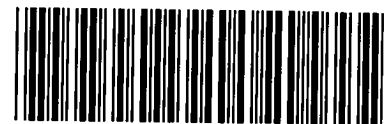


Registered number 03967717

**XBRIDGE LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

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XBRIDGE LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

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XBRIDGE LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Directors and advisors

Directors

David Kelly

Jason Stockwood

Gregory Toczydlowski

Company Secretary

Joanne Theodoulou

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 2020

The Directors present the Strategic Report of Xbridge Limited ("the Company") for the year ended 31 December 2020.

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: Ageas, AIG, Axa, Churchill, Covea, DAS, Ecclesiastical, Elements, HDI, Hiscox, Lexicon, Munich Re, NIG, Pen Underwriting, UK General, Uno, Zurich - plus our MGA brands of Chiswell, Finsbury and Maltings.

Customers benefit from seeing fully underwritten quotes which can then immediately be purchased. Revenue has increased by £10.9 million from the previous year as a result of strong performance within new business sales and a growing renewals book despite Covid-19. 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. Due to higher loss ratios in the insurance market, the company has seen a fall in the profit share revenue year on year which has resulted in an operating loss of (£0.5m).

	2020 £'000	2019 £'000	Change %
Revenue	97,791	86,869	13%
Operating (Loss) / Profit	(541)	988	-155%
(Loss) / Profit before tax	(967)	651	-249%
Average number of employees	626	591	6%

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 Financial Conduct Authority ("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.

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.

XBRIDGE LIMITED
STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

Principal risks and uncertainties (continued)

Brexit

There has been no immediate and obvious impact on our customer base to date as a result of Brexit.

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 the majority of costs for the Company are in sterling, therefore there is no anticipated risk of foreign currency fluctuations on results.

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 strategies which have resulted in the Company's substantial growth in recent years. The Directors are optimistic that 2021 will show a further growth in revenue, despite the impact of COVID-19 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.

Section 172 statement

The board of directors of Xbridge Limited consider both individually and together, that they have acted in the way they consider in good faith, would be most likely to promote the success of the Company for the benefit of its holders as a whole and in doing so have had regard (amongst other matters) to its employees, customers and suppliers. The paragraphs below set out how the Directors fulfil their duties under the Section 172 requirements.

XBRIDGE LIMITED
STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

Section 172 statement (continued)

Consequences of any decision in the long term

The Company has a business plan with a three-year horizon setting out the financial and capital implications of strategic and other business decisions, such as product development and technical advancements. The Board considers the business plan annually and reviews various scenarios throughout the year depending on macro economic factors.

Interests of the Company employees

Our employees are fundamental to the delivery of our long-term plan. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. The health, safety and well-being of our employees is our primary consideration in the way that we do business. We undertake bi-annual engagement surveys and continual investment in mentoring, learning and development across all staff members.

Interests of the Company's Customers, Suppliers and others

The Company is the United Kingdom's leading online insurance broker for small businesses and landlords. We understand that every single one of those customers has unique needs. This principle is at the heart of not only our customer service, but also of the processes by which we build our products. We want to create the best product and the best service for the small businesses and landlords we insure – plus, we want it to be a memorable experience that they talk positively about.

The Company does not have a dependency on any particular supplier outside of its group, but deals with a number of large and small enterprises and aims to always pay within 30 days terms and builds a long-standing relationship with its suppliers which is beneficial to both parties.

An important stakeholder relationship is that between the Company and its regulator, the FCA. The Directors and the Company's senior management are committed to working with regulators in an open and transparent way.

Impact of the Company's operations on the community and the environment

XBridge Ltd. recognise the long-term success of the company is interlinked with our impact on our stakeholders, including the community and environment. We are heavily involved with our charity partnerships and report on the carbon footprint of the company's operations.

Our accreditation as a B Corp organisation since 2017, whereby we've been certified as a company that meets the highest standards of ethical and environmental performance, further reinforces this.

Maintaining a reputation for high standards of business conduct

As the Board of directors our intention is to behave with the correct conduct to comply with the regulatory obligations and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours.

Need to act fairly as between shareholders

The Company has had one shareholder throughout the period, The Travelers Companies, Inc. The risk of acting unfairly between shareholders does not, therefore, arise.

COVID 19

The coronavirus ('COVID-19') global pandemic has caused unprecedented disruption to the UK and worldwide economy and society. The Company has fared well through 2020 and is closely monitoring the situation and is following the advice of the UK Government.

