

BETTER HEALTH INSURANCE ADVICE LTD

Reg No 08380903



Better Health
Insurance Advice

Annual Report and Financial Statements

For the year ended 30 June 2022

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Better Health Insurance Advice Ltd

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Better Health Insurance Advice Ltd

DIRECTORS AND OFFICERS

Directors in office at the date of signing the financial statements

David Priestley

Ian Slonim

Robert Watts

Company Secretary at the date of signing the financial statements

Jennifer Thorn

Registered office

Roddis House

4-12 Old Christchurch Road

Bournemouth

BH1 1LG

United Kingdom

Registered number

08380903

Independent auditors

KPMG LLP

Chartered Accountants and Statutory auditors

15 Canada Square

London

E145GL

United Kingdom

Better Health Insurance Advice Ltd

STRATEGIC REPORT

The directors present their Strategic report, Report of the Directors and the audited financial statements for the year ended 30 June 2022.

Better Health Insurance Advice Ltd ("the Company") is a private company limited by shares, incorporated and domiciled in the United Kingdom with a registered address of Roddis House, 4-12 Old Christchurch Road, Bournemouth BH1 1LG.

Principal activities and business review

The principal activity of Better Health Insurance Advice Ltd during the year was a brokerage specialising in advice based consultative sales of Private Medical Insurance (PMI).

The loss before tax for the year ended 30 June 2022 was £180k (2021: £46k). The operating loss (being loss before tax less finance costs) for the year was higher than previous year as the business adapted to the post COVID lock down environment and the changing economic environment. The loss incurred was within expectations while the business continues its program of streamlining its processes, procedures and operations to remain competitive in the extremely challenging economic environment.

Net assets as at 30 June 2022 were £23k (2021: liability of £4,843k). During the year, the shareholder invested £5,000k the proceeds of which were used to repay outstanding liabilities leading the company to record a slight net asset position as of 30 June 2022.

The total commission income from trading activities was similar to the previous year at £2,426k (2021: £2,516k). Given the COVID-19 situation and economic environment, commission income held up well.

Future developments

The Company intends to consolidate the changes made during the financial year and further streamline its processes in order to remain competitive during extremely challenging macroeconomic conditions.

Principal risks and uncertainties, risk management objectives and policies

The management of the business and the execution of the Company's strategy are subject to a number of risks. The most significant business risks affecting the Company is considered to be the economic environment and the lead generation model.

Lead generation currently uses an internal database system while over time the value of some of the data within the database diminishes as leads are converted to a sale or individuals no longer in the market for medical insurance. New sources of replenishment are constantly under review while the lead generation from the websites has begun to pay dividends.

The Macroeconomic environment is challenging with disposable income being squeezed. However, this is counter balanced by the increased need for PMI. The Company will continue to seek operational efficiencies in order to mitigate this risk. Further detail is outlined in note 2.

STRATEGIC REPORT (Continued)

COVID-19

The global COVID-19 pandemic continued throughout the 12 months to 30 June 2022. However, COVID-19 uncertainty and its impact on the Company has continued to reduce due to the roll out of the UK vaccination program and full 12-month period with no periods of lockdown or significant restrictions.

The directors have obtained and will continue to monitor reports from across the wider Group on the implementation of the business continuity plans as well as the financial position of the Company.

Capital and liquidity management

The objective of capital management is to ensure that an appropriate level of capital is maintained in comparison to the risks faced by the Company, and that sufficient liquidity in the form of cash is maintained to ensure that the Company can meet liabilities as they fall due. The Board does this by reviewing the cash asset position and forecast cash flows on a monthly basis. If these indicate a potential for shortfall the Board arranges additional capital resources to be introduced into the Company as cash via the parent company. As at 30 June 2022 the cash resources were £68k (2021: £104k), which along with the support from its parent is considered sufficient to meet liabilities as they fall due given forecast future cash flows.

Key performance indicators (KPIs)

The key performance indicator of the Company's success is deemed to be total annual premium submitted for the sale of PMI products and the total income from those sales. For the year ended 30 June 2022 the annual premium submitted was £3,202k (2021: £3,377k) and the total income was £2,426k (2021: £2,516k).

In 2019, the company reviewed its strategy with regards to its panel of insurers and increased this from two to four. It now covers ninety percent of the PMI market.

