

Registration number: 04515272

Fresh Insurance Services Group Limited

Annual Report and Financial Statements

for the period 1 August 2017 to 31 December 2018 ('the period')

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Fresh Insurance Services Group Limited

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Fresh Insurance Services Group Limited

Company Information

Company number

04515272

Registered office

Ladybird Suite
Burnt Meadow Road
North Moons Moat
Redditch
Worcestershire
B98 9PA

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditor
7 More London Riverside
London
SE1 2RT

Bankers

National Westminster Bank plc
1 The Cross
Worcester
Worcestershire
WR1 3PR

Fresh Insurance Services Group Limited

Strategic Report for the Period Ended 31 December 2018

The directors present their strategic report for the period ended 31 December 2018.

Principal activities

The principal activities of Fresh Insurance Services Group Limited ("the Company") during the period continued to be that of a personal lines insurance intermediary.

On 18 May 2018 the entire share capital of the Company was acquired by Vantage Holdings Limited.

Review of the business

The Company has continued to increase revenues with income up by 13.1% (2017 - 22%) over the previous financial period based on comparable twelve month period to July. The Company's investment in Telematics and Information Technology infrastructure has yielded significant returns as the results for the period confirm.

An exciting opportunity for the Company moving forwards is to develop the First Van brand significantly, including the introduction of a van Telematics offering. The Company is also reviewing further development of their Telematics offerings. The directors expect these initiatives to continue to deliver substantially increased profitability in future periods.

The Company's results for the period ended 31 December 2018 report a profit before tax of £3,072,880 (2017 - £2,920,884 for 12 months). The Company's key financial and other performance indicators during the period were as follows:

		17 months ended 31 December	12 months ended 31 July 2017
	Unit	2018	2017
Staff costs / net commissions and fees	%	42.67	42.10
Operating earnings / income	%	11.18	17.24

The operating earnings for the 17 months to 31 December 2018 are after charging one-off remuneration costs of £1,839,001 relating to the sale of the business to Vantage Holdings Limited. If the earnings are adjusted for this then the restated operating earnings to income ratio is 17.90%. The staff costs ratio above excludes these one-off costs.

Financial position at the reporting date

The statement of financial position shows that the Company's net assets at the period-end have increased from £1,632,893 as at 31 July 2017 to £2,827,602 as at 31 December 2018 driven by the result for the period and additional capital introduced from the exercise of share options by certain employees.

Principal risks and uncertainties

The Company's principal risks are considered to be:

Market risk: The increased influence of the internet and price comparison websites (PCW) continues to change the UK business environment. Rises in PCW marketing costs and market pressures on pricing to win business remain a challenge that faces the business. The Company has used technology investment to gain greater data insights to mitigate this risk.

Insurance specific developments in technology such as Telematic systems and machine learning are also likely material drivers of market change. The Company has put in place strategies and has recruited data experts to the senior management team to meet these challenges. In addition, the market is dominated by a few large insurance companies who can change operating practices and potentially buy in greater market share. The Company manages market risk by maintaining a broad panel of insurers and monitoring revenue trends.

Fresh Insurance Services Group Limited

Strategic Report for the Period Ended 31 December 2018 (continued)

Principal risks and uncertainties (continued)

Operating risk: The Company's exposure to losses arise from inadequate or failed internal processes, from fraud and failure of data systems and from external events. It is a critical requirement that our systems not only serve today but stay in line with the huge technological shifts the industry is experiencing. This is managed by having in place comprehensive policies for business continuity planning and robust compliance procedures. Ongoing investment into IT infrastructure, the call centre operation and our online journey is designed to minimise the risk in these areas.

Regulatory risk: Changes to the regulatory environment or requirements may result in intervention and financial or reputational loss. The Company mitigates these risks by ensuring that its governance and culture identify changes or issues at an early stage and allow the implementation of appropriate strategies to ensure compliance. During the period additional focus has been necessary to accommodate the requirements of GDPR and the Insurance Distribution Directive.


The uncertainty regarding the UK's exit from the EU presents a risk to the Company, however, this is mainly due to the possible effects on the UK economy and insurer exposure and changes in risk appetite (issues that will affect the whole sector) rather than a direct loss of capacity.