There has been potential risk to the wellbeing of the Company's colleagues and, therefore, the Company has introduced risk mitigation practices in line with the UK Government ordered physical isolation. Due to the technical capabilities of the Company the entire workforce have been able to work remotely throughout all lockdown, with a phased opening now being introduced in line with government guidance.

XBRIDGE LIMITED
STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

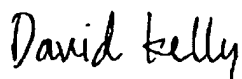
COVID 19 (continued)

The Company is making available extended sick pay and paid leave provisions for those that are self-isolating or may otherwise have been directly affected by the virus, and providing flexible working, where possible, to assist with childcare given the school and nursery closures.

In addition to the support given to our front-line colleagues, other measures are being taken to help ensure that the Company continues to provide the best possible service to our customers. These include enhanced communications with customers, encouraging customers to use our online and digital facilities wherever possible and prioritising the needs of customers that need to make a claim and those existing customers that wish to renew their existing policies.

The financial stability of the Company is being assessed continually, with the counterparty risk associated with its liquidity being monitored closely. Cash deposits are with banks that are currently rated A and above.

By Order of the Board



David Kelly
Director

6 May 2021

XBRIDGE LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2020.

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

2020 has seen an increase in investment in the maintenance and improvement of our in-house systems and concentrating on expanding our partners and further market growth.

Future Developments

The Directors expect no change in the principal activity of the business.

Dividends

The Directors announced a dividend of £nil in the year ending 31 December 2020 (2019: £nil).

Going Concern

The Company's business activities, together with the factors likely to affect its future development are set out in the Principal activity and review of business section, on page 2.

In determining the basis of preparation, the Board has considered the impact of the COVID-19 global pandemic, which has resulted in unprecedented risks. The Board considers the main risks resulting from COVID-19 for the Company are in respect of the impact on the renewal of policies and new sales, however, the impact during 2020 was minimal. The operational resilience of the Company has been seamless as a result of the Company's technology and the nature of work performed, allowing for the whole workforce to work remotely since March 2020. Due to the nearly immediate settlement of amounts due from customers upon binding coverage, the recoverability of debtors is not seen as an issue as the economic disruption continues. Various scenarios related to the potential impacts of this event on the Company have been prepared and reviewed by the Board.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and thus continue to adopt the going concern basis in preparing the annual financial statements.

XBRIDGE LIMITED
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

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.

Directors

The current Directors of the Company are shown below and all 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 15.

Donations

Charitable donations during the year amounted to £39,914 (2019: £38,614). The donations were made to organisations with charitable purposes.

Events after the reporting period

There were no subsequent events requiring adjustment to the financial statements or disclosures through to 6 May 2021, the date the Company's financial statements were issued.

The Company continues to monitor the effects of the COVID-19 pandemic. The outbreak has not only prompted widespread health concerns, but has caused deteriorations in global market conditions. The length and depth of the disruption to the economy is a concern and we will be monitoring developments closely.

Energy and carbon emission reporting

Category	Scope 1	Scope 2
Fuels combustion (tCO ₂ e)	161.12	-
Purchased electricity (tCO ₂ e)	-	144.86
Total emissions (tCO ₂ e)	161.12	144.86
Equivalent energy consumption (kWh)	775,432	502,770
Intensity ratio - Total emissions per £m revenue	3.12	

Quantification and reporting methodology

We have referred to HM Government's guidance on environmental and sustainability reporting as well as guidance provided via the Greenhouse Gas (GHG) Reporting Protocol Initiative. Scope 1 and 2 information on energy use is taken directly from statements provided by our office energy supplier. The calculation used in this report is:

$$(\text{kWh} \times \text{emission factor for consumption}) + (\text{kWh} \times \text{emission factor for transmission and distribution}) \\ = \text{total emissions}$$

XBRIDGE LIMITED
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

Energy and carbon emission reporting (continued)

Energy Management Statement

This year we completed the first annual view of our carbon footprint in the UK and began measuring the second year of our impact. To achieve this, we worked closely with Green Element, an environmental consultancy and fellow B Corp certified organisation, to implement an Environmental Management System (EMS) and to streamline data gathering across many aspects of our footprint. We worked with the consultancy to increase in-house expertise of our footprint and identify opportunities for energy efficiencies, including review of the Energy Savings Opportunities Scheme (ESOS) report as provided by HM Government. Using this knowledge, we aim to set meaningful and robust UN Science Based Targets as an organisation, ensuring energy efficiency and an absolute reduction in our emissions.

