

Registered Number 03967717

Xbridge Limited
Annual Report
for the year ended 31 December 2018

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Xbridge Limited

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Xbridge Limited

Directors and advisors

Directors

Jason Stockwood

David Kelly

Gregory Toczydlowski

Company Secretary

Joanne Theodoulou (appointed 5th September 2018)

Registered office

Sixth Floor

99 Gresham Street

London

EC2V 7NG

Auditors

KPMG LLP

15 Canada Square

London

E14 5GL

Registered number

03967717

Xbridge Limited

Strategic Report for the year ended 31 December 2018

The Directors present the Strategic Report of Xbridge Limited ("the Company") for the year ended 31 December 2018.

Principal activity and review of business

The Company is the United Kingdom's leading online insurance broker for small businesses and Landlords operating under the brand name of Simply Business. The Company provides easy-to-use online brokering services 24 hours a day for owner-managed businesses.

The Company enables business owners to compare multiple business insurance quotes in a matter of minutes. These quotes are provided by a carefully selected panel of insurers including Munich Re, Axa, Hiscox, Zurich, Ageas, Aro, Covea, AIG, ARAG, Churchill, NIG, Modus, UK General - plus our MGA brands of Finsbury, Chiswell and Maltings. Customers benefit from seeing fully underwritten quotes which can then immediately be purchased.

	2018	Restated 2017	Change
	£'000	£'000	%
Revenue	70,542	56,208	+26%
Operating profit/(loss)	5,340	(1,963)	+372%
Profit/(loss) before tax	5,345	(1,995)	+368%
Average number of employees	492	422	+17%

Revenue has increased by £14.3 million from the previous year as a result of strong performance within new business sales and a growing renewals book and the introduction of a new partner in September 2018. The Company continues to invest heavily in its proprietary technology, sales and customer facing infrastructure enabling the business to evolve rapidly while also providing excellent customer service.

During the year, the Company identified that a number of gross written premiums due to be collected from customers were outstanding and considered as irrecoverable. A restatement was made which lowered prior year revenue by £626k, which was a decrease of approximately 1% and increased administrative expenses by £899k, which was an increase of approximately 2%. The total prior year impact to the profit and loss account was a net loss of £1,525k. See note 29 for further details.

Principal risks and uncertainties

The Company's operations expose it to a variety of financial and non-financial risks.

Competitive

The Company recognises the potential risk posed by new entrants and minimises this through innovation and investment in research and development. As with any online company it is reliant upon external parties, internet companies and search engines, to acquire customers.

Legislative and Financial

The Company operates in a market regulated by the FCA. The FCA regularly introduces new and enhanced regulatory requirements. There is a risk that more onerous regulatory obligations could be implemented that the Company would be required to comply with.

Xbridge Limited

Strategic Report for the year ended 31 December 2018 (continued)

Principal risks and uncertainties (continued)

Operational

The Company operates in a complex and regulated environment and it is essential to have effective processes and governance as well as effective oversight of operations. The Company has put in place procedures and controls to mitigate known operational risks. These include, among other things, financial crime risk, conduct risk, change management, IT reliability and cyber security.

Brexit

The potential impact of Brexit has been considered by the Company and although the impact to the wider UK economy cannot be anticipated, the Company will remain close to the small business formation trends should they be impacted.

Separately, the Company has identified several areas where plans and actions have been made. These include, but are not limited to;

- Insurance Panel Members
The Company works with a number of European partners, including our MGA capacity, all of which have registered offices in the UK. The Company's contracts with the panel members are with UK entities. All partners have confirmed their appetite to work in the UK market remains strong and is not affected by Brexit.
- Existing employees
Human Resource teams remain up to date with all information relating to Brexit and are offering support to all staff. The Company does not expect to lose any employees as a result of Brexit.
- Hiring new employees
While the Company anticipates that there could be a negative impact in the amount of resource that is available in the market, particularly in Tech, new ways of working are being tested and iterated on - in particular, we are working with outsourcing partners to source some of our Tech teams.
- Foreign currency
All revenues and costs for the Company are sterling and there is no anticipated risk of foreign currency fluctuations on results.

Xbridge Limited

Strategic Report for the year ended 31 December 2018 (continued)

Principal risks and uncertainties (continued)

Credit risk and liquidity risk

The Company has considered the potential effects of credit risk and liquidity risk and presented them in Note 15. The Directors continue to monitor such risks. The Company does not use derivative financial instruments to manage interest rate costs and, as such, no hedge accounting is applied.

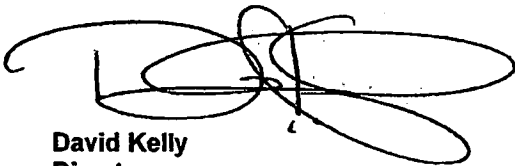
Future developments

The Directors aim to maintain the management and investment policies which have resulted in the Company's substantial growth in recent years. The Directors consider that 2019 will show a further growth in revenue, supported by the impact of the onboarding of the new partner from September 2018 for New Business and the continued growth of the Renewals book.

Beyond this, The Company has developed a plan to invest in The Company's core revenue streams and to expand into and take advantage of adjacent commercial opportunities to drive longer term revenue growth.

In addition, The Company will continue its strategy of investing in the development of the Global Platform to support and increase the speed of growth outside the UK, namely the US sister operation.

By order of the Board



**David Kelly
Director**

Date:

25/7/2019

Xbridge Limited

Directors' Report for the year ended 31 December 2018

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2018.

Employees

The Company actively encourages all employees to become involved in the Company affairs and is also keen to encourage two-way communication on relevant business issues. This is achieved through regular meetings, respective surveys and presentations by senior management and is supported by a company-wide communication plan. Employees are key to the Company's success, so an appropriate remuneration package is offered which rewards an individual's performance and contribution to the organisation. The Company is also keen to encourage individuals' personal development to ensure they have the skills required to undertake their role.

