Xbridge Acquisitions Limited

Registered Number 08317466

Xbridge Acquisitions Limited
Annual Report
for the year ended 31 December 2015

Xbridge Acquisitions Limited

Contents

Xbridge Acquisitions Limited

Directors and advisors

Directors
Ben Hollowood
Neil Edwards (appointed 22nd October 2015)
Peter Cartwright (resigned 22nd October 2015)

Registered office
One Finsbury Square
London
EC2A 1AE

Auditors
Ernst & Young LLP
25 Churchill Place
Canary Wharf
London
E14 5EY

Solicitors
Field Fisher Waterhouse LLP
35 Vine Street
London
EC3N 2PX

Registered number
08317466

Xbridge Acquisitions Limited

Strategic Report for the year ended 31 December 2015

The Directors present the Strategic Report of the group and the company for the year ended 31 December 2015.

Principal activity and review of business
Xbridge Acquisitions Limited was incorporated on 4 December 2012 and was initially called Intercede 2463 Limited. The name was changed to Xbridge Acquisitions Limited on 11 July 2013.

On the 17th July 2013 it completed a management buyout transaction of Xbridge Limited, funded by Anacap Financial Partners II, L.P. Xbridge Acquisitions Limited is the holding company of Xbridge Limited and the group came into existence on this date.

The group is the United Kingdom's leading online insurance for small businesses operating under the brand name of Simply Business. The business provides easy-to-use online brokering services 24 hours a day for owner-managed businesses.

Simply Business enables business owners to compare multiple business insurance quotes in a matter of minutes. These quotes are provided by a carefully selected panel of insurers including QBE, AXA, Hiscox, Ageas and Zurich.

	2015	2014	Change
	£'000	£'000	%
Turnover	**38,096**	29,104	+31%
Operating profit	**4,940**	2,811	+76%
Profit before tax	**2,659**	560	+375%
Profit/(Loss) after tax	**1,873**	(191)	1,081%
Average number of employees	**316**	283	+12%

Turnover has increased by £9 million from the previous year as a result of solid performance within new business sales and a growing renewals book. The group has met its profit targets for the year.

The group continues to invest heavily in its proprietary technology, sales and customer–facing infrastructure enabling the business to evolve rapidly while also providing excellent customer service.

Strategic Report for the year ended 31 December 2015 (continued)

Principal risks and uncertainties
The group's operations expose it to a variety of financial and non-financial risks.

Competitive
The group recognises the potential risk posed by new entrants and minimises this through innovation and investment in research and development. As with any online business it is reliant upon external parties, internet companies and search engines, to acquire customers.

Legislative and Financial
The group operates in a market regulated by the Financial Conduct Authority (formerly the Financial Services Authority). The FCA regularly introduces new and enhanced regulatory requirements. There is a risk that more onerous regulatory obligations could be implemented that the company would be required to comply with.

The group has considered the potential effects of credit risk, interest and liquidity risk and presented them in Note 16. The Directors continue to monitor such risks. From 2014, the group uses derivative financial instruments to manage interest rate costs, however, no hedge accounting is applied.

Future developments
During April 2016 Aquiline Capital Partners LLC, a New York-based private equity firm investing in financial services, entered into a definitive agreement to acquire the parent company, Xbridge Holdings Limited and its subsidiaries. The agreement is subject to FCA approval.

The Directors consider that 2016 will show growth in both revenue and profit.

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

By order of the Board

B. Hollowood

Ben Hollowood
Director
10 May 2016

Xbridge Acquisitions Limited

Directors' Report for the year ended 31 December 2015

The Directors present their report and the audited financial statements of the group and the company for the year ended 31 December 2015.

Employees
The company actively encourages all employees to become involved in the company affairs and is also keen to encourage two-way communication on relevant business issues. This achieved through regular meetings, respective surveys and presentations by senior management and is supported by a company-wide communication plan. Employees are key to the company's success, so an appropriate remuneration package is offered which rewards an individual's performance and contribution to the organisation. The company is also keen to encourage individuals' personal development to ensure they have the skills required to undertake their role.

The company's policy is to offer equal opportunities to all workers for those vacancies that they have the appropriate skills and technical ability to perform. Employees who become disabled during their working life will be retrained, if necessary and wherever possible, and will be given help with any necessary rehabilitation and training. The company is prepared to modify procedures or equipment, wherever practicable, so that full use can be made of an individual's abilities.

Research and development
The group invests significantly in proprietary technology. Substantial improvements have been made to both front and back end systems that will enable the group to quickly develop and deploy innovative products.

Events since the balance sheet date
During April 2016 Aquiline Capital Partners LLC, a New York-based private equity firm investing in financial services, entered into a definitive agreement to acquire the parent company, Xbridge Holdings Limited and its subsidiaries. The agreement is subject to FCA approval.

Going Concern
The group's business activities, together with the factors likely to affect its future development, are set out in the Review of business on page 3.

The group's forecasts and projections show a profit and additional cash generated in 2016. As a consequence, the Directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook. The Directors have a reasonable expectation that the group has adequate resources to continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors
The following directors held office in the year:
Ben Hollowood
Neil Edwards (appointed 22nd October 2015)
Peter Cartwright (resigned 22nd October 2015)

Donations
Charitable donations during the year amounted to £4,646 (2014: £7,160). The donations were made to organisations with charitable purposes. No charitable donations were made by the parent company.

Director's Report for the year ended 31 December 2015 (continued)

Auditors and disclosure of information to auditors
The Directors confirm so far as each Director is aware:

- there is no relevant audit information of which the group's auditors are unaware;
- each Director has taken all the steps that he ought to have taken in his duty as a Director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Auditors
Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be appointed and Ernst & Young LLP will therefore continue in office.

By order of the Board

B. Hollowood

Ben Hollowood
Director

10 May 2016

Xbridge Acquisitions Limited

Statement of Directors' responsibilities in respect of the Annual Report and Financial Statements

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Xbridge Acquisitions Limited

We have audited the financial statements of Xbridge Acquisitions Limited for the year ended 31 December 2015 which comprise the Consolidated and Parent Company Statements of comprehensive income, the Consolidated and Parent Statements of financial position, the Consolidated and Parent Company Statements of changes in equity, the Consolidated and Parent Company Statements of cash flows and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2015 and of the group's profit and the parent company's loss for the year then ended;

- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and

- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Xbridge Acquisitions Limited

Independent auditor's report to the members of Xbridge Acquisitions Limited

Opinion on other matter prescribed by the Companies Act 2006

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

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 by the parent company, 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.

