

Registered Number 03967717

Xbridge Limited
Annual Report
for the year ended 31 December 2017



Xbridge Limited

Contents

Directors and advisors	2
Strategic Report for the year ended 31 December 2017	3
Directors' Report for the year ended 31 December 2017	5
Statement of Directors' responsibilities in respect of the Annual Report and financial statements	7
Independent Auditor's report to the member of Xbridge Limited	8
Statement of comprehensive income for the year ended 31 December 2017	11
Statement of financial position as at 31 December 2017	12
Statement of changes in equity for the year ended 31 December 2017	13
Statement of cashflows for the year ended 31 December 2017	14
Notes to the financial statements for the year ended 31 December 2017	15

Xbridge Limited

Directors and advisors

Directors

Jason Stockwood – Chief Executive Officer

David Kelly

Gregory Toczydlowski

Registered office

Sixth Floor

99 Gresham Street

London

EC2V 7NG

Auditors

Ernst & Young LLP

25 Churchill Place

Canary Wharf

London

E14 5EY

Registered number

03967717

Xbridge Limited

Strategic Report for the year ended 31 December 2017

The Directors present the Strategic Report of Xbridge Limited ("the Company") for the year ended 31 December 2017.

Principal activity and review of business

The Company is the United Kingdom's leading online insurance broker for small businesses 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 and Covea. Customers benefit from seeing fully underwritten quotes which can then immediately be purchased.

On 4 August 2017 The Travelers Companies, Inc., a leading provider of property casualty insurance for auto, home and business and a component of the Dow Jones Industrial Average, incorporated in Minnesota, United States, acquired the ultimate parent company, Simply Business Holdings Limited and its subsidiaries following the Financial Conduct Authority (FCA) approval.

	2017	2016	Change
	£'000	£'000	%
Revenue	56,834	48,004	+18%
Operating (loss)/profit	(438)	7,360	-106%
(Loss)/profit before tax	(470)	7,336	-106%
(Loss)/income for the year from continuing operations	(317)	6,434	-105%
Average number of employees	422	340	+24%

Turnover has increased by £8.8 million from the previous year as a result of solid performance within new business sales and a growing renewals book. The underlying performance of the Company is in line with expectations, however due to non-recurring costs associated with the acquisition, the Company reported a loss in the year.

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.

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 2017

(continued)

Principal risks and uncertainties (continued)

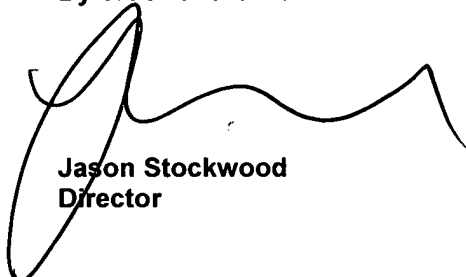
The Company has considered the potential effects of credit risk and liquidity risk and presented them in note 15. The Directors continue to monitor such risks. The Company does not use derivative financial instruments to manage interest rate costs and, as such, no hedge accounting is applied.

Future developments

The Directors aim to maintain the management policies which have resulted in the Company's substantial growth in recent years. The Directors consider that 2018 will show a further growth in revenue and a return to a profit.

The Company will continue to explore opportunities to drive additional revenue and profit from other insurance related activities.

By order of the Board



Jason Stockwood
Director

Date: 5 June 2018

Xbridge Limited

Directors' Report for the year ended 31 December 2017

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2017.

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 2017 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 do not recommend a dividend for the year ending 31 December 2017 (2016: £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 Company's forecasts and projections show a profit and additional cash generated in 2018. As a consequence, 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.

Xbridge Limited

Directors' Report for the year ended 31 December 2017

(continued)

Directors

The following Directors held office in the year:

Jason Stockwood – Chief Executive Officer

David Kelly

Gregory Toczydlowski (appointed 11th September 2017)

Chris Slater (resigned 11th September 2017)

Neil Edwards (resigned 11th September 2017)

Ian Broadwater (resigned 4th August 2017)

Jeffrey Greenberg (resigned 4th August 2017)

Vincenzo La Ruffa (resigned 4th August 2017)

Ignace Van Waesberghe (resigned 4th August 2017)

Christopher Watson (resigned 4th August 2017)

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 15.