The Company's policy is to offer equal opportunities to all workers for those vacancies that they have the appropriate skills and technical ability to perform. Employees who become disabled during their working life will be retrained, if necessary and wherever possible, and will be given help with any necessary rehabilitation and training. The Company is prepared to modify procedures or equipment, wherever practicable, so that full use can be made of an individual's abilities.

Research and development

During 2018 the Company continued to invest significantly in proprietary technology. Substantial improvements have been made to both front and back end systems that will enable the Company to quickly develop and deploy innovative products.

Future developments

The Directors expect the business to continue to do well for the foreseeable future. There is no expected change in the principal activity of the business.

Dividends

The Directors announced a dividend of £3,056k in the year ending 31 December 2018 (2017: £nil).

Going Concern

The Company's business activities, together with the factors likely to affect its future development are set out in the Review of Business on page 3.

The Directors believe that the Company is well placed to manage its business risks successfully despite the current economic outlook. The Directors have a reasonable expectation that the Company has adequate resources to continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Indemnity insurance

The Directors benefited from qualifying third party indemnity provisions in place during the financial year and as at the date of this report.

Xbridge Limited

Directors' Report for the year ended 31 December 2018 (continued)

Directors

The following Directors held office in the year:

David Kelly
Jason Stockwood
Gregory Toczydlowski

Financial instruments and risk management

Information on the use of financial instruments by the Company is disclosed in Note 3 and its management of financial risk is disclosed in Note 16.

Donations

Charitable donations during the year amounted to £72,169 (2017: £21,943). The donations were made to organisations with charitable purposes.

Events after the reporting period

After the year end, 15,962,456 ordinary shares each with a nominal value of €0.0005 were issued at an issue price of €1.095825 per share to The Travelers Companies, Inc. Consideration for these shares of £15m was transferred in March 2019. There was no change to control or ownership as a result of this issue.

There were no other events after the reporting period, which have a bearing on the understanding of the financial statements.

Auditors and disclosure of information to auditors

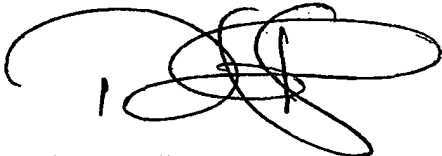
The Directors confirm so far as each director is aware:

- there is no relevant audit information of which the Company's auditors are unaware;
- each director has taken all the steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

KPMG LLP were appointed as the Company's auditor during the year. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board



David Kelly
Director

Date: 25/7/2019

Xbridge Limited

Statement of Directors' responsibilities in respect of the Annual Report and Financial Statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) 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 estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF XBRIDGE LIMITED

Opinion

We have audited the financial statements of Xbridge Limited ("the company") for the year ended 31 December 2018 which comprise the Statement of Profit and Loss and Other Comprehensive Income for the year ended 31 December 2018, Statement of Financial Position as at 31 December 2018, Statement of changes in Equity for the year ended 31 December 2018, Statement of Cash Flows for the year ended 31 December 2018, and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and Directors' report

The Directors are responsible for the strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the Directors' report;

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF XBRIDGE LIMITED (continued)

- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Umar Jamil (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL
26 July 2019

Xbridge Limited

Statement of Profit or Loss for the year ended 31 December 2018

	Note	2018 * £'000	Restated 2017 £'000
Revenue	6 / 29	70,542	56,208
Cost of sales		(9,452)	(7,723)
Gross profit		61,090	48,485
Administrative expenses	7 / 29	(55,750)	(50,448)
Operating profit/(loss)		5,340	(1,963)
Finance income	10	11	225
Finance costs	11	(6)	(257)
Profit/(loss) before tax		5,345	(1,995)
Tax (charge)/credit on profit/(loss)	12 / 29	(1,012)	259
Profit/(loss) for the year from continuing operations		4,333	(1,736)
Total profit/(loss) for the year		4,333	(1,736)

* Xbridge Limited has adopted IFRS 15 effective 1 January 2018 using the modified retrospective application method, and therefore the comparative information has not been restated.

The Statement of Profit or Loss should be read in conjunction with the notes on pages 15 to 41.

Xbridge Limited

Statement of Financial Position as at 31 December 2018

	Note	2018 *	Restated 2017
Assets		£'000	£'000
Non- current assets			
Intangible assets	14	1,006	1,729
Property, plant and equipment	15	4,794	3,435
Total non-current assets		5,800	5,164
Current assets			
Trade and other receivables	17	9,652	25,803
Contract assets	27a	12,472	-
Deferred tax	13 / 29	355	97
Cash and cash equivalents	18	21,688	14,478
Total current assets		44,167	40,378
Total assets		49,967	45,542

* Xbridge Limited has adopted IFRS 15 effective 1 January 2018 using the modified retrospective application method, and therefore the comparative information has not been restated.

The Statement of Financial Position should be read in conjunction with the notes on pages 15 to 41.

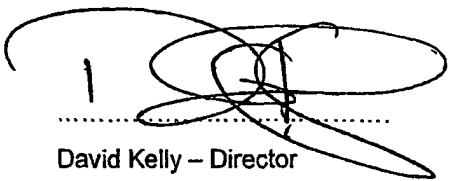
Xbridge Limited

Statement of Financial Position as at 31 December 2018 (continued)

	Note	2018 * £'000	Restated 2017 £'000
Equity and Liabilities			
Equity			
Issued capital	19	1	1
Share premium	20	8,555	8,555
Retained earnings	29	11,020	9,743
Total equity		19,576	18,299
Non-current liabilities			
Other payables	22	1,009	681
Total non-current liabilities		1,009	681
Current liabilities			
Trade and other payables	22	25,844	24,535
Refund liabilities	27b	2,935	-
Provisions	23	603	2,027
Total current liabilities		29,382	26,562
Total liabilities		30,391	27,243
Total equity and liabilities		49,967	45,542

* Xbridge Limited has adopted IFRS 15 effective 1 January 2018 using the modified retrospective application method, and therefore the comparative information has not been restated.

The Statement of Financial Position should be read in conjunction with the notes on pages 15 to 41. On [Signing Date] the Board of Directors of Xbridge Limited authorised these financial statements for issue.


