

**FIRSTASSIST GROUP LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 2012**

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# **FIRSTASSIST GROUP LIMITED**

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# **FIRSTASSIST GROUP LIMITED**

## **DIRECTORS AND ADVISORS** **for the year ended 31 December 2012**

### **DIRECTORS**

D A Conway  
A Hardie (resigned 13<sup>th</sup> August, 2013)  
M Totty (appointed 13<sup>th</sup> August, 2013)

### **SECRETARY**

C Butler

### **COMPANY REGISTRATION NUMBER**

4617115

### **REGISTERED OFFICE**

Marshall's Court  
Marshall's Road  
Sutton  
Surrey SM1 4DU

### **INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP  
141 Bothwell Street  
Glasgow G2 7EQ

### **BANKERS**

Lloyds TSB Bank plc  
City Office  
PO Box 72  
Bailey Drive  
Gillingham Business Park  
Kent  
ME8 0LS

# **FIRSTASSIST GROUP LIMITED**

for the year ended 31 December 2012

## **DIRECTORS' REPORT**

The directors present their annual report and audited financial statements for the year ended 31 December 2012

The Company has net current liabilities at 31<sup>st</sup> December, 2012. However, the company's ultimate parent Cigna, Inc has confirmed that it intends to provide continuing financial support for at least 12 months from the date of approval of the financial statements

Accordingly, the directors are satisfied that the Company has access to sufficient resources to enable it to continue as a going concern for the foreseeable future and have adopted the going concern basis when preparing the Report and Financial Statements

## **PRINCIPAL ACTIVITY**

The Company carries on the business of an investment company operating in the personal lines insurance market and will continue to do so for the foreseeable future

## **BUSINESS REVIEW**

The Company acts as the immediate holding company for its trading subsidiaries including the provision of loan capital where required. The directors do not anticipate any substantial change to the Company's activities in the foreseeable future. The Company undertook a capital reduction under Sections 641 to 644 of The Companies Act 2006 on 20<sup>th</sup> January, 2012 and cancelled 2,388,970 ordinary shares of £1 each

## **RESULTS AND DIVIDENDS**

The result for the year is shown in the profit and loss account on page 7. The directors recommend no payment of dividends (2011: £nil)

## **DIRECTORS**

The directors who held office during the year and to the date of this report are listed on page 3

The emoluments of Directors are borne by FirstAssist Insurance Services Ltd

All Directors benefit from qualifying Third Party indemnity provisions in place during the financial year and at the approval of the Financial Statements

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The company is exposed to various financial, operational and regulatory risks. The company manages these risks via a bottom up risk assessment process which identifies risks and then through a risk reporting framework, focuses on principal risks via a Risk Committee headed by a non-executive director

## **PRINCIPAL RISKS**

The directors consider the principal risks and uncertainties facing the company to be legislative or regulatory changes that impact the financial performance of the business

## **FINANCIAL RISK MANAGEMENT OBJECTIVES**

The company is exposed to financial risk through its financial assets and financial liabilities. The most important components of this financial risk are interest rate risk, credit risk and liquidity risk

# **FIRSTASSIST GROUP LIMITED**

for the year ended 31 December 2012

## **DIRECTORS' REPORT (continued)**

### **FINANCIAL RISK MANAGEMENT OBJECTIVES (continued)**

#### **Interest rate risk**

Interest rate risk exists from the company's exposure to adverse movements in interest rates in relation to the company's cash balances and deposits. The company monitors interest rate risk and reduces its exposure by depositing funds for different durations at fixed interest rates.

#### **Credit risk**

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due and the company continuously monitors the operating performance of subsidiaries in mitigation of that risk.

#### **Liquidity and cash flow risk**

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. To manage this risk, the group has credit facilities with the Lloyds Banking Group which are considered to be sufficient for the group's requirements.

### **POLITICAL AND CHARITABLE CONTRIBUTIONS**

The company made no political or charitable contributions to a UK charity during the year (2011 £nil).

### **EMPLOYEES**

The company does not have any employees other than the directors.

### **AUDITORS**

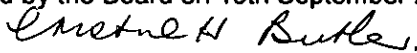
PricewaterhouseCoopers LLP were appointed as auditors to the company on 26<sup>th</sup> February, 2013 and, accordingly, the year ended 31<sup>st</sup> December, 2012 is the first period for which they have performed any statutory audit services.