Annual Premium Income (API) is expected to remain stable in the new financial year with the economic environment effects being offset by the improvement in renewal API and income as the back book grows.

Environmental matters and social and community issues

The Company recognises its responsibilities with regard to environmental matters, including the impact of the Company's business activities on the environment and where appropriate takes action to minimise any adverse impact.

On behalf of the Board



Ian Slonim

Director

Better Health Insurance Advice Ltd (Reg No: 08380903)

26 January 2023

Better Health Insurance Advice Ltd

REPORT OF THE DIRECTORS

Directors

Apart from where noted, the directors listed below were in office throughout the year and up to the date of signing the financial statements.

David Priestley

Ian Slonim

Robert Watts

The directors are not subject to retirement by rotation.

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Going concern

Going concern has been evaluated by the directors of Better Health Insurance Advice Ltd. They concluded that it was reasonable to expect the Company to remain in business for a period of not less than 12 months from the date of signing of the financial statements. In addition, the shareholder provides a letter of support to provide resources necessary to ensure the Company remains in business for a period of not less than 12 months from the date of signing of the financial statements.

Future outlook

See the Strategic Report on page 4 for future developments.

Results and dividend

No dividend was paid in the year ended 30 June 2022 (2021: £nil).

The results for the year ended 30 June 2022 are set out on page 11 within the Statement of comprehensive income.

Political donations and political expenditure

The amount of political donations made was £nil in the year to 30 June 2022 (2021: £nil).

Suppliers, customers and others

The Company recognises the importance of its suppliers, customers and others and takes great care in fostering good relationships with all that it comes into contact with.

Financial risk management

See the risk management policies included on page 21 under Notes to the Financial Statements.

Better Health Insurance Advice Ltd

REPORT OF THE DIRECTORS (Continued)

Employees

The Company is committed to an equal opportunities policy. The sole criterion for selection or promotion is suitability of any applicant for the job regardless of ethnic origin, religion, sex, marital status or disablement.

Employee health and well-being (HWB)

The Company provides information to assist the staff in improving their health and wellbeing, and also offers to staff the opportunity to become a member of the company Lifestyle PMI scheme.

Employee involvement

It is the Company's policy to have effective communication and consultation with staff. Staff involvement is achieved through staff meetings and briefings to increase awareness of the organisation's goals and performance.

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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

Better Health Insurance Advice Ltd

REPORT OF THE DIRECTORS (Continued)

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, KPMG LLP, have been appointed by the Board as the Company's auditors in accordance with the elective resolution passed by the Company under the Companies Act 2006. As a result, financial year ended 30 June 2022 is their first year as auditors.

On behalf of the Board



Ian Slonim

Director

Better Health Insurance Advice Ltd (Reg No: 08380903)

26 January 2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BETTER HEALTH INSURANCE ADVICE LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BETTER HEALTH INSURANCE ADVICE LIMITED

Opinion

We have audited the financial statements of Better Health Insurance Advice Limited ("the Company") for the year ended 30/06/2022, which comprise the Statement of Profit or Loss, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flow, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30/06/2022 and of its loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for 12 months from the date of approval of the financial statements ("the going concern period").

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

Our conclusions based on this work:

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

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management, directors and sales staff

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BETTER HEALTH INSURANCE ADVICE LTD
(CONTINUED)**

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

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates such as commission claw-back provision or intangible assets. On this audit we do not believe there is a fraud risk related to revenue recognition because transactions are straightforward, and management is not pressured to meet any profit target.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of some of the Company-wide fraud risk management controls.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to seldomly used accounts.
- Evaluated the business purpose of significant unusual transactions
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors (as required by auditing standards), from inspection of the Company's regulatory and legal correspondence, and discussed with the directors the policies and procedures regarding compliance with laws and regulations. Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

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

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

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: Regulatory capital requirements and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

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

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BETTER HEALTH INSURANCE ADVICE LTD
(CONTINUED)**

procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

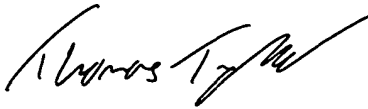
A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

Better Health Insurance Advice Ltd

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BETTER HEALTH INSURANCE ADVICE LTD
(CONTINUED)**



Thomas Tyler (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
26/01/2023

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022**

		Year ended 30 June 2022	Year ended 30 June 2021
	Note	£'000	£'000
Revenue	3	2,426	2,516
Cost of Sales	4	(1,551)	(1,575)
Gross Profit		875	941
Expenses			
Operating expenses	4	(1,014)	(947)
Finance costs		(41)	(40)
Loss before tax		(180)	(46)
Tax credit	6	0	13
(Loss)/Profit after tax and total comprehensive income for the year		(180)	(33)

All amounts above are in respect of continuing operations. The Company has no comprehensive income or expense other than the loss for the year recognised in the statement of comprehensive income.