David Kelly – Director

25/7/2019

Xbridge Limited

Statement of Changes in Equity for the year ended 31 December 2018

	Issued capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
1 January 2017	1	8,555	11,479	20,035
Total comprehensive loss – restated	-	-	(1,736)	(1,736)
At 31 December 2017 – restated see note 29	1	8,555	9,743	18,299
1 January 2018	1	8,555	9,743	18,299
Adjusted balance at 1 January 2018 *	1	8,555	9,743	18,299
Total comprehensive income	-	-	4,333	4,333
Dividends paid	-	-	(3,056)	(3,056)
At 31 December 2018 *	1	8,555	11,020	19,576

* Xbridge Limited has adopted IFRS 15 effective 1 January 2018 using the modified retrospective application method, and therefore the comparative information has not been restated.

The Statement of Changes in Equity should be read in conjunction with the notes on pages 15 to 41.

Xbridge Limited

Statement of Cash Flows for the year ended 31 December 2018

	Note	2018 * £'000	Restated 2017 £'000
Cash flows from operating activities			
Profit/(loss) before tax from continuing operations		5,345	(1,993)
Add/(deduct) adjustments for:			
Amortisation and impairment of intangible assets	14	1,033	934
Depreciation of property, plant and equipment	15	870	666
Finance income	10	(11)	(225)
Finance costs	11	6	257
Cash flows from operations before working capital changes		7,243	(361)
Changes in working capital:			
Decrease in trade and other receivables	29	12,912	522
Increase in trade and other payables		555	7,207
Increase in contract assets	27a	(12,472)	-
Increase in refund liabilities	27b	2,935	-
Income tax paid		-	(471)
(Decrease)/increase in provisions		(1,424)	727
Net cash flows from operating activities		9,749	7,624
Cash flows from investing activities			
Purchase of intangible assets	14	(310)	(1,119)
Purchase of property, plant and equipment	15	(2,229)	(2,740)
Net cash flows used in investing activities		(2,539)	(3,859)
Net increase in cash and cash equivalents		7,210	3,765
Cash and cash equivalents at beginning of year		14,478	10,713
Cash and cash equivalents at end of the year		21,688	14,478

* Xbridge Limited has adopted IFRS 15 effective 1 January 2018 using the modified retrospective application method, and therefore the comparative information has not been restated.

The Statement of Cash Flows should be read in conjunction with the notes on pages 15 to 41.

Xbridge Limited

Notes to the financial statements for the year ended 31 December 2018

1 Incorporation and principal activities

Xbridge Limited ("the Company") was incorporated on 4 April 2000 as a private limited company in United Kingdom. Its registered office is at Sixth Floor, 99 Gresham Street, London, EC2V 7NG.

The principal activity of the Company is to act as an online insurance broker for small businesses, operating under the brand name of Simply Business. Simply Business is a non-exclusive agent for issuing small business and landlord policies.

2 Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union.

The financial statements have been prepared in accordance with IFRS on a historical cost basis. The financial statements are presented in GBP sterling (£), which is also the Company's presentation and functional currency. Amounts shown are rounded to the nearest thousand, unless stated otherwise. This is the first set of Company's annual financial statements in which IFRS 15, Revenue from Contracts with Customers (IFRS 15) and IFRS 9, Financial Instruments have been applied. Changes to significant accounting policies are described in note 5.1.

3 Accounting policies

The following are the significant accounting policies applied by the Company in preparing its financial statements:

3.1 Revenue recognition

The Company applied IFRS 15 from 1 January 2018 using the modified retrospective approach without restatement (see note 5 below). Prior to 1 January 2018 the Group had applied IAS 18 'Revenue'. Under IFRS 15, revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer (net of refunds) and excludes amounts collected on behalf of third parties. The Company recognises revenue when it meets its performance obligations of placing and binding policies and collecting premiums on behalf of insurers.

Revenue includes commission which relates mainly to placement or underwriting of policies on behalf of insurers or policyholders and are recognised when the policy placement has been completed and confirmed. The Company retains a portion of the policy premiums as commission. Premiums are typically collected on an annual basis, at or near contract inception (which could be up to 60 days from contract inception). In some cases, customers are offered to pay in instalments via a third-party premium credit provider.

Profit commission

Profit commission is recognised in the period in which policies are bound. The amount is estimated on an insurer by insurer basis based on gross written premium and loss ratio information from insurers.

Xbridge Limited

Notes to the financial statements for the year ended 31 December 2018

3 Accounting policies (continued)

3.2 Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the country where the Company operates and generates taxable income. Any current income tax would be recognised within the statement of profit or loss, except where they relate to items that are recognised directly in equity.

Deferred taxation

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting 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 date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

3.3 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, where applicable.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold improvements	10 years
Plant and machinery	3 years
Fixtures and fittings	5 years

3.4 Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a timely basis, by reference to the outstanding principal and the interest rate applicable.

3.5 Leases

A lease that does not transfer substantially all the risks and rewards of ownership to the Company is an operating lease. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

Xbridge Limited

Notes to the financial statements for the year ended 31 December 2018

3 Accounting policies (continued)

3.6 Intangible assets

Research and development costs

Research costs are expensed as incurred. Development expenditures, on an individual project, are 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
- 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 over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Intangibles

Intangibles include computer software and are stated at cost, net of accumulated amortisation and accumulated impairment losses, where applicable. Amortisation is calculated on a straight-line basis over the estimated useful lives of the assets estimated to be 3 years.

3.7 Contract assets

Contract assets represent the Company's right to consideration in exchange for services rendered to customers or work completed but not invoiced at the reporting date or when that right is conditioned on something other than the passage of time (for example, the performance of the related contracts, or losses thereon). Under IFRS 15, the Company has recognised profit share commissions as contract assets as the consideration is dependant on loss ratios of the book. Previously, the profit share commission receivable was included within trade and other receivables.