Liquidity risk: The Company predominantly manages its cash and borrowing requirements locally, with central assistance where necessary, to maximise interest income and minimise interest expense, whilst ensuring the Company has sufficient liquid resources to meet the operating needs of its business. Client money is held with approved banks and cleared funds have to be available before payment is made.

Interest rate risk: The Company operations are subject to the risk of interest rate fluctuations only as it affects interest earning assets.

Credit risk: Investment of cash surpluses and borrowings are made through banks and companies which must fulfil credit rating criteria approved by the board. All customers who wish to trade on credit terms are subject to credit verification procedures. Debtor balances are monitored on an on-going basis and provision is made for doubtful debts where necessary.

Approved by the Board on 14th June 2019 and signed on its behalf by:


J R N Collyear
Director

Fresh Insurance Services Group Limited

Directors' Report for the Period Ended 31 December 2018

The directors present their report and the audited financial statements for the period ended 31 December 2018.

Directors of the Company

The directors who held office during the period from 1 August 2017 to the date of this report, unless otherwise stated, were as follows:

J R N Collyear – appointed 18 May 2018

J F Corrigan-Stuart – appointed 18 May 2018

P Friend – resigned 18 May 2018

N Frost

G McKernan – appointed 18 May 2018

W McKernan – appointed 18 May 2018

L Powis – resigned 18 May 2018

M Powis – resigned 18 May 2018

S Street – resigned 18 May 2018

M Wall

S Whalley

W M Clinton - appointed 21 May 2019

Dividend

The directors recommended the payment of and paid an interim dividend of £27.90 per share totalling £3,077,780 (2017 - £40.94 per share totalling £2,046,940) during the period.

Change in accounting period

During the period the Company changed its reporting period from 31 July to 31 December and therefore these financial statements are presented for a 17 month period to align with the reporting period of its parent Company. Accordingly comparative amounts presented in these financial statements, including related notes, are not entirely comparable.

Research and development

Whilst the company is continuing to look to improve its services, no qualifying research into development of new services and products was undertaken this year. Research & development written off to profit and loss during the year amounted to £nil (2017: £51,712).

Treasury operations and financial instruments

The Company transacts its business in Sterling. The Company operates a centralised treasury function which is responsible for managing the liquidity and interest risks associated with the Company's activities. In addition, the Company has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from its operations.

The Company's exposure to, and management of, financial risks is set out in the strategic report.

Social and community activities

Fresh actively supports a range of local charities and staff participation in community based initiatives is encouraged through volunteering and fundraising.

Employment of disabled persons

The Company's policy is to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. Disabled employees receive appropriate training to promote their career development within the Company. Employees who become disabled are retained in their existing posts where possible or retrained for suitable alternative posts.

Fresh Insurance Services Group Limited

Directors' Report for the Period Ended 31 December 2018 (continued)

Employee involvement

Quarterly meetings are held between senior management and individual employees to discuss matters of concern and employees are kept well-informed about the progress and position of the Company including the distribution monthly of a staff newsletter, Fresh on Target, that includes reporting on key performance metrics and reports from senior management across all the brands.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for 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.

Donations

During the period the Company made non- political donations of £7,541 (2017: £9,105).

Directors' liabilities

The Company has purchased insurance to indemnify the directors against liability in respect of proceedings brought by third parties, with provision being in force during the period and as at the date of the approval of the directors' report.

Events after the Balance Sheet date

The Company announced after the period end that it would be closing its Bracknell Branch as part of a restructuring of the business.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.


Fresh Insurance Services Group Limited

Directors' Report for the Period Ended 31 December 2018 (continued)

Independent Auditors

During the period Carbon Accountancy Limited resigned as auditors and were replaced by PricewaterhouseCoopers LLP who have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the next Board meeting.

The financial statements on pages 10 to 28 were approved by the Board of Directors on 14th June 2019 and signed on its behalf by:



J R N Collyear
Director

Fresh Insurance Services Group Limited

Independent Auditors' Report for the Period Ended 31 December 2018

Report on the audit of the financial statements

Opinion

In our opinion, Fresh Insurance Services Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the 17 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2018; the statement of comprehensive income, the statement of changes in equity for the 17 month period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Fresh Insurance Services Group Limited

Independent Auditors' Report for the Period Ended 31 December 2018 (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of the Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.

