

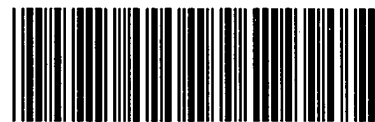
Company Registration No. 02467691 (England and Wales)

DIRECT LIFE AND PENSION SERVICES LIMITED

STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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DIRECT LIFE AND PENSION SERVICES LIMITED
COMPANY INFORMATION

Directors

Robert Quayle

Jonathan Round

Richard Smith (Resigned on 9 March 2023)

Richard Verdin (Resigned on 5 December 2022)

Iain Lloyd Clark (Appointed on 21 January 2022, Resigned 11 November 2022)

Neil McCarthy (Resigned 7 January 2022)

Rajeev Raichura (Resigned 31 January 2022)

Stuart Whittle (Appointed 21 March 2022, Resigned 30 April 2023)

Dominic John Beever (Appointed 21 June 2023)

Ewan Christopher Hutton (Appointed 21 June 2023)

Secretary

S B Fitzgerald

Auditors

Ernst & Young LLP

2 St Peter's Square

Manchester

M2 3DF

Bankers

Barclays Bank PLC

Leicester

Leicestershire

LE87 2BB

Registered Office

Howard House

3 St. Marys Court

Blossom Street

York

YO24 1AH

DIRECT LIFE AND PENSION SERVICES LIMITED
STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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DIRECT LIFE AND PENSION SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report and financial statements for the year ended 31 December 2022.

Principal activity and review of the business

Direct Life and Pension Services Limited ('the Company') is a Financial Services Intermediary that was formed in 1990 and has established itself as one of the largest intermediated outsource services companies in the UK. The Company provides a range of systems and services that enable consumer brands and intermediaries to skilfully and profitably market, sell and transact protection insurance. It is directly regulated and authorised by the Financial Conduct Authority (FCA).

The Company provides services to both Financial Intermediaries and Direct-to-Consumer distribution companies, such as price comparison websites. These services cover the creation and running of branded websites that market, offer quotations and collect applications for protection insurance; as well as call centre and administration services to sell, complete applications over the phone and manage the administration of applications with the insurers selected. The Company, whilst a key player in the Direct-to-Consumer market space is also a major service provider in the Intermediated market, trading under its LifeQuote brand. Through this it offers Financial Intermediaries services covering the application process and pipeline management of their protection sales, allowing the Intermediary to focus on prospecting and advising clients. In both sectors, the Company strives through innovation to simplify both the customer journey, and client administration.

This Strategic report has been prepared specifically for the Company and therefore provides greater emphasis on the matters which are significant to the Company. It has been prepared solely to provide additional information to facilitate an assessment of how the Directors have performed their duty to promote the success of the Company.

The Company's key financial and other performance indicators during the year were as follows:

	2022	2021	% Change
Revenue	3,160,308	3,529,981	(10%)
Loss Before Tax	(499,474)	(346,580)	(44%)
Margin (%)	(16%)	(10%)	(6%)

Loss generated in FY22 was due to business volumes which was impacted by the housing market disruption and economic uncertainty which resulted in a downturn in Adviser protection sales and demand in the direct market.

Business review

We focussed on further upgrades to core systems including an upgrade to the Customer Relationship Management system we use to maintain all customer and application details. This implementation introduced a modern, cloud based, specialist package heavily tailored to provide secure record keeping, advanced integration with communication services and automations and workflows. These are making our operation more efficient and responsive as well as providing a high level of management information to improve partner service and management capability. This system is also being utilised to improve our own business development capabilities.

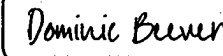
In addition a development of a new version of the Quotes Service was completed, proving us with more responsive, stable and scalable quotes engine to provide the foundation for new technologies. These will improve our front end systems, attract more users, increase income from application population of Insurers systems and reduce maintenance overheads.

Negotiations with most main Insurers over the provision of these application links were completed in the year with contracts signed to raise revenue from the generation of click through fees for applications for both our own new business as well as users' own business. This will form a significant new income stream, growing significantly over the next 2 years.

Our intermediary facing service 'LifeQuote' was re-styled with cutting edge branding, clearer, concise messaging and communication to assist us in reaching new potential users.

DIRECT LIFE AND PENSION SERVICES LIMITED
STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

On behalf of the Board

DocuSigned by:

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Dominic Beever

Director

29 September 2023

DIRECT LIFE AND PENSION SERVICES LIMITED

DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the Company is the provision of services to both Financial Intermediaries and Direct-to-Customer distribution companies. The directors consider that this will continue unchanged for the foreseeable future.