3.8 Refund liabilities

Refund liabilities are recognised for insurance products incepted during the current year but expected to be cancelled in the following year. The Company previously recognised these instances as a provision. Under IFRS 15, a refund liability is recognised and presented separately. The refund liabilities are estimated based on current sales levels and historical insurance policy cancellation trend, considering current cancellation terms for all insurance products sold.

3.9 Impairment of assets

Assets that are subject to amortisation or depreciation are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Xbridge Limited

Notes to the financial statements for the year ended 31 December 2018

3 Accounting policies (continued)

3.9 Impairment of assets (continued)

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Any impairment charges arising from the review of the carrying value of intangible assets are, where material, disclosed separately on the face of the statement of profit or loss.

3.10 Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of an instrument.

Financial assets

The Company's financial assets include cash and cash equivalents, trade and other receivables and loans and other receivables. The Company determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables) are initially recognised at fair value and subsequently recognised at amortised cost using the effective interest method, less appropriate allowances for credit losses.

Cash and cash equivalents

Cash and cash equivalents comprises cash at banks and restricted cash held on behalf of insurers.

Financial liabilities

The Company's financial liabilities include trade and other payables and loans and borrowings. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, subsequently recognised at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

3.11 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, it is more likely than not that an outflow of economic benefits will be required to settle the obligation and the obligation can be estimated reliably. Provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

3.12 Employee benefits

Pension costs

The Company operates a defined contribution pension scheme. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity.

Xbridge Limited

Notes to the financial statements for the year ended 31 December 2018

3 Accounting policies (continued)

3.12 Employee benefits (continued)

Pension costs (continued)

The Company has no legal or constructive obligations to pay further contributions. The costs of the Company's defined contribution pension schemes are charged to the profit or loss in the period in which they fall due.

Share based payment

Share awards have been offered to certain employees by The Travelers Companies, Inc., the ultimate parent company. The cost of these awards have been recharged to the Company and is spread over the vesting period of the awards. The Company also operates a Sharesave scheme for eligible UK based employees under which the Board may grant options in The Travelers Companies, Inc. with a fixed exercise price equivalent to 80% of the market price for the day prior to invitation.

3.13 Foreign currency transactions

Transactions in foreign currencies are translated into the respective foreign currencies at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

4 Significant accounting judgements, estimates and assumptions

In the application of the Company's accounting policies, management are required to make judgements, estimates and assumptions about the carrying amounts 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 estimates. The following summarises the judgements, estimates and assumptions that may cause amounts recognised or disclosed to change in following reporting periods:

Profit share commission

The profit share commission debtor is estimated on an insurer by insurer basis based on gross written premium and management's judgements on how the loss ratios of the book are expected to develop. In future periods such judgement may change as new information becomes available.

Provisions

The Company has made provisions for the estimated cost of returning leased properties to their original state and for policies inception in the year which may be cancelled in the following year. Management believes that provisions made are adequate, but as these estimates are based upon information available at the reporting date, they are subject to change as further information becomes available.

Xbridge Limited

Notes to the financial statements for the year ended 31 December 2018

4 Significant accounting judgements, estimates and assumptions (continued)

Development costs

Development costs are capitalised in accordance with the accounting policy in Note 3.6. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project. At 31 December 2018, the carrying amount of capitalised development costs was £976k (2017: £1,673k).

Refund liabilities

The Company has made a clawback provision within refund liabilities for expected cancellation of insurance products. Assumptions used to calculate the refund liability are based on past experiences around current sales levels and current information available about cancellations based on the cancellation terms for all insurance products sold.

5 Application of new and revised International Financial Reporting Standards (IFRSs)

5.1 Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2018.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014, and amended in April 2016, and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Company adopted the new revenue standard effective 1 January 2018 using the modified retrospective application method, and therefore the comparative information has not been restated. Prior periods continue to be reported under IAS 11 and IAS 18. The adoption of IFRS 15 had no cumulative effect impact to the financial statements, however, new disclosures and presentation of the financial statements have been made upon the adoption of this standard. Refer to note 5.2 Changes in Accounting Policies – Impact on Financial Statements below for further information regarding the impacts of changes with implementation of IFRS 15.

5.2 Changes in Accounting Policies – Impact on Financial Statements

The following tables summarise the impact of adopting IFRS 15 on the Company's financial statements. There was no impact to the statement of profit or loss.

Xbridge Limited
Notes to the financial statements for the year ended 31
December 2018

5 Application of new and revised International Financial Reporting
Standards (IFRSs) (continued)

5.2 Changes in Accounting Policies – Impact on Financial Statements (continued)

<i>Statement of Financial Position as at 31 December 2018</i>	Balance without Adoption of IFRS 15	Adjustments	As Reported
	£'000	£'000	£'000
Current assets			
Trade and other receivables	22,124	(12,472)	9,652
Contract Assets	-	12,472	12,472
Current liabilities			
Provisions	3,538	(2,935)	603
Refund liabilities	-	2,935	2,586

Statement of cash flows for the year ended 31 December 2018

	Balance without Adoption of IFRS 15	Adjustment s	As Reported
	£'000	£'000	£'000
Cash flows from operating activities			
Increase in contract assets	-	(12,472)	(12,472)
Increase in trade and other receivables	440	12,472	12,912
Increase in refund liabilities	-	2,935	2,935
Decrease in provisions	1,511	(2,935)	(1,424)

5.3 Standards and interpretations in issue but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account

Xbridge Limited

Notes to the financial statements for the year ended 31 December 2018

5 Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

5.3 Standards and interpretations in issue but not yet effective (continued)

for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

IFRS 16 also requires lessees to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

Adoption of the standard did not have a material impact on the financial or operating performance of the Company.

6 Operating income

	2018	Restated 2017
	£'000	£'000
Commissions and fees	57,335	47,207
Other revenues	13,207	9,001
	70,542	56,208

See note 29 for details of prior year restatement.

