

Registered number  
07800485

Coverbox Holdings Ltd  
Report and Financial Statements  
31 July 2016

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**Coverbox Holdings Ltd**  
**Report and accounts**  
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## **Coverbox Holdings Ltd Company Information**

### **Directors**

J.C Barnsley  
R.W. Jefferson  
N.D.Beckingham  
V.M.Small - resigned 27/07/2016  
A.J. Bennett  
E.J Els - resigned 27/06/2016  
H.Collinge - resigned 27/06/2016  
N.D.Spence-Thomas - resigned 27/06/2016

### **Auditors**

KPMG LLP  
Quayside House  
110 Quayside  
Newcastle Upon Tyne  
NE1 3DX

### **Registered office**

Thorpe Park  
239 Thorpe Road  
Peterborough  
Cambs  
PE3 6LW

### **Registered number**

07800485

**Coverbox Holdings Ltd****Registered number:**

07800485

**Directors' Report**

The directors present their report and financial statements for the year ended 31 July 2016.

The directors' report has been prepared in accordance with the special provisions relating to small companies under section 415A of the Companies Act 2006.

**Principal activities**

The company provides management services to its associated companies on an agreed charge out basis. The principal activities of the group are those of an insurance intermediary.

**Review of the business**

During the year the group traded under the brand style of Coverbox with full permissions authorised and regulated by the Financial Conduct Authority. The group has incurred significant initial set up costs and fixed overhead by switching previously out-sourced operational systems and procedures to in-house control to improve efficiency and productivity. This is a long term investment and the group's performance is in line with the expectations of the directors.

**Future developments**

The strategy for the group is to consolidate and refine its in-house systems and procedures to enable efficient acquisition and servicing of its customers via new and existing telematics based insurance products. The group will continue to augment its routes to market and expand both the breadth and competitiveness of its product offering.

**Dividends**

The directors do not recommend the payment of a dividend. (2015: NIL)

**Directors**

The following persons served as directors during the year:

J.C Barnsley  
R.W. Jefferson  
N.D.Beckingham  
V.M.Small - resigned 27/07/2016  
A.J. Bennett  
E.J Els - resigned 27/06/2016  
H.Collinge - resigned 27/06/2016  
N.D.Spence-Thomas - resigned 27/06/2016

**Statement of Directors' responsibilities**

The directors are responsible for preparing the Directors' report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (Financial Reporting Standard 102 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 group and parent company and of the profit or loss of the group for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;

**Coverbox Holdings Ltd****Registered number:****07800485****Directors' Report**

- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

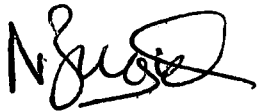
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

**Disclosure of information to auditor**

Each person who was a director at the time this report was approved confirms that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board on 28 April 2017 and signed on its behalf.



N. D. Beckingham  
Director

Thorpe Park  
239 Thorpe Road  
Peterborough  
Cambs  
PE3 6LW

**Coverbox Holdings Ltd**  
**Independent auditors' report**  
**to the members of Coverbox Holdings Ltd**

We have audited the financial statements of Coverbox Holdings Ltd for the year ended 31 July 2016, set out on pages 5 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 auditors' 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.

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the accounts**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate)

**Opinion on the accounts**

In our opinion the accounts:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 July 2016 and of the group's loss 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.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where 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 parent company 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; or
- the directors were not entitled to take advantage of the small companies exemption in preparing the director's report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Nick Plumb  
(Senior Statutory Auditor)  
for and on behalf of  
KPMG LLP  
Accountants and Statutory Auditors  
28 April 2017

