

Company registration number 02911441 (England and Wales)

POLARIS U.K. LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022



POLARIS U.K. LIMITED

COMPANY INFORMATION

Directors	V Banga D Birch H Bryant W Edwards R Flynn D Hockey G Hughes D Soni P Thorn
Secretary	Aviva Company Secretarial Services Limited
Company number	02911441
Registered office	New London House 6 London Street London United Kingdom EC3R 7LP
Auditor	Azets Audit Services 2nd Floor Regis House 45 King William Street London EC4R 9AN

POLARIS U.K. LIMITED

CONTENTS

	Page
Strategic report	1 - 3
Directors' report	4 - 5
Independent auditor's report	6 - 8
Statement of comprehensive income	9
Balance sheet	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13 - 24

POLARIS U.K. LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Fair review of the business

The company's principal activity continues to be to facilitate electronic and online trading in the retail general insurance marketplace. This is done by providing four core products and services – Standards for electronically or online traded insurance products, ProductWriter rating software that enables insurers to quote for electronically or online traded insurance risks in accordance with their underwriting rules, an imarket service that allows insurers and brokers to electronically transact Commercial Lines insurance business and a Live-Chat service that allows brokers and insurers to securely discuss digitally traded insurance risks.

The financial performance of the company is monitored by its Finance Committee which comprises three directors from shareholding insurer organisations, and the company's Managing Director and Finance Manager

Results and performance

The results of the company for the year, as set out on page 9, show a profit on ordinary activities before tax of £774,788 (2021: £449,380). In 2022 there was a considerable increase in investment in projects for the benefit of the industry, which is in line with the company's vision and purpose.

The company completed 2022 with record usage of ProductWriter and imarket. Standards' client count slightly declined due to the Merger & Acquisition activity within the market, which is beyond the companies' control, although new clients were also added for Standards during the year. Live-Chat's growth was higher than that of all other products, which shows that the market values technology that blends automation with human support. The usage of online trading channels, for which the company's products are used, continues to remain strong.

The company's very well attended electronic trading advisory groups and user review groups continued to meet throughout the year, via a combination of in person and video attendance. The company itself now operates in a hybrid working manner, with no loss of productivity.

Business environment

The UK general insurance industry is highly competitive with constant pressure on participants to automate trading where possible and streamline operations. The Directors believe that the company – which is 100% owned by UK insurers and brokers and engages widely with the industry formally and informally – has a key role to play in achieving this goal. Regulatory and legislative changes have constantly required the market to amend its online trading processes and the company has played an important role in this area. Digital activity in the insurance industry continues to grow. At the same time, the weak economic situation and hardening insurance markets could mean that some of the companies' clients exit the market or reduce their product range, which might impact the companies' revenue.

Strategy and future developments

The company's strategy continues to be to reinvest the cash generated from its operations into the development of its core offerings - Standards, ProductWriter, imarket and Live-Chat - and the services that support them. As these products and services are widely used in the general insurance industry, their continued development directly supports the company's core objective of facilitating electronic and online trading within the industry.

New clients for ProductWriter were secured during the year and the investment programme in this software continued, especially in areas such as supporting of Machine Learning based rating models. The company continued to on-board clients to the Cloud version of ProductWriter making it easier for clients to manage their insurance product development and rating activities. New clients are being offered this version by default. The non-Cloud version will continue to be supported for the foreseeable future on account of its widespread usage.

POLARIS U.K. LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Strategy and future developments (continued)

The company's imarket service which links brokers and insurers in the transaction of Commercial Lines insurance, experienced growth in held policy count and early in 2023, reached the milestone of 500,000 policies. In 2022, plans were progressed to make a significant investment in imarket's infrastructure, with a view to future proof its growth. The project is currently on-going.

The Live-Chat service is growing very well with c.20,000 chats a month. For a digitally traded business, this service allows insurance brokers to securely discuss or clarify risk related information. While it was initially offered for imarket traded business, its usage has expanded to non-imarket trading channels such as insurer extranets.

The Standards area produced a new Standard for motorhome insurances and developed messaging standards for ongoing claims updates on commercial lines products. Industry forums continued to be well attended and prompted the on-going investigation into matters such as treatment of vulnerable customers. In 2020 Standards were subscribed to by some wider financial services, non-insurance clients and at the end of 2022, most continue to maintain their subscriptions.