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the next general meeting at which Financial Statements are laid before the company. The company's audit fees are borne by FirstAssist Insurance Services Ltd.

### **DISCLOSURE OF INFORMATION TO THE AUDITORS**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Board on 19th September 2013 and signed on its behalf by

  
C Butler  
Secretary  
Marshall's Court  
Marshall's Road  
Sutton  
Surrey SM1 4DU

Company Registration Number 468345

# **FIRSTASSIST GROUP LIMITED**

**for the year ended 31 December 2012**

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared 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 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 accounting 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,
- 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 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# **FIRSTASSIST GROUP LIMITED**

**for the year ended 31 December 2012**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FIRSTASSIST GROUP LIMITED**

We have audited the financial statements of FirstAssist Group Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet 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).

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 6 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **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 Directors' Report to identify material inconsistencies with the audited financial statements. 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 2012 and of its loss 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

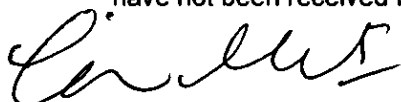
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report 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,



Gillian McCort (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Glasgow

19 September 2013

# FIRSTASSIST GROUP LIMITED

## PROFIT AND LOSS ACCOUNT for the year ended 31 December 2012

	Notes	2012 £'000	Restated 2011 £'000
Operating expenses		(127)	-
Interest payable and similar charges	3	-	(3,841)
Interest receivable and similar income	2	431	525
Profit on the disposal of FirstAssist Legal Expenses Insurance Limited		-	26,572
Impairment in carrying value of investments	5	(9,671)	(1,109)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(9,367)</b>	<b>22,147</b>
Tax on profit on ordinary activities		-	-
Dividends received	4	2,402	15,548
<b>(Loss)/Profit for the financial year</b>		<b><u>(6,965)</u></b>	<b><u>37,695</u></b>

All figures relate to continuing operations

The notes on pages 10 - 16 form part of the financial statements

There have been no recognised gains or losses or other movements in shareholders' funds in the reporting period other than those recorded in the profit and loss account. Accordingly, no statement of total recognised gains and losses is presented.

The company's audit fees of £5,000 are borne by FirstAssist Insurance Services Ltd.

The loss for the financial year includes a provision for impairment in the carrying value of the investment in FirstAssist Legal Protection Ltd following a change to that company's income recognition basis from profit share to commission.

The provision for impairment in the carrying value of investments in 2011 reflects a write down from the historic cost of investments to the value that was realised upon the sale of the group to Cigna Holdings Overseas, Inc. in November of that year. The restatement of the 2011 result reflects the charge previously of the impairment against reserves.



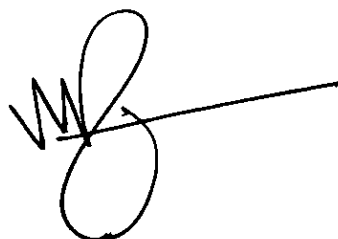
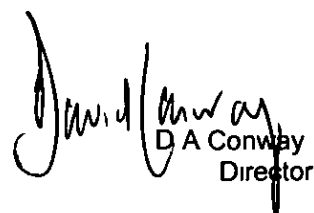
# FIRSTASSIST GROUP LIMITED

## BALANCE SHEET at 31 December 2012

	Notes	2012 £'000	2011 £'000
<b>Fixed asset investments</b>			
Investments	5	7,558	77,321
		<hr/>	<hr/>
		7,558	77,321
<b>Current assets</b>			
Debtors due after more than one year	7	10,000	25,810
Cash at bank and in hand		5	714
		<hr/>	<hr/>
		10,005	26,524
<b>Creditors, amounts falling due within one year</b>	8	(24,128)	(33,445)
		<hr/>	<hr/>
<b>Net current assets</b>		(14,123)	(6,921)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		(6,565)	70,400
		<hr/>	<hr/>
<b>Net (liabilities) / assets</b>		(6,565)	70,400
		<hr/> <hr/>	<hr/> <hr/>
<b>Capital and reserves</b>			
Called up share capital	9	84,830	87,219
Profit and loss account	10	(91,395)	(16,819)
		<hr/>	<hr/>
<b>Total shareholders' funds</b>	11	<u>(6,565)</u>	<u>70,400</u>

These financial statements were approved by the Board of Directors on 19<sup>th</sup> September, 2013 and signed on its behalf by