Quayside House  
110 Quayside  
Newcastle Upon Tyne  
NE1 3DX

**Coverbox Holdings Ltd**  
**Consolidated profit and loss account**  
**for the year ended 31 July 2016**

	<b>Notes</b>	<b>2016 £</b>	<b>2015 £</b>
<b>Turnover</b>	3	1,565,947	1,373,854
Cost of sales		(1,531,014)	(1,628,020)
<b>Gross profit/(loss)</b>		<u>34,933</u>	<u>(254,166)</u>
Administrative expenses		(3,404,992)	(3,658,834)
Other operating charges		(81,356)	(382,420)
<b>Operating loss</b>	5	<u>(3,451,415)</u>	<u>(4,295,420)</u>
Interest receivable and similar income		1,338	163
Interest payable and similar charges	9	(292,949)	(117,076)
<b>Loss on ordinary activities before taxation</b>		<u>(3,743,026)</u>	<u>(4,412,333)</u>
Tax on loss on ordinary activities	10	-	-
<b>Loss for the financial year</b>		<u>(3,743,026)</u>	<u>(4,412,333)</u>

All results are derived from continuing operations

**Coverbox Holdings Ltd**  
**Consolidated statement of other comprehensive income**  
**for the year ended 31 July 2016**

	<b>Notes</b>	<b>2016 £</b>	<b>2015 £</b>
<b>Loss for the financial year</b>		(3,743,026)	(4,412,333)
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		<u>(3,743,026)</u>	<u>(4,412,333)</u>



**Coverbox Holdings Ltd**  
**Consolidated Balance sheet**  
**as at 31 July 2016**

	Notes	2016 £	2015 £
<b>Fixed assets</b>			
Intangible assets	11	5,396	2,803
Goodwill	11	1,427,103	1,642,514
Tangible assets	13	183,457	394,904
		<u>1,615,956</u>	<u>2,040,221</u>
<b>Current assets</b>			
Debtors	16	922,124	1,953,471
Cash at bank and in hand		<u>1,356,485</u>	<u>555,163</u>
		<u>2,278,609</u>	<u>2,508,634</u>
<b>Creditors: amounts falling due within one year</b>	18	(7,156,158)	(6,736,856)
<b>Net current liabilities</b>		<u>(4,877,549)</u>	<u>(4,228,222)</u>
<b>Total assets less current liabilities</b>		<u>(3,261,593)</u>	<u>(2,188,001)</u>
<b>Creditors: amounts falling due after more than one year</b>	20	(3,233,783)	(2,178,468)
<b>Provisions for liabilities</b>			
Other provisions	23	-	(433,416)
		<u>-</u>	<u>(433,416)</u>
<b>Net liabilities</b>		<u>(6,495,376)</u>	<u>(4,799,885)</u>
<b>Capital and reserves</b>			
Called up share capital	24	100	100
Share premium		-	-
Other reserves		6,869,067	4,821,532
Profit and loss account		<u>(13,364,543)</u>	<u>(9,621,517)</u>
<b>Shareholders' deficit</b>		<u>(6,495,376)</u>	<u>(4,799,885)</u>



N. D. Beckingham  
 Director

Approved by the board on 18 April 2017

Company registered number: 07800485

**Coverbox Holdings Ltd**  
**Company balance sheet**  
**as at 31 July 2016**

	Notes	2016 £	2015 £
<b>Fixed assets</b>			
Intangible assets	12	-	2,803
Goodwill	12	1,427,103	1,642,514
Tangible assets	14	1,278	394,903
Investments	15	10,245,001	7,245,001
		<u>11,673,382</u>	<u>9,285,221</u>
<b>Current assets</b>			
Debtors	17	76,470	13,731,716
Cash at bank and in hand		<u>36,214</u>	<u>-</u>
		112,684	13,731,716
<b>Creditors: amounts falling due within one year</b>	19	(4,079,491)	(17,861,724)
<b>Net current liabilities</b>		<u>(3,966,807)</u>	<u>(4,130,008)</u>
<b>Total assets less current liabilities</b>		<u>7,706,575</u>	<u>5,155,213</u>
<b>Creditors: amounts falling due after more than one year</b>	21	(3,233,783)	(2,178,468)
<b>Net assets</b>		<u>4,472,792</u>	<u>2,976,745</u>
<b>Capital and reserves</b>			
Called up share capital	24	100	100
Share premium		-	-
Profit and loss account		(2,396,375)	(1,844,887)
Other reserves		6,869,067	4,821,532
<b>Total equity</b>		<u>4,472,792</u>	<u>2,976,745</u>