Donations

Charitable donations during the year amounted to £12,758 (2016: £11,586). The donations were made to organisations with charitable purposes.

Events after the reporting period

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

Auditors and disclosure of information to auditors

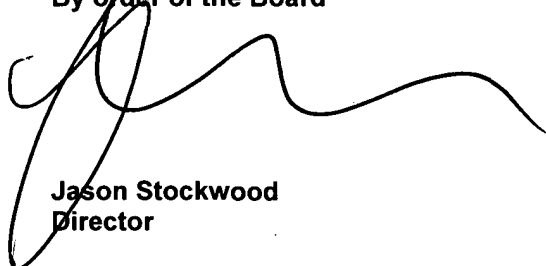
The Directors confirm so far as each director is aware:

- 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

The Company anticipates putting the audit contract out to tender for 2018 and appointment will be subject to approval by the Board of Directors.

By order of the Board



Jason Stockwood
Director

Date: 5 June 2018

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 the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union 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.

Xbridge Limited

Independent auditor's report to the member of Xbridge Limited

Opinion

We have audited the financial statements of Xbridge Limited for the year ended 31 December 2017 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, the Statement of cash flows and the related notes 1 to 26, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

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

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Xbridge Limited

Independent auditor's report to the member of Xbridge Limited (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the Statement of directors' responsibilities set out on page 7, 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 for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Xbridge Limited

Independent auditor's report to the member of Xbridge Limited (continued)

Use of our report

This report is made solely to the Company's member 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 member 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 member, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP,

Andy Blackmore (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: *6 June 2018*

Xbridge Limited
Statement of comprehensive income for the year ended 31
December 2017

	Note	2017 £'000	2016 £'000
Revenue	3.1	56,834	48,004
Cost of sales		(7,723)	(7,154)
Gross profit		49,111	40,850
Administrative expenses	6	(49,549)	(33,490)
Operating (loss)/profit		(438)	7,360
Finance income	9	225	262
Finance costs	10	(257)	(286)
(Loss)/profit before tax		(470)	7,336
Tax credit/(charge) on loss/profit	11	153	(902)
(Loss)/income for the year from continuing operations		(317)	6,434
Total comprehensive (loss)/income for the year		(317)	6,434

Xbridge Limited

Statement of financial position as at 31 December 2017

	Note	2017 £'000	2016 £'000
Assets			
Non- current assets			
Intangible assets	13	1,729	1,544
Property, plant and equipment	14	3,435	1,361
Loan with parent company	16	-	4,953
Total non-current assets		5,164	7,858
Current assets			
Trade and other receivables	16	27,328	21,374
Cash and cash equivalents	17	14,478	10,713
Total current assets		41,806	32,087
Total assets		46,970	39,945
Equity and liabilities			
Equity			
Issued capital	18	1	1
Share premium	19	8,555	8,555
Retained earnings		11,162	11,479
Total equity		19,718	20,035
Non-current liabilities			
Loan with parent company	20	-	3,259
Deferred tax liability	12	9	128
Other payables	20	682	10
Total non-current liabilities		691	3,397
Current liabilities			
Trade and other payables	20	24,534	15,213
Provisions	21	2,027	1,300
Total current liabilities		26,561	16,513
Total liabilities		27,252	19,910
Total equity and liabilities		46,970	39,945

On 5 June 2018 the Board of Directors of Xbridge Limited authorised these financial statements for issue.

.....
Jason Stockwood – Director

.....
David Kelly – Director

Xbridge Limited**Statement of changes in equity for the year ended 31 December 2017**

	Issued capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
1 January 2016	1	8,555	5,045	13,601
Total comprehensive income	-	-	6,434	6,434
At 31 December 2016	1	8,555	11,479	20,035
1 January 2017	1	8,555	11,479	20,035
Total comprehensive loss	-	-	(317)	(317)
At 31 December 2017	1	8,555	11,162	19,718