Ernst & Young LLP

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

Date 10 May 2016

Xbridge Acquisitions Limited

Consolidated statement of comprehensive income for the year ended 31 December 2015

	Note	2015	Restated 2014
		£'000	£'000
Revenue	4.1	38,096	29,104
Cost of sales		(5,114)	(3,964)
Gross profit		**32,982**	**25,140**
Movement in fair value of financial instrument at profit or loss		13	(48)
Administrative expenses	6	(28,055)	(22,281)
Operating profit		**4,940**	**2,811**
Finance income	9	23	20
Finance costs	10	(2,304)	(2,271)
Profit before tax		**2,659**	**560**
Tax expense	11	(786)	(751)
Income for the year from continuing operations		**1,873**	**(191)**
Total comprehensive income for the year		**1,873**	**(191)**

Xbridge Acquisitions Limited

Parent statement of comprehensive income for the year ended 31 December 2015

	Note	2015	Restated 2014
		£'000	£'000
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Movement in fair value of financial instrument at profit or loss	20	13	(48)
Administrative expenses		(95)	(55)
Operating loss		**(82)**	**(103)**
Finance income	9	276	276
Finance costs	10	(2,536)	(2,503)
Loss before tax		**(2,342)**	**(2,330)**
Tax expense	11	-	-
Loss for the year from continuing operations		**(2,342)**	**(2,330)**
Total comprehensive loss for the year		**(2,342)**	**(2,330)**

Xbridge Acquisitions Limited

Consolidated statement of financial position as at 31 December 2015

	Note	2015 £'000	2014 £'000	As at 1 January 2014 £'000
Assets				
Non- current assets				
Intangible assets	13	27,774	27,100	26,311
Property, plant and equipment	14	586	628	449
Deferred tax asset	12	-	583	1,365
		28,360	**28,311**	**28,125**
Current assets				
Trade and other receivables	17	9,953	6,651	4,830
Cash and cash equivalents	18	11,677	8,277	8,041
		21,630	**14,928**	**12,871**
Total assets		**49,990**	**43,239**	**40,996**
Equity and liabilities				
Equity				
Issued capital	19	13,483	13,483	13,483
Retained earnings		(97)	(1,970)	(1,779)
Total equity		**13,386**	**11,513**	**11,704**
Non- current liabilities				
Borrowings	22	22,891	20,072	19,125
Deferred tax liability	12	116	-	-
		23,007	**20,072**	**19,125**
Current liabilities				
Trade and other payables	21	12,557	10,880	9,285
Provisions	24	1,040	774	882
		13,597	**11,654**	**10,167**
Total liabilities		**36,604**	**31,726**	**29,292**
Total equity and liabilities		**49,990**	**43,239**	**40,996**

On 10/5/16 the Board of Directors of Xbridge Acquisitions Limited authorised these financial statements for issue.

B Hollowood

Ben Hollowood – Director

Neil Edwards – Director

Xbridge Acquisitions Limited

Parent company statement of financial position as at 31 December 2015

	Note	2015 £'000	2014 £'000	As at 1 January 2014 £'000
Assets				
Non- current assets				
Investment in subsidiary	15	34,486	34,486	34,330
Trade and other receivables	17	2,982	2,302	2,302
		37,468	**36,788**	**36,632**
Current assets				
Cash and cash equivalents		832	894	936
		832	**894**	**936**
Total assets		**38,300**	**37,682**	**37,568**
Equity and liabilities				
Equity				
Issued capital	19	13,483	13,483	13,483
Retained earnings		(5,715)	(3,373)	(1,043)
Total equity		**7,768**	**10,110**	**12,440**
Non- current liabilities				
Borrowings	22	27,548	24,036	19,000
		27,548	**24,036**	**19,000**
Current liabilities				
Trade and other payables	21	2,984	3,536	6,128
		2,984	**3,536**	**6,128**
Total liabilities		**30,532**	**27,572**	**25,128**
Total equity and liabilities		**38,300**	**37,682**	**37,568**

On 10/5/16 the Board of Directors of Xbridge Acquisitions Limited authorised these financial statements for issue.

B Hollowood

Ben Hollowood – Director

Neil Edwards – Director

Xbridge Acquisitions Limited

Consolidated statement of changes in equity for the year ended 31 December 2015

	Issued capital £'000	Retained earnings £'000	Total £'000
1 January 2014	13,483	(1,779)	11,704
Total comprehensive income	-	(191)	(191)
At 31 December 2014	**13,483**	**(1,970)**	**11,513**
1 January 2015	13,483	(1,970)	11,513
Total comprehensive income	-	1,873	1,873
At 31 December 2015	**13,483**	**(97)**	**13,386**

Parent company statement of changes in equity for the year ended 31 December 2015

	Issued capital £'000	Retained earnings £'000	Total £'000
1 January 2014	13,483	(1,043)	12,440
Total comprehensive loss	-	(2,330)	(2,330)
At 31 December 2014	**13,483**	**(3,373)**	**10,110**
1 January 2015	13,483	(3,373)	10,110
Total comprehensive loss	-	(2,342)	(2,342)
At 31 December 2015	**13,483**	**(5,715)**	**7,768**

Xbridge Acquisitions Limited

Statement of consolidated cash flows for the year ended 31 December 2015

	Note	2015	2014
		£'000	£'000
Cash flows from operating activities			
Profit before tax from continuing operations		2,659	560
Add/(deduct) adjustments for:			
Amortisation and impairment of intangible assets	13	285	-
Depreciation of property, plant and equipment	14	496	434
Finance income	9	(23)	(20)
Finance costs	10	2,304	2,271
Cash flows from operations before working capital changes		**5,721**	**3,245**
Changes in working capital:			
Increase in trade and other receivables		(3,388)	(1,787)
Increase in trade and other payables		2,702	580
Increase / (decrease) in provisions		266	(107)
Net cash flows used in operating activities		**(420)**	**(1,314)**
Cash flows from investing activities			
Purchase of intangible assets	13	(959)	(789)
Purchase of property, plant and equipment	14	(454)	(613)
Net cash flows used in Investing activities		**(1,413)**	**(1,402)**
Cash flows from financing activities			
Interest received		23	20
Repayment of loan notes		-	(9,386)
Proceeds from bank loan		-	9,215
Interest paid		(511)	(142)
Net cash flows used (in)/from financing activities		**(488)**	**(293)**
Net increase in cash and cash equivalents		**3,400**	**236**
Cash and cash equivalents at beginning of year		**8,277**	**8,041**
Cash and cash equivalents at end of the year		**11,677**	**8,277**

Xbridge Acquisitions Limited

Statement of cash flows of the parent company for the year ended 31 December 2015