Xbridge Limited
Notes to the financial statements for the year ended 31
December 2018

7 Administrative expenses

	2018	Restated 2017
	£'000	£'000
Research and development costs – wages and salaries (note 8)	4,220	3,171
Depreciation (note 15)	870	666
Amortisation (note 14)	1,033	934
Minimum lease payment recognised as an operating lease expense	1,693	1,179
Wages and salaries (note 8)	21,929	22,357
Social security costs (note 8)	2,298	1,874
Pension costs (note 8)	845	699
Marketing costs	14,108	12,026
Other administrative expenses	8,754	7,540
	55,750	50,446

See note 29 for details of prior year restatement.

8 Employee costs

(a) Employee costs

	2018	2017
	£'000	£'000
Wages and salaries	26,149	25,528
Social security costs	2,298	1,874
Pension costs	845	699
	29,292	28,101

Pension costs of £845k (2017: £699k) relate to a defined contribution pension scheme that is operated by the Company. Pension contributions owed on this scheme at the balance sheet date amounted to £177k (2017: £149k) were paid in January 2019, in line with contract terms.

Xbridge Limited
Notes to the financial statements for the year ended 31
December 2018

8 Employee costs (continued)

(a) Employee costs (continued)

The average monthly number of employees during the year was:

	2018	2017
	No.	No.
Administrative	414	358
Technical	78	64
	492	422

(b) Directors' emoluments

	2018	2017
	£'000	£'000
Aggregate emoluments in respect of qualifying services	1,067	2,605

One Director received share options in respect of qualifying services (2017: One). No Directors, including the highest paid director, exercised share options during the year (2017: None). See Note 24 for details of share options outstanding at the year end. During the year, no Directors received any compensation for loss of office (2017: £nil).

	2018	2017
	£'000	£'000
In respect of the highest paid director:		
Aggregate emoluments	995	1,937

Xbridge Limited
Notes to the financial statements for the year ended 31
December 2018

9 Auditor's remuneration

	2018	2017
	£'000	£'000
Audit of the financial statements	65	65
Other fees to auditor:		
- Taxation compliance services	-	20
- Taxation advisory services	-	23
	65	108

10 Finance income

	2018	2017
	£'000	£'000
Bank interest	11	-
Intercompany loan interest	-	225
	11	225

11 Finance costs

	2018	2017
	£'000	£'000
Intercompany loan interest	-	253
Discount charge (note 23)	6	4
	6	257

Xbridge Limited
Notes to the financial statements for the year ended 31
December 2018

12 Tax on profit/(loss) on ordinary activities

	2018 £'000	Restated 2017 £'000
Current tax		
UK corporation tax charged on profit/(loss) for the financial year	1,271	-
Adjustments in respect of previous periods	-	(34)
Current tax charge/(credit) on ordinary activities	1,271	(34)
Deferred tax		
Effect of changes in tax rates	17	15
Current year movement	(166)	(237)
Adjustment in respect of prior years	(109)	(3)
Deferred tax charge/(credit) on ordinary activities	(258)	(225)
Tax charge/(credit) on ordinary activities	1,012	(259)

The tax assessed for the period is different to the average standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018 £'000	Restated 2017 £'000
Profit/(loss) on ordinary activities before tax	5,345	(1,995)
Profit/(loss) on ordinary activities multiplied by the average standard rate in the UK 19% (2017: 19.25%)	1,015	(384)
Effects of:		
Expenses not deductible for tax purposes	80	147
Adjustment in respect of prior years	(109)	(37)
Tax rate changes	17	15
Effects of group relief / other reliefs	(7)	-
Exempt amounts	16	-
Total tax charge/(credit) for the year	1,012	(259)

See note 29 for details on prior year restatement.

Xbridge Limited
Notes to the financial statements for the year ended 31
December 2018

13 Deferred tax

	2018	Restated
	£'000	2017
		£'000
Fixed asset timing differences	97	93
Research & Development	(120)	(220)
Temporary timing differences	373	118
Losses	5	106
Deferred tax asset	355	97

Movement on deferred tax asset/(liability):	2018	Restated
	£'000	-2017
		£'000
Asset/(liability) as at 31 December or as at 1 January	97	(128)
Deferred tax credit in the statement of profit or loss for year	149	222
Adjustment in respect of prior years (note 12)	109	3
Asset at the end of the year	355	97

The main rate of corporation tax for the year ended 31 December 2018 is 19% (2017: 19.25%), being the enacted 19% rate from 1 April 2017.

Further reductions in corporation tax rates have been enacted, such that the rate to be applied from 1 April 2020 will be 17%. The closing deferred tax liability reflects the enacted future changes in the corporation tax rate.

See note 29 for details on prior year restatement.

Xbridge Limited

14 Intangible assets

	Intangibles	Development costs	Total
	£'000	£'000	£'000
Cost			
At 1 January 2017	119	2,328	2,447
Additions – internal development	-	1,113	1,113
Additions – external	6	-	6
At 31 December 2017	125	3,441	3,566
Additions – internal development	-	297	297
Additions – external	13	-	13
At 31 December 2018	138	3,738	3,876
Amortisation			
At 1 January 2017	20	883	903
Amortisation charge for the year	49	885	934
At 31 December 2017	69	1,768	1,837
Amortisation charge for year	38	995	1,033
At 31 December 2018	107	2,763	2,870
Net book value			
At 31 December 2017	56	1,673	1,729
At 31 December 2018	31	975	1,006

Development costs are amortised over the period in which the Company is expected to benefit. The benefit period has been assessed as three years. Amortisation commences in the period of capitalisation. Research and development costs which are not eligible for capitalisation have been expensed and are recognised as administrative expenses.

Intangibles include computer software costs which are amortised over the period in which the Company is expected to benefit. The benefit period has been assessed as three years. Amortisation commences in the period of capitalisation.