Key performance indicators

The company's financial KPIs are turnover, operating profit and profit / (loss) before tax. These KPIs indicate the volume of work the company has undertaken as well as the efficiency and profitability with which this work has been delivered. Industry adoption of the company's products, as measured by client or policy count is also significant as the company is entirely owned by the UK insurance industry.

Financial KPIs for the year and prior years were as follows:

	2022	2021	2020	2019	2018
	£	£	£	£	£
Turnover	7,775,631	7,481,155	7,181,284	6,736,655	6,493,547
Operating profit	750,086	445,893	491,992	95,535	86,076
Profit before tax	774,788	449,380	511,633	132,039	112,294

Non-financial KPIs: Industry adoption

Unique clients for Standards and / or ProductWriter remained above 100 at the end of the year, and the client count of ProductWriter represents its highest ever usage. Several clients have multiple licenses for the company's products.

imarket policy count for the year was 489,000 which represents an all-time high for this service.

imarket growth over previous year

2022	1.8%
2021	1.5%
2020	4.2%
2019	32.6%
2018	31.4%

Charitable endeavours

The company continued with its support of Blackfriars Settlement Positive Aging, a local charity that runs activity programmes for people aged 60 or over who are isolated. The charity aims to build and support a community that brings such people together and also enliven their days. As pandemic restrictions were lifted, the company resumed its kitchen takeover initiatives with the charity which are very well received by the community that the Charity supports. Additional activities undertaken to assist the charity included fundraising to support their operations and taking part in their telephone befriending service wherein a few of the company's staff have weekly phone conversations with some of the isolated individuals whom the charity supports.. The team at the charity are very appreciative of the support provided by the company.

POLARIS U.K. LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and uncertainties

The company maintains a full risk register which is regularly reviewed by the Finance Committee. Information security remains a key priority as evidenced by the company's ISO 27001 certification and annual audits in this area. Following the 2021 year-end audit, the company's ISO certification was renewed for another three years.

The key risks facing the company are:

1. Loss of key staff

Recruitment of staff with the skillset required by the company can be difficult. A general shortage of skills within the UK economy is also being reported, possibly making recruitment of new staff harder. Having an office in the City of London, combined with the company's benefits package and supportive flexible working policies, including a well-supported hybrid working model that combines office and home-based work, helps in attracting and retaining key staff. The unique industry wide role played by the company is also liked and appreciated by its staff.

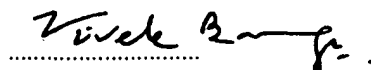
2. Inflation

UK's inflation rate has rapidly grown and the cost of living crisis is being widely reported upon. If this trend persists, it might impact the company both through salary inflation and increasing cost of project activity, the latter being reliant on using external vendors. While the company's own services contractually allow for inflation linked annual price increases to be applied, they might not be sufficient to offset the increased cost of doing business. If this is the case, then some adjustment to the project spend in 2023 and beyond might be required.

3. Competition

Like all companies, the company faces competitive pressure in its business areas, especially ProductWriter. An active account management programme to ensure clients' views are known is undertaken by the company and this is accompanied by substantial annual investment. Together, we believe these activities mitigate this risk.

On behalf of the board



V Banga
Director

Date: 11/07/2023

POLARIS U.K. LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Principal activities

The principal activity of the company continues to be to provide infra-structural information technology based services which facilitate electronic trading in the retail general insurance marketplace.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

V Banga	
D Birch	
H Bryant	
W Edwards	(Appointed 26 April 2022)
R Flynn	
D Hockey	(Appointed 27 January 2022)
G Hughes	(Appointed 26 April 2022)
S McGinn	(Resigned 26 April 2022)
S Purves	(Resigned 27 January 2022)
D Scott	(Resigned 26 April 2022)
D Soni	
P Tombs	(Resigned 26 April 2022)
P Thorn	

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors' insurance

The company maintains a Directors' and Officers insurance policy for certain directors of the company.

Financial instruments

The company's operations exposes it to certain financial risk. The most important components of this financial risk are liquidity and credit risk. The company seeks to limit any adverse effects of these risks by developing appropriate policies which are implemented by the company's management.

Going concern

The directors consider the company has adequate resources and sufficient funding to continue in operational existence for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing the financial statements.

Research and development

The company continues to invest in the development of its software, services and standards.

