

ThinkSmart Insurance Services Administration Limited

Annual Report and Financial Statements

For the Year Ended 30 June 2019

Company Number: 05932182



**THINKSMART INSURANCE SERVICES
ADMINISTRATION LIMITED**

YEAR ENDED 30 JUNE 2019

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**THINKSMART INSURANCE SERVICES
ADMINISTRATION LIMITED**

YEAR ENDED 30 JUNE 2019

REPORT OF THE DIRECTOR

The Director hereby submits their Report and the accounts for the year ended 30 June 2019.

Principal activities

The principal activities of the Company are providing insurance mediation services. The Company is regulated by the Financial Conduct Authority (FCA).

Going concern

The director confirms that they are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis for preparing the accounts. In forming their view, the director has considered the Company's prospects for a period exceeding twelve months, from the date the financial statements were approved.

Director

The director who held office during the year and up to the date of this report, were as follows:

G Halton

Dividends

There were no dividends declared in the year ended 30 June 2019 (year ended 30 June 2018: £nil).

Political and charitable contributions

The Company made no political or charitable donations during the year ended 30 June 2019 (year ended 30 June 2018: £nil).

Disclosure of information to auditor

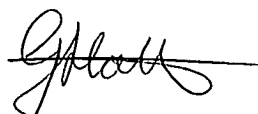
The director who held office at the date of approval of this director's report confirms that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Director have also taken advantage of the small companies' exemption from the requirement to prepare a strategic report.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

By order of the board



Gary Halton

Director

7th Floor Oakland House,
Talbot Road, Old Trafford,
Manchester, M16 0PQ

Date: 20 December 2019

**THINKSMART INSURANCE SERVICES
ADMINISTRATION LIMITED**

YEAR ENDED 30 JUNE 2019

**STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE
DIRECTOR'S REPORT AND THE FINANCIAL STATEMENTS**

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the director 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THINKSMART INSURANCE SERVICES ADMINISTRATION LIMITED

Opinion

We have audited the financial statements of ThinkSmart Insurance Services Administration Limited ("the Company") for the year ended 30 June 2019 which comprise the Statement of total Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The Director is responsible for the other information. The other information comprises the information included in the Report of the Director, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THINKSMART INSURANCE SERVICES ADMINISTRATION LIMITED (continued)

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Director

As explained more fully in the Statement of Director's responsibilities in respect of the Director's report and the Financial statements, the Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Director 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 Director is 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 Director either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

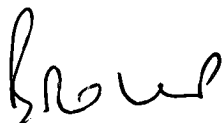
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THINKSMART
INSURANCE SERVICES ADMINISTRATION LIMITED (continued)**

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Julien Rye (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester, UK
20 December 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**THINKSMART INSURANCE SERVICES
ADMINISTRATION LIMITED**

YEAR ENDED 30 JUNE 2019

STATEMENT OF TOTAL COMPREHENSIVE INCOME

	Notes	30 June 2019	30 June 2018
		£	£
Turnover	2	434,433	544,514
Cost of sales		(34,301)	(34,301)
Gross profit		<u>400,132</u>	<u>510,213</u>
Administrative expenses		(273,620)	(413,252)
Other operating income	2.1	<u>115,748</u>	<u>190,637</u>
Profit before tax		242,260	287,598
Tax on profit on ordinary activities	5	(294,397)	-
Profit/(loss) for the financial year		<u><u>(52,137)</u></u>	<u><u>287,598</u></u>
Other comprehensive income net of income tax		-	-
Total comprehensive income for the financial year		<u><u>(52,137)</u></u>	<u><u>287,598</u></u>

The profit/(loss) for the year is derived from continuing operations.

The notes on pages 8 to 12 form an integral part of these financial statements.

**THINKSMART INSURANCE SERVICES
ADMINISTRATION LIMITED**

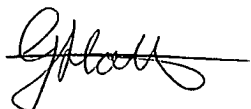
YEAR ENDED 30 JUNE 2019

BALANCE SHEET

	Notes	30 June 2019 £	30 June 2018 £
Current assets			
Cash and cash equivalents		964,070	357,050
Accrued income		33,315	48,322
Other current assets	6	794,364	1,328,159
Tax receivable		-	52,274
		<u>1,791,749</u>	<u>1,785,805</u>
Creditors: amounts falling due within one year	7	683	(2,126)
Net current assets		<u>1,792,432</u>	<u>1,783,679</u>
Creditors: amounts falling due after more than one year	8	(1,459,328)	(1,398,438)
Net assets		<u><u>333,104</u></u>	<u><u>385,241</u></u>
Capital and reserves			
Called up share capital	9	24,000	24,000
Profit and loss account		309,104	361,241
Equity shareholders' surplus		<u><u>333,104</u></u>	<u><u>385,241</u></u>

The notes on pages 9 to 12 form an integral part of these financial statements.