Xbridge Limited
Notes to the financial statements for the year ended 31
December 2018

15 Property, plant and equipment

	Leasehold improvements	Plant and machinery	Fixtures and Fittings	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2017	1,200	2,017	901	4,118
Additions	2,211	474	55	2,740
At 31 December 2017	3,411	2,491	956	6,858
Additions	1,045	846	338	2,229
At 31 December 2018	4,456	3,337	1,294	9,087
Depreciation				
At 1 January 2017	449	1,533	775	2,757
Charge for the year	245	346	75	666
At 31 December 2017	694	1,879	850	3,423
Charge for year	355	438	77	870
At 31 December 2018	1,049	2,317	927	4,293
Net book value				
At 31 December 2017	2,717	612	106	3,435
At 31 December 2018	3,407	1,020	367	4,794

Xbridge Limited

Notes to the financial statements for the year ended 31 December 2018

16 Financial risk management

The Company is exposed to credit risk and liquidity risk arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

Assets as per statement of financial position		2018	Restated 2017
		£'000	£'000
Loans and receivables			
Trade and other receivables - current		9,652	25,803
Contract asset – current		12,472	-
Cash and cash equivalents - current		21,688	14,478
Total loans and receivables		43,812	40,281
Liabilities as per statement of financial position			
		2018	2017
		£'000	£'000
Borrowings and other financial liabilities			
Other payables – non-current		1,009	681
Trade and other payables – current		25,844	24,535
Total borrowings and other financial liabilities		26,853	25,216

a) Credit risk

Credit risk is the risk that a counterparty will be unable to meet a commitment that it has entered into with the Company. Concentrations of credit risk occur when the Company contracts with a limited number of counterparties or when changes in economic, industry or geographic factors affect counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure.

Concentrations of credit risk exist to the extent that at 31 December 2018 cash and cash equivalents were placed with two financial institutions with credit ratings according to Moody's of Aa3 and Aa2.

In terms of concentration of credit risk, 0% of trade and other receivables are due from group companies. No trade and other receivables were past due at the balance sheet date. Given the number and nature of customers, the Company has credit risk if customers fail to pay the Company. While the Company has the obligation to pay insurers regardless of whether the customer has paid its premium to the Company, the resulting credit risk is mitigated by the Company's ability to cancel coverage if the customer fails to timely pay its premium.

Xbridge Limited

Notes to the financial statements for the year ended 31 December 2018

16 Financial risk management (continued)

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets to enable liabilities to be settled when they are contractually due.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

31 December 2018	Less than 3 months £'000	Between 3- 12 months £'000	Between 1-10 years £'000	Total £'000
Trade and other payables	25,597	247	1,009	26,853
	25,597	247	1,009	26,853

31 December 2017	Less than 3 months £'000	Between 3- 12 months £'000	Between 1-10 years £'000	Total £'000
Trade and other payables	24,470	64	682	25,216
	24,470	64	682	25,216

a) Capital risk

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company reviews and monitors its capital structure on a regular basis to ensure its objectives are met.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares, or sell assets to decrease its borrowings.

Xbridge Limited
Notes to the financial statements for the year ended 31
December 2018

16 Financial risk management (continued)

b) Capital risk (continued)

The capital structure of the Company comprises:

	2018	2017
	£'000	£'000
Issued Capital	1	1
Share premium	8,555	8,555
Retained earnings	11,020	9,743
Equity	19,576	18,299

17 Trade and other receivables

	2018	2017
	£'000	£'000
Current:		
Trade receivables	465	296
Amounts due from group companies	-	10,416
Other receivables	556	305
R&D tax credit receivable	1,115	524
Accrued income and prepayments	7,516	14,262
	9,652	25,803

The fair values of trade and other receivables due within one year approximate their carrying amounts as presented above.

The realisation of £82k (2017: £101k) of the R&D tax credits is contingent on the Company realising sufficient taxable profits in future accounting periods.

The amounts due from group companies were cleared as a result of the liquidation of the group companies during 2018.

In the prior year, profit share commission was reported within accrued income and prepayments within trade and other receivables. Under IFRS 15, profit share commission has now been reclassified to contract assets. See note 27 for further details.

Xbridge Limited
Notes to the financial statements for the year ended 31
December 2018

17 Trade and other receivables (continued)

The following provides information on the significant changes in trade and other receivables during the period:

	Trade and other receivables £'000
Beginning trade and other receivables – 1 January	25,803
Reclassification to current assets- IFRS 15	(8,184)
Movements during the year	(2,833)
Collections during the year	(5,134)
Ending Contract Assets – 31 December	9,652

18 Cash and cash equivalents

	2018 £'000	2017 £'000
Current account	5,981	2,021
Restricted cash	15,707	12,457
	21,688	14,478

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 16.

19 Share capital

	2018	2017
Authorised, issued and fully paid	Number of shares	
Ordinary shares of 0.00005 euros	21,122,429	21,122,429
	21,122,429	21,122,429
Authorised, issued and fully paid	£	
Ordinary shares of 0.00005 euros	878	878
	878	878

During the year no share issues took place (2017: no issues).

Xbridge Limited
Notes to the financial statements for the year ended 31
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20 Share premium

On issue of 21,122,429 ordinary shares at a nominal value of 0.00005 Euros, a total share premium of £8,555k is held.

21 Dividends paid

On 10 July 2018 the Company declared and paid a dividend of £0.1446 per Ordinary share amounting to £3,056k

22 Trade and other payables

	2018	2017
	£'000	£'000
Current:		
Trade payables	504	474
Taxation and social security	2,120	1,309
Accruals and deferred income	6,279	4,180
Amounts due to group companies	3,083	7,864
Other payables	13,858	10,708
	25,844	24,535

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented. Included in other payables are amounts owed to insurers of £12,212k (2017: £9,934k) and amounts owed to other brokers of £83k (2017: £128k).