The notes on pages 17 to 31 are an integral part of these financial statements.

Better Health Insurance Advice Ltd

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022**

		30 June 2022	30 June 2021
	Note	£'000	£'000
Assets			
Non-current assets			
Property, plant and equipment	9	2	4
Intangible assets	10	114	100
Total non-current assets		116	104
Current assets			
Trade and other receivables	11	57	155
Cash and cash equivalents	12	68	104
Total Current Assets		125	259
		241	363
Total assets			
Equity			
Ordinary shares	13	7,000	2,000
Preference shares	14	500	500
Accumulated losses		(7,523)	(7,343)
Total equity		23	(4,843)
Non-Current liabilities			
Amounts owed to related parties	17, 19	-	1,209
Total Non-Current Liabilities		-	1,209
Current Liabilities			
Provisions	15	42	59
Amounts owed to related parties	18, 19	39	3,719
Trade and other liabilities	16	183	219
Total Current liabilities		264	3,997
Total equity and liabilities		241	363

The notes on pages 17 to 31 are an integral part of these financial statements

The financial statements on pages 13 to 31 were authorised for issues by the board of directors on 26 January 2023 and signed on its behalf by



Ian Slonim
Director
Better Health Insurance Advice Ltd (Reg No: 08380903)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	Ordinary shares	Preference shares	Accumulated losses [†]	Total equity
		£'000	£'000	£'000	£'000
At 1 July 2020	13,14	2,000	500	(7,310)	(4,810)
Profit and total comprehensive income for the year		-	-	(33) [‡]	(33)
At 30 June 2021 and 1 July 2022		2,000	500	(7,343)	(4,843)
Ordinary share capital issued		5,000	-	-	5,000
Loss and total comprehensive expenses for the year		-	-	(180)	(180)
At 30 June 2022		7,000	500	(7,476)[‡]	23

The notes on pages 17 to 31 are an integral part of these financial statements

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022**

		Year ended 30 June 2022	Year ended 30 June 2021
	Note	£'000	£'000
Cash flows from operating activities			
Loss before tax:		(180)	(46)
Adjustments for:			
Depreciation on property, plant and equipment	9	4	9
Amortisation of Intangible Assets	10	25	21
Loss on disposal of Intangible asset	10	-	17
Proceeds for group relief surrendered	6	-	13
Transfer from related parties		-	69
Finance costs		41	40
Movement in operating assets and liabilities	20	45	(1)
Net cash flows generated from / used in operating activities		(65)	122
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(2)	-
Purchase of intangible assets	10	(39)	(26)
Net cash flows used in investing activities		(41)	(26)
Cash flows from financing activities			
(Repayment) / Proceeds from borrowings		(4,930)	(84)
Proceeds from issuance of new shares		5,000	
Net cash flows (used in)/generated from financing activities		70	(84)
Net increase/(decrease) in cash and cash equivalents		(36)	12
Cash and cash equivalents at the beginning of the year		104	92
Cash and cash equivalents at the end of the year	12	68	104

The notes on pages 17 to 31 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

(a) Basis of preparation

The financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

Notwithstanding net current liabilities of £139k as at balance sheet date, a loss for the year then ended of £180k and cash outflows for the year of £36k, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have performed a going concern assessment which indicates that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its immediate parent company, Discovery Holdings Europe Limited, and its fellow subsidiary company, Vitality Corporate Services Limited, to meet its liabilities as they fall due during the going concern assessment period.

That assessment is dependent on Discovery Holdings Europe Limited and Vitality Corporate Services Limited providing additional financial support during the going concern assessment period and consideration of the sources of capital and liquidity available to those entities. Discovery Holdings Europe Limited and Vitality Corporate Services Limited have indicated their intention to continue to make available such funds as are needed by the company during the going concern assessment period. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1 (section 1.1).

The principal accounting policies set out below have been consistently applied to the financial reporting years presented in these financial statements, unless otherwise stated.