	Note	2015	2014
		£'000	£'000
Cash flows from operating activities			
Loss before tax from continuing operations		(2,342)	(2,330)
Add/(deduct) adjustments for:			
Finance income	9	(276)	(276)
Finance costs	10	2,536	2,503
Cash flows from operations before working capital changes		**(82)**	**(103)**
Changes in working capital:			
Increase in trade and other receivables		(379)	-
Increase in trade and other payables		910	516
Net cash flows from operating activities		**531**	**516**
Cash flows from investing activities			
Investment in subsidiary		-	(156)
Net cash flows used in Investing activities		**-**	**(156)**
Cash flows from financing activities			
Repayment of loan notes		-	(9,386)
Proceeds from bank loan		-	9,215
Interest paid		(511)	(128)
Net cash flows used in financing activities		**(511)**	**(299)**
Net decrease in cash and cash equivalents		**(62)**	**(42)**
Cash and cash equivalents at beginning of year		**894**	**936**
Cash and cash equivalents at end of the year		**832**	**894**

Notes to the consolidated and parent financial statements for the year ended 31 December 2015

1 Incorporation and principal activities

The company, Xbridge Acquisitions Limited, was incorporated on 4 December 2012 as a private limited company in United Kingdom. Its registered office is at One Finsbury Square, London, EC2A 1AE.

The principal activity of the company is to act as a holding company for its subsidiary who is an online insurance broker for small businesses, operating under the brand name of Simply Business.

2 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union.

For all periods up to and including the year ended 31 December 2014, the company prepared its financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). These financial statements for the year ended 31 December 2015 are the first the company has prepared in accordance with IFRS. Refer to Note 4.13 for information on how the company adopted IFRS.

The consolidated financial statements have been prepared in accordance with IFRS on a historical cost basis on a going concern basis which assumes the group will generate sufficient working capital to continue in operational existence for the foreseeable future.

3 Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 December 2015. Income and expenses of its subsidiary are included in the consolidated statement of comprehensive income from the effective date of acquisition, as appropriate.

All intra-group transactions and balances are eliminated in full on consolidation.

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's share of the fair value of the identifiable assets and liabilities of a subsidiary or jointly controlled entity at the date of acquisition. Goodwill is recognised as a non-current asset and reviewed for impairment annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed. On disposal of a subsidiary or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

4 Accounting policies

4.1 Revenue recognition

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

Rendering of services

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

Profit commission

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

4.2 Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the country where the company operates and generates taxable income. Any current income tax would be recognised within the statement of comprehensive income, except where they relate to items that are recognised I other comprehensive income or directly in equity.

Deferred taxation

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

4.3 Investment in subsidiary

Investment in subsidiary is accounted for initially at cost and a review is completed annually to ensure that the investment is recorded at the lower of its carrying value and fair value less costs to sell.

4 Accounting policies (continued)

4.4 Property, plant and equipment
Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, where applicable.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold improvements	10 years
Plant and machinery	3 years
Fixtures and fittings	5 years

In the prior year the accounting estimate was to account for a full years depreciation charge in the year of acquisition. From 1 January 2015, depreciation charge is now accounted for on a straight-line basis from the date of acquisition. The company feel this change gives more reliable information as property, plant and equipment now depreciate straight line over its useful economic life rather than bringing forward a portion of its depreciation. The impact of this change for the year ended 31 December 2015 is an increase to profit before tax of £27k.

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

4.6 Intangible assets
Research and development costs
Research costs are expensed as incurred. Development expenditures, on an individual project, are recognised as an intangible asset when the company can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

4.7 Interest income
Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a timely basis, by reference to the outstanding principal outstanding and the interest rate applicable.

4 Accounting policies (continued)

4.8 Financial instruments
Financial assets and financial liabilities are recognised in the company's statement of financial position when the company becomes a party to the contractual provisions of an instrument.

Financial assets
The company's financial assets include cash and cash equivalents, trade and other receivables, investment in subsidiary and loans and other receivables. The company determines the classification of its financial assets at initial recognition.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables) are initially recognised at fair value and subsequently recognised at amortised cost using the effective interest method, less appropriate allowances for credit losses.

Cash and cash equivalents
Cash and cash equivalents comprises cash at banks and restricted cash held on behalf of insurers.

Financial liabilities
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss or loans and borrowings, as appropriate. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

Subsequent measurement of financial liabilities depends on their classification below:

Financial liabilities at fair value through profit or loss
The Group classifies its interest rate swap ("IRS") as financial liabilities at fair value through profit or loss. Gains or losses recognised on the Group's IRS are recognised within the statement of comprehensive income.

Loans and borrowings
Other financial liabilities (including loans and trade and other payables) are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

4.9 Impairments
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exist, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

4 Accounting policies (continued)

4.10 Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of economic benefits will be required to settle the obligation and the obligation can be estimated reliably. Provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

Provisions for dilapidations are provided when the company becomes obligated and the liability can be reliably estimated.

4.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The Group capitalises borrowing costs for all eligible assets.

4.12 Business combinations and goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

4.13 First time adoption of IFRS

These financial statements, for the year ended 31 December 2015, are the first the company has prepared in accordance with IFRS as issued by the IASB and adopted by the European Union. For periods up to and including the year ended 31 December 2014, the company prepared its financial statements in accordance with UK generally accepted accounting practice (UK GAAP).

Accordingly, the company has prepared financial statements which comply with IFRS applicable for periods ending on or after 31 December 2015, together with the comparative period data as at and for the year ended 31 December 2014, as described in the accounting policies. In preparing these financial statements, the company's opening statement of financial position was prepared as at 1 January 2014, the company's date of transition to IFRS. This note explains the principal adjustments made by the company in restating its UK GAAP statement of financial position as at 1 January 2014 and its previously published UK GAAP financial statements as at and for the year ended 31 December 2014.

Xbridge Acquisitions Limited

Notes to the consolidated and parent financial statements for the year ended 31 December 2015

4 Accounting policies (continued)

4.13 First time adoption of IFRS (continued)

Consolidated statement of Financial Position as at 1 January 2014

	Note	UK GAAP (as previously stated)	Re-measurements	As at 1 January 2014
		£'000	£'000	£'000
Assets				
Non- current assets				
Intangible assets	B	26,311	-	26,311
Property, plant and equipment		449	-	449
Deferred tax asset		1,365	-	1,365
		28,125	**-**	**28,125**
Current assets				
Trade and other receivables		4,830	-	4,830
Cash and cash equivalents		8,041	-	8,041
		12,871	**-**	**12,871**
Total assets		**40,996**	**-**	**40,996**
Equity and liabilities				
Equity				
Issued capital		13,483	-	13,483
Retained earnings	B/A	(1,779)	-	(1,779)
Total equity		**11,704**	**-**	**11,704**
Non- current liabilities				
Borrowings	A	19,125	-	19,125
		19,125	**-**	**19,125**
Current liabilities				
Trade and other payables		9,285	-	9,285
Provisions		882	-	882
		10,167	**-**	**10,167**
Total liabilities		**29,292**	**-**	**29,292**
Total equity and liabilities		**40,996**	**-**	**40,996**