Fresh Insurance Services Group Limited

Independent Auditors' Report for the Period Ended 31 December 2018 (continued)

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

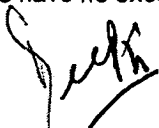
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Deepti Vohra (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

14 June 2019

Fresh Insurance Services Group Limited

Statement of Comprehensive Income for the Period Ended 31 December 2018

	Note	17 months ended 31 December 2018 £	12 months ended 31 July 2017 £
Turnover	4	27,371,325	16,915,441
Administrative expenses		(24,315,470)	(14,007,414)
Other operating income	5	4,055	8,976
Operating profit	6	3,059,910	2,917,003
Interest receivable and similar income	8	12,970	3,881
Profit before tax		3,072,880	2,920,884
Tax on profit	12	399,997	(572,528)
Profit for the financial Period		3,472,877	2,348,356

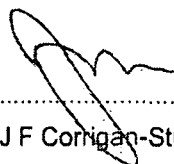
The notes on pages 13 to 28 form an integral part of these financial statements.

Fresh Insurance Services Group Limited

(Registration number: 04515272)
Balance Sheet as at 31 December 2018

	Note	31 December 2018 £	31 July 2017 (restated) £
Non-current assets			
Intangible assets	13	239,369	351,790
Tangible assets	14	265,708	216,624
Investments	15	1,002	1,002
		<u>506,079</u>	<u>569,416</u>
Current assets			
Debtors	16	8,587,079	9,108,448
Cash and cash equivalents	17	5,365,416	3,918,513
		<u>13,952,495</u>	<u>13,026,961</u>
Creditors: amounts falling due within one year	18	<u>(6,234,635)</u>	<u>(7,236,586)</u>
Net current assets		<u>7,717,860</u>	<u>5,790,375</u>
Deferred tax asset	12	<u>663,023</u>	-
Total assets less current liabilities		<u>8,886,962</u>	<u>6,359,791</u>
Creditors: amounts falling due after more than one year	19	<u>(1,138,000)</u>	-
Provisions for liabilities	20	<u>(4,921,360)</u>	<u>(4,726,898)</u>
Net assets		<u>2,827,602</u>	<u>1,632,893</u>
Capital and reserves			
Called up share capital	22	84,142	71,750
Share premium account		827,220	40,000
Share option account		-	236,872
Profit and loss account		<u>1,916,240</u>	<u>1,284,271</u>
Total equity		<u>2,827,602</u>	<u>1,632,893</u>

Approved and authorised by the Board on 14th June 2019 and signed on its behalf by:



J F Corrigan-Stuart
Director

The notes on pages 13 to 28 form an integral part of these financial statements.

Fresh Insurance Services Group Limited

Statement of Changes in Equity for the Period Ended 31 December 2018

	Share capital £	Share premium £	Share options reserve £	Profit and loss account £	Total £
At 1 August 2017	71,750	40,000	236,872	1,284,271	1,632,893
Profit for the Period	-	-	-	3,472,877	3,472,877
Total comprehensive income	-	-	-	3,472,877	3,472,877
Dividends	-	-	-	(3,077,780)	(3,077,780)
New shares issued	12,392	787,220	-	-	799,612
Share based payment transactions	-	-	(236,872)	236,872	-
At 31 December 2018	84,142	827,220	-	1,916,240	2,827,602

	Share capital £	Share premium £	Share options reserve £	Profit and loss account £	Total £
At 1 August 2016	71,750	40,000	193,225	982,855	1,287,830
Profit for the Period	-	-	-	2,348,356	2,348,356
Total comprehensive income	-	-	-	2,348,356	2,348,356
Dividends	-	-	-	(2,046,940)	(2,046,940)
Share based payment transactions	-	-	43,647	-	43,647
At 31 July 2017	71,750	40,000	236,872	1,284,271	1,632,893

The notes on pages 13 to 28 form an integral part of these financial statements.

Fresh Insurance Services Group Limited

Notes to the Financial Statements for the Period Ended 31 December 2018

1 General information

The Company is a private company limited by share capital, incorporated in England and Wales in the United Kingdom.

The address of its registered office is:

Ladybird Suite
Burnt Meadow Road
North Moons Moat
Redditch
Worcestershire
B98 9PA

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention and in accordance with the Companies Act 2006.