Going concern

The net liability position of the Company at 31 December 2022 is £13,492 (2021: net asset position £563,859). The company has made a loss for the year of £587,460 (2021: £235,466) and is in a net current liability position of £455,191 (2021: net current asset £165,295).

The Company participates in the Group's centralised treasury management and so shares banking arrangements with its fellow subsidiaries. LSL Property Services Plc, who is the ultimate parent of the Company, is a listed entity in the UK. In determining whether the financial statements can be prepared on a going concern basis, the Directors have considered the Company's business activities together with the principal risk and uncertainty factors which are likely to affect its future performance and financial position. The key risks that the Company faces are described in the Strategic/Directors Report and mainly relate to the current UK Market Environment, competition, and external factors such as the geopolitical uncertainties adding to existing inflationary cost pressures.

The directors have tested the going concern ability of the company for a period to 30 September 2024. Forecasts prepared to 30 September 2024 demonstrate that the Company is forecast to trade profitably and generate cash, taking into account the risks explained above. These forecasts have been constructed on a base case scenario and further on downside scenarios with conservative assumptions including the worst possible trading outcomes. The continuing support of LSL Property Services Plc and the cash-pooling arrangement is also a factor in the going concern review. Consequently, the Company has obtained a letter of support from the parent company confirming that it will provide financial support to the Company for a period to 30 September 2024 to assist in meeting its liabilities to the extent that the money is not otherwise available to the company to meet such liabilities. The Directors have assessed the level of financial support available, taking into account the Company's financial plan and cash flow forecast for the period to 30 September 2024 and are satisfied such support is available.

Dividends

There have been no payments in the year to the parent company (2021: £269,908).

Directors

The directors of the company during the year and subsequently were:

Robert Quayle

Jonathan Round

Richard Smith (Resigned on 9 March 2023)

Richard Verdin (Resigned on 5 December 2022)

Iain Lloyd Clark (Appointed on 21 January 2022, Resigned 11 November 2022)

Neil McCarthy (Resigned 7 January 2022)

Rajeev Raichura (Resigned 31 January 2022)

Stuart Whittle (Appointed 21 March 2022, Resigned 30 April 2023)

Dominic John Beever (Appointed 21 June 2023)

Ewan Christopher Hutton (Appointed 21 June 2023)

DIRECT LIFE AND PENSION SERVICES LIMITED

DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Political donations

There were no political donations made during the year (2021: £nil).

Research and Development

The costs associated with research and development during the year 2022 - £204,982 (2021: £125,645).

Branches Operating Outside of UK

The company has operated no branches outside of the UK for the current or prior year.

Financial instruments

Liquidity risk

The Treasury Department in the ultimate parent company managed the liquidity risk in the group, in which they monitor the cash flow position of the company to prevent shortage of funds to meet liabilities when they fall due.

Credit risk

There are no significant concentrations of credit risk within the company. It is the Company policy to obtain appropriate details of new Authorised Representatives before entering into contracts. The company is exposed to a credit risk in respect to making some payments prior to receiving the revenue. The majority of payments are made after receipt of the associated funds from the providers.

Independent auditors

Pursuant to the Company's articles of association, the Company will propose the reappointment of Ernst & Young LLP as the Company's auditors at its parent company's Annual General Meeting in accordance with s. 485 of the Companies Act 2006.

Statement of Directors Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom 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, including FRS 101 Reduced Disclosure Framework (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.

DIRECT LIFE AND PENSION SERVICES LIMITED
DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Directors Report (Continued)


Statement of Directors Responsibilities (Continued)

The directors are responsible for keeping proper accounting records that 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 corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving the report is aware, there is no relevant audit information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

On behalf of the Board

DocuSigned by:

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Dominic Beever

Director

29 September 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIRECT LIFE AND PENSION SERVICES LIMITED

Opinion

We have audited the financial statements of Direct Life and Pension Services Limited for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 30 September 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIRECT LIFE AND PENSION SERVICES LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on pages 7-8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to Direct Life and Pension Services Limited and determined that the most significant are United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006, Financial Conduct Authority rules and regulations, and UK tax legislation.

