Protect Topco Limited

Consolidated Financial statements

for the period ending 31 December 2021

Registered number: 13392754

Protect Topco Limited

Contents

Protect Topco Limited

Strategic report

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Protect Topco Limited (the "Company") is a private company, limited by shares, registered in England, United Kingdom.

The Company was newly-formed as a result of the management buyout of Kingston Topco Limited and its subsidiaries completed on 7 October 2021 backed by ECI Partners, a UK mid-market private equity firm.

The principal activity of the Company and its subsidiarity undertakings (collectively the "Group") is that of acting as an insurance intermediary providing home insurance and other general insurance products. The Groups principal operating subsidiary, Avantia Insurance Limited, is authorised and regulated by the Financial Conduct Authority.

Through its HomeProtect brand, the Group offers UK homeowners and occupiers an on-line journey through which to buy quality home insurance no matter how complex their circumstances. The Group achieves this through the application of a decisioning platform built over the last few years that constantly fuels and improves the Group's risk and retail pricing engines, using leading edge technology such as machine learning models, proprietary retail pricing tools that intelligently adapt to enable a range of pricing strategies, and to create a smart digital experience.

Results & Performance

The consolidated financial results comprise the period from 13 May 2021 to 31 December 2021 for Protect Topco Limited, Protect Midco 1 Limited, Protect Midco 2 Limited and Protect Bidco Limited, together with the results of Kingston Topco Limited and its subsidiaries for the period from 7 October 2021 to 31 December 2021. There are no Group comparatives for the previous period. However the Strategic Report is presented on a pro forma basis to illustrate the full year position of the Group compared to the previous year's consolidated results of Kingston Topco Limited. Reconciliation of full year KPIs is disclosed on page 2.

The Group grew strongly in 2021, continuing to focus on and invest in enhancing its pricing, underwriting and data analytics capabilities. Turnover for the year was £26.6m (2020: £21.9m), a growth of 21.5%. This growth was driven by strong progress in renewal and premium finance revenues. Gross profit was £21.2m (2021: £17.3m), a growth of 22.5%.

Gross Margin (Gross profit as a percentage of turnover) has increased slightly in the year (2021: 79.7%, 2020: 79%) due to both premium finance and also cost savings in its claims processing operation. EBITDA margin % (Earnings before interest, tax, depreciation and amortisation, as a percentage of turnover) has increased from 35.8% to 38.15% as a result of a lower growth in administrative costs compared to gross margin growth. Excluding one off items EBITDA margin % was 39.8% (2021: 36.4%).

During the year c. £0.4m (2021: £0.1m) of one-off exceptional costs were incurred as a result of consultancy on strategic activities (£0.3m) and staff restructuring (£0.1m).

No dividend was declared in the period.

The financial position of the Group is stable with net current assets at £0.3m. Cash balances are strong at £6.0m at 31 December 2021.

Principal Risks and Uncertainties

The main risks stem from the competitiveness of the home insurance market, through online channels. Price remains a principal consideration for customers. The Group manages this risk using its technology and its ability to price competitively at a risk and retail level.

The Group is regulated by the Financial Conduct Authority and therefore there may be changes in regulation that affect the business. The Group regularly reviews the regulatory landscape to ensure the business is compliant and has taken account of changes to regulation in the way it does business and constantly reviews practices to ensure good customer outcomes.

Protect Topco Limited

Strategic report (continued)

Principal Risks and Uncertainties (continued)

Key Performance Indicators

The board uses a range of financial and non-financial performance indicators which are reported monthly to monitor the Group's performance.