The financial statements present information about the Company as an individual undertaking and not about its group. While the Company and its subsidiary undertakings comprise a medium-sized group, the Company has taken advantage of the exemption provided by section 405 of the Companies Act 2006 not to prepare group accounts as its wholly owned subsidiaries were dormant throughout the period and prior periods.

Cash flow statement

As a wholly owned subsidiary of Vantage Holdings Limited, and a qualifying entity, the Company has taken advantage of the exemption offered by FRS 102 not to present a cash flow statement. The Company's cash flow is included in the consolidated financial statements of NSM Insurance Group, LLC, Vantage Holdings Limited's immediate parent company.

Restatement of Comparatives

The 2017 statement of financial position has been restated to correct a prior period error for the following: the prior year has been restated to include an asset and corresponding liability amounting to £4,726,898 in relation to insurance policies sold to clients who purchase the policy through financing arrangements through Premium Credit Limited ("PCL"). In the event that clients default on their repayments to PCL the Company is obligated to repay PCL any monies paid to the Company in relation to outstanding instalments and the liability represents future amounts to be refunded based on previous history of default. The Company would be entitled to recover such amounts from the client and therefore a corresponding asset matching the liability has been raised and included within other debtors (see note 16). In so far as any amounts are deemed unlikely to be recovered they are included in the bad debt provision. See note 3 and note 20 for further information.

In addition prior year other debtors and trade debtors have been restated to include income due from finance charges amounting to £295,336 within trade debtors, restating them from other debtors.

Going concern

The financial statements have been prepared on a going concern basis.

Fresh Insurance Services Group Limited

Notes to the Financial Statements for the Period Ended 31 December 2018 (continued)

2 Accounting Policies (continued)

Revenue recognition

Turnover comprises commission receivable, fees for the arrangement of insurances, and other ancillary income derived from the business of insurance broking.

The Company recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the Company's activities.

Government grants

Grants received in respect of the acquisition of fixed assets are credited to deferred capital grants in the balance sheet and are released to the profit and loss account over the useful economic life of the asset for which the grant was awarded.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Intangible assets

Intangible fixed assets relate to software (both purchased and developed) and are stated in the statement of financial position at cost, less any subsequent accumulated amortisation and subsequent accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, which is deemed to be three years.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction, over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Furniture and fittings	25% straight line
Office equipment	33% straight line

Fresh Insurance Services Group Limited

Notes to the Financial Statements for the Period Ended 31 December 2018 (continued)

2 Accounting policies (continued)

Investments

Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment. All investments relate to equity shares in subsidiary undertakings, all of which are dormant entities.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

The Company acts as an agent in broking insurable risks of its clients.

In accordance with generally accepted accounting practice, the Company has shown debtor balances relating to insurance broking business as assets of the Company itself. Accordingly, trade debtors arising from insurance broking transactions are presented gross.

Trade creditors

The Company acts as an agent in broking insurable risks of its clients and generally is not liable as a principal for premiums due to underwriters or for claims payable to clients.

However, notwithstanding the Company's relationship with underwriters and in accordance with generally accepted accounting practice the Company has shown creditor balances relating to insurance broking business as liabilities of the Company itself. Accordingly, trade payables arising from insurance broking transactions are presented gross.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Where such leases in relation to properties impose an obligation to restore the property to the condition it was in when the lease commenced, a provision for the cost of doing this is raised over the life of the lease where such a cost can be reliably estimated.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the Company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Fresh Insurance Services Group Limited

Notes to the Financial Statements for the Period Ended 31 December 2018 (continued)

2 Accounting policies (continued)

Share based payments

Share-based payment arrangements are recognised in the financial statements in accordance with Financial Reporting Standard 102.

Equity-settled share-based payments are ultimately recognised as an expense in the profit and loss account with a corresponding credit to "share option reserve".

Cumulative adjustments where significant prior to vesting are recognised in the current period. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimate. No adjustment is made to any expense recognised in prior periods if share options that have vested are not exercised. Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

3 Critical accounting judgements and key sources of estimation uncertainty

In applying the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The Directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

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

The critical judgements and key sources of estimation uncertainty arising in the process of applying the Company's accounting policies, and that have the most significant effect on the amounts recognised in the financial statements, are discussed below.