Our practical energy efficiency actions have been focused on our Northampton office, where the majority of our employee base resides. Windows have been sealed to improve heating, ventilation and air conditioning (HVAC) performance. All electrical meters have been replaced with smart meters. Further energy efficiency measures include the decommissioning of all office appliances and the suspension of all office-related delivery services during the COVID 19 pandemic. All unused power connections have been turned off to further reduce energy wastage.

Statement of Directors' responsibilities

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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

XBRIDGE LIMITED
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

6 May 2021

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
XBRIDGE LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020**

Opinion

We have audited the financial statements of Xbridge Limited ("the company") for the year ended 31 December 2020 which comprise the Statement of Profit or Loss for the year ended 31 December 2020, Statement of Financial Position as at 31 December 2020, Statement of changes in Equity for the year ended 31 December 2020, Statement of Cash Flows for the year ended 31 December 2020, 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 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
XBRIDGE LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020**

Fraud and breaches of laws and regulations – ability to detect (continued)

Identifying and responding to risks of material misstatement due to fraud (continued)

- inquiring of directors, internal audit, legal, and compliance and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud;
- reading Board of Directors meeting minutes; and
- using analytical procedures to identify any usual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, the risk that management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements such as the valuation of the profit share receivable.

We also performed procedures including:

- assessing significant accounting estimate for bias; and
- identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by unauthorised personnel, those posted by infrequent users, unusual descriptions and those posted with unusual account combinations.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and have discussed the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
XBRIDGE LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020**

Fraud and breaches of laws and regulations – ability to detect (continued)

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

Context of the ability of the audit to detect fraud or breaches of law or regulation (continued)

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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;
- 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
XBRIDGE LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020**

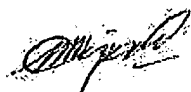
Auditor's responsibilities

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

6 May 2021

XBRIDGE LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £'000	2019 £'000
Revenue	5	97,791	86,869
Cost of sales		(21,873)	(13,913)
Gross profit		75,918	72,956
Administrative expenses	6	(76,459)	(71,968)
Operating (loss)/profit		(541)	988
Finance income	9	24	44
Finance costs	10	(450)	(381)
(Loss)/profit before tax		(967)	651
Tax credit/(charge) on (loss)/profit	11	648	(511)
(Loss)/profit for the year from continuing operations		(319)	140
Total (loss)/profit for the year		(319)	140

The Statement of Profit or Loss should be read in conjunction with the notes on pages 19 to 40.

XBRIDGE LIMITED
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £'000	2019 £'000
Assets			
Non-current assets			
Intangible assets	13	3,993	2,389
Property, plant and equipment:	14		
- Owned assets		4,021	4,980
- Right of use assets		12,495	14,225
Total non-current assets		20,509	21,594
Current assets			
Trade and other receivables	16	15,616	12,504
Contract assets	21	4,148	12,577
Deferred tax	12	1,114	194
Cash and cash equivalents	17	58,150	34,672
Total current assets		79,028	59,947
Total assets		99,537	81,541
Liabilities			
Current liabilities			
Trade and other payables	18	37,082	25,574
Contract liabilities	21	1,947	-
Refund liabilities	21	6,048	4,481
Lease liabilities	19	2,019	1,966
Provisions	20	771	658
Total current liabilities		47,867	32,679
Non-current liabilities			
Lease liabilities	19	12,174	14,146
Borrowings	22	5,099	-
Total non-current liabilities		17,273	14,146
Total liabilities		65,140	46,825
Net assets		34,397	34,716

XBRIDGE LIMITED
STATEMENT OF FINANCIAL POSITION (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £'000	2019 £'000
Equity			
Issued capital	27	2	2
Share premium	27	23,554	23,554
Retained earnings		10,841	11,160
Total equity		34,397	34,716

The Statement of Financial Position should be read in conjunction with the notes on pages 19 to 40. On 6 May 2021 the Board of Directors of Xbridge Limited, Company Registration 03967717, authorised these financial statements for issue.

David Kelly

David Kelly
 Director

6 May 2021

XBRIDGE LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Issued capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2019	1	8,555	11,020	19,576
Profit for the year	-	-	140	140
Share issue	1	14,999	-	15,000
Balance at 31 December 2019	2	23,554	11,160	34,716
Loss for the year	-	-	(319)	(319)
Share issue	-	-	-	-
Balance at 31 December 2020	2	23,554	10,841	34,397

The Statement of Changes in Equity should be read in conjunction with the notes on pages 19 to 40.