N. D. Beckingham  
 Director

Approved by the board on ~~28~~ April 2017

Company registered number: 07800485

**Coverbox Holdings Ltd**  
**Consolidated statement of changes in equity**  
**for the year ended 31 July 2016**

	Share capital	Profit and Loss Account	Other Reserves	Total
	£	£		£
<b>At 1 August 2014</b>	100	(5,209,184)	-	(5,209,084)
Loss for the financial year	-	(4,412,333)	-	(4,412,333)
Capital Contribution	-	-	4,821,532	4,821,532
<b>At 31 July 2015</b>	100	(9,621,517)	4,821,532	(4,799,885)
<b>At 1st August 2015</b>	100	(9,621,517)	4,821,532	(4,799,885)
Loss for the financial year	-	(3,743,026)	-	(3,743,026)
Capital Contribution	-	-	2,047,535	2,047,535
<b>At 31 July 2016</b>	100	(13,364,543)	6,869,067	(6,495,376)

**Coverbox Holdings Ltd**  
**Company statement of changes in equity**  
**for the year ended 31 July 2016**

	Share capital	Profit and Loss Account	Other Reserves	Total
	£	£		£
<b>At 1 August 2014</b>	100	(1,022,060)	-	(1,021,960)
Loss for the financial year	-	(822,827)	-	(822,827)
Capital Contribution	-	-	4,821,532	4,821,532
<b>At 31 July 2015</b>	100	(1,844,887)	4,821,532	2,976,745
<b>At 1 August 2015</b>	100	(1,844,887)	4,821,532	2,976,745
Loss for the financial year	-	(551,488)	0	(551,488)
Capital Contribution	-	-	2,047,535	2,047,535
<b>At 31 July 2016</b>	100	(2,396,375)	6,869,067	4,472,792

**Coverbox Holdings Ltd**  
**Consolidated Statement of Cash Flows**  
**for the year ended 31 July 2016**

	Notes	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Operating loss		(3,743,026)	(4,412,333)
Adjustments for:			
Depreciation		157,903	258,765
Amortisation of goodwill		217,513	217,513
Interest receivable and similar income		(1,338)	(163)
Interest payable and similar charges		4,525	6,747
Loss on sale of tangible fixed assets		81,356	382,420
		<u>(3,283,067)</u>	<u>(3,547,051)</u>
Decrease/(Increase) in trade and other debtors		1,031,347	(1,459,374)
Decrease in stocks		-	37,456
Increase in trade and other creditors		3,088,736	5,542,679
<b>Net cash from operating activities</b>		<u>837,016</u>	<u>573,710</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of tangible fixed assets		9,228	10,385
Interest received		1,338	163
Acquisition of tangible fixed assets		(35,749)	(295,005)
Acquisition of other intangible assets		(5,986)	-
<b>Net cash from investing activities</b>		<u>(31,169)</u>	<u>(284,457)</u>
<b>Cash flows from financing activities</b>			
Interest paid		(4,525)	(6,747)
<b>Net cash from financing activities</b>		<u>(4,525)</u>	<u>(6,747)</u>
Net increase in cash and cash equivalents		801,322	282,506
Cash and cash equivalents at 1 August		555,163	272,657
<b>Cash and cash equivalents at 31 July</b>		<u>1,356,485</u>	<u>555,163</u>

**Coverbox Holdings Ltd**  
**Notes to the Accounts**  
**for the year ended 31 July 2016**

**1 Summary of significant accounting policies**

***Basis of preparation***

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements have been prepared on a going concern basis due to the financial support received from a related party, MNFI Limited Partnership, which will enable the business to meet its liabilities as they fall due for at least the next 12 months from the date these financial statements are signed.

Coverbox Holdings Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The presentation currency of these financial statements is sterling.

In the transition to FRS 102 from old UK GAAP, the Company and Group has made measurement and recognition adjustments as set out in note 31.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Lease arrangements – in order to determine whether an arrangement contains a lease, the Company has analysed facts and circumstances existing at transition date rather than commencement date of the arrangement.
- Lease incentives – for leases commenced before 1 August 2014 the Company continued to account for lease incentives under previous UK GAAP.