POLARIS U.K. LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 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 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.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of:

Review of business;
Financial risk management objectives; and
Future developments

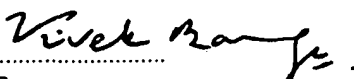
Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Auditors

The auditor, Azets Audit Services, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

On behalf of the board


.....
V Banga
Director

Date: 11/07/2023
.....

POLARIS U.K. LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POLARIS U.K. LIMITED

Opinion

We have audited the financial statements of Polaris U.K. Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

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 of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 our 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 the directors' report have been prepared in accordance with applicable legal requirements.

POLARIS U.K. LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF POLARIS U.K. LIMITED

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 the 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 directors' responsibilities statement, 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.

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

POLARIS U.K. LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF POLARIS U.K. LIMITED

Extent to which 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 and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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.

Azets Audit Services

Daniel Graves BA(Hons) FCA (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

Date: **11 July 2023**

Chartered Accountants
Statutory Auditor

2nd Floor
Regis House
45 King William Street
London
EC4R 9AN

POLARIS U.K. LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

		2022	2021
	Notes	£	£
Turnover	3	7,775,631	7,481,155
Cost of sales		(4,013,651)	(4,169,201)
		<hr/>	<hr/>
Gross profit		3,761,980	3,311,954
Administrative expenses		(3,011,894)	(2,866,061)
		<hr/>	<hr/>
Operating profit	4	750,086	445,893
Interest receivable and similar income		24,702	3,487
Interest payable and similar expenses		(72,060)	-
		<hr/>	<hr/>
Profit before taxation		702,728	449,380
Tax on profit	8	(128,059)	(86,095)
		<hr/>	<hr/>
Profit for the financial year		<u>574,669</u>	<u>363,285</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

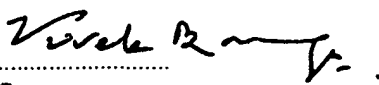
POLARIS U.K. LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	9		55,205		57,104
Current assets					
Debtors	10	3,641,460		2,248,483	
Investments	11	3,470,639		-	
Cash at bank and in hand		3,388,513		9,067,273	
		10,500,612		11,315,756	
Creditors: amounts falling due within one year	12	(4,415,849)		(8,238,758)	
Net current assets			6,084,763		3,076,998
Total assets less current liabilities			6,139,968		3,134,102
Creditors: amounts falling due after more than one year	13		(2,079,500)		(31,057)
Provisions for liabilities					
Provisions	15	58,982		47,360	
Deferred tax liability		15,648		13,392	
			(74,630)		(60,752)
Net assets			3,985,838		3,042,293
Capital and reserves					
Called up share capital	16		7,431,664		7,431,664
Capital contribution reserve			296,816		-
Profit and loss reserves			(3,742,642)		(4,389,371)
Total equity			3,985,838		3,042,293

The financial statements were approved by the board of directors and authorised for issue on 11/07/23 and are signed on its behalf by:



 V Banga
 Director

Company Registration No. 02911441

POLARIS U.K. LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital £	contribution reserves £	Profit and loss reserves £	Total £
Balance at 1 January 2021	7,431,664	-	(4,752,656)	2,679,008
Year ended 31 December 2021:				
Profit and total comprehensive income for the year	-	-	363,285	363,285
Balance at 31 December 2021	7,431,664	-	(4,389,371)	3,042,293
Year ended 31 December 2022:				
Profit and total comprehensive income for the year	-	-	574,669	574,669
Capital contribution	-	368,876	-	368,876
Other movements	-	(72,060)	72,060	-
Balance at 31 December 2022	7,431,664	296,816	(3,742,642)	3,985,838

POLARIS U.K. LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	21		(584,749)		346,330
Interest paid			(72,060)		-
Income taxes paid			(98,903)		(105,587)
Net cash (outflow)/inflow from operating activities			(755,712)		240,743
Investing activities					
Purchase of tangible fixed assets		(26,253)		(9,127)	
Purchase of deposits		(3,470,639)		-	
Interest received		24,702		3,487	
Net cash used in investing activities			(3,472,190)		(5,640)
Financing activities					
Repayment of borrowings		(1,450,858)		-	
Net cash used in financing activities			(1,450,858)		-
Net (decrease)/increase in cash and cash equivalents			(5,678,760)		235,103
Cash and cash equivalents at beginning of year			9,067,273		8,832,170
Cash and cash equivalents at end of year			3,388,513		9,067,273