XBRIDGE LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £'000	2019 £'000
Cashflows from operating activities			
(Loss)/Profit before tax from continuing operations		(967)	651
Add/(deduct) adjustments for:			
Amortisation and impairment of intangible assets	13	1,466	856
Depreciation of property, plant and equipment	14	1,293	1,179
Depreciation of right of use assets	14	1,788	1,753
Interest income	9	(24)	(44)
Other finance costs	10	106	7
Cashflows from operations before working capital changes		3,662	4,402
Other non cash movements		(58)	1,596
Changes in working capital			
Increase in trade and other receivables		(3,113)	(2,852)
Increase/(Decrease) in trade and other payables		11,156	(1,593)
Decrease/(Increase) in contract assets	21a	8,429	(105)
Increase in contract liabilities	21b	1,947	-
Increase in refund liabilities	21c	1,567	1,546
Increase in provisions	20	113	55
Net cash flows (used in) / from operating activities		23,703	(2,949)
Cash flows from investing activities			
Purchase of intangible assets	13	(3,071)	(2,239)
Purchase of property, plant and equipment	14	(336)	(1,364)
Net cash flows used in investing activities		(3,407)	(3,603)
Cash flows from financing activities			
Issue of ordinary shares		-	15,000
Principle elements of lease payments	19	(1,574)	(1,088)
Interest paid on lease liabilities	19	(344)	(374)
Proceeds from loan with parent undertaking	22	5,099	-
Net cash flows from financing activities		3,181	13,538
Net increase in cash and cash equivalents		23,478	12,984
Cash and cash equivalents at beginning of year		34,672	21,688
Cash and cash equivalents at end of year		58,150	34,672

Other non cash movements within the cash flow statement relate to the IFRS 16 movements on the Statement of Financial Position.

The Statement of Cash Flows should be read in conjunction with the notes on pages 19 to 40.

XBRIDGE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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.

In determining the basis of preparation, the Board has considered the impact of the COVID-19 global pandemic, which has resulted in unprecedented risks. Whilst there are many unknowns at the time of writing, the Board considers the main risks resulting from COVID-19 for the Company are in respect of the impact on the renewal of policies and new sales. The recoverability of debtors is not seen as an issue due to the nearly immediate settlement of amounts due from customers upon binding coverage and the operational resilience of the Company has been seamless with the technology to work remotely for the whole workforce. Various scenarios related to the potential impacts of this event on the Company have been prepared and reviewed by the Board.

Accordingly, taking all of the above into account, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for 12 months from signing and thus continue to adopt the going concern basis in preparing the annual financial statements.

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 applies IFRS 15 where 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.

XBRIDGE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

3 Accounting policies (continued)

3.1 Revenue recognition (continued)

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 30 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.

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
Fixtures and fittings	5 years
Plant and machinery	3 years

XBRIDGE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

3 Accounting policies (continued)

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 and right of use asset

The Company enters into lease agreements for property that is primarily used for office space in the ordinary course of business. Leases have been accounted for under IFRS 16 and therefore as a right of use asset and lease liability.

At the commencement date of the lease, the Company recognises the asset representing the right to use the asset during the lease term (i.e the right of use asset) and recognises a liability to make lease cost payments (i.e the lease liability). The right to use asset is initially measured at cost, which comprises the initial amount of the lease liability and the costs incurred to obtain the lease. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental secured borrowing rate commensurate with the term of the underlying lease. The right to use asset is depreciated using the straight-line method from the commencement of the lease to the earlier of the end of the useful life or the end of the lease term, and interest expense is recognised on the lease liability.

Leases require the remeasurement of its 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 the interest rate used to determine those payments.) The Company recognises the amount of remeasurement of the lease liability as an adjustment to the right-of-use asset. The Company's leases include an option to extend or renew the lease term. The exercise of the renewal option is at the Company's discretion. The lease liability includes lease payments related to options to extend or renew the lease term if the Company is reasonably certain of exercising those options.

We have taken exemptions to exclude low value leases and short term leases. Another practical expedient used was that of the discount rate, due to all the leases being property the same discount rate has been used across the portfolio.

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

XBRIDGE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

3 Accounting policies (continued)

3.6 Intangible assets (continued)

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 3 years the estimated useful lives of the assets.

3.7 Contract assets and liabilities

Contract assets and liabilities 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 or liabilities as the consideration is dependant on loss ratios of the book.

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. 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 including right of use 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.

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.

XBRIDGE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

3 Accounting policies (continued)

3.10 Financial instruments (continued)

Financial assets

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

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables (including trade and other receivables) are initially recognised at fair value and subsequently recognised at amortised cost, 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 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.