Coverbox Holdings Ltd, includes Coverbox Ltd and Coverbox Insure Ltd in its consolidated financial statements. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.
- Company only statement of profit and loss.

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

***Turnover***

Turnover represents brokerage and fees on telematic car insurance and associated products and services. Turnover is recognised on inception of each policy. Turnover is reduced by provisions made in respect of net amounts likely to be repayable on cancellation of policies.

***Intangible fixed assets***

Intangible fixed assets are measured at cost less accumulative amortisation and any accumulative impairment losses. Amortisation is provided on all intangible fixed assets calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Other Intangible assets	over 3 years
Goodwill	over 10 years

**Coverbox Holdings Ltd**  
**Notes to the Accounts**  
**for the year ended 31 July 2016**

***Tangible fixed assets***

Tangible fixed assets are measured at cost less accumulative depreciation and any accumulative impairment losses.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Fixtures, fittings, tools and equipment	over 3 years
-----------------------------------------	--------------

***Investments***

Investments in subsidiaries are carried at cost less impairment.

***Debtors***

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts.

Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts.

***Creditors***

Short term creditors are measured at transaction price (which is usually the invoice price).

***Taxation***

A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous period.

Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that 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, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used.

Current and deferred tax assets and liabilities are not discounted.

***Provisions***

Provisions (ie liabilities of uncertain timing or amount) are recognised when there is an obligation at the reporting date as a result of a past event, it is probable that economic benefit will be transferred to settle the obligation and the amount of the obligation can be estimated reliably.

**Coverbox Holdings Ltd**  
**Notes to the Accounts**  
**for the year ended 31 July 2016**

**Leased assets**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

The rights of use and obligations under finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments.

**Classification of financial instruments issued by the Company**

Financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Preference shares not issued at the market rate of interest are split and accounted for as comprising of a debt component and an equity component, which is recorded in other reserves.

**2 Critical accounting estimates and judgements**

In preparation of the financial statements for the period ended 31st July 2016 management has been required to make a significant judgement regarding the treatment of goodwill, as per FRS102 the amortisation term has been reduced from a 20 year life to 10 years and the charge applied. The comparative for 2015 has been restated.

Further judgement is required in respect of an assessment of the carrying value of goodwill in the group and company accounts, and of investments in the company accounts. Both require estimates of the future cashflows of the company and group, whether through on going trading or disposal.

**3 Analysis of turnover**

	2016 £	2015 £
Insurance intermediary commissions	<u>1,565,947</u>	<u>1,373,854</u>
	<u>1,565,947</u>	<u>1,373,854</u>
By geographical market:		
UK	<u>1,565,947</u>	<u>1,373,854</u>

All turnover is generated from commissions that relate to the brokerage of insurance. Turnover is shown after elimination of intra-group transactions.

**4 Other operating charges**

	2016 £	2015 £
Net loss on disposal of tangible fixed assets	<u>(81,356)</u>	<u>(382,420)</u>



**Coverbox Holdings Ltd**  
**Notes to the Accounts**  
**for the year ended 31 July 2016**

<b>5 Operating loss</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
This is stated after charging:		
Depreciation of owned fixed assets	157,903	258,765
Amortisation of goodwill	217,513	217,513
Auditor's remuneration for audit services	27,300	26,000
Auditor's remuneration for other services	4,007	-

<b>6 Loss on disposal of tangible assets</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Loss on disposal of tangible assets	81,356	382,420

The above 2015 amount includes the write off of the remaining balance of telematic devices at 31 July 2015. All new devices are expensed in the period purchased.

<b>7 Directors' emoluments - company</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Emoluments	613,903	647,784
Company contributions to defined contribution pension plans	14,475	14,325
	628,378	662,109

All directors were previously paid by Coverbox Holdings Ltd. In the last quarter of the year to 31.07.16, 5 of the 7 directors were transferred to the regulated entities Coverbox Insure Ltd and Insure Telematics Solutions Ltd.