Assessing indicators of impairment

In assessing whether there have been any indicators of impairment of assets, the Directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

Recoverability of receivables

The Company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the Directors consider factors such as the aging of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

Fresh Insurance Services Group Limited

Notes to the Financial Statements for the Period Ended 31 December 2018 (continued)

4 Turnover

All of the Company sales are made in the United Kingdom.

The analysis of the Company's revenue for the period from continuing operations and by category is as follows:

	17 months ended 31 December 2018 £	12 months ended 31 July 2017 £
Revenue from insurance broking	27,268,784	16,912,491
Revenue from affinity relationships	102,541	2,950
	<u>27,371,325</u>	<u>16,915,441</u>

5 Other operating income

The analysis of the Company's other operating income for the period is as follows:

	17 months ended 31 December 2018 £	12 months ended 31 July 2017 £
Government grants	4,055	8,666
Miscellaneous other operating income	-	310
	<u>4,055</u>	<u>8,976</u>

6 Operating profit

Arrived at after charging

	17 months ended 31 December 2018 £	12 months ended 31 July 2017 £
Depreciation expense	<u>443,654</u>	<u>232,649</u>

7 Government grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises expenses for the related costs for which the grants are intended to compensate, which in the case of grants related to assets requires setting up the grant as deferred income or deducting it from the carrying amount of the asset.

The amount of grants recognised in the financial statements was £4,055 (2017 - £8,666).

Fresh Insurance Services Group Limited

Notes to the Financial Statements for the Period Ended 31 December 2018 (continued)

8 Interest receivable and similar income

	17 months ended 31 December 2018 £	12 months ended 31 July 2017 £
Interest income on bank deposits	12,970	3,881

9 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	17 months ended 31 December 2018 £	12 months ended 31 July 2017 £
Wages and salaries	10,395,249	6,334,511
Social security costs	1,029,700	572,556
Pension costs, defined contribution scheme	193,141	144,597
Other employee expense	62,267	70,506
	11,680,357	7,122,170

The staff costs for the 17 months to 31 December 2018 above exclude one-off remuneration costs of £1,839,001 relating to the sale of the business to Vantage Holdings Limited.

The average number of persons employed by the Company (including directors) during the Period, analysed by category was as follows:

	17 months ended 31 December 2018 No.	12 months ended 31 July 2017 No.
Administration and support	44	35
Sales	210	190
	254	225

Fresh Insurance Services Group Limited

Notes to the Financial Statements for the Period Ended 31 December 2018 (continued)

10 Directors' remuneration

The directors' remuneration for the period was as follows:

	17 months ended 31 December 2018 £	12 months ended 31 July 2017 £
Remuneration	1,287,846	617,066

During the period the number of directors who were receiving benefits and share incentives was as follows:

	17 months ended 31 December 2018 No.	12 months ended 31 July 2017 No.
Received or were entitled to receive shares under long term incentive schemes	4	4
Accruing benefits under defined contribution schemes	4	4

In respect of the highest paid director:

	17 months ended 31 December 2018 £	12 months ended 31 July 2017 £
Remuneration	348,533	117,712
Redundancy	30,000	-
Company contributions to money purchase pension schemes	-	44,140

During the period the highest paid director received or was entitled to receive shares under a long term incentive scheme.

11 Auditors' remuneration

	17 months ended 31 December 2018 £	12 months ended 31 July 2017 £
Audit of the financial statements	51,032	10,000
Other fees to auditors		
Fees paid to previous auditors	6,253	4,980

Fresh Insurance Services Group Limited

Notes to the Financial Statements for the Period Ended 31 December 2018 (continued)

12 Tax on profit

Tax charged/(credited) in the income statement

	17 months ended 31 December 2018 £	12 months ended 31 July 2017 £
Current taxation		
UK corporation tax	309,353	569,208
UK corporation tax adjustment to prior periods	-	(897)
	<u>309,353</u>	<u>568,311</u>
Deferred taxation		
Arising from origination and reversal of timing differences	(753,236)	4,217
Group relief surrendered	43,886	-
	<u>(709,350)</u>	<u>4,217</u>
Tax (credit)/charge in the income statement	<u>(399,997)</u>	<u>572,528</u>

The tax on profit before tax for the period is lower than the standard rate of corporation tax in the UK (2017 – lower than the standard rate of corporation tax in the UK) for the period to December 2018 of 19.00% (12 months to 31 July 2017 – 19.67%).

