guidance and specialist knowledge in regard to solvency II, capital adequacy and reviews of technical provisions. Advisors in relation to risk, compliance and internal audit have also been retained.

The main priority of 2015 will be the preparedness and readiness of GPI to meet the new Solvency II directive. We will continue to 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 26-03-15

GUARANTEE PROTECTION INSURANCE LIMITED

Report of the directors for the year ended 31 December 2014

The directors present their report together with the audited financial statements for the year ended 31 December 2014

Directors

The directors shown below have held office during the whole period from 1 January 2014 to the date of this report

Mrs L Wilson

Mr J Brettell

Mr J Frew

The following directors were appointed during the year

Mr I Moffatt – appointed 6 February 2014

Mr AF Wilson – appointed 18 November 2014

Since the year end the following director changes have occurred

Mr K Crossan – appointed 2 January 2015

Mr J Frew – resigned 9 February 2015

GUARANTEE PROTECTION INSURANCE LIMITED

Report of the directors for the year ended 31 December 2014 (continued)

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 2014 (continued)

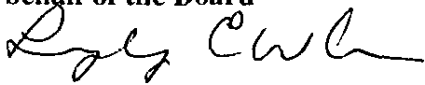
Statement as to disclosure of information to auditors

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 26/03/15

GUARANTEE PROTECTION INSURANCE LIMITED

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

We have audited the financial statements of Guarantee Protection Insurance Limited for the year ended 31 December 2014 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 2014 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)

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

Campbell Dallas LLP

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

Date *26 March 2015.*

GUARANTEE PROTECTION INSURANCE LIMITED

Profit and loss account for the year ended 31 December 2014

	Note	2014 £	2014 £	2013 £	2013 £
Technical Account: General Business					
Earned premiums, net of reinsurance					
Gross premiums written	2		5,869,128		4,692,201
Outward reinsurance premiums			<u>-</u>		<u>-</u>
			5,869,128		4,692,201
Change in the gross provision for unearned premiums					
Gross amount	2		<u>(1,267,077)</u>		<u>(1,283,964)</u>
Earned premiums, net of reinsurance			4,602,051		3,408,237
Claims paid – gross amount		(2,859,940)		(2,240,167)	
Change in the provision for claims – gross amount		<u>(384,585)</u>		<u>(270,725)</u>	
Claims incurred, net of reinsurance			<u>(3,244,525)</u>		<u>(2,510,892)</u>
Earned premiums less claims incurred, net of reinsurance					
			1,357,526		897,345
Net operating expenses	5		<u>(1,934,141)</u>		<u>(1,229,976)</u>
Balance on technical account for general business					
			(576,615)		(332,631)
Non Technical Account					
Dividends received from investments		2,994,770		80,405	
Realised gain on investment	6	(29,607)		265,420	
Unrealised gain on investment	6	224,906		(23,256)	
Property impairment		-		(13,000)	
Interest receivable		82,761		96,163	
Interest payable and charges		(5,420)		(5,208)	
Other income		<u>27,241</u>		<u>24,762</u>	
			<u>3,294,651</u>		<u>425,286</u>
Profit on ordinary activities before taxation					
			2,718,036		92,655
Taxation on profit from ordinary activities	7		<u>(2,628)</u>		<u>66,778</u>
Profit for the financial year					
	16		<u>2,715,408</u>		<u>159,433</u>
			=====		=====

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 2014

	Note	2014 £	2014 £	2013 £	2013 £
ASSETS					
Investments					
Investment property	9		436,455		581,455
Investment in group undertakings and participating interests	10		2,025,000		2,025,000
Other financial investments	11		7,088,092		8,118,025
Debtors					
Debtors arising from direct insurance operation	12		434,774		523,575
Other assets					
Tangible assets	13		9,317		16,459
Cash at bank			6,804,266		3,112,928
Other debtors	14		2,333,038		2,880,910
Prepayments and accrued income					
Prepayments	14		<u>41,869</u>		<u>52,417</u>
Total assets			<u>19,172,811</u> =====		<u>17,310,769</u> =====

GUARANTEE PROTECTION INSURANCE LIMITED

Balance Sheet at 31 December 2014

	Note	2014 £	2014 £	2013 £	2013 £
LIABILITIES					
Called up share capital	15		1,602,100		1,602,100
Reserves	16		1,968,349		1,852,941
Technical provisions					
Provision for unearned premiums		13,613,241		12,346,165	
Provision for outstanding claims		<u>1,328,732</u>		<u>944,147</u>	
			14,941,973		13,290,312
Creditors					
Creditors arising out of direct insurance operations			266,468		205,630
Other creditors including taxation and social security	17		200,835		258,552
Accruals and deferred income					
			191,480		97,916
Provision for deferred taxation	19		<u>1,606</u>		<u>3,318</u>
Total liabilities			<u>19,172,811</u>		<u>17,310,769</u>