The following table represents key financial metrics of the Group from 1 January to 31 December:

KPI	2021	2020	Change
EBITDA pre non-recurring costs (£M)	10.6	8.0	32.5%
EBITDA % (pre non-recurring costs)	39.8%	36.4%	

The following table shows the reconciliation of the EBITDA, as per the above table, to the Operating profit of the Group from 1 January to 31 December;

	Consolidated Kingston Topco Limited (unaudited)	Consolidated Protect Topco Limited (audited)	Consolidated Proforma (unaudited)	Consolidated Kingston Topco Limited
Gross Margin/EBITDA Reconciliation (£M)	**2021** **1 January - 6 October**	**2021** **7 October - 31 December**	**2021**	**2020**
Turnover	19.3	7.3	26.6	21.9
Gross margin	15.2	6.0	21.2	17.3
Administrative expenses	(22.2)	(7.8)	(30.0)	(15.8)
Operating profit/(loss)	(7.0)	(1.8)	(8.8)	1.5
Add: Depreciation	0.2	0.05	0.25	0.2
Add: Amortisation	13.7	5.0	18.7	6.1
Add: Exceptional costs	0.4	0.05	0.45	0.1
EBITDA pre non-recurring costs	7.3	3.3	10.6	8.0

Future Developments and events after the balance sheet date

Whilst the home insurance market remains competitive, the group is well positioned for growth. The data and technology within the business are delivering a market leading and sustainable Combined Operating Ratio to the Group's insurance capacity provider. This provides a robust platform for the group to grow its customer base and to maintain its existing strong relationships with its insurance partners.

During 2022 the business will continue to focus on enhancing its technology, underwriting and analytical capabilities, alongside developing its customer propositions. This will support both maintaining its strong renewal retention rate and supporting acquisition of new customers.

There were no post balance sheet events.

Protect Topco Limited

Strategic report (continued)

Approval

Approved by the Board and signed on its behalf by:

DocuSigned by:
Shahid Mahmood
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S Mahmood

Director
Date: 25 April 2022

14th Floor
CI Tower
St. Georges Square
New Malden
KT3 4HG
United Kingdom

Protect Topco Limited

Directors' report

The directors present their report and audited consolidated financial statements for the period ended 31 December 2021.

The Group loss for the year after taxation, amounted to £4.6m.

No dividends will be declared for the year.

Business Overview

The Group's principal activity is the retailing of home insurance, via its brand HomeProtect. HomeProtect is an award winning online provider of home insurance that focuses on data and technology to put it in the unique position of being able to offer unmatched footprint that digitally quotes for 98% of the UK home insurance market.

Going concern

The Group's business activities, financial performance and position, together with the factors likely to affect its future development, performance and position are set out in the Strategic report and Directors' report.

The directors have considered the profitability of the Group as well as the costs of servicing the finance and have prepared profit and cash flow forecasts into the future and stress tested scenarios due to the impact of Covid-19. The impact and actions on Covid-19 are set out below. Based on these projections the directors believe that the Group is well placed to manage its business risks successfully and that the Group should be able to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in note 1, significant accounting policies, on page 19.

Impact of Ukraine/Russia conflict

In February 2022 Russia invaded Ukraine. At this early stage it is difficult to assess the full financial and macroeconomic impact of the crisis. There is a high degree of uncertainty around the eventual outcomes at this point, and there are no indications that this impacts the Company's ability to satisfy its regulatory and financial obligations. The Directors will continue to monitor the situation closely.

Impact of Covid-19

There is no doubt that Covid 19 has had a very significant impact on UK citizens and the economy.

The Group is insulated from the worst of the economic and consumer impact given its sole focus is on home insurance. Therefore, it is not in the front line of consumer discretionary spend. Homeowners and renters desire to protect their most valuable assets is unlikely to fundamentally change in the medium/long terms, despite some facing difficulties from loss of work & income in the short term.

The business has stress tested its financial position and is confident that it can continue trading well in excess of 12 months, using only its existing cash balance, under a modelled "extreme" case scenario.

The Group has strong business continuity mitigation measures in place and Management focus includes these critical areas:

1 Liquidity & Working Capital

The Group has good cash resources and, with low existing leverage, this puts it in a strong position to be able to access capital if needed.