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.

XBRIDGE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

3 Accounting policies (continued)

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 inceptioned 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.

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 2020, the carrying amount of capitalised development costs was £3,993k (2019: £2,381k).

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 Operating Income

	2020	2019
	£'000	£'000
Commissions and fees	84,273	70,555
Other revenues	13,518	16,314
	97,791	86,869

XBRIDGE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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6 Administrative expenses

	2020	2019
	£'000	£'000
Research and development cost - wages and salaries (note 7)	-	341
Depreciation (note 14)	1,293	1,178
Depreciation on right of use assets (note 14)	1,788	1,753
Amortisation (note 13)	1,480	856
Wages and salaries (note 7)	41,445	34,420
Social security costs (note 7)	3,782	3,216
Pension costs (note 7)	1,465	1,204
Marketing costs	15,396	17,293
Other administrative expenses	9,810	11,707
	76,459	71,968

7 Employee Costs

(a) Employee costs

	2020	2019
	£'000	£'000
Wages and salaries	41,445	34,761
Social security costs	3,782	3,216
Pension costs	1,465	1,204
	46,692	39,181

Pension costs of £1,465k (2019: £1,204k) relate to a defined contribution pension scheme that is operated by the Company. Pension contributions owed to the scheme at the balance sheet date amounted to £282k (2019: £239k) were paid in February 2021, in line with contract terms.

The average monthly number of employees during the year was:

	2020	2019
	No.	No.
Administrative	501	484
Technical	125	107
	626	591

(b) Directors' emoluments

	2020	2019
	£'000	£'000
Aggregate emoluments in respect of qualifying services	352	933

XBRIDGE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

7 Employee Costs

(b) Directors' emoluments (continued)

One Director received share options in respect of qualifying services (2019: One). No Directors, including the highest paid director, exercised share options during the year (2019: None). One Director forfeited their share options (2019: 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 (2019: £nil).

In respect of the highest paid director:

	2020	2019
	£'000	£'000
Aggregate emoluments	179	854

8 Auditor's remuneration

	2020	2019
	£'000	£'000
Audit of the financial statements	83	66

9 Finance income

	2020	2019
	£'000	£'000
Bank interest	24	44

10 Finance costs

	2020	2019
	£'000	£'000
Discount charge (note 20)	7	7
Interest expense on lease liability (note 22)	344	374
Interest on borrowings	99	-
	450	381

11 Tax on profit/(loss) on ordinary activities

	2020	2019
	£'000	£'000
Current tax		
UK corporation tax charged on profit/(loss) for the financial year	-	7
Adjustments in respect of previous periods	271	344
Current tax charge on ordinary activities	271	351
Deferred tax		
Effect of changes in tax rates	(75)	(33)
Current year movement	(152)	523
Adjustment in respect of prior years	(692)	(330)
Deferred tax charge/(credit) on ordinary activities	(919)	160
Tax (credit)/charge on ordinary activities	(648)	511

XBRIDGE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

11 Tax on profit/(loss) on ordinary activities (continued)

The tax assessed for the period is different to the average standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020	2019
	£'000	£'000
Profit on ordinary activities before tax	(967)	651
Profit on ordinary activities multiplied by the average standard rate in the UK 19% (2019: 19%)	(184)	124
Effects of:		
Expenses not deductible for tax purposes	45	5
Adjustment in respect of prior years	(420)	14
Tax rate changes	(75)	(10)
Exempt amounts	-	32
Share options	(9)	346
Income not taxable	(5)	-
Total tax (credit)/charge for the year	(648)	511

12 Deferred tax

	2020	2019
	£'000	£'000
Fixed asset timing differences	192	107
Losses	18	-
Research & Development expenditure credit	242	-
Research & Development	(136)	(95)
Temporary timing differences	798	182
Deferred tax asset	1,114	194

Movement on deferred tax asset:	2020	2019
	£'000	£'000
Asset as at 1 January	194	355
Deferred tax credit in the statement of profit or loss for year	228	(491)
Adjustment in respect of prior years (note 11)	692	330
Asset at the end of the year	1,114	194

The main rate of corporation tax for the year ended 31 December 2020 is 19% (2019: 19%), being the enacted 19% rate from 1 April 2017.