The differences are reconciled below:

	17 months ended 31 December 2018 £	12 months ended 31 July 2017 £
Profit before tax	<u>3,072,880</u>	<u>2,920,884</u>
Corporation tax at standard rate 19.00% (2017: 19.67%)	583,847	574,538
Non-taxable income	(491,922)	-
Non-deductible expenses	-	12,370
Tax increase/(decrease) from effect of capital allowances and depreciation	-	(7,404)
Movement in tax losses	(524,387)	-
Other tax effects for reconciliation	<u>32,465</u>	<u>(6,976)</u>
Total tax (credit)/charge	<u>(399,997)</u>	<u>572,528</u>

The main corporation tax rate was reduced from 20% to 19% from 1 April 2017.

Fresh Insurance Services Group Limited

Notes to the Financial Statements for the Period Ended 31 December 2018 (continued)

12 Tax on profit (continued)

The deferred tax included in the balance sheet is as follows:

	2018 £	2017 £
Accelerated capital allowances	(33,698)	(46,327)
Other temporary differences	216,220	-
Losses carried forward	524,387	-
Group relief surrendered	(43,886)	-
	<hr/>	<hr/>
Total recognised deferred tax asset/(liability)	663,023	(46,327)
	<hr/>	<hr/>
	2018 £	2017 £
Deferred tax liability at the start of the period	(46,327)	(42,110)
Deferred tax credit/(charge) in profit and loss account for the period	709,350	(4,217)
	<hr/>	<hr/>
Deferred tax asset/(liability) at the end of the period	663,023	(46,327)
	<hr/>	<hr/>

13 Intangible assets

	Computer software £	Total £
Cost or valuation		
At 1 August 2017	596,747	596,747
Additions	153,933	153,933
	<hr/>	<hr/>
At 31 December 2018	750,680	750,680
Amortisation		
At 1 August 2017	244,957	244,957
Charge for the Period	266,354	266,354
	<hr/>	<hr/>
At 31 December 2018	511,311	511,311
Carrying amount		
At 31 December 2018	239,369	239,369
	<hr/>	<hr/>
At 31 July 2017	351,790	351,790
	<hr/>	<hr/>

During the year software previously included within tangible fixed assets was transferred to intangible fixed assets for more appropriate representation. The depreciation policy remains the same being 3 years straight line.

Fresh Insurance Services Group Limited

Notes to the Financial Statements for the Period Ended 31 December 2018 (continued)

14 Tangible assets

	Furniture and fittings £	Office equipment £	Total £
Cost or valuation			
At 1 August 2017	288,425	673,357	961,782
Additions	35,168	196,537	231,705
Disposals	(17,449)	-	(17,449)
At 31 December 2018	306,144	869,894	1,176,038
Depreciation			
At 1 August 2017	174,962	570,196	745,158
Charge for the Period	76,419	100,881	177,300
Disposals	(12,128)	-	(12,128)
At 31 December 2018	239,253	671,077	910,330
Carrying amount			
At 31 December 2018	66,891	198,817	265,708
At 31 July 2017	113,463	103,161	216,624

15 Investments

	2018 £	2017 £
Investments in subsidiaries	1,002	1,002
Subsidiaries		£
Cost or valuation		
At 1 August 2017 and 31 December 2018		1,002
Amounts provided		
At 1 August 2017 and 31 December 2018		-
Carrying amount		
At 31 December 2018		1,002
At 31 July 2017		1,002

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the Company holds 20% or more of the nominal value of any class of share capital are as follows:

Fresh Insurance Services Group Limited

Notes to the Financial Statements for the Period Ended 31 December 2018 (continued)

15 Investments (continued)

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2018	2017
Subsidiary undertakings				
Ladybird Insurance Brokers Limited	Ladybird Suite, Burnt Meadow Road, North Moons Moat Industrial Estate, Redditch, Worcestershire B98 9PA	Ordinary	100%	100%
Autosaint Limited	Ladybird Suite, Burnt Meadow Road, North Moons Moat Industrial Estate, Redditch, Worcestershire B98 9PA	Ordinary shares	100%	100%
First Insurance Services Limited	Ladybird Suite, Burnt Meadow Road, North Moons Moat Industrial Estate, Redditch, Worcestershire B98 9PA	Ordinary shares	100%	100%

The principal activity of Ladybird Insurance Brokers Limited, Autosaint Limited and First Insurance Services Limited is insurance broking, though all companies were dormant during the period and prior period.