4 Accounting policies (continued)

4.13 First time adoption of IFRS (continued)

Consolidated statement of Financial Position as at 31 December 2014

	Note	UK GAAP (as previously stated)	Re-measurements	As at 31 December 2014
		£'000	£'000	£'000
Assets				
Non- current assets				
Intangible assets	B	25,740	1,360	27,100
Property, plant and equipment		628	-	628
Deferred tax asset		583	-	583
		26,951	**1,360**	**28,311**
Current assets				
Trade and other receivables		6,651	-	6,651
Cash and cash equivalents		8,277	-	8,277
		14,928	**-**	**14,928**
Total assets		**41,879**	**1,360**	**43,239**
Equity and liabilities				
Equity				
Issued capital		13,483	-	13,483
Retained earnings	B/A	(3,282)	1,312	(1,970)
Total equity		**10,201**	**1,312**	**11,513**
Non- current liabilities				
Borrowings	A	20,024	48	20,072
		20,024	**48**	**20,072**
Current liabilities				
Trade and other payables		10,880	-	10,880
Provisions		774	-	774
		11,654	**-**	**11,654**
Total liabilities		**31,678**	**48**	**31,726**
Total equity and liabilities		**41,879**	**1,360**	**43,239**

Notes to the consolidated and parent financial statements for the year ended 31 December 2015

4 Accounting policies (continued)

4.13 First time adoption of IFRS (continued)

Consolidated statement of total comprehensive income for the year ended 31 December 2014

	Note	UK GAAP (as previously stated)	Re-measurements	2014
			£'000	£'000
		£'000	£'000	£'000
Revenue		29,104	-	29,104
Cost of sales		(3,964)	-	(3,964)
Gross profit		**25,140**	**-**	**25,140**
Movement in fair value of financial liability	A	-	(48)	(48)
Administrative expenses	B	(23,641)	1,360	(22,281)
Operating profit		**1,499**	**1,312**	**2,811**
Finance income		20	-	20
Finance costs		(2,271)	-	(2,271)
Profit before tax		**(752)**	**1,312**	**560**
Tax expense		(751)	-	(751)
Income for the year from continuing operations		**(1,503)**	**1,312**	**(191)**
Total comprehensive income for the year		**(1,503)**	**1,312**	**(191)**

Notes to the reconciliation of equity as at 1 January 2014 and 31 December 2014 and total comprehensive income for the year ended 31 December 2014

A Other financial liabilities

The fair value of the Group's interest rate swap is recognised under IFRS, and was not recognised under UK GAAP. The contract has been designated as a financial liability at fair value through profit or loss at the date of transition to IFRS. The corresponding adjustment has been recognised as an expense within the income statement. This adjustment is also required within the parent company accounts.

B Intangible assets

Under UK GAAP, the group recognised amortisation of goodwill. Amortisation of goodwill is not allowed under IFRS and therefore has been reversed to 1 January 2014 on transition to IFRS.

4 Accounting policies (continued)

4.13 First time adoption of IFRS (continued)

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The Group has applied the following exemption:

IFRS 3 Business Combinations has not been applied to either acquisitions of subsidiaries that are considered businesses under IFRS, or acquisitions of interests in associates and joint ventures that occurred before 1 January 2014. Use of this exemption means that the UK GAAP carrying amounts of assets and liabilities, that are required to be recognised under IFRS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS statement of financial position. The Group did not recognise or exclude any previously recognised amounts as a result of IFRS recognition requirements.

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

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2015. The adoption of these interpretations and revised standards had no impact on the disclosures and presentation of the financial statements during the year.

Standards and interpretations in issue but not yet effective

A number of new standards and amendments to existing standards have been published which are mandatory but are not effective for the period ended 31 December 2015.The directors do not anticipate that the adoption of these revised standards and interpretations will have a material impact on the figures included in the financial statements in the period of initial application.

5 Significant accounting judgements, estimates and assumptions

In the application of the Group's accounting policies, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from estimates. The following summarises the judgements, estimates and assumptions that may cause amounts recognised or disclosed to change in following reporting periods:

Profit share commission

The profit share commission debtor is estimated on an insurer by insurer basis based on gross written premium and managements judgements on how the loss ratios of the book will develop. In future periods such judgement may change as new information becomes available.

5 Significant accounting judgements, estimates and assumptions (continued)

Provisions

The Group has made provisions for the cost of returning leased properties to their original state and for policies incepted in the year which may be cancelled in the following year. Management believe that provisions made are adequate, but as these estimates are based upon information available at the reporting date, they are subject to change as further information becomes available.

Development costs

Development costs are capitalised in accordance with the accounting policy in Note 4.6. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project. At 31 December 2015, the carrying amount of capitalised development costs was £1,274k (2014: £600k, 1 January 2014: £nil).

Impairment of goodwill and investment in subsidiary

An impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. A review is completed annually of the goodwill within the consolidated numbers and the investment in subsidiary balance within the parent company numbers by assessing the company's enterprise valuation. This is calculated by reference to the company's Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA) and the use of market information on the enterprise value versus EBITDA on similar companies. This review has demonstrated that the carrying value of good will and investment in subsidiary are both lower than the deemed fair value of the asset. Management believe that the calculation of enterprise value is accurate but there is a risk that the market information used is not reflective of the company.

6 Consolidated administrative expenses

	2015	2014
	£'000	£'000
Research and development costs	1,255	1,698
Depreciation (note 14)	496	434
Amortisation and impairment of capitalised development costs (note 13)	285	-
Minimum lease payment recognised as an operating lease expense	487	514
Wages and salaries (note 7)	9,742	7,940
Social security costs (note 7)	1,310	1,348
Pension costs (note 7)	265	137
Marketing costs	3,288	1,243
Other administrative expenses	10,927	8,967
	28,055	**22,281**

7 Employee costs

(a) Staff costs

	Consolidated	Consolidated
	2015	2014
	£'000	£'000
Wages and salaries	10,997	9,638
Social security costs	1,310	1,348
Pension costs	265	137
	12,572	**11,123**

There are no staff costs within the Parent company.

Pension costs of £265,366 (2014: £137,411) relate to a defined contribution pension scheme that is operated by the group. Pension contributions owed on this scheme at the balance sheet date amounted to £nil (2014: £42,374).