Highest paid director:

Emoluments	178,104	157,877
Company contributions to defined contribution pension plans	5,175	4,725
	183,279	162,602

<b>Number of directors to whom retirement benefits accrued:</b>	<b>2016</b>	<b>2015</b>
	<b>Number</b>	<b>Number</b>
Defined contribution scheme commenced 2014	5	5

**Key management personnel**

As per FRS102 key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. All of the Coverbox Holdings Limited directors, executive and non executive, are considered to be key management personnel. Amounts paid in 2016 are as per the directors' emoluments above; no payments were made to non executive directors.

**Coverbox Holdings Ltd**  
**Notes to the Accounts**  
**for the year ended 31 July 2016**

<b>8 Staff costs and numbers</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,806,834	1,575,015
Social security costs	184,250	160,750
Other pension costs	35,930	26,486
	<u>2,027,014</u>	<u>1,762,251</u>

<b>Average number of employees during the year</b>	<b>Number</b>	<b>Number</b>
Administration	42	34
Directors	7	7
Sales	-	3
	<u>49</u>	<u>44</u>

<b>9 Interest payable and similar charges</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	4,525	16,747
Nominal rate preference share interest	185,574	100,329
Implicit rate preference share interest	102,850	-
	<u>292,949</u>	<u>117,076</u>

<b>10 Taxation - Group</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Tax on loss on ordinary activities	-	-
	<u>-</u>	<u>-</u>

**Factors affecting tax charge for period**

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Loss on ordinary activities before tax	<u>(3,743,026)</u>	<u>(4,412,333)</u>
Standard rate of corporation tax in the UK	20%	20.7%
	<b>£</b>	<b>£</b>
Loss on ordinary activities at standard rate	(748,605)	(913,353)
Effects of:		
Expenses not deductible for tax purposes	129,256	94,154
Deferred tax not recognised	555,260	792,772
Rate changes impact on unrecognised deferred tax	64,089	26,427
	<u>-</u>	<u>-</u>
Total tax charge for period	<u>-</u>	<u>-</u>

**Coverbox Holdings Ltd**  
**Notes to the Accounts**  
**for the year ended 31 July 2016**

**Factors that may affect future tax charges**

At the period end, the company has the following unrecognised deferred tax assets:

Losses available to carry forward	2,129,282	1,763,906
Depreciation in excess of capital allowances	235,621	208,645
Short term timing difference	1,398	1,554
Unrecognised deferred tax asset	<u>2,366,301</u>	<u>1,974,105</u>

No deferred tax asset has been recognised at 31 July 2016 due to the uncertainty over its future recoverability. The Group has an unrecognised deferred tax asset of £2,366,301 (2015: £1,974,105) in relation to losses (£2,129,282; 2015: £1,763,906); short term timing differences (£1,398; 2015: £1,554) and disclaimed capital allowances (£235,621; 2015: £208,645).

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. A further reduction to 17% was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly and reduce the unrecognised deferred tax asset at 31 July 2016 (which has been calculated based on the rate of 18% substantively enacted at the balance sheet date).

**11 Intangible fixed assets - group**

	£	£	£
	Other Intangibles	Goodwill	Total
<b>Cost</b>			
At 1 August 2015	40,019	2,154,116	2,194,135
Additions	5,986	-	5,986
Disposals	<u>(35,004)</u>	<u>-</u>	<u>(35,004)</u>
At 31 July 2016	<u>11,001</u>	<u>2,154,116</u>	<u>2,165,117</u>
<b>Amortisation</b>			
At 1 August 2015	37,216	511,602	548,818
Provided during the year	2,102	215,411	217,513
On disposals	<u>(33,713)</u>	<u>-</u>	<u>(33,713)</u>
At 31 July 2016	<u>5,605</u>	<u>727,013</u>	<u>732,618</u>
<b>Carrying amount</b>			
At 31 July 2016	<u>5,396</u>	<u>1,427,103</u>	<u>1,432,499</u>
At 31 July 2015	<u>2,803</u>	<u>1,642,514</u>	<u>1,645,317</u>

Goodwill is being written off in equal annual instalments over its estimated economic life of 10 years.