XBRIDGE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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13 Intangible Assets

	Intangibles £'000	Development costs £'000	Total £'000
Cost			
At 1 January 2019	138	3,738	3,876
Additions – internal development	-	2,239	2,239
Impairment	-	-	-
At 31 December 2019	138	5,977	6,115
Additions – internal development	-	3,116	3,116
Impairment	-	(46)	(46)
At 31 December 2020	138	9,047	9,185
Amortisation			
At 1 January 2019	107	2,763	2,870
Amortisation charge for the year	23	833	856
Impairment	-	-	-
At 31 December 2019	130	3,596	3,726
Amortisation charge for the year	5	1,475	1,480
Impairment	-	(14)	(14)
At 31 December 2020	135	5,057	5,192
Net book value			
At 31 December 2020	3	3,990	3,993
At 31 December 2019	8	2,381	2,389

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 2020

14 Property, plant and equipment

	Leasehold improvements £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 January 2019	20,107	3,337	1,294	24,738
Additions - owned assets	137	1,127	101	1,365
Addition - right of use assets	327	-	-	327
Disposals	-	(1,313)	(693)	(2,006)
At 1 January 2020	20,571	3,151	702	24,424
Additions - owned assets	185	129	25	339
Addition - right of use assets	56	-	-	56
Disposals	-	(102)	-	(102)
At 31 December 2020	20,812	3,178	727	24,717
Depreciation				
At 1 January 2019	1,049	2,317	927	4,293
Depreciation charge - owned assets	409	676	94	1,179
Depreciation charge - right of use assets	1,753	-	-	1,753
Disposals	-	(1,313)	(693)	(2,006)
At 1 January 2020	3,211	1,680	328	5,219
Depreciation charge - owned assets	438	749	106	1,293
Depreciation charge - right of use assets	1,788	-	-	1,788
Disposals	-	(99)	-	(99)
At 31 December 2020	5,437	2,330	434	8,201
Net book value				
At 31 December 2020	15,375	848	293	16,516
At 31 December 2019	17,360	1,471	374	19,205

The carrying amounts of property, plant and equipment include right of use assets, at 31 December as detailed below:

	2020 £'000	2019 £'000
Carrying amount of right of use assets included within:		
- Leasehold improvements	12,495	14,225
Total carrying amount presented within Property, plant and equipment	12,495	14,225

XBRIDGE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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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

	2020	2019
	£'000	£'000
Receivables		
Trade and other receivables - current	15,616	12,504
Contract asset – current	4,148	12,577
Cash and cash equivalents - current	58,150	34,672
Total Receivables	77,914	59,753

Liabilities as per statement of financial position

	2020	2019
	£'000	£'000
Borrowings and other financial liabilities		
Borrowings - non-current	5,099	-
Trade and other payables – current	37,082	25,574
Contract liabilities - current	1,947	-
Total borrowings and other financial liabilities	44,128	25,574

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 2020 cash and cash equivalents were placed with one financial institution with a credit rating according to Moody's of Aa3.

No trade and other receivables were past their due date 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.

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.

XBRIDGE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

15 Financial risk management (continued)

b) Liquidity risk (continued)

31 December 2020

	Less than 3 months £'000	Between 3-12 month £'000	Between 1-10 years £'000	Total £'000
Trade and other payables	34,688	2,411	-	37,099
Borrowings	-	-	5,384	5,384
	34,688	2,411	5,384	42,483

31 December 2019

	Less than 3 months £'000	Between 3-12 month £'000	Between 1-10 years £'000	Total £'000
Trade and other payables	24,904	670	-	25,574
Borrowings	-	-	-	-
	24,904	670	-	25,574

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:

	2020 £'000	2019 £'000
Issued capital	2	2
Share premium	23,554	23,554
Retained earnings	10,841	11,160
Equity	34,397	34,716

16 Trade and other receivables

	2020 £'000	2019 £'000
Current:		
Trade receivables	378	212
Amounts due from group companies	1,398	1,374
Other receivables	401	1,013
R&D tax credit receivable	-	479
Accrued income and prepayments	13,439	9,426
	15,616	12,504

XBRIDGE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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16 Trade and other receivables (continued)

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

There are no (2019: £nil) R&D tax credits contingent on the Company realising sufficient taxable profits in future accounting periods.