	2018	2017
	£'000	£'000
Non- current:		
Other payables	1,009	682
	1,009	682

Xbridge Limited
Notes to the financial statements for the year ended 31
December 2018

23 Provisions for liabilities

	Save As You Earn provision £'000	Dilapidation provision £'000	Clawback provision £'000	Total £'000
At 1 January 2017	-	286	1,014	1,300
Amounts used during the year	-	(173)	(1,049)	(1,222)
Discount charge	-	4	-	4
Additions during the year	-	302	1,643	1,945
At 31 December 2017	-	419	1,608	2,027
Reclassified to refund liabilities- IFRS 15	-	-	(1,608)	(1,608)
Discount charge	-	7	-	7
Additions during the year	7	170	-	177
At 31 December 2018	7	596	-	603

Dilapidation Provision

A provision has been recognised for costs associated with returning a premise occupied by the Company currently under an operating lease to their original state upon vacating the premise. This provision has been calculated by determining the costs associated to return the premises back to its original state discounted over the term of the lease, using a Weighted Average Cost of Capital as the discount rate, less the release of any actual expenditure incurred.

Save As You Earn Provision

A provision has been recognised for the future cost associated with employees of the Company participating in the Save As You Earn scheme operated by the parent company, The Travelers Companies, Inc. representing the discounted share price offered to employees at the end of each term. This provision has been calculated by determining the total contributions from employees reduced for the estimated percentage of employees who will not complete the required contribution term.

24 Share based payments

The below share based payments are paid in USD (\$). For the purposes of this note, the payments are disclosed in USD, unless otherwise stated.

Restricted Stock Units ("RSUs")

On 4 August 2017, certain employees were awarded RSUs in the Common Stock of The Travelers Companies, Inc., under The Travelers Companies, Inc.'s Amended and Restated 2014 Stock Incentive Plan. A further award was made on 6 February 2018 and 15 November 2018. The RSUs vest over 36 to 60 months from the grant date, provided the awardee remains an employee of the Company. This is an equity settled scheme and the fair value of each RSU is the market price of

Xbridge Limited

24 Share based payments (continued)

Restricted Stock Units ("RSUs") (continued)

The Travelers Companies, Inc.'s stock on the grant date. The cost of these awards have been charged to the Company in the year and amounted to £1,182k (2017: £410k).

Movements during the year

The following table illustrates the number and weighted average grant date fair value (WAGDFV) of, and movements in, RSUs during the year:

	2018 Number	2018 WADFV (\$)	2017 Number	2017 WAGDFV (\$)
Outstanding at 1 January	47,932	129.69	-	-
Granted during the year	11,933	133.21	47,932	129.69
Forfeited during the year	(12,654)	130.34	-	-
Vested during the year	(23)	140.85	-	-
Expired during the year	-	-	-	-
Outstanding at 31 December	47,188	130.40	47,932	129.69

Performance Shares

On 6 February 2018 certain employees were awarded Performance Shares in the Common Stock of The Travelers Companies, Inc., under The Travelers Companies, Inc.'s Amended and Restated 2014 Stock Incentive Plan. The Performance Shares vest over 35 months from the grant date, provided the awardee remains an employee of the Company. The Performance Shares attract dividends which are reinvested. The percentage of Performance Shares vesting is based on the a scaled performance period return on equity as defined in the underlying agreement. This is an equity settled scheme and the fair value of each Performance Share is the market price of The Travelers Companies, Inc.'s stock on the grant date. The cost of these awards have been charged to the Company in the year and amounted to £70k (2017: £nil).

Xbridge Limited

24 Share based payments (continued)

Performance Shares (continued)

Movements during the year

The following table illustrates the number and weighted average grant date fair value (WAGDFV) of, and movements in, Performance Shares during the year:

	2018 Number	2018 WAGDFV (\$)
Outstanding at 1 January	-	-
Granted during the year	2,357	140.85
Forfeited during the year	(287)	140.85
Dividend equivalent issued during the year	51	140.85
Vested during the year	-	-
Expired during the year	-	-
Outstanding at 31 December	2,121	140.85

Stock Options

On 6 February 2018 certain employees were awarded Stock Options in the Common Stock of The Travelers Companies, Inc., under The Travelers Companies, Inc.'s Amended and Restated 2014 Stock Incentive Plan. The holders of vested options are entitled to purchase share at the market price of the shares at grant date. The cost of these awards have been charged to the Company in the year and amounted to £52k (2017: £nil). The key terms and conditions related to the grants under this plan as follows; all options are equity settled.

Grant date	Number	Vesting Conditions	Contractual life of options
On 6 February 2018	13,519	3 years' service from grant date, unless the employee is deemed "retirement eligible" at the date of the grant or during the 3 year period, in which case the options vest upon the employee becoming "retirement" eligible	10 years

Xbridge Limited
Notes to the financial statements for the year ended 31
December 2018

24 Share based payments (continued)

Stock Options (continued)

A summary of the status of the non-vested stock options

	2018 Number	2018 WAGDFV (\$)
Outstanding at 1 January	-	-
Granted during the year	13,519	140.85
Forfeited during the year	(1,999)	140.85
Vested during the year	-	-
Expired during the year	-	-
Outstanding at 31 December	11,520	140.85

Sharesave scheme

Under the Sharesave scheme options are granted to the Company's employees for shares in The Travelers Companies, Inc. Options are granted with a fixed exercise price equal to 80% of the market price of shares for the day prior to invitation, which is 30 days prior to the grant date. Employees pay a fixed amount from salary into a savings account each month for five years. At the end of the savings period employees have six months in which to exercise their options using the funds saved, including interest earned. If employees decide not to exercise their options they may withdraw the funds saved and the options expire. Exercise of options is subject to continued employment within the Company.

The following table provides a summary of the range of exercise prices for the stock options outstanding as at 31 December:

31 December 2018

	Outstanding			Exercisable	
	No. outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price \$	Number exercisable	Weighted average exercise price
Range of exercise prices					
Between \$126 and \$135	36,010	2.2	129.69	11,922	129.69
Between \$136 and \$145	24,819	4.79	140.85	3,041	140.85
Total	60,829	3.5	135.27	14,963	135.27

Xbridge Limited

Notes to the financial statements for the year ended 31 December 2018

24 Share based payments (continued)

31 December 2017

	No. outstanding	Outstanding		Exercisable	
		Weighted average remaining contractual life (years)	Weighted average exercise price \$	Number exercisable	Weighted average exercise price
Range of exercise prices					
Between \$126 and \$135	47,932	3.2	129.69	-	-
Total	47,932	3.2	129.69	-	-

25 Related party transactions

Until 10 July 2018 the Company's immediate controlling undertaking was Xbridge Acquisitions Limited, registered in England and Wales, with its ultimate parent undertaking being The Travelers Companies, Inc., registered in the State of Minnesota, United States in which no individual investor holds a controlling interest. From this date the immediate and ultimate parent company is The Travelers Companies, Inc., registered in the State of Minnesota, United States in which no individual investor holds a controlling interest.