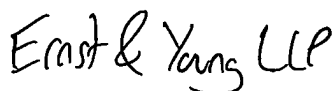
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIRECT LIFE AND PENSION SERVICES LIMITED

- We understood how the Company is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicated its policies and procedures in these areas. We corroborated the results of our enquiries through reading the board minutes and other correspondence, making enquiries of management to identify if there are matters where there is a risk of breach of such frameworks that could have a material impact on the Company.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override. We considered the controls the company has established to address the risks identified by the directors or that otherwise seek to prevent, deter, or detect fraud; and how management monitors these controls. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved making enquiries of management and those charged with governance for their awareness of any known instances of noncompliance or suspected noncompliance with laws and regulations, reviewing key policies and correspondence exchanged with regulators. We designed audit procedures to address the risk of fraud in key areas of estimation and revenue recognition and performed journal entry testing by specific risk criteria, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the company's business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Vessey (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester
29 September 2023

DIRECT LIFE AND PENSION SERVICES LIMITED
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Revenue	3	3,160,308	3,529,981
Administrative Expenses		(3,659,782)	(3,876,561)
Operating Loss	4	(499,474)	(346,580)
Loss Before Taxation		(499,474)	(346,580)
Tax credit/(charge)	8	(87,986)	111,114
Loss for the year		(587,460)	(235,466)


The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

The company has no other items of comprehensive income other than the results for the year as set out above.

DIRECT LIFE AND PENSION SERVICES LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2022

	Notes	2022 £	2021 £
Non-current Assets			
Deferred tax assets	8	35,751	289,993
Intangible assets	9	360,518	35,983
Property, plant and equipment	10	44,429	71,587
Investments	11	1,001	1,001
		<u>441,699</u>	<u>398,564</u>
Current Assets			
Trade and other receivables	12	620,745	767,068
Cash and cash equivalents		323,060	561,149
		<u>943,805</u>	<u>1,328,217</u>
Total Assets		<u>1,385,504</u>	<u>1,726,781</u>
Current Liabilities			
Trade and other payables	13	1,398,996	1,162,922
		<u>1,398,996</u>	<u>1,162,922</u>
Total Liabilities		<u>1,398,996</u>	<u>1,162,922</u>
Net Assets/(Liabilities)		<u>(13,492)</u>	<u>563,859</u>
Shareholder's Equity			
Share capital	14	1,143	1,143
Share-based payment reserve	15	16,849	6,470
Retained earnings		(31,484)	555,967
Total shareholder's (deficit)/equity		<u>(13,492)</u>	<u>563,859</u>

The financial statements were approved by the Board on 29 September 2023 and were signed on its behalf by:

DocuSigned by:

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Dominic Beever
Director
Registered number: 02217569

DIRECT LIFE AND PENSION SERVICES LIMITED**STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2022**

	Share Capital	Share based payment reserve	Retained earnings	Total shareholders' equity
	£	£	£	£
At 1 January 2021	1,143	-	1,061,350	1,062,493
Total comprehensive expense for the year	-	-	(235,466)	(235,466)
Share-based payment transactions	-	6,740	-	6,740
Dividend	-	-	(269,908)	(269,908)
At 31 December 2021	1,143	6,740	555,976	563,859
Total comprehensive expense for the year	-	-	(587,460)	(587,460)
Share-based payment transactions	-	10,109	-	10,109
At 31 December 2022	1,143	16,849	(31,484)	(13,492)

DIRECT LIFE AND PENSION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

1. Corporate Information

The financial statements of Direct Life and Pension Services Limited for the year ended 31 December 2022 were authorised for issue by the board of directors on 29 September 2023 and the balance sheet was signed on the board's behalf by Dominic Beever. Direct Life and Pension Services Limited is a private limited company limited by share capital incorporated in England.

These financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The Company's financial statements are presented in Sterling, which is also the Company's functional currency and rounded to the nearest £. The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts. Group results are included in the financial statements of LSL Property Services, plc which are publicly available.

2. Accounting policies

Basis of Preparation

The Company has prepared primary statements in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The Company's ultimate parent undertaking and controlling party is LSL Property Services plc, a Company registered in England. Its group financial statements are available on application to the Group Company Secretary, LSL Property Services plc, Newcastle House, Albany Court, Newcastle Business Park, Newcastle upon Tyne, NE4 7YB. No other group financial statements include the results of the Company. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2022.