(i) New and amended standards adopted

In the current year, there have been no new or revised Standards or Interpretations that have a significant impact on the company.

(b) Going Concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In making their assessment, the directors have taken into account the impact of COVID-19 and the inflationary environment on the company as noted in the Strategic Report. The Company continues to receive support from its immediate parent company, Discovery Holdings Europe Limited. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Accounting policies (continued)

(c) Revenue Recognition

Revenue consists of commission income from the sale of insurance policies. The pricing of the insurance policies is determined by the insurer following discussion with the Company's sales advisors.

The Company does not hold any insurance contracts with customers. The primary performance obligation under these insurance intermediary arrangements is to place an effective insurance policy. As all the Company's services are associated with the placement of an insurance contract, the commission income is recognised at a point in time on the policy effective date. Commission is received soon after the policy effective date.

Revenue is measured at the fair value of the consideration receivable less an estimate for any commission clawback on cancelled policies and excluding insurance premium tax and other sales related taxes.

Agreements with the customer is to act as their advisor on their medical insurance requirements and managing the placement of their medical insurance with an appropriate insurer as per the customer's instructions.

(d) Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. The current tax charge is based on taxable profits and losses for the year after adjustments in respect of prior years.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and the carrying amount in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Current and deferred tax is recognised in the statement of comprehensive income.

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 profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority.

(e) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Depreciation is charged to the Statement of comprehensive income on a straight-line basis over the estimated useful life of the assets which range from 2 to 5 years. The depreciation rates are:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Office Equipment

Up to a maximum of 3 years

1. Accounting policies (continued)

The useful lives of the assets are reviewed at each Statement of financial position date and adjusted if appropriate.

(f) Intangible assets

Intangible assets are recognised in the Statement of financial position if it is probable that the relevant future economic benefits attributable to the asset will flow to the Company and its cost can be measured reliably.

Internally developed software is capitalised as an intangible asset and amortised over its estimated useful life when it is either identified as separable (i.e. capable of being separated from the entity and sold, transferred, rented, or exchanged) or it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable.

Intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of the assets. Impairment losses are calculated and recorded on an individual basis.

The estimated useful life of internally developed software currently being amortised is 7 years.

(g) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, or at least at each statement of financial position date. An impairment loss is recognised in the statement of comprehensive income for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its net selling price (fair value less costs to sell) and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit, or group of units, to which the asset belongs.

(h) Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand only.

(i) Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources or economic benefit will be required to settle the obligation and a reasonable estimate can be made of the amount of the obligation. Once a provision is recognised, it is measured as the amount that would be paid to settle the obligation. This includes discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability, if this effect is material.

(j) Clawback provision

The commercial commission arrangements vary by product, as do the cancellation rates experienced. As such the clawback provision is constructed with reference to product level data, by calculating projected cancellation rates based on historical clawback data. For PMI the projected cancellation rates are applied to both the new business commission income as well the renewal commission income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. Accounting policies (continued)

(k) Financial assets and liabilities

Financial assets

On initial recognition, financial assets are classified as being subsequently measured at either amortised cost or fair value dependent upon the Company's business model for managing the asset and its cash flow characteristics. Financial assets are not reclassified following initial recognition unless the Company changes its business model for managing financial assets.

Financial assets are deemed to be held under one of three business models:

- Hold to collect, where the business objective is to hold the asset to collect the contractual cash flows;
- Hold to collect and sell, where the business objective is to hold the asset to collect the contractual cash flows and to sell the financial assets; and
- Other.

Unless specifically designated to be held at fair value through profit or loss, a financial asset is measured at amortised cost if it is held within a hold to collect business model and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is measured using the effective interest method. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of comprehensive income.

1. Accounting policies (continued)

Financial assets held within a hold to collect and sell business model are measured at fair value through OCI if the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company does not currently have any such assets.

Impairment of financial assets

The Company recognises lifetime expected credit losses at the point of initial recognition for trade receivables. These are assessed with reference to past default rates, also reflecting forward looking information such as local economic or market conditions and using a provision matrix where appropriate.

For other financial assets measured at amortised cost, a loss allowance is recognised for expected credit losses taking into account changes in the level of credit risk. Where credit risk is considered to be low, the loss allowance is limited to expected losses arising from default events that are possible within 12 months from the balance sheet date.

Impairments (where applicable) are charged to the Statement of comprehensive income, through the operating expenses line.