M Totty  
Director

D A Conway  
Director

# **FIRSTASSIST GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2012**

### **1. ACCOUNTING POLICIES**

#### **Basis of preparation**

The financial statements are prepared in accordance with the provisions of Section 396 of and Schedule 4 to the Companies Act 2006, and in accordance with applicable accounting standards in the United Kingdom and under the historical cost accounting rules

The company has net current liabilities at 31<sup>st</sup> December, 2012. However, the company's ultimate parent Cigna, Inc has confirmed that it intends to provide continuing financial support for at least 12 months from the date of approval of the financial statements. Accordingly, the financial statements have been prepared on a going concern basis

The following accounting policies have been adopted in dealing with items which are considered material in relation to the company's financial statements and are consistent with those of the previous financial year. The directors consider that the company has adequate resources to continue in business for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing the accounts

#### **Interest payable**

Interest payments on the loan notes is rolled up and paid on redemption of the notes

#### **Investment Income**

Investment income is accounted for on a receivable basis. Interest income is accrued up to the balance sheet date

#### **Taxation**

UK taxation in the profit and loss account is based on profits and income of the year as determined in accordance with the relevant tax legislation, together with adjustments of provisions for prior years

Deferred taxation is provided in accordance with Financial Reporting Standard No 19 ("FRS 19") on all timing differences between the treatment of certain items for taxation and accounting purposes which have originated but not reversed by the balance sheet date. Deferred taxation assets are only recognised at the rate of 25% to the extent that they are regarded as recoverable

#### **Investments**

Investments held as fixed assets are stated at cost less provision for any impairment in value

#### **Cash and liquid resources**

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand

# FIRSTASSIST GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2012

### 2. INTEREST RECEIVABLE AND SIMILAR INCOME

	2012 £'000	2011 £'000
Interest and similar income	<u>431</u>	<u>525</u>

Interest derives from that due on a loan to FirstAssist Legal Protection Ltd in connection with the sale of the "Before the Event" insurance business on 1<sup>st</sup> June 2010. The loan balance was partially settled on 31<sup>st</sup> August 2012 by the set-off against other accounts payable to FirstAssist Legal Protection Ltd and then settled in full on 31<sup>st</sup> December 2012 following the issue of shares by FirstAssist Legal Protection Ltd.

### 3. INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £'000	2011 £'000
On bank loans and overdraft	-	15
On other loans	-	3,826
	<u>-</u>	<u>3,841</u>

Interest payable relates to outstanding loan obligations to Equistone Ltd which were repaid in full on 30<sup>th</sup> November, 2011. Accordingly, no charge to interest arises during the year.

# FIRSTASSIST GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2012

### 4 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2012 £'000	2011 £'000
<b>Current tax</b>		
UK Corporation tax	-	-
	<hr/>	<hr/>
Tax on (loss)/profit on ordinary activities	-	-
	<hr/>	<hr/>

UK Corporation tax for the current year is based on a rate of 24.5% (2011: 26.5%)

A deferred tax asset of £4,704,325 (2011: £5,267,766) in respect of tax losses and £nil (2011: nil) in respect of other timing differences has not been recognised in the accounts as there is insufficient certainty as to the availability of suitable profits against which these losses can be utilised

#### Factors affecting the current tax charge

The current tax charge for the period is less than 24.5% (2011: 26.5%) due to items set out in the reconciliation below

	2012 £'000	2011 £'000
(Loss)/profit on ordinary activities before tax	(9,367)	22,147
	<hr/>	<hr/>
Current tax at 24.5% (2011: 26.5%)	(2,295)	5,869
<b>Factors affecting charge</b>		
Expenses not deductible for tax purposes	-	853
Utilisation of losses carried forward	(74)	1,334
Impairment in carrying value of investments	2,369	294
Other timing differences	-	(1,575)
Group relief surrendered	-	264
Non taxable income	-	(7,039)
	<hr/>	<hr/>
Total current tax	-	-
	<hr/>	<hr/>

# FIRSTASSIST GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2012

### 5 INVESTMENTS

	<b>Group Undertakings £'000</b>
<b>COST</b>	
At 1 January 2012	78,430
Purchase of shares in FirstAssist Legal Protection Ltd	9,908
Capital reduction	<u>(70,000)</u>
At 31 December 2012	<u>18,338</u>
<b>LESS: PROVISIONS FOR IMPAIRMENT IN VALUE</b>	
At 1 January 2012	1,109
Additions	<u>9,671</u>
At 31 December 2012	<u>10,780</u>
<b>NET BOOK VALUE</b>	
At 31 December 2012	<u>7,558</u>
At 31 December 2011	<u>77,321</u>

The investment in FirstAssist Insurance Services Ltd was written down by £70,000,000 following a capital reduction on 15<sup>th</sup> November 2012 under Section 641 to 644 of the Companies Act 2006. The directors believe the carrying value of the investments to be supported by their underlying net assets.