- (a) The Company has taken advantage of the following disclosure exemptions under FRS 101: the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment, because: the share based payment arrangement concerns the instruments of another group entity.
- (b) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - (iii) paragraph 118(e) of IAS 38 Intangible Assets;
- (c) the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D and 134-136 of IAS 1 Presentation of Financial Statements;
- (d) the requirements of IAS 7 Statement of Cash Flows;
- (e) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- (f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;

Going Concern

The net liability position of the Company at 31 December 2022 is £13,492 (2021: net asset £563,859). The company has made a loss for the year of £587,460 and is in a net current liability position of £455,191 (2021: net current asset £165,294).

DIRECT LIFE AND PENSION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

2. Accounting policies (Continued)

The Company participates in the Group's centralised treasury management and so shares banking arrangements with its fellow subsidiaries. LSL Property Services Plc is a listed entity in the UK. In determining whether the financial statements can be prepared on a going concern basis, the Directors have considered the Company's business activities together with the principal risk and uncertainty factors which are likely to affect its future performance and financial position. The key risks that the Company faces are described in the Strategic/Directors Report and mainly relate to the current UK Market Environment, competition, and external factors such as the geopolitical uncertainties adding to existing inflationary cost pressures.

The directors have tested the going concern ability of the company for a period to 30 September 2024. Forecasts prepared to 30 September 2024 demonstrate that the Company is forecast to trade profitably and generate cash, taking into account the risks explained above. These forecasts have been constructed on a base case scenario and further on downside scenarios with conservative assumptions including the worst possible trading outcomes. However, it has also been considered that the Company is loss making and is in a net liability position at the year end. The continuing support of LSL Property Services Plc and the cash-pooling arrangement is also a factor in the going concern review. Consequently, the Company has obtained a letter of support from the parent company confirming that it will provide financial support to the Company for a period to 30 September 2024 to assist in meeting its liabilities to the extent that the money is not otherwise available to the company to meet such liabilities. The Directors have assessed the level of financial support available, taking into account the Company's financial plan and cash flow forecast for the period to 30 September 2024 and are satisfied such support is available.

Financial Instruments

Financial assets and financial liabilities are recognised in the Company's Balance Sheet when the Company becomes a party to the contractual provisions of the instrument. When financial assets are recognised initially, they are measured at fair value, being the transaction price plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. Financial assets are derecognised when the Company no longer has the rights to cash flows, the risks and rewards of ownership or control of the asset. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled, or expires. All regular way purchases and sales of financial assets are recognised on the trade date, being the date that the Company commits to purchase or sell the asset. The subsequent measurement of financial assets depends on their classification.

Intangible assets

Intangible assets include software development costs, purchased software and purchased contracts that in the opinion of the directors meets the definition of an intangible asset. For internally generated intangibles, directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management are capitalised. Amortisation is charged to the Income Statement on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the day they are available for use. The estimated useful lives are as follows:

Purchased software	–	20% of cost
Developed software	–	3-5 years straight line

Research and development

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised evenly over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

DIRECT LIFE AND PENSION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

2. Accounting policies (Continued)

Property, plant and equipment

Property, plant and equipment is initially measured at its cost, subsequently measured using the cost model, and depreciated so that its depreciable amount is allocated on a systematic basis over its useful life.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Computer equipment	–	Over 3 to 5 years
Office furniture and equipment	–	Over 3 to 5 years
Property	–	Over the shorter of the lease term or 50 years
Leasehold Property		Over the shorter of the lease term or 10 years
Motor vehicles	–	Over 4 years

Cash

Cash in the balance sheet comprises cash at bank and in hand.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Trade receivables

Trade receivables do not carry any interest and are stated at their original invoiced value as reduced by appropriate allowances for estimated irrecoverable amounts.

Under IFRS 9 the chosen method of recognising the expected credit loss across the company is the simplified approach allowing a provision matrix to be used. This is based on the expected life (days past due) of trade receivables and historic default rates. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are de-recognised when they are assessed as uncollectable.

Trade payables

Trade payables do not carry any interest and are stated at their original invoice value.

Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

An asset's recoverable amount is the higher of an assets or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses on continuing operations are recognised in the profit and loss account in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the profit and loss account.

DIRECT LIFE AND PENSION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

2. Accounting policies (Continued)

Revenue Recognition

Revenue is recognised under IFRS 15. This standard is based on a single model that distinguishes between promises to a customer that is satisfied at a point in time and those that are satisfied over time.

Revenue from the policy sales is recognised at point in time by reference to the date that the policy is accepted by the insurer. Revenue from other income is recognised at a point in time by reference to the completion date of the transaction.