POLARIS U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Polaris UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is New London House, 6 London Street, London, EC3R 7LP.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

After reviewing the company's forecasts and projections and taking into account the economic conditions and possible changes in trading performance, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

1.3 Turnover

Licence fees receivable from the sale of software licences and imarket subscriptions are credited to the income statement in the period in which the fee is payable. Income from annual subscriptions and support and maintenance fees is accrued throughout the period to which it relates; therefore, income relating to future periods is deferred and included within creditors (notes 11 and 12), and income relating to the current period but which has not been invoiced at the balance sheet date is reflected within accrued income in debtors (note 10).

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

At each reporting date, property, plant and equipment are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the income statement.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior year. A reversal of impairment is recognised immediately in the income statement.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	25% on cost
Fixtures and fittings	15% on cost
Computers	33% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

POLARIS U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.5 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.6 Financial instruments

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

POLARIS U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusions of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.8 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

1.9 Pension costs and other post-retirement benefits

Short-term employee benefits, including holiday entitlement and other non-monetary benefits, and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

The company recognises an accrual for accumulated annual leave accrued by employees as a result of services rendered in the current period for which employees can carry forward and use within the next year. The accrual is measured at the salary cost of the respective employee in relation to the period of absence.

1.10 Hire purchase and leasing commitments

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the company. All other leases are classified as operating leases.

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the asset's useful lives.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis.

1.11 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

POLARIS U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.12 Cost of sales

Cost of sales represent expenditure on research and other development costs most of which is incurred with third party contractors.

1.13 Trade and other receivables

Trade and other receivables are measured at transaction price less any impairment unless the arrangement constitutes a financing transaction in which case the transaction is measured at the present value of the future receipts discounted at the prevailing market rate of interest. Loans are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method less any impairment.

1.14 Trade and other payables

Trade and other payables are measured at their transaction price unless the arrangement constitutes a financing transaction in which case the transaction is measured at present value of future payments discounted at prevailing market rate of interest. Other financial liabilities are initially measured at fair value net of their transaction costs. They are subsequently measured at amortised cost using the effective interest method.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The key judgements and sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below:

Income recognition - see further detail in the turnover accounting policy; and

Deferred income - see further detail in the turnover accounting policy.

3 Turnover and other revenue

The directors consider that the company has carried out one class of business during the year. All of the company's turnover originated in either the United Kingdom or the Irish Republic. Costs, assets and liabilities are common to both geographical market segments and hence segment results and net assets have not been analysed by geographical destination. Turnover is analysed as follows:

	2022 £	2021 £
Turnover analysed by class of business		
Annual licence subscriptions and support and maintenance fees	7,775,631	7,481,155
	<u> </u>	<u> </u>
	2022 £	2021 £
Other significant revenue		
Interest income	24,702	3,487
	<u> </u>	<u> </u>

POLARIS U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

3 Turnover and other revenue (Continued)

	2022 £	2021 £
Turnover analysed by geographical market		
United Kingdom	7,176,879	6,902,432
Republic of Ireland	598,752	578,723
	<u>7,775,631</u>	<u>7,481,155</u>

4 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(1,447)	2,333
Depreciation of owned tangible fixed assets	28,152	49,856
Operating lease charges	209,914	199,729
	<u>209,914</u>	<u>199,729</u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

2022 Number	2021 Number
21	20
<u>21</u>	<u>20</u>

Their aggregate remuneration, including amounts paid to directors, comprised:

	2022 £	2021 £
Wages and salaries	1,630,581	1,490,060
Social security costs	209,737	185,378
Pension costs	178,120	157,875
	<u>2,018,438</u>	<u>1,833,313</u>

POLARIS U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

6 Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	25,250	22,000
For other services		
Taxation compliance services	1,950	1,650
All other non-audit services	3,100	2,715
	<u>5,050</u>	<u>4,365</u>

7 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	344,801	307,375
Company pension contributions to defined contribution schemes	4,000	5,500
	<u>348,801</u>	<u>312,875</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022 £	2021 £
Remuneration for qualifying services	<u>344,801</u>	<u>307,375</u>

The Managing Director was the only executive director employed during the year. Neither the Chairman nor any other director received any remuneration during the year.