The following transactions were carried out with related parties:

(a) Key Management Personnel and Directors' remuneration

	2018	2017
	£'000	£'000
Short-term employee benefits	6,563	6,349
Post- employment pension and medical benefits	100	209
	6,663	6,558

A number of Key Management Personnel received share based payments during the year, please see Note 24 for further information

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25 Related party transactions (continued)

(b) Intercompany payable balance

	2018	2017
	£'000	£'000
Simply Business, Inc.	1,812	1,107
The Travelers Companies, Inc.	131	6,757
Aprilgrange Limited	665	-
F&G UK Underwriting Limited	475	-
	3,083	7,864

26 Obligations under leases

The minimum future lease rentals payable under non-cancellable operating leases are as follows:

	Land and Buildings	
	2018	2017
	£'000	£'000
Not later than 1 year	1,496	1,211
Later than 1 year and not later than 5 years	9,141	4,844
Later than 5 years	8,096	4,835
	18,733	10,890

27 Revenue from Contracts with Customers

The following provides information about contract assets and refund liabilities from contracts with customers. Significant changes in the contract assets and refund liabilities balances during the period is as follows:

(a) Contract Assets

	Profit share commission
	2018
Beginning Contract Assets – 1 January	-
Reclassification from trade and other receivables- IFRS 15	8,184
Movements during the year	8,354
Collections during the year	(4,066)
Ending Contract Assets – 31 December	12,472

Xbridge Limited

Notes to the financial statements for the year ended 31 December 2018

27 Revenue from Contracts with Customers (continued)

(a) Contract Assets (continued)

Contract assets relate to profit share commission receivables. Prior to IFRS 15 these were reported within trade and other receivables. The profit share commission received is estimated on an insurer by insurer basis based on gross written premium and managements judgements on how the loss ratios of the book will develop. In future periods such judgement may change as new information becomes available.

(b) Refund Liabilities

	Dual insurance provision	Clawback provision	Total
	2018	2018	2018
	£'000	£'000	£'000
Beginning refund liabilities – 1 January	-	-	-
Reclassification from provisions- IFRS 15	-	1,608	1,608
Amounts used during the year	-	(1,513)	(1,513)
Additions during the year	349	2,491	2,840
Ending refund liabilities – 31 December	349	2,586	2,935

Clawback provision

Refund liabilities are recognised for expected cancellation of insurance products inceptioned during the current year but being cancelled in the following year, based on past experience of the level of cancellations. The Company previously recognised these instances as a provision. Under IFRS 15, a refund liability is recognised and presented separately. Assumptions used to calculate the refund liability are based on current sales levels and current information available about cancellations based on the cancellation terms for all insurance products sold.

Dual insurance provision

During December 2018 the Company identified a small number of customers who may have purchased more than one policy for the same cover. At the year end, a prudent approach was taken by assuming a 'worst case' scenario for the financial statements and a provision for the full amount of the related commission was made - based on the assumption all of the dual policies would be cancelled back to inception, refunds made to customers and payments previously made to insurers would be recovered through the normal Bordereau process.

28 Events after the reporting period

After the year end, 15,962,456 ordinary shares each with a nominal value of €0.0005 were issued at an issue price of €1.0958 per share. Consideration for these shares of £15m was transferred in March 2019.

There were no other events after the reporting period, which have a bearing on the understanding of the financial statements.

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Notes to the financial statements for the year ended 31
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29 Prior year restatement

During the year, the Company identified that receivables of £1,525k had been incorrectly recorded in the prior year accounts in respect of contracts no longer in existence. As a result, a prior year adjustment has been recorded to reverse £1,525k of receivables, of which £626k related to commission income recognised in 2017 with the remaining £899k written off to administrative expenses in respect of monies paid on to insurance companies related to these contracts and that are not considered recoverable. The below table presents the impact on the statement of financial position and the statement of profit or loss of the restatement.

Impact on statement of financial position

	31 December 2018 balance £'000	31 December 2017 balance previously reported balance £'000	Restatement £'000	31 December 2017 restated balance £'000
Current assets				
Trade and other receivables	9,652	27,328	(1,525)	25,803
Deferred tax asset	355	-	97	97

Current liabilities

Deferred tax liability	-	(9)	9	-
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Equity

Retained earnings	11,020	11,162	(1,419)	9,743
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Impact on statement of profit or loss

	31 December 2018 balance £'000	31 December 2017 balance previously reported balance £'000	Restatement £'000	31 December 2017 restated balance £'000
Revenue	70,542	56,834	(626)	56,208
Administrative expenses	(55,831)	(49,549)	(899)	(50,448)
Tax (charge)/credit on profit/loss	(1,174)	153	106	259

Xbridge Limited

Notes to the financial statements for the year ended 31 December 2018

30 Ultimate Parent Undertaking

Until 10 July 2018, the Company was a wholly owned subsidiary of Xbridge Acquisitions Limited, the immediate parent undertaking, which is registered in England and Wales. From this date, the Company was a wholly owned subsidiary of The Travelers Companies, Inc., which is registered in the State of Minnesota, United States.

Until 4 August 2017, the ultimate parent company was Aquiline Financial Services Fund III L.P., registered in the Cayman Islands in which no individual investor holds a controlling interest. From this date, the ultimate parent Company is The Travelers Companies, Inc., which is registered in the State of Minnesota, United States. This is the smallest and largest group in which the financial results of the Company are included. Copies of the group financial statements are publicly available.