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

	2020	2019
	£'000	£'000
Beginning trade and other receivables – 1 January	12,504	9,652
Movements during the year	12,300	12,260
Collections during the year	(9,188)	(9,408)
Ending Trade and Other Receivables – 31 December	15,616	12,504

17 Cash and cash equivalents

	2020	2019
	£'000	£'000
Current account	33,223	15,185
Restricted cash	24,927	19,487
	58,150	34,672

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

18 Trade and other payables

	2020	2019
Current:	£'000	£'000
Trade payables	815	586
Taxation and social security	2,024	2,393
Accruals and deferred income	14,468	8,375
Amounts due to group companies	894	328
Other payables	18,881	13,892
	37,082	25,574

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 £18,457k (2019: £13,560k) and amounts owed to other brokers of £nil (2019: £nil).

XBRIDGE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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19 Lease liabilities

Lease liabilities of £12,174k (2019: £14,146k) are disclosed within non-current borrowings, and lease liabilities of £2,019k (2019: £1,966k) are disclosed within current borrowings on the face of the statement of financial position.

Disclosure of the carrying amounts of right of use assets by class and additions to right of use assets has been provided in the property, plant and equipment note (note 14).

	2020 £'000	2019 £'000
Effect of leases on financial performance:		
Depreciation charge for the year included in 'administrative expenses' for right of use assets:	1,782	1,753
Total depreciation charge on leased assets	1,782	1,753
 Lease expense in the year included in 'administrative expenses' for:		
- Short term leases, excluding leases with a term of one month or less	41	46
- Leases of low value assets, excluding short term leases disclosed above	34	34
 Interest expense for the year on lease liabilities recognised in 'finance costs'	344	374
Effects of leases on cash flows:		
Total cash outflow for leases in the year	419	455

Lease commitments

Lease commitments for short-term and low value leases as at 31 December were as follows:

	2020 £'000	2019 £'000
Plant and machinery:		
- Photocopiers and printers	6	24
- Computer system	-	35
- Coffee and water machines	48	65
- Other	-	6

Maturity analysis of lease liabilities

The maturity of the gross contractual undiscounted cash flows due on the Company's lease liabilities is set out below based on the period between 31 December and the contractual maturity date, with the present value adjustment being £1,116 (2019: £1,454k):

	Within 6 months £'000	6 months to 1 year £'000	1 to 5 years £'000	Over 5 years £'000	Total as at 31 December 2020 £'000
Property leases	1,158	1,158	8,286	4,707	15,309
Total leases	1,158	1,158	8,286	4,707	15,309

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19 Lease liabilities (continued)

	Within 6 months	6 months to 1 year	1 to 5 years	Over 5 years	Total as at 31 December 2019
	£'000	£'000	£'000	£'000	£'000
Property leases	1,154	1,154	9,230	6,028	17,566
Total leases	1,154	1,154	9,230	6,028	17,566

Lease terms

The Company leases properties used for its operations in the UK. Lease terms are 7-12 years, with options to terminate the lease early after the first 7 years for the London leases. Rentals are fixed with rent reviews 5 years after inception of the lease. All property leases are subject to repair and maintenance terms and must be restored to their original conditions on termination of the lease.

Terms on specific property leases also include:

- Rent free periods – on all property leases ranging from 3 months to 18 month periods.

It is the Company's policy to lease certain items of its machinery and its office equipment (including printers, coffee and water machines, games tables and office plants). The average lease terms are 2 years. All leases are on a fixed repayment basis and no arrangements have been entered for variable rental payments.

The Company leases a number of low value assets including coffee and water machines. All leases are for 4-5 years for fixed monthly rentals.

20 Provision for liabilities

	Save As You Earn provision	Dilapidation provision	Total
	£'000	£'000	£'000
At 1 January 2019	7	596	603
Discount charge	-	7	7
Additions during the year	19	29	48
At 31 December 2019	26	632	658
Discount charge	-	7	7
Additions during the year	106	-	106
At 31 December 2020	132	639	771

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.

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20 Provision for liabilities (continued)

Save as your 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.

21 Assets and liabilities related to 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 2020 £'000	Profit share commission 2019 £'000
Beginning Contract Assets – 1 January	12,577	12,472
Movements during the year	1,937	9,695
Collections during the year	(10,366)	(9,590)
Ending Contract Assets – 31 December	4,148	12,577

(b) Contract liabilities

	Profit share commission 2020 £'000	Profit share commission 2019 £'000
Beginning Contract Liabilities – 1 January	-	-
Movements during the year	1,947	-
Obligations satisfied during the year	-	-
Ending Contract Liabilities – 31 December	1,947	-

Contract assets and liabilities relate to profit share commission. The profit share commission receivable or payable 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 will develop. In future periods such judgement may change as new information becomes available.