No amount of money or assets was received or receivable by directors under long-term incentive schemes in respect of qualifying services (2021: £Nil). The number of directors for whom retirement benefits are accruing under defined contributions schemes amounted to 1 (2021: 1).

8 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	125,803	94,884
Deferred tax		
Origination and reversal of timing differences	2,256	(8,789)
Total tax charge	<u>128,059</u>	<u>86,095</u>

POLARIS U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

8 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	702,728	449,380
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	133,518	85,382
Tax effect of expenses that are not deductible in determining taxable profit	2,183	12,652
Change in unrecognised deferred tax assets	-	(9,473)
Effect of change in corporation tax rate	2,239	-
Permanent capital allowances in excess of depreciation	(1,562)	(2,466)
Adjustments in respect of financial assets	(12,321)	-
Underprovided in prior years	4,002	-
Taxation charge for the year	128,059	86,095

9 Tangible fixed assets

	Plant and equipment £	Fixtures and fittings £	Computers £	Total £
Cost				
At 1 January 2022	73,457	209,051	69,725	352,233
Additions	12,838	-	13,415	26,253
At 31 December 2022	86,295	209,051	83,140	378,486
Depreciation and impairment				
At 1 January 2022	61,487	168,505	65,137	295,129
Depreciation charged in the year	10,666	12,325	5,161	28,152
At 31 December 2022	72,153	180,830	70,298	323,281
Carrying amount				
At 31 December 2022	14,142	28,221	12,842	55,205
At 31 December 2021	11,970	40,546	4,588	57,104

POLARIS U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

10 Debtors		2022	2021
		£	£
Amounts falling due within one year:			
Trade debtors		660,311	305,376
Other debtors		397,246	335,976
Prepayments and accrued income		2,433,380	1,456,608
		<u>3,490,937</u>	<u>2,097,960</u>
		2022	2021
		£	£
Amounts falling due after more than one year:			
Other debtors		150,523	150,523
		<u>150,523</u>	<u>150,523</u>
Total debtors		<u>3,641,460</u>	<u>2,248,483</u>
11 Current asset investments		2022	2021
		£	£
Treasury deposits		3,470,639	-
		<u>3,470,639</u>	<u>-</u>
12 Creditors: amounts falling due within one year		2022	2021
	Notes	£	£
Other borrowings	14	-	3,454,040
Trade creditors		96,336	375,393
Corporation tax		121,801	94,901
Deferred income		2,737,085	2,668,917
Other creditors		1,156,469	1,384,786
Accruals		304,158	260,721
		<u>4,415,849</u>	<u>8,238,758</u>
13 Creditors: amounts falling due after more than one year		2022	2021
	Notes	£	£
Other borrowings	14	2,003,182	-
Deferred income		76,318	31,057
		<u>2,079,500</u>	<u>31,057</u>

POLARIS U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

14 Loans and overdrafts

	2022 £	2021 £
Loans from related parties	2,299,998	3,454,040
Discounting of interest on related party loans	(296,816)	-
	<u>2,003,182</u>	<u>3,454,040</u>
Payable within one year	-	3,454,040
Payable after one year	<u>2,003,182</u>	<u>-</u>

The shareholder loans are unsecured. The shareholders have waived their right to interest for the year.

The loans are provided by the companies listed in note 19 and no other parties.

15 Provisions for liabilities

	Notes	2022 £	2021 £
Dilapidation provision		58,982	47,360
Deferred tax liabilities		15,648	13,392
		<u>74,630</u>	<u>60,752</u>

Movements on provisions apart from deferred tax liabilities:

	Dilapidation provision £
At 1 January 2022	47,360
Amounts charged to Profit and Loss account in the year	11,622
At 31 December 2022	<u>58,982</u>

Other provisions arise from anticipated dilapidation in respect of the company's premises, and which are charged on a straight line basis to the profit and loss account, across the lease term.

16 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital Issued and fully paid Ordinary of £1 each	<u>7,431,664</u>	<u>7,431,664</u>	<u>7,431,664</u>	<u>7,431,664</u>

POLARIS U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

17 Financial commitments, guarantees and contingent liabilities

On 21 December 2016, the company entered into a five year effective from 1 July 2017 in respect of development and support of the electronic trading portal for use by intermediaries and insurers in the general insurance market. The contract value for the 5 year period, and excluding any interest and inflationary increases, amounts to £3.45 million. The commitment at 31 December 2022, and which includes the outstanding contract obligations under the former contract, amounts to £Nil million (2021: £Nil million) excluding any inflationary increase.