As recognised by IFRS 15, assessing whether the company is acting as a principal, or an agent requires judgement which can significantly affect the timing and amount of revenue recognised. The company has determined that it is acting as an agent of the customer and only recognises the company's share of commission as revenue.

Pensions

The Company operates a defined contribution pension scheme for employees. The assets of the scheme are invested and managed independently of the finances of the Company. The pension cost charge represents contributions payable in the year. The contributions are recognised in the income statement in the period in which they become payable.

Income Taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date. The Management Team periodically evaluates positions taken in the tax returns with respect to the situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting period and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

DIRECT LIFE AND PENSION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

2. Accounting policies (Continued)

Deferred income tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment. Income tax is charged or credited directly to other comprehensive income or equity, if it relates to items that are charged or credited in the current or prior periods to other comprehensive income or equity respectively. Otherwise, income tax is recognised in the income statement.

Share Based Payments

The equity share option programme allows employees to acquire shares of the ultimate holding company. The fair value of the option granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vests. No expense is recognised for awards that do not ultimately vest, except for equity settled transactions where vesting is conditional upon a market or non-vesting condition, which is treated as vesting irrespective of whether or not the market or non-market vested condition, is satisfied, provided that all other performance and/or service conditions are satisfied.

Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

Under certain circumstances, the policy providers can clawback all or a proportion of commission previously paid as a result of early cancellation by policy holders. Under such circumstances, the Company is required to repay that element of commission attributable to the cancellation.

Judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates and judgements. It also requires management to exercise judgement in the process of applying the Company's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effects on the amount recognised in the financial statements are described in the following note on lapse provision.

Lapse provision

Significant judgement is required when provisioning for potential clawbacks. Under certain circumstances, the policy providers can clawback all or a proportion of commission previously paid as a result of early cancellation by policy holders. Under such circumstances, the Company is required to repay that element of commission attributable to the cancellation. In the opinion of the directors, this obligation is considered to be a legal obligation, and as such, is provided for in full, based on the anticipated clawback likely to occur. The provision is calculated by using historical lapses as a proportion of sales in that period and then applying that proportion rate against live policies to form an estimate.

DIRECT LIFE AND PENSION SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022****2. Accounting policies (Continued)****Accrued income cut off**

Accrued income relating to policies or mortgages with an inception or completion date in the financial year is included if commission has not been received at the year end. Estimates are applied to the basis of calculation of this accrued income which is based on historic post year end revenue as a proportion of the subsequent year's revenue.

Agent versus principal

As recognised by IFRS 15, assessing whether the company is acting as a principal or an agent requires judgement which can significantly affect the timing and amount of revenue recognised. the company has determined that it is acting as an agent of the customer and only recognises the company's share of commission as revenue.

Impairment of receivables

Under IFRS 9 the chosen method of recognising the expected credit loss across the company is the simplified approach allowing a provision matrix to be used. This is based on the expected life (days past due) of trade receivables and historic default rates. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are de-recognised when they are assessed as uncollectable.

3 Revenue

	2022	2021
	£	£
Gross Financial Services Income	10,931,503	11,076,687
Commission Paid to Partners	(7,771,195)	(7,546,706)
Net Financial Services Income	3,160,308	3,529,981

4 Operating profit

	2022	2021
	£	£
Operating profit is stated after charging:		
Amortisation of intangibles	34,184	6,581
Depreciation of tangible assets	50,249	55,346

DIRECT LIFE AND PENSION SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022****5 Auditor Remuneration**

The Company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company.

	2022	2021
	£	£
Fees payable to the company's auditor for the audit of the company's financial statements.	25,704	37,795

6 Employees**Number of employees**

The average monthly number of employees (including directors) during the year was:

2022	2021
No.	No.
95	115

Staff costs including director's remuneration, were as follows:

	2022	2021
	£	£
Wages and salaries	2,321,857	2,736,944
Social security costs	230,951	207,893
Other pension costs (Note 13)	83,836	95,759
Costs of share option scheme	10,109	6,740
Total	2,646,753	3,047,336

DIRECT LIFE AND PENSION SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022****7 Directors' remuneration****Directors' remuneration**

The directors of the Company were paid by the ultimate parent company, LSL Property Services plc, and this Company.