The financial statements were approved by the Board of Directors on 26-3-15 and were signed on its behalf by



L Wilson
Director

The notes form part of these financial statements

GUARANTEE PROTECTION INSURANCE LIMITED

Cash flow statement for the year ended 31 December 2014

	Note	2014 £	2014 £	2013 £	2013 £
Net cash inflow from operating activities	1		1,286,191		1,200,157
Returns on investments and servicing of Finance					
Interest received		82,334		96,163	
Interest paid		<u>(5,420)</u>		<u>(5,208)</u>	
			76,914		90,955
Taxation			(70,041)		(274,213)
Capital expenditure and financial investments					
Purchase of tangible fixed assets			(714)		(4,025)
Disposal of investment property			135,806		-
Dividends receivable			2,994,770		80,405
Dividend paid			<u>(2,600,000)</u>		<u>-</u>
			1,822,926		1,093,279
Financing					
Loans granted in year		-		(264,589)	
Loan repayments received in year		613,573		-	
Loans received in year		<u>-</u>	<u>613,573</u>	<u>57,573</u>	<u>(207,016)</u>
			2,436,499		886,263
			=====		=====
Cash flows were invested as follows:					
(Decrease)/Increase in cash holdings	3		3,691,338		(2,449,598)
Net portfolio investment					
Purchase of shares and other variable					
Yield securities and units in unit trusts	3		<u>(1,254,839)</u>		<u>3,335,861</u>
Net investment of cash flows			2,436,499		886,263
			=====		=====

The notes form part of these financial statements

GUARANTEE PROTECTION INSURANCE LIMITED

Notes to the cash flow statement for the year ended 31 December 2014

	2014	2013		
	£	£		
1. Reconciliation of net cash inflow from operating activities				
Operating profit	2,718,036	92,655		
Interest receivable	(82,334)	(96,163)		
Interest payable	5,420	5,208		
Dividends received	(2,994,770)	(80,405)		
Impairment on property	-	13,000		
Depreciation and loss on disposal	17,050	6,502		
(Increase)/Decrease in debtors	99,349	(217,553)		
(Decrease)/Increase in creditors	96,685	(101,032)		
Increase in provision	1,651,661	1,554,689		
Unrealised (gain)/loss on investments	<u>(224,906)</u>	<u>23,256</u>		
	1,286,191	1,200,157		
	=====	=====		
2. Movement in opening and closing portfolio				
Investments net of financing				
	2014	2013		
	£	£		
Cash inflow	2,436,499	886,263		
Portfolio investment	<u>-</u>	<u>-</u>		
Movement arising from cash flows	2,436,499	886,263		
Changes in market values	<u>224,906</u>	<u>(23,256)</u>		
Total movement in portfolio investments net of financing	2,661,405	863,007		
Portfolio investments net of financing at 1 January 2014	<u>11,230,953</u>	<u>10,367,946</u>		
Portfolio investments net of financing at 31 December 2014	<u>13,892,358</u>	<u>11,230,953</u>		
	=====	=====		
3. Movement in cash and portfolio investments				
	At		Changes	At
	1 January	Cash	to market	31 December
	2014	flow	values	2014
	£	£	£	£
Cash in hand and at bank	3,112,928	3,691,338	-	6,804,266
Shares and other variable yield securities and units in unit trusts	<u>8,118,025</u>	<u>(1,254,839)</u>	<u>224,906</u>	<u>7,088,092</u>
Total	11,230,953	2,436,499	224,906	13,892,358
	=====	=====	=====	=====

GUARANTEE PROTECTION INSURANCE LIMITED

Notes to the financial statements for the year ended 31 December 2014

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

GUARANTEE PROTECTION INSURANCE LIMITED

Notes to the financial statements for the year ended 31 December 2014 (continued)

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 2014 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 2014.