7 Employee costs

The average monthly number of employees during the period was:

	Consolidated 2015 No.	Consolidated 2014 No.
Administrative	268	243
Technical	48	40
	316	**283**

The Parent company has no employees.

(b) Directors' emoluments

	Consolidated 2015 £'000	Consolidated 2014 £'000
Aggregate emoluments in respect of qualifying services	682	985
	682	**985**

No directors received share options in respect of qualifying services (2014: None). No Directors, including the highest paid director, exercised share options during the year (2014: none). No share options exist at the end of 2015. During the year, no directors received compensation for loss of office (2014: £153k).

There were no Directors' emoluments within the Parent company.

	2015 £'000	2014 £'000
In respect of the highest paid director:		
Aggregate emoluments	262	296

Xbridge Acquisitions Limited

Notes to the consolidated and parent financial statements for the year ended 31 December 2015

8 Auditors' remuneration

	Consolidated		Parent	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Audit of the financial statements	66	83	22	45
Other fees to auditor:				
- Taxation compliance services	18	24	6	6
- Taxation advisory services	6	11	-	-
	90	**118**	**28**	**51**

9 Finance income

	Consolidated		Parent	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Bank interest receivable	23	20	-	-
Intercompany interest receivable	-	-	276	276
	23	**20**	**276**	**276**

10 Finance costs

	Consolidated		Parent	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Intercompany interest payable	1,583	1,981	1,829	2,227
Bank interest costs	525	205	525	205
Amortisation of RBS loan capitalised fees (note 23)	182	71	182	71
Discount charge (note 25)	7	10	-	-
Other interest costs	7	4	-	-
	2,304	**2,271**	**2,536**	**2,503**

Notes to the consolidated and parent financial statements for the year ended 31 December 2015

11 Tax on profit on ordinary activities

	Consolidated		Parent	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Current tax				
UK corporation tax charged on profit for the period	87	-	-	-
Adjustment in respect of prior periods	-	2	-	-
Current tax charge on ordinary activities	**87**	**2**	**-**	**-**
Deferred tax				
Effect of changes in tax rates	(21)	(41)	-	-
Origination and reversal of timing differences	671	582	-	-
Adjustments in respect of prior periods	49	208	-	-
Deferred tax charge on ordinary activities	**699**	**749**	**-**	**-**
Tax credit charge on ordinary activities	**786**	**751**	**-**	**-**

The tax assessed for the period is different to the standard rate of corporation tax in the UK of 20.25% (2014: 21.5%). The differences are explained below:

	Consolidated		Parent	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Profit/ (loss) on ordinary activities before tax	**2,659**	**560**	**(2,342)**	**(2,330)**
Profit/ (loss) on ordinary activities multiplied by standard rate in the UK 20.25% (2014: 21.5%)	**538**	**120**	**(475)**	**(501)**
Effects of:				
Expenses not deductible for tax purposes	40	36	-	-
Adjustments relating to prior years	49	210	-	-
Impact of corporation tax rate change	(21)	(41)	-	-
Transitional adjustment to IFRS not provided in deferred tax	-	10	-	10
2013 RDEC credit already taxed in prior year	-	(26)		
Group relief (received)/surrendered for nil payment	(21)	-	274	49
Non trading tax losses on which no deferred tax asset is recognised	201	442	201	442
Total tax charge for the period	**786**	**751**	**-**	**-**

Notes to the consolidated and parent financial statements for the year ended 31 December 2015

12 Deferred tax

	Consolidated		Parent	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Tax losses	-	577	-	-
Fixed asset timing differences	10	58	-	-
Research & Development	(176)	(108)	-	-
Other timing differences	50	56	-	-
	(116)	**583**	-	-

	Consolidated		Parent	
	2015	2014	2015	2014
Movement on deferred tax asset/(liability):	**£'000**	**£'000**	**£'000**	**£'000**
Asset at start of period	583	1,298	-	-
Deferred tax charged in profit and loss account for period (note 11)	(699)	(715)	-	-
(Liability)/asset at end of period	**(116)**	**583**	-	-

The main rate of corporation tax for the year ended 31 December 2015 is 20.25%, being the enacted 21% rate to 31 March 2015 combined with the enacted 20% rate from 1 April 2015.

Further reductions in corporation tax rates have been enacted, such that the rate to be applied from 1 April 2017 will be 19% and from 1 April 2020 will be 18%. The closing deferred tax liability and unrecognised deferred tax assets reflect the enacted future changes in the corporation tax rate.

The government also announced its intention in the Budget on 16 March 2016 that the reduction on 1 April 2020 will be to a corporation tax rate of 17% rather than 18%. The impact of the future reduction is estimated to be £6k on recognised deferred tax liabilities and £44k on unrecognised deferred tax assets.

The company has a maximum potential net deferred tax asset of £0.7m (2014: £1.21m) of which none (2014: £0.58m) has been recognised in these financial statements. Non-trading tax losses of £0.8m (2014: £0.63m) have not been recognised in these financial statements on the grounds that there is insufficient certainty that they will be recoverable.

Xbridge Acquisitions Limited

Notes to the consolidated and parent financial statements for the year ended 31 December 2015

13 Consolidated intangible fixed assets

	Goodwill	Development	Total
	£'000	**£'000**	**£'000**
Cost			
At 1 January 2014	26,311	-	26,311
Additions	189	600	789
At 31 December 2014	**26,500**	**600**	**27,100**
Additions	-	959	959
At 31 December 2015	**26,500**	**1,559**	**28,059**
Amortisation			
At 1 January 2014	-	-	-
Amortisation charge for the year	-	-	-
At 31 December 2014	**-**	**-**	**-**
Amortisation charge for year	-	200	200
Impairment	-	85	85
At 31 December 2015	**-**	**285**	**285**
Net book value			
At 31 December 2015	**26,500**	**1,274**	**27,774**
At 31 December 2014	**26,500**	**600**	**27,100**
At 1 January 2014	**26,311**	**-**	**26,311**

The goodwill capitalised by the company is as a result of the acquisition of Xbridge Limited by the Parent company.

Development costs are amortised over the period in which the company is expected to benefit. The benefit period has been assessed as three years. Amortisation commences in the year after capitalisation. Research and development costs which are not eligible for capitalisation have been expensed and are recognised as administrative expenses.