The financial statements on pages 5 to 12 were approved by the director on 20 December 2019 and were signed by:



Gary Halton (Director)

Company Number 05932182

**THINKSMART INSURANCE SERVICES
ADMINISTRATION LIMITED**

YEAR ENDED 30 JUNE 2019

STATEMENT OF CHANGES IN EQUITY

	Fully paid ordinary shares	Accumulated profit	Equity
	£	£	£
Balance at 1 July 2017	24,000	73,643	97,643
Profit for the year	-	287,598	287,598
Other comprehensive income net of income tax	-	-	-
Total comprehensive income for the financial year	-	287,598	287,598
Balance at 30 June 2018	24,000	361,241	385,241
Balance at 1 July 2018	24,000	361,241	385,241
Profit for the year	-	(52,137)	(52,137)
Other comprehensive income net of income tax	-	-	-
Total comprehensive income for the financial year	-	(52,137)	(52,137)
Balance at 30 June 2019	24,000	309,104	333,104

The notes on pages 8 to 12 form an integral part of these financial statements.

THINKSMART INSURANCE SERVICES ADMINISTRATION LIMITED

YEAR ENDED 30 JUNE 2019

NOTES TO FINANCIAL STATEMENTS

1. Accounting Policies

ThinkSmart Insurance Services Administration Limited (the “Company”) is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (“FRS 101”). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company’s ultimate parent undertaking, ThinkSmart Limited incorporated in Australia and listed on the Alternative Investment Market (“AIM”), a sub-market of the London Stock Exchange includes the Company in its consolidated financial statements.

The consolidated financial statements of ThinkSmart Limited are general purpose financial statements which have been prepared and approved by the Director in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporation Act 2001. The consolidated financial statements comply with International Financial Reporting Standard (IFRS) adopted by the International Accounting Standards Board (IASB) as well as International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”). The consolidated financial statements of ThinkSmart Limited are available to the public and may be obtained from Suite 5, 531 Hay Street, SUBIACO, WA 6008, Australia.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy, the correction of error, or the reclassification of items in the financial statements;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

As the consolidated financial statements of ThinkSmart Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

THINKSMART INSURANCE SERVICES ADMINISTRATION LIMITED

YEAR ENDED 30 JUNE 2019

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting Policies (continued)

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis. Non-current assets are stated at the lower of previous carrying amount and fair value less costs to sell.

The financial statements are presented in Pounds Sterling (GBP£), which is also the company's functional currency. All amounts in these financial statements have been rounded to the nearest £1.

1.2 Insurance Prepayment

In relation to business customers of RentSmart Limited who do not already have insurance, a policy is set up through a third party insurance provider as insurance policy is agreed and effective over the term of the contract. The Company operates two models for payment of the insurance cover, "Upfront" and "Pay as You Go" (PAYG). In the first, the Company pays for the insurance cover upfront and also recognises its income upfront which creates an insurance prepayment on the balance sheet. The Company subsequently collects the insurance premium from the customer on a monthly basis over the life of the rental agreement, which reduces the prepayment. Where a policy is cancelled, the unexpired premiums are refunded to the Company. In the second model the Company recognises its income upfront and makes a monthly payment for the premium to the insurance company as the same time as it is collected from the customer.

2. Turnover

The Company earns a commission for supplying insurance to customers of RentSmart Limited through a third party. All of this income is recognised upfront net of a provision for future cancellations based on past experience (2019:30%, 2018:30%). To allow for the cash being received over the contract term the present value of the debtor is discounted for the time value of money and unwound over the contract term. This accounting recognition was applied to the entire insurance book.