The terms from the contract regarding the termination for convenience is detailed below:

- From July 2020 (the third year following the Migration Acceptance Date) then the start of the year termination payment totals £90,000;
- In the fourth year following the Migration Acceptance Date then the start of year termination payment totals £64,000;
- In the fifth year following the Migration Acceptance Date then the start of year termination payment totals zero.

The company has a contractual commitment to pay an annual service charge in respect of maintenance and development of information technology systems. The charge for 2023 will be £2,472,000 (2022: £2,472,000) plus VAT. The commitment is for seven years from 1 January 2018.

18 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £	2021 £
Within one year	196,185	237,157
Between two and five years	41,730	237,915
	<u>237,915</u>	<u>475,072</u>

An amount of £208,650 (2021: £375,570) relates to the company's office lease signed on 25 March 2015. The annual amount committed to be paid in the following year in respect of this lease amounts to £166,920 (2021: £166,920). The amount disclosed above is the total commitment for the entire lease term of 10 years.

An amount £29,265 (2021: £99,502) relates to IT managed service facility. The annual commitment to be paid in the following year in respect of this service amounts to £29,265.

POLARIS U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

19 Related party transactions

The majority of share capital (93.30%) is owned by the six companies listed below, each of which is represented on the board. As such, these companies are related parties under FRS 102. Transactions arise with the investors on an arms' length basis. Additionally, the shareholders have made various loans to the company as detailed in note 13 and the shareholders are acting as guarantors to the financial commitments detailed in note 17. The following transactions in respect of software and services occurred during the year ended 31 December 2022:

	Net Turnover 2022	Loans at 31 December 2022	Net Trade at 31 December 2022
	£	£	£
Aviva	757,950	333,864	(202,576)
Zurich Financial Services	629,253	333,864	(138,043)
AXA	634,054	333,864	(552,910)
RSA	680,445	333,864	(79,140)
Allianz Insurance	363,996	333,864	22,421
Ageas Insurance Limited	628,497	333,864	22,680
	<u>3,694,195</u>	<u>2,003,184</u>	

On 18 May 2022, it was agreed a moratorium on shareholder loans for 3 years would take place. Interest has been charged and discounted at 6%. In the year ended 31 December 2022, interest charged on these loans amounted to £72,060 (2021: £Nil). Balances included above are stated net of discounting to present value. See note 14 for detail.

There have been no transactions with any other shareholders who own more than 1.5% of the share capital or have board representation.

The following transactions in respect of software and services occurred during the year ended 31 December 2021:

	Net Turnover 2021	Loans at 31 December 2021	Net Trade at 31 December 2021
	£	£	£
Aviva	732,620	869,827	(215,178)
Zurich Financial Services	630,680	606,944	(132,682)
AXA	702,015	563,435	(791,447)
RSA	733,972	549,848	(98,345)
Allianz Insurance	328,232	431,993	-
Ageas Insurance Limited	590,674	431,993	-
	<u>3,718,193</u>	<u>3,454,040</u>	

POLARIS U.K. LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

20 Directors' transactions

During the year the company reimbursed travel and entertainment expenses to V Banga. At the year end £Nil was owed to V Banga.

Key management personnel received total compensation of £711,512 (2021: £682,607).

21 Cash (absorbed by)/generated from operations

	2022 £	2021 £
Profit for the year after tax	574,669	363,285
Adjustments for:		
Taxation charged	128,059	86,095
Finance costs	72,060	-
Investment income	(24,702)	(3,487)
Depreciation and impairment of tangible fixed assets	28,152	49,856
Capital contribution	368,876	-
Increase in provisions	11,622	7,017
Movements in working capital:		
(Increase)/decrease in debtors	(1,392,977)	27,182
(Decrease)/increase in creditors	(463,937)	243,703
Increase/(decrease) in deferred income	113,429	(427,321)
Cash (absorbed by)/generated from operations	(584,749)	346,330

22 Analysis of changes in net funds

	1 January 2022 £	Cash flows £	31 December 2022 £
Cash at bank and in hand	9,067,273	(5,678,760)	3,388,513
Borrowings excluding overdrafts	(3,454,040)	1,450,858	(2,003,182)
	5,613,233	(4,227,902)	1,385,331