Xbridge Acquisitions Limited

Notes to the consolidated and parent financial statements for the year ended 31 December 2015

14 Consolidated property, plant and equipment

	Leasehold improvements	Plant and machinery	Fixtures and Fittings	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2014	226	1,172	688	2,086
Additions	198	252	163	613
At 31 December 2014	**424**	**1,424**	**851**	**2,699**
Additions	25	393	36	454
At 31 December 2015	**449**	**1,817**	**887**	**3,153**
Depreciation				
At 1 January 2014	97	961	579	1,637
Depreciation charge for the year	156	217	61	434
At 31 December 2014	**253**	**1,178**	**640**	**2,071**
Charge for year	163	266	67	496
At 31 December 2015	**416**	**1,444**	**707**	**2,567**
Net book value				
At 31 December 2015	**33**	**373**	**180**	**586**
At 31 December 2014	**171**	**246**	**211**	**628**
At 1 January 2014	**129**	**211**	**109**	**449**

There are no tangible fixed assets held by the Parent company.

Notes to the consolidated and parent financial statements for the year ended 31 December 2015

15 Parent - Investment in subsidiary

	2015 £'000	2014 £'000	1 January 2014 £'000
Investment in Xbridge Limited	**34,486**	34,486	34,330

The company's investment in its subsidiary is accounted for at cost.

Details of the Group's subsidiary at the end of the reporting period is as follows:

Name of subsidiary	Principal activity	Place of incorporation	Proportion of ownership interest and voting power held by the Group 2015	2014
Xbridge Limited	Online business insurance broker	United Kingdom	100%	100%

16 Financial risk management

Consolidated

The Group is exposed to credit risk and liquidity risk arising from the financial instruments it holds. The risk management policies employed by the Group to manage these risks are discussed below:

Assets as per statement of financial position	**31 December 2015**	**31 December 2014**	**1 January 2014**
	£'000	**£'000**	**£'000**
Loans and receivables			
Trade and other receivables	9,953	6,651	4,830
Cash and cash equivalents	11,677	8,277	8,041
	21,630	**14,928**	**12,871**

Liabilities as per statement of financial position	**31 December 2015**	**31 December 2014**	**1 January 2014**
	£'000	**£'000**	**£'000**
Borrowings and other financial liabilities			
Bank loan- current and non- current	9,397	9,215	-
Loan notes	14,228	10,672	19,000
Trade and other payables	12,557	10,880	9,285
	36,182	**30,767**	**28,285**
Financial liability at fair value through profit or loss			
Interest rate swap	35	48	-
	35	**48**	**-**

On 3 November 2014, the Group entered into an interest rate swap agreement to hedge against the risk of variability in cashflow from the bank loan by swapping the floating rate with a fixed rate. The termination date of the agreement is 30 September 2017 so financial liabilities at fair value through profit or loss have been classified as non-current.

Notes to the consolidated and parent financial statements for the year ended 31 December 2015

16 Financial risk management (continued)

a) Credit risk

Credit risk is the risk that a counterparty will be unable to meet a commitment that it has entered into with the Group. Concentrations of credit risk occur when the group contracts with a limited number of counterparties or when changes in economic, industry or geographic factors affect counterparties whose aggregate credit exposure is significant in relation to the group's total credit exposure.

Concentrations of credit risk exist to the extent that at 31 December 2015 cash and cash equivalents were placed with one financial institutions with credit rating according to Moody's of A3.

No trade and other receivables were past due at the balance sheet date. Given the number and nature of customers, the Group do not feel there is a material credit risk.

b) Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets to enable liabilities to be settled when they are contractually due.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

31 December 2015	Less than 3 months	Between 3 – 12 months	Between 1 -5 years	Over 5 years	Total
	£'000	£'000	£'000	£'000	£'000
Bank loan	205	613	8,579	-	9,397
Loan notes	-	-	-	14,228	14,228
Trade and other payables	12,557	-	-	-	12,557
	12,762	**613**	**8,579**	**14,228**	**36,182**

31 December 2014	Less than 3 months	Between 3 – 12 months	Between 1 -5 years	Over 5 years	Total
	£'000	£'000	£'000	£'000	£'000
Bank loan	-	-	4,500	4,715	9,215
Loan notes	-	-	-	10,672	10,672
Trade and other payables	10,880	-	-	-	10,880
	10,880	**-**	**4,500**	**15,387**	**30,767**

Notes to the consolidated and parent financial statements for the year ended 31 December 2015

16 Financial risk management (continued)

1 January 2014	Less than 3 months £'000	Between 3 – 12 months £'000	Between 1 -5 years £'000	Over 5 years £'000	Total £'000
Loan notes	-	-	-	19,000	19,000
Trade and other payables	9,285	-	-	-	9,285
	9,285	**-**	**-**	**19,000**	**28,285**

c) Capital risk

The company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The company reviews and monitors its capital structure on a regular basis to ensure its objectives are met.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares, or sell assets to decrease its borrowings.

The capital structure of the company comprises:

	31 December 2015 £'000	31 December 2014 £'000	1 January 2014 £'000
Equity	13,483	13,483	13,483

16 Financial risk management (continued)

d) Market risk

Interest rate risk
Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Loans issued at variable rates expose the Group to cash flow interest rate risk. The Group's management monitors the interest rate fluctuations on a continuous basis and acts accordingly. The Group has entered into an interest rate swap to hedge against the risk of changes in interest rates.

At the reporting date the interest rate profile of interest bearing financial instruments was:

	31 December 2015 £'000	31 December 2014 £'000	1 January 2014 £'000
Total variable rate loans	(9,397)	(9,215)	-
Cash and cash equivalents	11,677	8,277	8,041
Net exposure to interest rate fluctuations	2,280	(938)	8,041

At 31 December 2015, if market interest rates had been 50 basis points higher/lower for the year on the year end deposit balance, with all other variables held constant, post-tax profit for the year would be £11k higher/lower (2014: £5k higher/lower).

Parent

The company is exposed to credit risk and liquidity risk arising from the financial instruments it holds. The risk management policies employed by the company to manage these risks are discussed within the consolidated section at the start of this note. The parent company also has intercompany balances which have not been discussed within the consolidated section at the start of this note. These balances are included within trade and other receivables, trade and other payables and borrowings and are listed below:

	31 December 2015 £'000	31 December 2014 £'000	1 January 2014 £'000
Intercompany loan receivable	2,982	2,302	2,302
Intercompany loan payable	(4,706)	(4,101)	(4,101)
Intercompany creditor	(2,056)	(1,463)	(947)

The intercompany loan receivable is repayable upon demand, however no payment can be made without the FCA's prior written consent. The Directors of the company have confirmed that they have no intention to call for repayment of the loan within 12 months of the date of the Balance Sheet and as such is included within non-current liabilities.

Notes to the consolidated and parent financial statements for the year ended 31 December 2015

16 Financial risk management (continued)

d) Market risk (continued)

The intercompany loan payable is repayable upon demand. The termination date of the agreement is 31 December 2020. The Directors of Xbridge Limited have confirmed that they have no intention to call for repayment of the loan within 12 months of the date of the balance sheet and as such is included within non-current assets.