The Group has an unutilised £5m Revolving Credit Facility and is not reliant on Government support and grants for ongoing liquidity or its ability continue trading.

The majority of HomeProtect customers transact online at new business, and at renewal either auto renew or continue with their direct debit loan facility. Therefore, HomeProtect is not heavily reliant on its contact centre to maintain the majority of its trading capability.

Protect Topco Limited

Directors' report (continued)

2 Minimising operational disruption.

Significant focus is given to ensure staff have home working capability across all sites. The Group has successfully implemented home working across its head office, contact centre and claims operation. Therefore, HomeProtect is in an excellent position to minimise the impact from a full lockdown that prevents office working. This has been fully demonstrated during 2021 Covid related restrictions & lockdowns, during which HomeProtect suffered no loss of availability of its online or offline operations.

3 Governance

During the pandemic, monthly Board and trading meetings have been conducted both remotely and face to face, when convenient. Focus continues to be on daily trading & operational indicators as part of normal business activity.

Stress Testing

The business saw very little impact to its trading and operational activities and therefore has shown resilience over a very difficult period. The business has undergone a stress test review as part of its annual Goodwill impairment review. Based on these projections the directors believe that the Group is well placed to manage its business risks successfully and that the Group should be able to continue in operational existence for the foreseeable future.

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The Group does not use derivative financial instruments for speculative purposes. Refer to note 17 for details on financial derivatives.

Cash flow risk

The Group's activities expose it primarily to the financial risks of changes in interest rates. The Group uses an interest rate cap contract to hedge this exposure. Interest-bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables.

The Group's credit risk is primarily attributable to its advances to customers and trade receivables. The Group provides finance to individuals who typically wish to pay premiums in monthly instalments. There is a risk that adverse changes in the macro-economic environment or in the credit quality of its borrowers may result in additional impairment losses that could affect financial performance. This risk is substantially mitigated by the Group's ability to cancel individual policies that are in default on client debit payments. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long-term and short-term debt finance.

Further details regarding liquidity risk and going concern can be found in note 1, significant accounting policies.

Protect Topco Limited

Directors' report (continued)

Directors

The directors, who served throughout the year and to the date of this report, except as noted, were as follows:

- S Ashton (appointed 7 October 2021)
- M Eastham (appointed 7 October 2021)
- S Mahmood (appointed 7 October 2021)
- D Huddart (appointed 7 October 2021)
- R Wilson (appointed 7 October 2021)
- G Moss (appointed 13 May 2021)
- I Maidan (appointed 13 May 2021; resigned 7 October 2021)

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Employment policy

The Group values its staff as its most important asset. Important factors affecting the company and its employees are regularly broadcast on the company's internal website. There are regular staff meetings and training programmes which are considered essential to the wellbeing of the company and its employees.

The Group has an Equality Policy in place which covers the Group's approach to equal opportunities and is satisfied that both Policies and systems and Controls in place are sufficient.

The Group also has in place a Training & Competence Policy and Procedures which govern the provision of information, employee engagement and involvement, performance, appraisals, staff consultation and communication of factors affecting the company and is confident that the controls in place are sufficient.

Future developments and post balance sheet evens

Details regarding future developments and post balance sheet events are included in the strategic report and form part of this report by cross-reference.

Charitable Donations

During the period, the Group made charitable donations of £3,172 to a local charity for people experiencing homelessness in South West London.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Protect Topco Limited

Directors' report (continued)

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:

DocuSigned by:
Shahid Mahmood
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S Mahmood

Director
Date: 25 April 2022

CI Tower
14th Floor, St Georges Square
New Malden
KT1 1PH
United Kingdom

Protect Topco Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 to 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Protect Topco Limited

Independent auditor's report to the members of Protect Topco Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Protect Topco Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 28.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

Protect Topco Limited

Independent auditor's report to the members of Protect Topco Limited (continued)