Other Intangible assets relate to a domain name and are being written off over a useful economic life of 3 years.

**Coverbox Holdings Ltd**  
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**12 Intangible fixed assets - company**

	£	£	£
	Other	Goodwill	Total
<b>Cost</b>			
At 1 August 2015	40,019	2,154,116	2,194,135
Additions	1,291	-	1,291
Disposals	(41,310)	-	(41,310)
At 31 July 2016	<u>-</u>	<u>2,154,116</u>	<u>2,154,116</u>
<b>Amortisation</b>			
At 1 August 2015	37,216	511,602	548,818
Provided during the year	1,401	215,411	216,812
Disposals	(38,617)	-	(38,617)
At 31 July 2016	<u>-</u>	<u>727,013</u>	<u>727,013</u>
<b>Carrying amount</b>			
At 31 July 2016	<u>-</u>	<u>1,427,103</u>	<u>1,427,103</u>
At 31 July 2015	<u>2,803</u>	<u>1,642,514</u>	<u>1,645,317</u>

Goodwill is being written off in equal annual instalments over its estimated economic life of 10 years.

**13 Tangible fixed assets - Group**

	Fixtures, fittings and equipment <i>At cost</i> £	Total £
<b>Cost or valuation</b>		
At 1 August 2015	603,568	603,568
Additions	35,750	35,750
Disposals	(313,684)	(313,684)
At 31 July 2016	<u>325,634</u>	<u>325,634</u>
<b>Depreciation</b>		
At 1 August 2015	208,665	208,665
Charge for the year	157,903	157,903
On disposals	(224,391)	(224,391)
At 31 July 2016	<u>142,177</u>	<u>142,177</u>
<b>Carrying amount</b>		
At 31 July 2016	<u>183,457</u>	<u>183,457</u>
At 31 July 2015	<u>394,903</u>	<u>394,903</u>

**Coverbox Holdings Ltd**  
**Notes to the Accounts**  
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**14 Tangible fixed assets - Company**

	<b>Fixtures, fittings and equipment <i>At cost</i> £</b>	<b>Total  £</b>
<b>Cost or valuation</b>		
At 1 August 2015	603,568	603,568
Additions	13,511	13,511
Disposals	(611,407)	(611,407)
At 31 July 2016	<u>5,672</u>	<u>5,672</u>
<b>Depreciation</b>		
At 1 August 2015	208,665	208,665
Charge for the year	116,772	116,772
On disposals	(321,043)	(321,043)
At 31 July 2016	<u>4,394</u>	<u>4,394</u>
<b>Carrying amount</b>		
At 31 July 2016	<u>1,278</u>	<u>1,278</u>
At 31 July 2015	<u>394,903</u>	<u>394,903</u>

**15 Investments - Company**

The company holds 100% of the ordinary share capital of the following companies registered in

<b>Company</b>	<b>Nature of business</b>	<b>Registered Address</b>
Coverbox Limited	Insurance Broker	Thorpe Park
Coverbox Insure Limited	Insurance Broker	239 Thorpe Road
Telidevice Limited	Dormant	Peterborough
		Cambs
		PE3 6LW

The preference shares are 2% non-voting preference shares in Coverbox Insure Limited.

Amounts owed from related parties are unsecured, interest free, and repayable on demand.

<b>Investments in subsidiary</b>	<b>Ordinary share capital £</b>	<b>Preference Shares £</b>	<b>Total £</b>
<b>Cost and net book value</b>			
Balance brought forward	7,020,001	225,000	7,245,001
Additions	3,000,000	-	3,000,000
Balance carried forward	<u>10,020,001</u>	<u>225,000</u>	<u>10,245,001</u>

During the year the Company subscribed for 3,000,000, £1, ordinary shares in Coverbox Insure Limited. The consideration paid was £3m settlement of an inter- company debtor.