	30 June 2019	30 June 2018
	£	£
Commissions	434,433	544,514

2.1 Other operating income

	30 June 2019	30 June 2018
	£	£
Interest income	115,748	190,637

**THINKSMART INSURANCE SERVICES
ADMINISTRATION LIMITED**

YEAR ENDED 30 JUNE 2019

NOTES TO FINANCIAL STATEMENTS (continued)

3. Statement of Profit and Loss

Turnover, all of which arose from activities within the United Kingdom, represents insurance commissions earned from the IT rental agreements provided by RentSmart Limited, which is also a wholly owned subsidiary of ThinkSmart Europe Limited.

4. Auditor's remuneration:

The auditor's remuneration is borne by RentSmart Limited.

5. Tax on profit on ordinary activities

	30 June 2019	30 June 2018
	£	£
Current tax on income for the year	242,260	-
Adjustments in respect for prior year	52,137	-
Total tax on profit on ordinary activities	<u>294,397</u>	<u>-</u>
Reconciliation of effective tax rate		
Accounting profit before tax	242,260	287,598
Tax using the UK corporation tax rate*	46,029	54,644
Group relief claimed current year	196,231	(54,644)
Adjustments in respect for prior year	52,137	-
Total tax on profit on ordinary activities	<u>294,397</u>	<u>-</u>

*The Finance Act 2015 reduced the main rate of corporation tax from 20% to 19% from 1 April 2017. The Finance Act 2016 will further reduce the main rate of corporation tax to 17% from 1 April 2020. This will reduce the Company's future current tax charge accordingly.

6. Other current assets

	30 June 2019	30 June 2018
	£	£
Insurance prepayments (i)	236,929	553,525
Accrued income (ii)	554,285	773,072
Prepayments and other debtors	3,150	1,562
	<u>794,364</u>	<u>1,328,159</u>

- (i) On 1 June 2018 the Company entered into a new insurance programme agreement moving from an Upfront to PAYG (see note 1.2). Under the Upfront model the Company paid the insurance premium to the insurance company at the start of the customer contract creating an insurance prepayment. The result of moving from the Upfront to PAYG model is that the insurance prepayment is reducing as the contracts assigned to the Upfront model are collected out.
- (ii) Accrued income reflects brokerage commission earned from making insurance arrangements on behalf of leaseholders and is net of a clawback provision (see note 2). The balance of accrued income reduces as the insurance payments are collected from the leaseholders.

**THINKSMART INSURANCE SERVICES
ADMINISTRATION LIMITED**

YEAR ENDED 30 JUNE 2019

NOTES TO FINANCIAL STATEMENTS (continued)

7. Creditors: amounts falling due within one year

	30 June 2019 £	30 June 2018 £
Trade creditors	(1,987)	-
Accruals	1,304	2,126
	<u>(683)</u>	<u>2,126</u>

8. Creditors: amounts falling due after more than one year

	30 June 2019 £	30 June 2018 £
Intercompany loan – ThinkSmart Europe Limited	1,164,931	1,398,438
Intercompany loan – Rentsmart Limited	294,397	-
	<u>1,459,328</u>	<u>1,398,438</u>

Interest on intercompany loan is charged at a rate of 4.5% per annum. Intercompany loan includes accrued interest of £52,137 as at 30 June 2019.

9. Called up share capital

	30 June 2019 £	30 June 2018 £
<i>Allotted, called up and fully paid</i>		
24,000 (2018: 24,000) ordinary authorised shares of £1 each (2018: £1 each)	<u>24,000</u>	<u>24,000</u>
Shares classified in shareholders' funds	<u>24,000</u>	<u>24,000</u>

10. Related parties

The Company has taken advantage of the exemption under FRS 101 paragraph 8(k) 8(j) not to disclose key management personnel compensation or transactions and amounts due to and from fellow group companies that are wholly owned by the ultimate parent company, ThinkSmart Limited.

11. Ultimate parent undertaking

100% of the share capital of ThinkSmart Insurance Services Administration Limited is held by ThinkSmart Europe Limited, whose ultimate parent company is ThinkSmart Limited. ThinkSmart Limited is incorporated in Australia, and is the largest group in which the results of ThinkSmart Insurance Services Administration Limited are included. Copies of these group accounts are available from Suite 5, 531 Hay Street, SUBIACO, WA 6008, Australia.

12. Events occurring after balance sheet date

There has not arisen, in the interval between the end of the financial year and the date of this report, any subsequent events.