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21 Assets and liabilities related to contracts with customers (continued)

(c) Refund liabilities 2020

	Dual insurance provision 2020 £'000	Clawback provision 2020 £'000	Total 2020 £'000
Beginning refund liabilities – 1 January	482	3,999	4,481
Amounts used during the year	-	(3,999)	(3,999)
Additions during the year	135	5,431	5,566
Ending refund liabilities – 31 December	617	5,431	6,048

Refund liabilities 2019

	Dual insurance provision 2019 £'000	Clawback provision 2019 £'000	Total 2019 £'000
Beginning refund liabilities – 1 January	349	2,586	2,935
Amounts used during the year	-	(2,586)	(2,586)
Additions during the year	133	3,999	4,132
Ending refund liabilities – 31 December	482	3,999	4,481

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 the year 2020, as with the prior year, a small number of customers who may have purchased more than one policy for the same cover were identified. At the year end, a prudent approach was taken and a provision for the full amount of the related commission was made £244k (2019: £198k).

22 Borrowings

	2020 £'000	2019 £'000
<i>Non-current and unsecured</i>		
Loan from related party	5,099	-

On 19 March 2020 the Company has borrowed £5,000k from its parent company, The Travelers Companies, Inc. The loan bears an interest rate of 2.5% and is repayable after 3 years.

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23 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. Further awards were made on 6 February 2018, 15 November 2018, 5 February 2019 and 4 February 2020. 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 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 £167k (2019: £1,222k).

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:

	2020 Number	2020 WADFV (\$)	2019 Number	2019 WADFV (\$)
Outstanding at 1 January	46,323	128.89	47,188	130.40
Granted during the year	8,714	133.66	4,582	126.18
Forfeited during the year	(16,472)	129.73	(5,447)	131.24
Outstanding at 31 December	38,565	129.61	46,323	128.89

Performance Shares

On 6 February 2018 and 5 February 2019 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 36 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 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 £195k (2019: £166k).

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:

	2020 Number	2020 WADFV (\$)	2019 Number	2019 WADFV (\$)
Outstanding at 1 January	4,999	131.92	2,121	140.85
Granted during the year	559	132.58	3,049	126.18
Forfeited during the year	(1,783)	137.26	(283)	137.07
Dividend equivalent issued during the year	128	130.40	112	131.87
Outstanding at 31 December	3,903	129.53	4,999	131.92

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23 Share based payments (continued)

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. Further grants were then made on 5 February 2019 and 4 February 2020. 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 £8k (2019: £120k). 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 4 February 2020	5,140	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
On 5 February 2019	17,107		

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

	2020 Number	2020 WADFV (\$)	2019 Number	2019 WADFV (\$)
Outstanding at 1 January	26,647	131.73	11,520	140.85
Granted during the year	5,140	132.58	17,107	126.18
Forfeited during the year	(8,084)	136.97	(1,980)	136.81
Outstanding at 31 December	23,703	130.13	26,647	131.73

Savesave scheme

Under the Savesave 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.

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23 Share based payments (continued)

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

31 December 2020

	Outstanding		Exercisable		
	Number 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	57,059	3.44	126.18	-	
Between \$136 and \$145	9,113	3.20	140.85	638	140.85
Total	66,172	3.41	128.20	638	140.85

31 December 2019

	Outstanding		Exercisable		
	Number 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	61,528	4.04	127.92	5,261	129.18
Between \$136 and \$145	16,442	3.79	140.85	2,449	140.85
Total	77,970	3.92	134.39	7,710	135.02

24 Related party transactions

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

	2020	2019
	£'000	£'000
Short-term employee benefits	6,168	5,887
Post-employment pension and medical benefits	118	128
	6,286	6,015

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

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24 Related party transactions (continued)

(b) Intercompany payable balance

	2020	2019
	£'000	£'000
The Travelers Companies, Inc.	148	328

(c) Intercompany debtor balance

	2020	2019
	£'000	£'000
Simply Business, Inc.	652	1,374

25 Events after the reporting period

There were no subsequent events requiring adjustment to the financial statements or disclosures through to 6 May 2021, the date the company's financial statements were issued.

26 Ultimate parent undertaking

The Company is a wholly owned subsidiary of 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 and online at www.travelers.com.

27 Share capital and share premium

	2020	2019
	Number of shares	
Authorised, issued and fully paid		
Ordinary shares of 0.00005 euros	37,084,885	37,084,885
Authorised, issued and fully paid	£	£
Ordinary shares of 0.00005 euros	1,562	1,562
	£'000	£'000
Share premium	23,554	23,554

During the year no shares were issued (2019: 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).