**Coverbox Holdings Ltd**  
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<b>16 Debtors - Group</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Trade debtors	72,156	263,608
Amounts owed by group undertakings and undertakings in which the company has a participating interest	250,000	1,098,390
Other debtors	541,739	564,918
Prepayments and accrued income	58,229	26,555
	<u>922,124</u>	<u>1,953,471</u>

Amounts owed from related parties are unsecured, interest free, and repayable on demand.

<b>17 Debtors - Company</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Amounts owed by group undertakings and undertakings in which the company has a participating interest	13,600	13,642,225
Other debtors	61,013	74,235
Prepayments and accrued income	1,857	15,256
	<u>76,470</u>	<u>13,731,716</u>

Amounts owed from related parties are unsecured, interest free, and repayable on demand.

<b>18 Creditors: amounts falling due within one year - Group</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Bank overdrafts	-	193,910
Trade creditors	810,174	730,986
Amounts owed to group undertakings and undertakings in which the company has a participating interest	5,723,592	5,034,065
Other creditors	62,315	56,736
Accruals and deferred income	560,077	721,159
	<u>7,156,158</u>	<u>6,736,856</u>

The bank overdraft in 2015 was repayable on demand and secured by a guarantee from the Company's Directors.

Amounts owed to related parties are unsecured, interest free, and repayable on demand.

**Coverbox Holdings Ltd**  
**Notes to the Accounts**  
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<b>19 Creditors: amounts falling due within one year - Company</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Bank overdrafts	-	193,910
Trade creditors	30,043	189,706
Amounts owed to group undertakings and undertakings in which the company has a participating interest	3,627,934	17,180,412
Other creditors	20,183	69,627
Accruals and deferred income	401,331	228,069
	<u>4,079,491</u>	<u>17,861,724</u>

Amounts owed to related parties are unsecured, interest free, and repayable on demand.

<b>20 Creditors: amounts falling due after one year - Group</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Preference shares	10,000,000	7,000,000
Less transfer of debt to equity	(6,869,067)	(4,821,532)
Implicit interest on preference shares	102,850	-
	<u>3,233,783</u>	<u>2,178,468</u>

The non-equity preference shares attract interest of 2% p.a. and are repayable on 30 July 2030.

Amounts owed to related parties are unsecured, interest free, and repayable on demand.

As per FRS102 an interest rate of 2% is not considered a market rate of interest and the preference shares have therefore been accounted for as comprising of a debt component and an equity component, which is recorded in other reserves and which represents the market rate of interest foregone by the holder of the preference shares.

<b>21 Creditors: amounts falling due after one year - Company</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Preference shares	10,000,000	7,000,000
Less transfer of debt to equity	(6,869,067)	(4,821,532)
Implicit interest on preference shares	102,850	-
	<u>3,233,783</u>	<u>2,178,468</u>

The non-equity preference shares attract interest of 2% p.a. and are repayable on 30 July 2030.

As per FRS102 an interest rate of 2% is not considered a market rate of interest and the preference shares have therefore been accounted for as comprising of a debt component and an equity component, which is recorded in other reserves and which represents the market rate of interest foregone by the holder of the preference shares.

**Coverbox Holdings Ltd**  
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<b>22 Dividends</b>	<b>2016 £</b>	<b>2015 £</b>
Dividends on preference shares nominal rate (note 9)	185,574	100,329
Dividends on preference shares implicit rate (note 9)	102,850	-
	<u>288,424</u>	<u>100,329</u>

**23 Provisions for liabilities - Group**

	<b>Warranties £</b>
At 1 August 2015	433,416
Amounts used	<u>(433,416)</u>
At 31 July 2016	<u>-</u>

Provisions at 31/07/2015 represented an allowance for bad and doubtful debts, £248,416 and onerous contracts in respect of committed charges for data services on cancelled policies, £185,000. The bad debt provision has been utilised in 2016 and the £185,000 re the committed charges paid to the supplier. The bad debt provision for 2016 has been offset against trade debtors.