Xbridge Limited**Statement of cash flows for the year ended 31 December 2017**

	Note	2017 £'000	2016 £'000
Cash flows from operating activities			
(Loss)/profit before tax from continuing operations		(470)	7,336
Add/(deduct) adjustments for:			
Amortisation and impairment of intangible assets	13	934	618
Depreciation of property, plant and equipment	14	666	373
Finance income	9	(225)	(262)
Finance costs	10	257	286
Cash flows from operations before working capital changes		1,162	8,351
Changes in working capital:			
Increase in trade and other receivables		(1,001)	(9,613)
Increase in trade and other payables		7,207	2,897
Income tax paid		(471)	-
Increase in provisions		727	260
Net cash flows from operating activities		7,624	1,895
Cash flows from investing activities			
Purchase of intangible assets	13	(1,119)	(888)
Purchase of property, plant and equipment	14	(2,740)	(1,148)
Net cash flows used in Investing activities		(3,859)	(2,036)
Cash flows from financing activities			
Interest received		-	9
Interest paid		-	-
Net cash flows from financing activities		-	9
Net increase/(decrease) in cash and cash equivalents		3,765	(132)
Cash and cash equivalents at beginning of year		10,713	10,845
Cash and cash equivalents at end of the year		14,478	10,713

Xbridge Limited

Notes to the financial statements for the year ended 31 December 2017

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.

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.

3 Accounting policies

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

3.1 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably.

Rendering of services

Revenue across the Xbridge platform is earned on either a lead or on a completed policy sale. In either case, the revenue is recognised in the period in which it is earned, when either the provider has acknowledged that the lead was received or the sale of a policy was completed.

Profit commission

Profit commission is recognised in the period it is earned. The amount is estimated on an insurer by insurer basis based on gross written premium and the Directors view on how the loss ratios of the book will develop.

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 comprehensive income, except where they relate to items that are recognised directly in equity.

Xbridge Limited

Notes to the financial statements for the year ended 31 December 2017

3 Accounting policies (continued)

3.2 Taxes (continued)

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

Operating lease payments are recognised as an operating expense in the income statement on a straight line basis over the lease term.

Xbridge Limited

Notes to the financial statements for the year ended 31 December 2017

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 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.

Xbridge Limited

Notes to the financial statements for the year ended 31 December 2017

3 Accounting policies (continued)

3.7 Financial instruments (continued)

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.

3.8 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.

3.9 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.

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 managements judgements on how the loss ratios of the book will develop. In future periods such judgement may change as new information becomes available.

Provisions

The Company has made provisions for the cost of returning leased properties to their original state and for policies incepted 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 2017

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 2017, the carrying amount of capitalised development costs was £1,673k (2016: £1,445k).

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 2017. The adoption of these interpretations and revised standards had no impact on the disclosures and presentation of the financial statements during the year.

5.2 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 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 new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Company plans to adopt the new standard on the required effective date using the full retrospective method. During 2017, the Company performed an assessment of IFRS 15 and it is not expected to have a material impact on the disclosures and presentation of the financial statements as a result.

Xbridge Limited

Notes to the financial statements for the year ended 31 December 2017

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

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

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 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.

In 2018, the Company will continue to assess the potential effect of IFRS 16 on its financial statements.

Xbridge Limited
Notes to the financial statements for the year ended 31 December 2017

6 Administrative expenses

	2017	2016
	£'000	£'000
Research and development costs – wages and salaries (note 7)	3,237	2,046
Depreciation (note 14)	666	373
Amortisation (note 13)	934	618
Minimum lease payment recognised as an operating lease expense	1,179	561
Wages and salaries (note 7)	20,653	12,033
Social security costs (note 7)	1,874	1,542
Pension costs (note 7)	699	485
Marketing costs	12,026	7,989
Other administrative expenses	8,281	7,843
	49,549	33,490

7 Employee costs

(a) Employee costs

	2017	2016
	£'000	£'000
Wages and salaries	23,890	14,079
Social security costs	1,874	1,542
Pension costs	699	485
	26,463	16,106

Xbridge Limited

Notes to the financial statements for the year ended 31 December 2017

7 Employee costs (continued)

(a) Employee costs (continued)

Pension costs of £699k (2016: £485k) 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 £159k (2016: £nil)

The average monthly number of employees during the year was:

	2017	2016
	No.	No.
Administrative	311	291
Technical	111	49
	422	340

(b) Directors' emoluments

	2017	2016
	£'000	£'000
Aggregate emoluments in respect of qualifying services	2,605	1,078

One Director received share options in respect of qualifying services (2016: None). No Directors, including the highest paid director, exercised share options during the year (2016: None). See Note 22 for details of share options outstanding at the year end. During the year, no Directors received any compensation for loss of office (2016: £nil).