The directors received total remuneration for the year of £986,975 (2021: £1,152,858), of which nil (2021: £77,966) was paid by this company including pension costs of £33,909 (2021: £30,652). The directors do not believe that it is practicable to apportion this amount between their services as directors of the Company and the services as directors of the parent and fellow subsidiary companies.

The Company offers a money purchase pension scheme in line with government legislation whereby 3% of banded earnings is paid by the Company as a pension contribution for all qualifying employees, including directors. The ultimate parent company operated money purchase pension schemes for the directors in office. Director's contributions are matched by the company up to a maximum of 5% of pensionable earnings.

The total number of directors who were members of the money purchase pension schemes during the financial year totalled 5 (2021: 5).

The remuneration of the highest paid director amounted to £340,996 excluding pension costs (2021: £514,851). Company contributions to money purchase pension schemes for that director amounted to £11,388 (2021: £10,490).

The number of directors who exercised share options during the year was 1 (2021: 2).

8 Taxation

	2022	2021
	£	£
Tax on profit/(loss) on ordinary activities	87,986	-
The tax charge / (credit) is made up as follows:		
<i>Current tax:</i>		
Group relief / Corporation tax payable	(102,640)	-
Adjustments in respect of prior periods	(66,720)	-
Total current tax	(169,360)	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	118,019	(18,215)
Adjustments in respect of prior periods	102,057	(23,300)
Impact of changes in tax rates	37,270	(69,599)
Total deferred tax	257,346	(111,114)
Income Tax charge/(credit) on ordinary activities	87,986	(111,114)

DIRECT LIFE AND PENSION SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022****8 Taxation (Continued)**

The tax expense in the statement of comprehensive income for the year is higher than the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £	2021 £
Profit/(Loss) on ordinary activities before taxation	(499,474)	(346,580)
Profit/(Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2020: 19%)	(94,900)	(65,850)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	(3,811)	1,117
Share scheme movements	2,403	799
Adjustments in respect of prior years	35,337	(23,300)
Losses not recognised	113,961	45,719
Transfer pricing adjustments	(2,274)	-
Changes in tax laws and rates	37,270	(69,599)
Total income tax charge/(credit)	<u>87,986</u>	<u>(111,114)</u>

The standard rate of UK corporation tax is 19% and this took effect from 1 April 2017.

On 4 March 2021 the UK Government announced an intention to increase the rate of corporation tax to 25% with effect from 1 April 2023. This was substantively enacted on 24 May 2021 and therefore the deferred tax balances have been remeasured to reflect a rate of 25%.

A deferred tax asset has been recognised on the basis that the Company is anticipated to make suitable taxable profits in the foreseeable future against which it can be utilised.

	2022 £	2021 £
Provided		
Depreciation charged in advance of capital allowances	29,083	48,045
Short term timing differences	3,565	4,209
Losses	-	237,739
RDEC	3,103	-
Deferred taxation asset	<u>35,751</u>	<u>289,993</u>

DIRECT LIFE AND PENSION SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022****8 Taxation (Continued)****Deferred Tax**

Deferred taxation provided in the financial statements and the amounts provided are as follows:

Deferred Tax

	2022	2021
	£	£
At 1 January 2022	289,993	178,879
Deferred tax charge in profit and loss account	(257,346)	111,114
RDEC in other income	3,104	-
At 31 December 2022	35,751	289,993

The Company has carried forward tax losses of £891,010 (2021: £1,191,583). A deferred tax asset has not been recognised due to the uncertainty of future taxable profits in the near future against which the tax losses could be utilised against. The un-recognised deferred tax asset is £222,753 (2021: £60,157).

9 Intangible assets

	Developed Software	Total
	£	£
Cost:		
At 1 January 2022	42,564	42,564
Additions	358,719	358,719
At 31 December 2022	401,283	401,283
Accumulated amortisation and impairment:		
At 1 January 2022	6,581	6,581
Amortisation charge for the year	34,184	34,184
At 31 December 2022	40,765	40,765
Carrying amounts:		
At 31 December 2021	35,983	35,983
At 31 December 2022	360,518	360,518

DIRECT LIFE AND PENSION SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022****10 Property, plant and equipment**