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

Notes to the financial statements for the year ended 31 December 2014 (continued)

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

	2014	2013
	£	£
Premiums receivable	5,632,941	4,484,326
Policy fees receivable	<u>236,187</u>	<u>207,875</u>
	5,869,128	4,692,201
	=====	=====
Change in provision for unearned premiums		
In respect of premiums receivable	1,267,077	1,283,964
	=====	=====

The 2014 income shown above includes £203,111 (2013 £183,930) of premiums generated in Europe outwith the United Kingdom

3 Employees

	2014	2013
	£	£
Staff costs, including directors' salaries (note 4) consists of		
Wages and salaries	597,020	470,716
Social security costs	66,279	51,404
Other pension costs	<u>8,248</u>	<u>7,743</u>
	671,547	529,863
	=====	=====

The average number of employees including directors during the year was 15 (2013 14)

GUARANTEE PROTECTION INSURANCE LIMITED

Notes to the financial statements for the year ended 31 December 2014 (continued)

4 Directors emoluments	2014	2013
	£	£
Directors emoluments consists of		
Directors' salaries	197,333	155,986
Directors' pension	2,425	1,896
Directors consultancy fees	<u>-</u>	<u>42,000</u>
	199,758	197,986
	=====	=====
The number of directors to whom retirement benefits were accruing was as follows		
Money purchase schemes	1	1
	=====	=====
5 Net operating expenses	2014	2013
	£	£
Administrative expenses	1,818,393	1,117,027
Auditors' remuneration – Audit fee	27,000	25,200
Auditors' remuneration – non audit services	864	864
Hire of other assets – operating leases – land and buildings	80,028	80,383
Depreciation	<u>7,856</u>	<u>6,502</u>
	1,934,141	1,229,976
	=====	=====
6 Investment return summary	2014	2013
	£	£
Realised loss/gain on investments	(29,607)	265,420
Unrealised gain/(loss) on investments	<u>224,906</u>	<u>(23,256)</u>
	195,299	242,164
	=====	=====

GUARANTEE PROTECTION INSURANCE LIMITED

Notes to the financial statements for the year ended 31 December 2014 (continued)

7 Taxation on profit on ordinary activities	2014	2013
	£	£
<i>Current tax</i>		
UK corporation tax on profits of the year	4,340	11,182
Adjustments in respect of prior year	(10,596)	(76,987)
Payment in respect of loss relief	10,596	
<i>Deferred tax</i>		
Accelerated capital allowances	<u>(1,712)</u>	<u>(973)</u>
Taxation on profit on ordinary activities	<u>2,628</u>	<u>(66,778)</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.

	2014	2013
	£	£
Profit on ordinary activities before tax	2,718,036	92,655
	=====	=====
Tax on ordinary activities at the standard rate of corporation tax in the UK of 20% (2013 23%)	543,607	21,311
Effects of		
Adjustment in respect of previous periods	-	(76,987)
Expenses not deductible for tax purposes	1,409	4,908
Depreciation in excess of capital allowances	1,355	3,456
Income not taxable	(598,954)	(18,493)
Group Relief	59,209	-
Deductible items not in profit and loss account	<u>(2,286)</u>	<u>-</u>
Current tax charge for year	<u>4,340</u>	<u>(65,805)</u>
	=====	=====

GUARANTEE PROTECTION INSURANCE LIMITED

Notes to the financial statements for the year ended 31 December 2014 (continued)

8 Dividends

	Year ended 31 12 14 £	Year ended 31 12 13 £
Ordinary shares of £1 each Interim	2,600,000 =====	- =====

9 Investment property

	Total £
Cost or valuation	
At 1 1 2014	581,455
Disposal	<u>(145,000)</u>
At 31 12 2014	436,455 =====
Net Book Value	
At 31 12 2014	436,455 =====
At 31 12 2013	581,455 =====
Cost or valuation at 31 December 2014 is represented by	
	£
Cost	565,625
Valuation	<u>(129,170)</u>
	436,455 =====

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

10 Fixed asset investment

	£
Investment in subsidiary undertakings	
At 31 December 2014 and 31 December 2013	1,900,000 =====
Investment in associate interest	
At 31 December 2014 and 31 December 2013	125,000 =====

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

GUARANTEE PROTECTION INSURANCE LIMITED

Notes to the financial statements for the year ended 31 December 2014 (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%

	2014	2013
	£	£
Aggregate capital and reserves	2,101,290	1,959,112
(Loss)/profit for the year	<u>2,027,450</u>	<u>601,285</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 2014 £	Current value 2013 £	Cost 2014 £	Cost 2013 £
Total listed investments				
Shares and other variable yield securities and units in units trusts				
- Listed	7,088,092	8,118,025	6,891,397	7,936,840
	=====	=====	=====	=====

At 31 December 2014, there is no material difference between the bid price and the mid-point market price for the investment above.