16 Debtors

	2018 £	2017 £ (restated)
Trade debtors	3,389,453	3,923,154
Other debtors (see note 20)	5,001,981	4,835,857
Prepayments and accrued income	195,645	349,437
	<u>8,587,079</u>	<u>9,108,448</u>

Prior year other debtors and trade debtors have been restated to include income due from finance charges amounting to £295,336 within trade debtors, restating them from other debtors.

17 Cash and cash equivalents

	2018 £	2017 £
Cash in hand	644	459
Cash at bank	9,900	9,960
Short-term deposits	5,354,872	3,908,094
	<u>5,365,416</u>	<u>3,918,513</u>

Fresh Insurance Services Group Limited

Notes to the Financial Statements for the Period Ended 31 December 2018 (continued)

18 Creditors: amounts falling due within one year

	Note	2018 £	2017 £
Trade creditors		5,373,498	6,448,241
Other taxation and social security		192,067	163,477
Outstanding defined contribution pension costs		-	13,241
Other payables		245,219	46,576
Income tax liability	12	35,009	379,208
Accruals and deferred income		388,842	185,843
		<u>6,234,635</u>	<u>7,236,586</u>

19 Creditors: amounts falling due after more than one year

	2018 £	2017 £
Long term incentive plan	<u>1,138,000</u>	-
	<u>1,138,000</u>	-

The long term incentive is payable to certain members of staff.

20 Provisions for liabilities

	Deferred tax £	PCL liability £	Dilapidations Provision £	Total £
At 1 August 2017 (restated)	46,327	4,680,571	-	4,726,898
Increase/(decrease) in provisions	<u>(46,327)</u>	<u>221,765</u>	<u>19,024</u>	<u>194,462</u>
At 31 December 2018	-	4,902,336	19,024	4,921,360

PCL Liability

The PCL liability arises in relation to insurance policies sold to clients who purchase the policy through financing arrangements through Premium Credit Limited ("PCL"). In the event that clients default on their repayments to Premium Credit the Company is obligated to repay Premium Credit any monies paid to the Company in relation to outstanding instalments and the liability represents future amounts to be refunded based on previous history of default. The Company would be entitled to recover such amounts from the client and therefore a corresponding asset matching the liability has been raised and included within other debtors (see note 16). In so far as any amounts are deemed unlikely to be recovered they are included in the bad debt provision. As at the period end any potential repayment to PCL would take place within 12 months.

Fresh Insurance Services Group Limited

Notes to the Financial Statements for the Period Ended 31 December 2018 (continued)

20 Provisions for liabilities (continued)

Dilapidations Provision

As part of the Company's property leasing arrangements there is an obligation to repair damages which incur during the life of the lease, such as wear and tear. The cost is charged to profit and loss as the obligation arises. The provision is expected to be utilised between 2020 and 2022 as the leases terminate.

21 Pension and other schemes

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £193,141 (2017 - £144,597).

Contributions totalling £NIL (2017 - £13,241) were payable to the scheme at the end of the period and are included in creditors.

22 Called up share capital

Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
'A' Ordinary shares of £1 each	25,750	25,750	25,750	25,750
'B' Ordinary shares of £1 each	12,392	12,392	-	-
'C' Ordinary shares of £1 each	3,000	3,000	3,000	3,000
'D' Ordinary shares of £1 each	15,000	15,000	15,000	15,000
'E' Ordinary shares of £1 each	1,500	1,500	1,500	1,500
'F' Ordinary shares of £1 each	3,750	3,750	3,750	3,750
'G' Ordinary shares of £1 each	500	500	500	500
'H' Ordinary shares of £1 each	500	500	500	500
'I' Ordinary shares of £1 each	10,000	10,000	10,000	10,000
	72,392	72,392	60,000	60,000

Allotted, called up and not fully paid shares

	2018		2017	
	No.	£	No.	£
'J' Ordinary shares of £1 each	11,750	11,750	11,750	11,750
Total	84,142	84,142	71,750	71,750