Financial liabilities

Financial liabilities are classified as either:

- Financial liabilities at amortised cost (trade payables and loans with standard interest rates); or
- Financial liabilities at fair value through profit and loss the company does not hold any such financial liabilities

The Company measures financial liabilities at amortised cost unless either: it is held for trading and is therefore required to be measured at FVPL; or the Company elects to measure the liability at FVPL. All financial liabilities

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

are measured at amortised cost.

1. Accounting policies (continued)

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of comprehensive income.

1.1 Critical accounting estimates and judgements in applying accounting policies

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require an adjustment to the carrying amount of assets or liabilities affected in future reporting periods. Assumptions are based on historical experience and expectations of future outcomes and anticipated changes in the environment. Assumptions are regularly reviewed in light of emerging experience and adjusted where required. Management have assessed that none of the estimates below are expected to give rise to a material adjustment to carrying amounts in future periods.

(a) Capitalised software development costs

The estimates and assumptions surrounding the useful economic life of capitalised software development costs and the date at which amortisation commences is subject to a degree of judgment. The Company assesses the useful economic life and amortisation commencement date separately for each project being capitalised with reference to the nature and expected use of the asset. An annual impairment review is performed to assess the future economic benefit and recoverability of the related assets.

(b) Clawback provision

There is a degree of estimation inherent in the calculation of the commission clawback provision, specifically in the cancellation rates projected forward. The projected cancellation rates used are based on historical clawback data with commercial judgement applied where there are reasons that these rates are expected to vary in the future. These rates are then applied to the new business commission income.

2. Risk management policies

(a) Governance framework

The Company's risk management policy ensures that the risks taken in meeting the Company's corporate, financial and regulatory objectives are identified and managed in accordance with the approved risk framework.

The Company takes and manages risks to achieve its corporate, financial and regulatory objectives. The types of risk inherent in the pursuit of these objectives and the extent of exposure to these risks form the Company risk profile.

The Company manages risks through a risk management framework, which allows for the identification, assessment, control and monitoring of risks. The Company has established effective risk management systems and controls within the framework for the following categories of risk: credit, liquidity, market, operational and capital.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Risk management policies (continued)

(b) Credit risk

Credit risk is the risk incurred whenever the Company is exposed to loss if a counterparty fails to perform its contractual obligations, including failure to perform those obligations in a timely manner. The Company sets the acceptable level of credit risk through its credit risk policy.

The overriding requirement of the policy, which covers all assets beneficially owned by the Company, is that all assets are of sufficient quality and are sufficiently well diversified to represent appropriate backing for its liabilities, capital and reserves. The policy also requires compliance with all applicable legislation and regulation and sets further limits under specific types of financial instruments, as summarised below.

Cash and cash equivalents

Maximum exposure limits to external counterparties are set with reference to both short and long-term credit ratings issued by Standard & Poor's.

Other financial assets

The Company evaluates the required allowance for credit losses on other financial assets based on the repayment terms and ability of the counterparty to make the repayment in accordance with the terms of the arrangement. Management has concluded that the expected credit default related to other financial assets is immaterial. Accordingly, no loss allowance has been made for impairment.

	Neither past due nor impaired	0-3 months	3 – 6 months	6 – 12 months	> 12 months	Total and carrying value in statement of financial position
	£'000	£'000	£'000	£'000	£'000	£'000
30 June 2021						
Cash and cash equivalents	104	-	-	-	-	104
Other financial assets	138	-	-	-	-	138
Amounts owed by related Parties	-	-	-	-	-	-
Total	242	-	-	-	-	242
30 June 2022						
Cash and cash equivalents	68	-	-	-	-	68
Other financial assets	45	-	-	-	-	45
Amounts owed by related parties	-	-	-	-	-	-
Total	113	-	-	-	-	113

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Risk management policies (continued)

The following table analyses the financial assets bearing credit risk using Standard & Poor's ratings:

		Credit Rating		Unrated £'000	Total £'000
		A £'000	%		
	%				
Cash and cash equivalents	42.8	104	-	-	104
Other financial assets	-	-	57.2	138	138
Amounts owed by related parties	-	-	-	-	-
Total Year Ended 30 June 2021	42.8	104	57.2	138	242
Cash and cash equivalents	60.4	68	-	-	68
Other financial assets	-	-	39.6	45	45
Amounts owed by related parties	-	-	-	-	-
Total Year Ended 30 June 2022	60.4	68	39.6	45	113

Reconciliation of financial assets for the purposes of IFRS 7 disclosures to total assets:

	Note	At 30 June 2022 £'000	At 30 June 2021 £'000
Cash and cash equivalents	12	68	104
Other financial assets	11	45	138
Amounts owed by related parties	18,19	-	-
Total financial assets		113	242
Non-financial assets		128	121
Total assets		241	363

Non-financial assets of £128k (2021: £121k) relate primarily to prepaid expenses, property plant and equipment and intangibles.