<b>24 Share capital</b>	<b>Nominal value</b>	<b>2016 £</b>	<b>2015 £</b>
Allotted, called up and fully paid:			
Ordinary shares	£1 each	<u>100</u>	<u>100</u>
		100	100

**25 Other financial commitments**

Total future minimum lease payments under non-cancellable operating leases

	<b>Land and buildings 2016 £</b>	<b>Land and buildings 2015 £</b>
Falling due:		
Within one year	40,153	25,360
One to five years	202,878	192,311
Over five years	<u>173,292</u>	<u>224,011</u>
	<u>416,323</u>	<u>441,682</u>

**26 Related party transactions**

During the year ended 31 July 2016, MNI Limited converted loans of £3,000,000 to 2% non-voting preference shares in Coverbox Holdings Ltd. At the year end, MNFI Limited Partnership had an outstanding loan amount of £5,473,592 (2015 : £4,322,835) which has been provided to the company to assist with the early stages of the business. There are no balances at 31 July 2016 with any other related entities outside of the Coverbox group.

As per FRS102 s33 these transactions are related party transactions as the directors of MNI Limited, and the partners of MNFI Limited Partnership are directors of Coverbox Holdings Limited and are shareholders in the ultimate parent undertaking.



**Coverbox Holdings Ltd**  
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**for the year ended 31 July 2016**

**27 Ultimate Controlling party**

The company's immediate and ultimate parent undertaking, registered in Guernsey, is Birkswell Reinsurance Brokers Limited, St Martin's House, PO Box 34, Le Bordage, St Peter's Port, Guernsey, GY1 4AU.

**28 Presentation currency**

The financial statements are presented in Sterling.

**29 Legal form of entity and country of incorporation**

Coverbox Holdings Ltd is a limited company incorporated in England.

**30 Principal place of business**

The address of the company's principal place of business and registered office is:

Thorpe Park  
 239 Thorpe Road  
 Peterborough  
 Cambs  
 PE3 6LW

**31 Reconciliations on adoption of FRS 102**

**Profit and loss for the year ended 31 July 2015**

		£ Group	£ Company
Loss under former UK GAAP	Note	(4,304,627)	(715,121)
Amortisation of Goodwill	A	(107,706)	(107,706)
Loss under FRS 102		<u>(4,412,333)</u>	<u>(822,827)</u>

**Balance sheet at 31 July 2015**

		£	£
Equity under former UK GAAP		(9,513,711)	(1,737,081)
Amortisation of Goodwill	A	(107,706)	(107,706)
Other Reserves	B	<u>4,821,532</u>	<u>4,821,532</u>
Equity under FRS 102		<u>(4,799,885)</u>	<u>2,976,745</u>

**Balance sheet at 1 August 2014**

		£	£
Equity under former UK GAAP		(5,209,084)	(1,021,960)
Equity under FRS 102		<u>(5,209,084)</u>	<u>(1,021,960)</u>

Under old UK GAAP the amortisation period for goodwill was 20 years, under  
**A** FRS102 the policy has changed to 10 years.

Under FRS102 preference shares issued to related parties should be recognised at  
 the market rate of interest, the residual element has been recognised in equity as an  
**B** other reserve.

**Coverbox Holdings Ltd**  
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**32 Financial Instruments - Group**

The carrying amounts of the financial assets and liabilities include:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Assets measured at fair value through profit or loss	1,356,534	555,329
Assets measured at amortised cost	-	-
Assets measured at cost less impairment	922,075	1,966,196
Liabilities measured at fair value through profit and loss account	(7,156,158)	(12,004,695)
Liabilities measured amortised cost	(3,233,782)	(2,178,468)
Loan commitments measured at cost less impairment	-	-
	<u>(8,111,331)</u>	<u>(11,661,638)</u>

**33 Financial Instruments - Company**

The carrying amounts of the financial assets and liabilities include:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Assets measured at fair value through profit or loss	36,214	165
Assets measured at amortised cost	-	-
Assets measured at cost less impairment	76,470	13,731,551
Liabilities measured at fair value through profit and loss account	(4,079,491)	(22,683,256)
Liabilities measured amortised cost	(3,233,783)	(2,178,468)
Loan commitments measured at cost less impairment	-	-
	<u>(7,200,590)</u>	<u>(11,130,008)</u>