The investment in FirstAssist Legal Protection Ltd was written down by £9,671,000 to reflect the reduction in net assets arising from the decision to reduce the carrying value of goodwill following an impairment review.

# FIRSTASSIST GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2012

### 6. INVESTMENTS IN GROUP UNDERTAKINGS (WHICH ARE ALL WHOLLY OWNED)

	Country of incorporation	Class of shares held	Principal activity	Held directly or indirectly
<b>The company</b>				
FirstAssist Insurance Services Limited	Great Britain	Ordinary	Personal lines insurance	Direct
FirstAssist Administration Limited	Great Britain	Ordinary	Business administration	Direct
FirstAssist Legal Protection Limited	Great Britain	Ordinary	Legal insurance	Direct
Bnghter Business Ltd	Great Britain	Ordinary	SME insurance	Direct

### 7. DEBTORS

	2012 £'000	2011 £'000
<b>Amounts due after more than one year</b>		
Amounts owed by subsidiary undertakings	10,000	25,810
	<u>10,000</u>	<u>25,810</u>

The loan from FirstAssist Legal Protection Ltd was settled during the year as described in note 2

Amounts owed by subsidiary undertakings represent trading balances receivable

# FIRSTASSIST GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2012

### 8 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £'000	2011 £'000
Amounts owed to subsidiary undertakings	24,088	30,014
Tax and social security	-	3,414
Accruals	40	17
	<u>24,128</u>	<u>33,445</u>

Amounts owed by subsidiary undertakings represent trading balances payable

### 9. CALLED UP SHARE CAPITAL

	2012 £'000	2011 £'000
<b>Authorised:</b>		
84,829,811 (2011 87,218,781) ordinary shares of £1 each	<u>84,829,811</u>	<u>87,218,781</u>
<b>Alloted, issued and fully paid</b>		
84,829,811 (2011 87,218,781) ordinary shares of £1 each	<u>84,829,811</u>	<u>87,218,781</u>

Ordinary shares carry the right to vote and participate in both dividends and any surplus arising on a winding up

On 20<sup>th</sup> January, 2012 the Company cancelled 2,388,970 ordinary shares of £1 each by means of a capital reduction under Sections 641 to 644 of The Companies Act 2006

### 10. RESERVES

	2012 £'000	Restated 2011 £'000
At 1 January 2012	(16,819)	(54,514)
(Loss)/profit for the financial year	(6,965)	37,695
Share cancellation	2,389	-
Capital reduction	(70,000)	-
	<u>(91,395)</u>	<u>(16,819)</u>
At 31 December 2012	<u>(91,395)</u>	<u>(16,819)</u>

# FIRSTASSIST GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2012

### 11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012 £'000	2011 £'000
At 1 January 2012	70,400	(34,088)
(Loss)/Profit for the financial year	(6,965)	37,695
Share Issue	-	66,793
Capital reduction	(70,000)	-
	<hr/>	<hr/>
At 31 December 2012	<u>(6,565)</u>	<u>70,400</u>

### 12. CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 2012 (2011 £nil)

### 13 CASH FLOW STATEMENT

The company has taken advantage of the exemption provided by FRS 1 not to prepare a cash flow statement on the basis that a consolidated cash flow statement is included in the financial statements of FirstAssist Group Holdings Limited as its immediate parent

### 14. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption provided in FRS 8 from disclosing details of transactions with FirstAssist Group Limited and its subsidiaries

### 15 ULTIMATE PARENT COMPANY

The immediate group in which the results of the company are consolidated is that headed by FirstAssist Group Holdings Limited, which is registered in England and Wales

The ultimate parent undertaking and controlling party at 31 December 2012 is Cigna, Inc which is incorporated and registered in the United States of America, copies of whose consolidated financial statements can be obtained from 900 Cottage Grove Road, C8NAS Hartford, CT 06152 7314