(c) Liquidity or funding risk

Liquidity risk is the risk that the Company does not have sufficient liquid financial resources available to meet its obligations as they fall due or can secure them only at excessive cost. The Company maintains a policy of keeping all financial resources in high liquidity form.

The following table illustrates the earliest possible time period in which financial liabilities could be called by the lender. During 2022, the Company received an investment from its shareholder and used the funds to repay the longer-term financial liabilities. All the cash flows depicted below are on an undiscounted basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Risk management policies (continued)

	Total £'000	Contractual cash flows		
		< 1 year £'000	1 – 5 years £'000	> 5 years £'000
At 30 June 2021				
Subordinated loan	1,209	-	1,209	-
Amounts owed to related parties	3,719	3,719	-	-
Trade and other liabilities	212	212	-	-
Total	5,140	3,931	1,209	-
At 30 June 2022				
Amounts owed to related parties	39	39	-	-
Trade and other liabilities	183	183	-	-
Total	222	222	-	-

(d) Market risk

Market risk is the risk that as a result of market movements the Company may be exposed to fluctuations in the value of its assets, in the amount of its liabilities or the income from its assets. Sources of general market risk include movements in interest rates, equities and foreign exchange rates.

The Company maintains a policy of not investing in financial assets other than cash deposits. All funding is supplied by fellow group companies.

The following table illustrates the impact on the result before tax and shareholders' equity of a change in market interest rates.

	Impact on result before tax		Impact on shareholders' equity	
			CT rate assumed 19.00% (2021:19.00%)	
	£'000		£'000	
	Interest rate movement		Interest rate movement	
	+1%	-1%	+1%	-1%
As at 30 June 2021				
UK based other assets and liabilities	12	(12)	10	(10)
Total	12	(12)	10	(10)
As at 30 June 2022				
UK based other assets and liabilities	-	-	-	-
Total	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Risk management policies (continued)

e) Operational risk

Operational risk is defined as the risk of loss, or adverse consequences for the business, resulting from inadequate or failed internal processes, people and systems, or from external events.

The Company sets an acceptable level of operational risk through the operational risk policy. The policy also requires compliance with applicable legislation and regulations.

A strategy to control the operational risk exposures identified is based on a combination of one or all of the following: modify operations such that there is no exposure to the risk; accept exposure to the risk and choose not to control the risk; or accept exposure to the risk and control the exposure by risk transfer or risk treatment.

The level of control and nature of the controls implemented is based on, amongst other things the:

- Potential cause and impact of the risk.
- Likelihood of the risk happening in the absence of any controls.
- Ease with which the risk could be insured against.
- Cost of implementing controls to reduce the likelihood of the risk occurring.
- Operational risk appetite.

(f) Capital risk

The management of capital and liquidity risk is outlined in the Strategic Report on page 5.

3. Revenue

There is one segment of business, that of insurance brokerage. During the year the Company had no activities outside the United Kingdom, and accordingly, no geographic division of information is disclosed in respect of commission income.

4. Operating expenses

		Year ended 30 June 2022	Year ended 30 June 2021
	Note	£'000	£'000
Staff costs and other employee related costs	5	1,849	1,826
Management recharge		141	155
Auditors' remuneration			
<i>For the audit of the Company</i>		24	19
Depreciation of property, plant and equipment	9	3	9
Amortisation of Intangible Assets	10	25	21
Loss on disposal of intangible assets	10	-	17
Other expenses		523	475
Total cost of sales and operating expenses		2,565	2,522

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Staff costs and other employee related costs

The monthly average number of persons (including executive directors) employed by the Company during the year is summarised below:

	Year ended 30 June 2022	Year ended 30 June 2021
By activity	Average number	Average number
Support services	13	14
Sales	33	30
Total employees	46	44