	2017	2016
	£'000	£'000
In respect of the highest paid director:		
Aggregate emoluments	1,937	396

Xbridge Limited
Notes to the financial statements for the year ended 31
December 2017

8 Auditor's remuneration

	2017	2016
	£'000	£'000
Audit of the financial statements	65	42
Other fees to auditor:		
- Taxation compliance services	20	17
- Taxation advisory services	23	-
	108	59

9 Finance income

	2017	2016
	£'000	£'000
Bank interest	-	15
Intercompany loan interest	225	247
	225	262

10 Finance costs

	2017	2016
	£'000	£'000
Intercompany loan Interest	253	278
Discount charge (note 21)	4	8
	257	286

Xbridge Limited
Notes to the financial statements for the year ended 31
December 2017

11 Tax on (loss)/profit on ordinary activities

	2017	2016
	£'000	£'000
Current tax		
UK corporation tax charged on (loss)/profit for the financial year	-	890
Adjustments in respect of previous periods	(34)	-
Current tax (credit)/charge on ordinary activities	(34)	890
Deferred tax		
Effect of changes in tax rates	15	(11)
Current year movement	(131)	36
Adjustment in respect of prior years	(3)	(13)
Deferred tax (credit)/charge on ordinary activities	(119)	12
Tax (credit)/charge on ordinary activities	(153)	902

The tax assessed for the period is different to the average standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

	2017	2016
	£'000	£'000
(Loss)/profit on ordinary activities before tax	(470)	7,336
(Loss)/profit on ordinary activities multiplied by the average standard rate in the UK 19.25% (2016: 20%)	(90)	1,467
Effects of:		
Expenses not deductible for tax purposes	145	39
Adjustment in respect of prior years	(37)	(13)
Tax rate changes	15	(11)
Effects of group relief / other reliefs	(186)	(580)
Total tax (credit)/charge for the year	(153)	902

Xbridge Limited
Notes to the financial statements for the year ended 31
December 2017

12 Deferred tax

	2017	2016
	£'000	£'000
Fixed asset timing differences	93	10
Research & Development	(220)	(187)
Temporary timing differences	118	49
Deferred tax liability	(9)	(128)
Movement on deferred tax asset/(liability):	2017	2016
	£'000	£'000
Liability at start of the year	(128)	(116)
Deferred tax credit/(charged) in the income statement for year (note 11)	116	(25)
Adjustment in respect of prior years (note 11)	3	13
Liability at the end of the year	(9)	(128)

The main rate of corporation tax for the year ended 31 December 2017 is 19.25% (2016: 20%), being the enacted 19% rate from 1 April 2017 combined with the enacted 20% rate from 1 April 2015.

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.

Xbridge Limited
Notes to the financial statements for the year ended 31
December 2017

13 Intangible assets

	Intangibles	Development costs	Total
	£'000	£'000	£'000
Cost			
At 1 January 2016	-	1,559	1,559
Additions – internal development	-	769	769
Additions – external	119	-	119
At 31 December 2016	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
Amortisation			
At 1 January 2016	-	285	285
Amortisation charge for the year	20	598	618
At 31 December 2016	20	883	903
Amortisation charge for year	49	885	934
At 31 December 2017	69	1,768	1,837
Net book value			
At 31 December 2017	56	1,673	1,729
At 31 December 2016	99	1,445	1,544

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 2017

14 Property, plant and equipment

	Leasehold improvements £'000	Plant and machinery £'000	Fixtures and Fittings £'000	Total £'000
Cost				
At 1 January 2016	449	1,817	887	3,153
Additions	751	383	14	1,148
Disposals	-	(183)	-	(183)
At 31 December 2016	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
Depreciation				
At 1 January 2016	416	1,444	707	2,567
Charge for the year	33	272	68	373
Disposals	-	(183)	-	(183)
At 31 December 2016	449	1,533	775	2,757
Charge for year	245	346	75	666
At 31 December 2017	694	1,879	850	3,423
Net book value				
At 31 December 2017	2,717	612	106	3,435
At 31 December 2016	751	484	126	1,361