Fresh Insurance Services Group Limited

Notes to the Financial Statements for the Period Ended 31 December 2018 (continued)

22 Called up share capital (continued)

Rights, preferences and restrictions

The Company's shares have the following rights, preferences and restrictions:

The ordinary 'A' to 'H' classes of shares have a right to receive a dividend at the discretion of the directors, have equal voting rights, and equal rights to a distribution in the event of a winding up of the Company. The ordinary 'I' class shares have a right to receive a dividend at the discretion of the directors, have full voting rights, and rights to a distribution based on certain conditions in the event of a winding up of the Company. The ordinary 'J' class shares have a right to receive a dividend at the discretion of the directors, have full voting rights, though no right to a distribution in the event of a winding up of the Company.

23 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2018	2017
	£	£
Within one year	105,541	101,283
Later than one year and not later than five years	245,173	122,406
	<u>350,714</u>	<u>223,689</u>

The amount of non-cancellable operating lease payments recognised as an expense during the period was £149,518 (2017 - £103,317).

24 Share-based payments

Fresh Insurance Enterprise Management Incentive schemes

In November 2010, March 2015 and March 2016, the Company granted options (which were qualifying Enterprise Management Incentives pursuant to Schedule 5 of the Income Tax (Earnings and Pensions) Act 2003) to certain employees and directors.

During the period 1,108 options lapsed (400 from the 2015 scheme and 708 from the 2016 scheme).

On 18 May 2018 the employees and directors exercised all their share options, triggered by the sale of the Company to Vantage Holdings Limited, as follows:

- 5,100 'B' ordinary shares in the Company at £6.00 per share (2010 scheme) (including nominal value)
- 3,000 'B' ordinary shares in the Company at £26.00 per share (2015 scheme) (including nominal value)
- 4,292 'B' ordinary shares in the Company at £161.00 per share (2016 scheme) (including nominal value)

In previous periods the Company used the Black-Scholes model to fair value the share options. All schemes were treated as equity settled with a charge made against profit on options granted with a corresponding credit to share option reserve, adjusted for lapsed options and other vesting condition modifications.

Fresh Insurance Services Group Limited

Notes to the Financial Statements for the Period Ended 31 December 2018 (continued)

24 Share-based payments (continued)

The movements in the number of share options during the Period were as follows:

	2018 Number	2017 Number
Outstanding, start of period	13,500	14,350
Granted during the period	-	-
Expired during the period	(1,108)	(850)
Exercised during the period	(12,392)	-
Outstanding, end of period	-	13,500

The movements in the weighted average exercise price of share options during the Period were as follows:

	2018 £	2017 £
Outstanding, start of period	67.00	68.00
Granted during the period	-	-
Expired during the period	-	1.00
Exercised during the period	67.00	-
Outstanding, end of period	-	67.00

25 Dividends

Interim dividends paid

	2018 £	2017 £
Interim dividend of £27.90 (2017 - 40.94) per each Interim dividend share	3,077,780	2,046,940

26 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £Nil (2017 - £Nil).

Pension commitments

The Company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account of money purchase schemes as they become payable in accordance with the rules of the scheme. Commitments provided for in the accounts amounted to £Nil (2017 - £13,241). Commitments not provided for in the accounts amounted to £Nil (2017 - £Nil).

The Company has no obligations regarding pension commitments for past directors (2017 - £Nil).

Fresh Insurance Services Group Limited

Notes to the Financial Statements for the Period Ended 31 December 2018 (continued)

27 Related party transactions

Other transactions with directors

During the period £12,000 (2017 £14,500) was paid to Lisa Powis in respect of property leased by the Company.

28 Ultimate controlling party

The Company's ultimate parent undertaking is White Mountain Insurance Group, Ltd, a company registered in Bermuda.

On the 18th May 2018, Vantage Holdings Limited acquired Fresh Insurance Services Group Limited.

On the 11th May 2018, White Mountain Insurance Group, Ltd, acquired NSM Insurance Group, LLC, a company registered in the USA, which is Vantage Holdings Limited's immediate parent company.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by Vantage Holdings Limited. Copies of the group financial statements are available on request from 41 Eastcheap, London EC3M 1DT.