The aggregate remuneration payable in respect of those employees was:

	Year ended 30 June 2022	Year ended 30 June 2021
	£'000	£'000
Wages and salaries	1,654	1,630
Social security costs	157	158
Other pension costs	38	38
Total staff costs and other employee related costs	1,849	1,826

6. Tax credit

	Year ended 30 June 2022	Year ended 30 June 2021
	£'000	£'000
(a) Current year tax credit		
Current tax:		
Current year tax credit	-	13
Adjustment in respect of prior year	-	-
Total tax credit	-	13

The tax assessed for the year is higher (2021: higher) than the standard rate of corporation tax in the United Kingdom for the year ended 30 June 2022 of 19.00% (2021:19.00%). The difference is explained below:

(b) Reconciliation of tax		
Loss before tax	180	46
Tax at 19.00% (2021: 19.00%)	34	9
Effects of:		
Adjustments in respect of prior years	-	-
Group relief surrendered for payment	-	13
Receipt for group relief		(13)
Remeasurement of deferred tax for changes in tax rates	12	106
Movement in deferred tax not recognised in the year	(51)	(106)
UK to UK transfer pricing adjustment	5	4
Total tax credit	-	13

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Deferred Tax

The Company has not recognised a potential deferred tax asset of £491k at 30 June 2022 (2021: £440k) on accelerated capital allowances and unrelieved losses. This is on the basis that the current year pre-tax losses create a level of uncertainty whether these tax losses will be utilised as the business does not have a track record of profitability. It is anticipated that there will be sufficient certainty in future periods to recognise the deferred tax asset when a track record of profitability has been established.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25.00% (rather than remaining at 19.00% as previously enacted). This new law was enacted on 10 June 2022. As this change was enacted as at the balance sheet date, its effects are included in these financial statements. latest update / announcement of 23 Sept 2022, where tax rate was reinstated 25% from April 2023 onwards. Refer to VHL YE June 2022 stats.

8. Directors' emoluments

All directors of the company are employed by other companies within the Discovery Limited group. There are no members of key management other than the executive directors. Except for one director (2021: 1) none of the directors receive incremental emoluments for their services as directors of the company as the services provided to the company are incidental to the services they provide to the rest of the group.

	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
Aggregate emoluments in respect of qualifying services	135	125
Total	135	125

The remuneration shown above is in respect of 1 (2021: 1) directors.

9. Property, plant and equipment

	Office Equipment £'000	Total £'000
Cost		
As at 01 July 2020	48	48
Acquisitions during the year	-	-
As at 30 June 2021	48	48
Accumulated depreciation		
As at 01 July 2020	39	39
Depreciation charge for the year	9	9
As at 30 June 2021	44	44
Net book amount at 30 June 2021	4	4

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Cost		
As at 01 July 2021	48	48
Acquisitions during the year	2	2
As at 30 June 2022	50	49
Accumulated depreciation		
As at 01 July 2021	44	44
Depreciation charge for the year	4	4
As at 30 June 2022	48	48
Net book amount at 30 June 2022	2	2

Depreciation expenses are included in operating expenses in the Statement of comprehensive income.

10. Intangible Assets

	Software Development	Total
	£'000	£'000
Cost		
As at 01 July 2020	137	137
Acquisitions during the year	26	26
Disposals during the year	(18)	(18)
As at 30 June 2021	145	145
Accumulated amortisation		
As at 01 July 2020	25	25
Amortisation charge for the year	21	21
Disposals during the year	(1)	(1)
As at 30 June 2021	45	45
Cost		
As at 01 July 2021	145	145
Acquisitions during the year	39	39
Disposals during the year		
As at 30 June 2022	184	184
Accumulated amortisation		
As at 01 July 2021	45	45
Amortisation charge for the year	25	25
Disposals during the year		
As at 30 June 2022	70	70
Net book amount as at 30 June 2022	114	114

Amortisation expenses are included in operating expenses in the Statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. Trade and other receivables

	At 30 June 2022 £'000	At 30 June 2021 £'000
Commissions receivable	45	138
Prepayments	12	17
Total trade and other receivables	57	155

Commissions receivable includes £8k (2021: £30K) due from other Vitality Group companies.

12. Cash and cash equivalents

	At 30 June 2022 £'000	At 30 June 2021 £'000
Cash at bank and in hand	68	104
Total cash and cash equivalents	68	104

All balances are held in non-interest earning current accounts.