Xbridge Limited

Notes to the financial statements for the year ended 31 December 2017

15 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	2017	2016
	£'000	£'000
Loans and receivables		
Trade and other receivables - current	27,328	21,374
Cash and cash equivalents - current	14,478	10,713
Loan with parent company – non-current	-	4,953
Total loans and receivables	41,806	37,040

Liabilities as per statement of financial position	2017	2016
	£'000	£'000
Borrowings and other financial liabilities		
Loan with parent company – non-current	-	3,259
Other payables – non-current	682	10
Trade and other payables – current	24,534	15,213
Total borrowings and other financial liabilities	25,216	18,482

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 2017 cash and cash equivalents were placed with two financial institutions with credit ratings according to Moody's of Aa3 and A2.

In terms of concentration of credit risk, 38% 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 do not feel there is a material credit risk.

Xbridge Limited
Notes to the financial statements for the year ended 31
December 2017

15 Financial risk management (continued)

b) Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. 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 2017	Less than 3 months £'000	Between 3- 12 months £'000	Between 1-10 years £'000	Total £'000
Loan with parent company	-	-	-	-
Trade and other payables	24,470	64	682	25,216
	24,470	64	682	25,216

31 December 2016	Less than 3 months £'000	Between 3- 12 months £'000	Between 1-10 years £'000	Total £'000
Loan with parent company	-	-	3,259	3,259
Trade and other payables	15,213	-	10	15,223
	15,213	-	3,269	18,482

Xbridge Limited

Notes to the financial statements for the year ended 31 December 2017

15 Financial risk management (continued)

c) 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.

The capital structure of the Company comprises:

	2017 £'000	2016 £'000
Loan from parent company	-	3,259
Equity	8,556	8,556
	8,556	11,815

16 Trade and other receivables

	2017 £'000	2016 £'000
Current:		
Trade receivables	296	557
Amounts due from group companies	10,416	7,378
Other receivables	305	862
R&D tax credit receivable	524	204
Accrued income and prepayments	15,787	12,373
	27,328	21,374
Non-current:		
Amounts due from the immediate parent company	-	4,953
	-	4,953

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

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

Xbridge Limited

Notes to the financial statements for the year ended 31 December 2017

16 Trade and other receivables (continued)

The non-current amounts due from the immediate parent company are amounts borrowed by the parent company under a Surplus Cash Loan Agreement entered into on 17 July 2013. The amount borrowed of £4,101k bears interest at a rate of 6% per annum and is repayable upon demand. The loan was repaid during 2017.

17 Cash and cash equivalents

	2017	2016
	£'000	£'000
Current account	2,021	2,421
Restricted cash	12,457	8,292
	14,478	10,713

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 15.

18 Share capital

	2017	2016
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 (2016: no issues).

Xbridge Limited

Notes to the financial statements for the year ended 31 December 2017

19 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 was created.

20 Trade and other payables

	2017 £'000	2016 £'000
Current:		
Trade payables	474	546
Taxation and social security	1,309	1,432
Accruals and deferred income	4,180	3,931
Amounts due to group companies	7,864	-
Other payables	10,707	9,304
	24,534	15,213

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 £9,934k (2016: £8,890k) and amounts owed to other brokers of £128k (2016: £124k).

	2017 £'000	2016 £'000
Non- current:		
Loan with the immediate parent company	-	3,259
Other payables	682	10
	682	3,269

The loan with the immediate parent company is a subordinated loan, compliant with MIPRU 4.4.7 of the FCA handbook, with Xbridge Acquisitions Limited a group company and holder of 100% of the share capital of Xbridge Limited. This loan agreement was entered into on 17 July 2013. The amount borrowed of £2,303k attracted interest at 12% per annum. The loan was repaid during 2017.