17 Trade and other receivables

Consolidated	31 December 2015 £'000	31 December 2014 £'000	1 January 2014 £'000
Current:			
Trade receivables	208	2,345	2,138
Other receivables	204	29	19
R&D tax credit receivable	411	355	-
Accrued income and prepayments	9,130	3,922	2,673
	9,953	**6,651**	**4,830**

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

Included within other receivables is an amount of £65k receivable from the ultimate parent company, Xbridge Holdings limited.

Parent	31 December 2015 £'000	31 December 2014 £'000	1 January 2014 £'000
Amounts due from subsidiary	2,982	2,302	2,302
	2,982	**2,302**	**2,302**

The intercompany loan is a subordinated loan with Xbridge Limited. This loan attracts interest at 12% per annum. The loan is repayable on demand but cannot be repaid without the FCA's prior written consent. The Directors of Xbridge Acquisitions Limited have confirmed that they have no intention to call for the repayment of the loan within 12 months of the date of the Balance Sheet and it is therefore shown as falling due after one year.

As at 31 December 2015 the accumulated interest accrued to date of £680k was added to the principal of £2,302k to present a total of loan of £2,982k.

Notes to the consolidated and parent financial statements for the year ended 31 December 2015

18 Cash and cash equivalents

Consolidated	31 December 2015 £'000	31 December 2014 £'000	1 January 2014 £'000
Current account	4,413	2,993	2,378
Restricted cash	7,264	5,284	5,663
	11,677	**8,277**	**8,041**

Parent	31 December 2015 £'000	31 December 2014 £'000	1 January 2014 £'000
Current account	832	894	936
	832	**894**	**936**

The exposure of the group to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 16.

19 Share capital

	31 December 2015	31 December 2014	1 January 2014
Authorised, issued and fully paid		**Number of shares**	
Ordinary shares of £1	13,483,000	13,483,000	13,483,000
	13,483,000	**13,483,000**	**13,483,000**
Authorised, issued and fully paid		**£'000**	
Ordinary shares of £1	13,483	13,483	13,483
	13,483	**13,483**	**13,483**

During the year no share issues took place (2014: no issues).

20 Financial liabilities at fair value through profit or loss

As at 31 December 2015, the following derivative financial instruments were included in the group's consolidated statement of financial position at fair value through profit or loss:

Liabilities at fair value through profit or loss	2015 £'000	2014 £'000
Interest rate swap	35	48

On 3 November 2014, the group entered into an interest rate swap agreement to hedge against the risk of variability in cashflow from the bank loan by swapping the floating rate with a fixed rate. The termination date of the agreement is 30 September 2017 so financial liabilities at fair value through profit or loss have been classified as non-current. The group categorises its financial instruments measured subsequent to initial measurement at fair value based on the level of judgment with inputs used to measure the fair value.

The group uses a fair value hierarchy with the following levels:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The determination of what constitutes 'observable' requires significant judgement by the group.

The group considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. As of 31 December 2015, all the financial liabilities at fair value through profit or loss were classified as level 2. There were no significant transfers of liabilities between levels 1 and 2 during the period.

Changes in fair value of financial assets and liabilities at fair value through profit or loss were:

Liabilities at fair value through profit or loss	2015 £'000	2014 £'000
At 01 January	48	-
Unrealised (gains)/losses on derivatives	(13)	48
At 31 December	**35**	**48**

Notes to the consolidated and parent financial statements for the year ended 31 December 2015

21 Trade and other payables

Consolidated	**31 December 2015 £'000**	**31 December 2014 £'000**	**1 January 2014 £'000**
Current:			
Trade payables	382	1,248	842
Taxation and social security	835	569	700
Accruals and deferred income	2,165	2,607	2,087
Bank loan	818	-	-
Other payables	8,357	6,456	5,656
	12,557	**10,880**	**9,285**

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented. Included in other creditors are amounts owed to insurers of £8,041,315 (2014: £6,360,799) and amounts owed to other brokers of £81,328 (2014: £48,400).

£818k of the bank loan has been reclassified to be included within trade and other payables falling due within one year. Please refer to note 22 for breakdown.

Parent	**31 December 2015 £'000**	**31 December 2014 £'000**	**1 January 2014 £'000**
Current:			
Trade payables	-	24	24
Loans with subsidiary undertaking	-	-	4,101
Intercompany creditor	2,056	1,463	947
Bank loan	818	-	-
Accruals and deferred income	110	2,049	1,056
	2,984	**3,536**	**6,128**

In 2014, the Surplus Cash Loan Agreement of £4,101k was moved out of current trade and other payables within loans with subsidiary undertaking and reclassified to non-current borrowings.

Xbridge Acquisitions Limited

Notes to the consolidated and parent financial statements for the year ended 31 December 2015

22 Borrowings

Consolidated	31 December 2015 £'000	31 December 2014 £'000	1 January 2014 £'000
Loan notes with group undertakings	14,206	10,655	18,970
Loan notes	22	17	30
Bank Loan	8,579	9,215	-
Financial liability at fair value through profit or loss	35	48	-
Other payables	49	137	125
	22,891	**20,072**	**19,125**

Parent	31 December 2015 £'000	31 December 2014 £'000	1 January 2014 £'000
Loan notes with group undertakings	14,206	10,655	18,970
Loan notes	22	17	30
Loan with subsidiary	4,706	4,101	-
Bank Loan	8,579	9,215	-
Financial liability at fair value through profit or loss	35	48	-
	27,548	**24,036**	**19,000**

Intercompany loan
The intercompany loan in the Parent company is from Xbridge Limited, a group company 100% owned by the Parent. This loan attracts interest at 6% per annum and is repayable upon demand. The termination date of the agreement is 31 December 2020. The Directors of Xbridge Limited have confirmed that they have no intention to call for the repayment of the loan within 12 months of the date of the Balance Sheet and it is therefore shown as falling due after one year.

Within prior years the interest accrued on this loan was presented within accrued income. As at 31 December 2015 the accumulated interest accrued to date of £605k was added to the loan value of £4,101k to present a total loan with parent of £4,706k.

Loan notes
The loan notes with group undertakings of £14,206k (2014: £10,655k) which are due to Wutang Holdings S.a.r.L., a group company. These notes attract interest at a rate of 12% and are due for repayment in full on the earlier of July 2023, a sale or a listing of the business. In prior years the accrued interest was presented within accruals. Within the current year, the accumulated interest to 31 December 2015 of £3,551k has been included within the loan value within non-current assets.

22 Borrowings (continued)

Bank Loan
On the 31 July 2014, the parent company entered into senior loan debt with The Royal Bank of Scotland. This loan consists of two tranches.