	Motor Vehicles	Computer Equipment	Buildings, fixtures and fittings	Total
	£	£	£	£
Cost:				
At 1 January 2022	20,350	526,364	388,593	935,307
Additions	-	30,722	-	30,722
Disposals	(7,631)	-	-	(7,631)
At 31 December 2022	12,719	557,086	388,593	958,398
Accumulated depreciation and impairment:				
At 1 January 2022	11,023	464,593	388,104	863,720
Depreciation charge for year	1,696	48,064	489	50,249
At 31 December 2022	12,719	512,657	388,593	913,969
Carrying amounts:				
At 31 December 2021	9,327	62,221	39	71,587
At 31 December 2022	-	44,429	-	44,429

11 Investments

	2022	2021
	£	£
Subsidiary undertakings		
At 1 January and 31 December	1,001	1,001

The investment relates to 100% of the ordinary share capital of LifeQuote Limited and Direct Life Limited. Both companies are incorporated in England and have a registered address at Newcastle House, Albany Court, Newcastle Business Park, Newcastle upon Tyne, Tyne and Wear, NE4 7YB. Both of these are currently dormant companies.

DIRECT LIFE AND PENSION SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022****12 Trade and other receivables**

	2022	2021
	£	£
Due within one year		
Trade and other receivables	358,990	361,248
Less provision for impairment of debtors	(106,821)	(78,077)
Net trade receivables	252,169	283,171
Taxes and social security	102,640	-
Prepayments and accrued income	265,936	483,897
	620,745	767,068

As at 31 December, an analysis of trade receivables by credit risk rating grades is as follows:

	Total	< 30 days	30 – 60 days	60 – 90 days	90 – 120 days	> 120 days
	£	£	£	£	£	£
2022	358,990	66,375	23,617	3,417	3,316	262,265
2021	361,248	83,483	31,259	8,174	9,936	228,396

13 Trade and other payables

	2022	2021
	£	£
Current		
Trade payables	527,042	400,871
Amounts owed to fellow subsidiary undertakings	345,509	5,813
Taxes and social security costs	6,527	90,913
Other payables	27,046	25,050
Accruals and deferred income	81,022	215,027
Lapse provision (Note 15)	411,850	425,248
	1,398,996	1,162,922

DIRECT LIFE AND PENSION SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022****14 Pension and other post-retirement benefit commitments****Defined contribution**

The Company operates defined contribution pension schemes for all its directors and employees. The assets of the schemes are held separately from those of the Company in independently administered funds.

Total amount recognised as an expense for both the defined contribution scheme and the defined contribution stakeholder scheme were £83,836 (2021: £95,759), of which £14,258 was outstanding at year end (2021: £14,303).

15 Provisions for liabilities

	Lapse Provision
	£
At 1 January 2022	425,248
Utilised during year	(287,549)
Added during year	274,151
At 31 December 2022	411,850

Under certain circumstances, the policy providers can clawback all or a proportion of commission previously paid as a result of early cancellation by policy holders. Under such circumstances, the company is required to repay that element of commission attributable to the cancellation. In the opinion of the directors, this obligation is considered to be a constructive obligation, and as such, is provided for in full, based on the anticipated clawback likely to occur.

16 Share capital

	2022	2021
	£	£
Authorised		
1,143 ordinary shares of £1 each	1,143	1,143
Total share Capital	1,143	1,143

17 Reserves

The share-based payment reserve is used to record the value of equity-settled share-based payment provided to the employees, as part of their remuneration.

DIRECT LIFE AND PENSION SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022****18 Related party relationships and transactions**

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 31 December 2022 with other related parties, are as follows:

		Sales to related parties	Purchases from related parties	Amount owed by related parties	Amounts owed to related parties
		£	£	£	£
LSL Property Services plc	2022	-	-	-	371,083
Your-Move.co.uk Limited	2021	-	-	-	-
First Complete Ltd	2022	-	-	-	26,700
First Complete Ltd	2021	-	-	-	4,812
E. Surv Limited	2022	-	-	-	14,446
E. Surv Limited	2021	-	-	-	-
		-	-	66,720	-
		-	-	-	-

19 Immediate and ultimate parent undertaking

The Company's immediate parent undertaking is Direct Life Quote Holdings Limited, a company registered in England.

The ultimate parent undertaking and controlling party is LSL Property Services plc, a Company registered in England. This is where results of the company are consolidated. The group's financial statements are available on application to the Group Company Secretary, LSL Property Services plc, Newcastle House, Albany Court, Newcastle Business Park, Newcastle upon Tyne, NE4 7YB. No other group financial statements include the results of the Company.

20 Post Balance Sheet Events

The ultimate parent, LSL Property Services plc, issued a subordinated loan to the Company of £750,000 in September 2023.