Xbridge Limited
Notes to the financial statements for the year ended 31
December 2017

21 Provisions for liabilities

	Dilapidation provision	Clawback provision	Total
	£'000	£'000	£'000
At 1 January 2016	279	761	1,040
Amounts used during the year	(1)	(740)	(741)
Discount charge	8	-	8
Released during the year	-	(21)	(21)
Additions during the year	-	1,014	1,014
At 31 December 2016	286	1,014	1,300
Amounts used during the year	(173)	(1,049)	(1,222)
Discount charge	4	-	4
Released during the year	-	-	-
Additions during the year	302	1,643	1,945
At 31 December 2017	419	1,608	2,027

Clawback Provision

A provision is 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. As insurance products are based on 1 year renewal any costs will be incurred within next financial year of the reporting date. Assumptions used to calculate the provision for clawback were based on current sales levels and current information available about cancellations based on the cancellation terms for all insurance products sold.

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.

Xbridge Limited

Notes to the financial statements for the year ended 31 December 2017

22 Share based payments

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. The RSUs vest 48 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 The Travelers Companies, Inc.'s stock on the grant date. The cost of these awards have been recharged to the Company in the year and amounted to £410k.

Movements during the year

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

	2017	2017	2016	2016
	Number	WAGDFV (\$)	Number	WAGDFV (\$)
Outstanding at 1 January	-	-	-	-
Granted during the year	47,932	129.69	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at 31 December	47,932	129.69	-	-

23 Related party transactions

Until 4 August 2017, the Company's immediate controlling undertaking was Xbridge Acquisitions Limited, registered in England and Wales, with its ultimate parent undertaking being Aquiline Financial Services Fund III L.P., registered in the Cayman Islands. From this date the ultimate parent company is The Travelers Companies, Inc., registered in Minnesota, United States in which no individual investor holds a controlling interest.

Xbridge Limited
Notes to the financial statements for the year ended 31
December 2017

23 Related party transactions (continued)

The following transactions were carried out with related parties:

(a) Key Management Personnel and Directors' remuneration

	2017	2016
	£'000	£'000
Short-term employee benefits	6,349	2,327
Post- employment pension and medical benefits	209	135
	6,558	2,462

A number of Key Management Personnel received share based payments during the year, please see Note 22 for further information.

(b) Loan receivable due from the immediate parent company

	2017	2016
	£'000	£'000
Loan principal	-	4,101
Accrued interest	-	852
	-	4,953

On 17 July 2013 Xbridge Limited issued a loan of £4,101k to Xbridge Acquisitions Limited. Interest is charged on this loan at 6% per annum. The loan and interest were repaid during the year. During the year, interest received by the Company from Xbridge Acquisitions Limited in respect of this loan was £225k (2016: £247k).

Xbridge Limited

Notes to the financial statements for the year ended 31 December 2017

23 Related party transactions (continued)

(c) Intercompany receivable balances

	2017	2016
	£'000	£'000
Simply Business, Inc.	-	456
Xbridge Acquisitions Limited	3,474	2,275
Xbridge Holdings Limited	58	145
Simply Business Group Limited	6,258	4,502
Simply Business Holdings Limited	626	-
	10,416	7,378

No interest is charged on the above intercompany balances.

(d) Intercompany payable balance

	2017	2016
	£'000	£'000
Simply Business, Inc.	1,107	-
The Travelers Companies, Inc.	6,757	-
	7,864	-

(e) Loan payable to the immediate parent company

	2017	2016
	£'000	£'000
Loan principal	-	2,303
Accrued interest	-	956
	-	3,259

On 17 July 2013 Xbridge Acquisitions Limited issued a loan to the Company. Interest is charged on this loan at 12%. The loan and interest were repaid during the year. During the year, interest charged by Xbridge Acquisitions Limited to the Company in respect of this loan was £253k (2016: £278k).

(f) Other

In the previous year, an amount of £375k was paid by the Company as part of a settlement of a claim. This amount is being clawed back from the shareholders of the intermediate parent company, of which £300k (2016: £75k) was received during the year.

Xbridge Limited

Notes to the financial statements for the year ended 31 December 2017

24 Obligations under leases

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

	Land and Buildings	
	2017	2016
	£'000	£'000
Not later than 1 year	1,211	442
Later than 1 year and not later than 5 years	4,844	4,844
Later than 5 years	4,835	5,691
	10,890	10,977

25 Events after the reporting period

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

26 Ultimate Parent Undertaking

The company is a wholly owned subsidiary of Xbridge Acquisitions Limited, the immediate parent undertaking, which is registered in England and Wales.

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 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.