The loan is comprised of the following:

	Consolidated		Parent	
	2015	**2014**	**2015**	**2014**
	£'000	**£'000**	**£'000**	**£'000**
Loan	10,000	10,000	10,000	10,000
Loan issue costs	(603)	(785)	(603)	(785)
	9,397	**9,215**	**9,397**	**9,215**

Loans repayable, included within creditors, are analysed as follows:

	Consolidated		Parent	
	2015	**2014**	**2015**	**2014**
	£'000	**£'000**	**£'000**	**£'000**
Wholly repayable within one year	818	-	818	-
Wholly repayable between one and five years	8,579	4,500	8,579	4,500
Not wholly repayable within five years	-	4,715	-	4,715
	9,397	**9,215**	**9,397**	**9,215**

Tranche A Senior Debt Loan £4,500k is for a term of five years, attracting interest at an average rate of 4% (libor plus margin), with repayments in semi-annual instalments or in full on the earlier of 30 September 2019, a sale or a listing of the business. Repayments will be tailored to cash flows, but will broadly follow the profile set out below:

Tranche A payable within 5 years is analysed as follows:

	Amount
	£'000
Year Ending December 2016	1,000
Year Ending December 2017	1,000
Year Ending December 2018	1,000
Period Ending September 2019	1,500
Total	**4,500**

22 Borrowings (continued)

Tranche B Senior Debt Loan £5,500k is for a term of six years, attracting interest at an average rate of 4.5% (libor plus margin), with repayment in full on the earlier of 30 September 2020, a sale or a listing of the business.

Details of loans not wholly repayable within five years are as follows:

	Consolidated		Parent	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Secured loan of £5,500k repayable on 30 September 2020	-	5,500	-	5,500
	-	**5,500**	**-**	**5,500**

Amortisation of loan issues costs is analysed below:

	Loan Issue Cost	Total
	£'000	£'000
Cost		
At 1 January 2015	856	856
Additions	-	-
At 31 December 2015	**856**	**856**
Amortisation		
At 1 January 2015	71	71
Charge for period	182	182
At 31 December 2015	**253**	**253**
Net book value		
At 31 December 2015	**603**	**603**
At 31 December 2014	**785**	**785**

23 Obligations under leases

Annual commitments under non-cancellable operating leases are as follows:

	Land and Buildings		Other	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
In one year	383	489	8	1
In two to five years	74	478	1	1
	457	**967**	**9**	**2**

The Parent company has no operating leases.

24 Consolidated Provisions for liabilities

	Dilapidation provision £'000	Clawback provision £'000	Total £'000
At 1 January 2014	**262**	**620**	**882**
Amounts used during the period	-	(417)	(417)
Discount charge	10	-	10
Released during the period	-	(203)	(203)
Additions during the period	-	502	502
At 31 December 2014	**272**	**502**	**774**
Amounts used during the period	-	(426)	(426)
Discount charge	7	-	7
Released during the period	-	(76)	(76)
Additions during the period	-	761	761
At 31 December 2015	**279**	**761**	**1,040**

The parent company has no provisions.

Clawback Provision
A provision is recognised for expected cancellation of insurance products incepted during the current year but being cancelled in the following year, based on past experience of the level of cancellations. As insurance products are based on 1 year renewal any costs will be incurred within next financial year of the reporting date. Assumptions used to calculate the provision for clawback were based on current sales levels and current information available about cancellations based on the cancellation terms for all insurance products sold.

Dilapidation Provision
A provision has been recognised for costs associated with returning a premise occupied by Xbridge Limited currently under an operating lease to their original state upon vacating the premise. This provision has been calculated by determining the costs associated to return the premises back to its original state discounted over the term of the lease, using a Weighted Average Cost of Capital as the discount rate, less the release of any actual expenditure incurred.

25 Related party transactions

The company is a wholly owned subsidiary of Xbridge Holdings Limited, the ultimate parent undertaking, which is registered in England. Xbridge Holdings Limited is the largest group in which the financial results of Xbridge Acquisitions Limited are included. Copies of the group financial statements can be obtained from One Finsbury Square, London EC2A 1AE.

On 17 July 2013 Xbridge Limited issued a loan of £4,101k to Xbridge Acquisitions Limted which owns 100% of the share capital of Xbridge Limited. Interest is charged on this loan at 6% pa. The loan is payable on demand and has a termination date of 31 December 2020. To date no interest has been paid. In prior years the accrued interest was presented within accrued expenses. Within the current year, the accumulated interest to 31 December 2015 has been included within the loan value within non- current assets. During the year, interest paid by Xbridge Acquisitions Limited to Xbridge Limited in respect of this loan was £246k (2014: £246k).

Xbridge Acquisitions Limited has an intercompany creditor balance with Xbridge Limited of £2,031k as at 31 December 2015 (2014: £1,463k). No interest is charged on this intercompany balance.

Xbridge Acquisitions Limited has an intercompany creditor balance with Xbridge Holdings Limited of £24k as at 31 December 2015 (2014: Nil). No interest is charged on this intercompany balance.

On 17 July 2013 Xbridge Acquisitions Limited issued a loan to Xbridge Limited of £2,302k. Interest is charged on this loan at 12%. The loan cannot be repaid without prior FCA permission. To date no interest has been paid. Within prior years the interest accrued on this loan was presented within accrued income. As at 31 December 2015 the accumulated interest accrued to date of £680k was added to the principal of £2,302k to present a total of loan of £2,982k. During the year, interest received by Xbridge Acquisitions Limited from Xbridge Limited in respect of this loan was £276k (2014: £276k).

See detail on loan notes with Wutang Holdings within the borrowings note 22.

The following transactions were carried out with related parties:

(a) Key Management Personnel and Directors' remuneration

	2015	**2014**
	£'000	**£'000**
Short-term employee benefits	1,365	1,675
Post- employment pension and medical benefits	30	11
Termination benefits	-	153
	1,395	**1,839**

During the year, a monitoring fee of £156k was paid to a shareholder of the parent company (2014: £150k).

Notes to the consolidated and parent financial statements for the year ended 31 December 2015

26 Events after the reporting period

During April 2016 Aquiline Capital Partners LLC, a New York-based private equity firm investing in financial services, entered into a definitive agreement to acquire the ultimate parent company, Xbridge Holdings Limited and its subsidiaries. The agreement is subject to FCA approval.

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

27 Ultimate Parent Undertaking

The company is a wholly owned subsidiary of Xbridge Holdings Limited, the ultimate parent undertaking, which is registered in England. Xbridge Holdings Limited is the largest group in which the financial results of Xbridge Acquisitions Limited are included. Copies of the group financial statements can be obtained from One Finsbury Square, London EC2A 1AE.