13. Ordinary shares

	At 30 June 2022 Number of shares	At 30 June 2022 £'000	At 30 June 2021 Number of shares	At 30 June 2021 £'000
Ordinary shares				
<i>Authorised</i>				
Ordinary shares of £1 each	No Maximum	No Maximum	No Maximum	No Maximum
<i>Called up, issued and fully paid</i>				
Ordinary shares of £1 each	7,000,000	7,000	2,000,000	2,000

14. Preference shares

	At 30 June 2022 Number of shares	At 30 June 2022 £'000	At 30 June 2021 Number of shares	At 30 June 2021 £'000
Preference shares				
<i>Authorised</i>				
Preference shares of £1 each	No Maximum	No Maximum	No Maximum	No Maximum
<i>Called up, issued and fully paid</i>				
Preference shares of £1 each	500,000	500	500,000	500

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Preference shares (Continued)

The preference shares pay a non-cumulative dividend at an annual rate of 0.1% at the discretion of the Company. The preference shares are redeemable solely at the discretion of the Company.

15. Provisions

	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
Opening balance at beginning of year	59	66
Additions	28	207
Utilised	(45)	(214)
As at 30 June	42	59

Provisions are in respect of the clawback provision based on historical cancellation experience of the products sold. The cancellation experience differs by the type of product, and this product level data is used to construct the best estimate provision for commission clawbacks unreported at the year end.

16. Trade and other liabilities

	At 30 June 2022 £'000	At 30 June 2021 £'000
Other liabilities	130	161
Contract liabilities	5	7
Payroll liabilities	48	51
Total trade and other liabilities	183	219

All trade and other liabilities are expected to be settled within twelve months. The carrying amounts above reasonably approximate the fair value.

17. Long term subordinated loan liability

A long-term subordinated loan of £870k was provided to the Company by Discovery Holdings Europe Limited during 2016 and repayable on 30 November 2022. During the year, the Company received an equity investment from its sole shareholder and applied part of the equity investment to repay in full the intercompany loan (2021: £1,209k). The fair value approximated amortised cost.

18. Amounts owed to and from related parties

During the year, the Company received an equity investment from its sole shareholder and applied part of the equity investment to repay in full the intercompany loan from Vitality Corporate Services Limited (2021: £3,578k). The amount was interest free and repayable on demand and therefore accounted for as a current liability.

During the year, the Company repaid in full the intercompany loan from Discovery Holdings Europe Limited (2021: £141k). The amount was interest free and repayable on demand and therefore was accounted for as a current liability.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Related party transactions

	Sales to: £'000	Purchases from: £'000	Amounts owed to: £'000	Amounts owed from: £'000
Immediate parent company	-	-	1,350	-
Other Vitality Group companies	899	349	3,578	30
As at 30 June 2021	899	349	4,928	30
Immediate parent company	-	-	-	-
Other Vitality Group companies	757	361	39	-
As at 30 June 2022	757	361	39	-

Amounts due to the immediate parent company relate to intercompany loans (including the subordinated loan, see Note 18) with Discovery Holdings Europe Limited.

Sales to other Vitality Group companies relate to commissions earned on the sale of insurance products. Purchases from other Vitality Group companies relate primarily to the rental of office space, director emolument/services performed by directors and private medical insurance.

20. Movement in operating assets and liabilities

	Year ended 30 June 2022 £'000	Year ended 30 June 2021 £'000
Decrease/(Increase) in operating assets:		
Trade and other receivables	98	12
	98	12
(Decrease)/Increase in operating liabilities:		
Provisions	(17)	(7)
Trade and other liabilities	(36)	(6)
	(53)	(13)
Movement in operating assets and liabilities	45	(1)

21. Parent and ultimate controlling party

The immediate parent undertaking is Discovery Holdings Europe Limited, a company incorporated in the United Kingdom. Discovery Holdings Europe Limited is 100% (2021: 100%) owned by Discovery Group Europe Limited.

The ultimate controlling party of Discovery Group Europe Limited is Discovery Limited, a company incorporated in the Republic of South Africa.

The ultimate controlling party of the Company and the smallest and largest group to consolidate these financial statements is Discovery Limited. The consolidated financial statements of Discovery Limited can be obtained from Discovery Limited, PO Box 786722, Sandton, South Africa.