12 Debtors	2014	2013
	£	£
Debtors arising from direct insurance operations	434,774	523,575
	=====	=====

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

GUARANTEE PROTECTION INSURANCE LIMITED

Notes to the financial statements for the year ended 31 December 2014 (continued)

13 Tangible assets

	Office equipment £	Computer Equipment £	Total £
Cost			
At 1 1 2014	31,117	23,662	54,779
Additions	714	-	714
Disposals	<u>-</u>	<u>(5,000)</u>	<u>(5,000)</u>
At 31 12 2014	<u>31,831</u>	<u>18,662</u>	<u>50,493</u>
Depreciation			
At 1 1 2014	19,769	18,551	38,320
Charge for year	2,943	4,913	7,856
Eliminated on disposal	<u>-</u>	<u>(5,000)</u>	<u>(5,000)</u>
At 31 12 2014	<u>22,712</u>	<u>18,464</u>	<u>41,176</u>
Net Book Value			
At 31 12 2014	9,119	198	9,317
	=====	=====	=====
At 31 12 2013	11,348	5,111	16,459
	=====	=====	=====

14 Other debtors and prepayments

	2014 £	2013 £
Other debtors		
Amounts due from Kinnell Holdings Limited	-	749,566
Amounts due from subsidiary undertaking	1,868,479	1,157,177
Related party debtors	21,320	271,724
Other debtors	<u>443,239</u>	<u>702,443</u>
	<u>2,333,038</u>	<u>2,880,910</u>
	=====	=====

Shown within other debtors at 31 December 2014 is an amount of £nil (2013 £117,000) due after one year

Prepayments

All amounts shown within prepayments are due within one year

GUARANTEE PROTECTION INSURANCE LIMITED

Notes to the financial statements for the year ended 31 December 2014 (continued)

15 Share capital

	Authorised			
	2014 Number	2013 Number	2014 £	2013 £
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>
	2,210,000	2,210,000	2,002,100	2,002,100
	=====	=====	=====	=====

Allotted, called up and fully paid

	2014		2013	
	Number	Number	£	£
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>
	1,810,000	1,810,000	1,602,100	1,602,100
	=====	=====	=====	=====

At 31 December 2014, the different classes of shares rank pari passu

16 Reserves

	Profit and loss account £
At 1 January 2014	1,852,941
Profit/(loss) for the year	2,715,408
Dividends paid	<u>(2,600,000)</u>
At 31 December 2014	1,968,349
	=====

17 Other creditors including taxation and social security

	2014 £	2013 £
Other taxes, including insurance premium tax	196,732	165,619
Other creditors	4,103	92,933
Corporation tax	<u>-</u>	<u>-</u>
	200,835	258,552
	=====	=====

GUARANTEE PROTECTION INSURANCE LIMITED

Notes to the financial statements for the year ended 31 December 2014 (continued)

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	
	2014	2013
	£	£
Expiring		
Due 2-5 years	44,000	44,000
In more than five years	-	-
	=====	=====

19 Deferred taxation

	2014
	£
Balance at 1 January 2014	3,318
Charge to profit and loss account	<u>(1,712)</u>
	1,606
Deferred taxation	=====
Accelerated capital allowances	1,606
	=====

GUARANTEE PROTECTION INSURANCE LIMITED

Notes to the financial statements for the year ended 31 December 2014 (continued)

20 Related party transactions

Warranty Services Limited is a 100% subsidiary of Guarantee Protection Insurance Limited. Gross premium received from Warranty Services in the year amounted to £3,032,130 (2013 £1,949,410) with a release of £2,014,009 (2013 £353,719) to the profit and loss account and £1,018,121 (2013 £2,303,129) transferred to unearned reserves. At 31 December 2014, Warranty Services owe Guarantee Protection Insurance Ltd £179,658 (2013 £203,406) disclosed as debtors arising from direct insurance operations. Warranty Services also owe Guarantee Protection Insurance Limited £1,868,479 (2013 £1,157,177) for expenses and loans granted.

Kinnell Holdings Limited own 100% of the share capital of Guarantee Protection Insurance Limited. During the year Kinnell Holdings Limited repaid £749,566 to the company, taking the due balance to £nil.

At 31 December 2014, 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:

	2014	2013
	£	£
Kinnell Corporate Limited	21,320	79,724
The Remedial Company Limited	-	100,000

Certass Limited is a company owned by Mr P Dawson, a director of Kinnell Holdings Limited, the parent company. During the year a loan of £92,000 was repaid by Certass Limited, taking the due balance to £nil.

21 Ultimate parent company

The ultimate parent company, and controlling party at 31 December 2014 was Kinnell Holdings Limited, a company registered in Scotland.