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

We have nothing to report in this regard.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included Financial Conduct Authority rules.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

Independent auditor's report to the members of Protect Topco Limited (continued)

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- Revenue cut-off, or the risk that revenue is not recognised in the correct accounting period, where management are incentivised to meet revenue targets and therefore inappropriately accelerate or defer revenue. In response our substantive testing included, on a sample basis, we have traced the revenue recorded before and after year-end to supporting documents and tested a sample of debit entries against cancelled policy document in 2022 and credit entries prior to the 2021 year end; and
- Valuation of goodwill and investment in subsidiary includes a determination whether indicators of impairment are present and determination of the recoverable amount using the discounted cash flow method. There is risk of management bias due to significant judgements involved in calculating the value of the underlying business. In response to these risks, our substantive testing included the assessment of management's identification of impairment indicators and we challenged the key methodology and assumptions used in determining recoverable amount.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters 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.

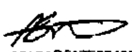
We have nothing to report in respect of these matters.

Protect Topco Limited

Independent auditor's report to the members of Protect Topco Limited (continued)

Use of our report

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



Nicholas Bowker ACA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

25 April 2022

Protect Topco Limited

Consolidated profit and loss account

For the period from 7 October to 31 December 2021

	Note	2021 £'000
Turnover	3	7,317
Cost of sales		(1,331)
Gross profit		5,986
Operating expenses		(7,764)
Operating loss		(1,778)
Finance charges	4	(2,993)
Loss on ordinary activities before taxation	5	(4,771)
Tax credit on loss on ordinary activities	8	83
Loss for the financial period	22	(4,688)

The Group has no comprehensive income other than the amounts recognised in the consolidated profit and loss account above. Accordingly, no consolidated statement of comprehensive income has been presented. All amounts relate to continuing operations.

There are no recognised gains or losses other than the loss for the period.

The notes on pages 19 to 43 form part of these consolidated financial statements.

Protect Topco Limited

Consolidated balance sheet
As at 31 December 2021

	Note	2021 £'000
Fixed assets		
Goodwill	10	117,651
Intangible assets	10	36,086
Tangible assets	11	402
		154,139
Current assets		
Debtors: amounts falling due within one year	14	23,946
Cash at bank and in hand	15	6,010
		29,956
Creditors: amounts falling due within one year	16	(29,601)
Net current assets		355
Total assets less current liabilities		154,494
Creditors: amounts falling due after more than one year	17	(149,457)
Provisions for liabilities	18	(8,753)
Net liabilities		(3,716)
Capital and reserves		
Called-up share capital	21	10
Share premium account	22	962
Accumulated losses	22	(4,688)
Shareholders' deficit	23	(3,716)

The financial statements of Protect Topco Limited (registered number: 13392754) were approved by the board of directors and authorised for issue on 25 April 2022. They were signed on its behalf by:

DocuSigned by:
Shahid Mahmood
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S Mahmood

Director

Protect Topco Limited

Company balance sheet
As at 31 December 2021

	Note	2021 £'000
Fixed assets		
Investments	12	2,433
Current assets		
Debtors: amounts due after more than one year	14	84,505
		84,505
Creditors: amounts falling due within one year	16	(55)
Net current assets		84,450
Total assets less current liabilities		86,883
Creditors: amounts falling due after more than one year	17	(86,020)
Net assets		863
Capital and reserves		
Called-up share capital	21	10
Share premium account	22	962
Accumulated losses	22	(109)
Shareholders' funds	23	863

The loss for the financial period dealt with in the financial statements of the Company was £108,430. As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the Company.

The financial statements of Protect Topco Limited (registered number: 13392754) were approved by the board of directors and authorised for issue on 25 April 2022. They were signed on its behalf by:

DocuSigned by:
Shahid Mahmood
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S Mahmood

Director

Protect Topco Limited

Consolidated statement of changes in equity
For the period from 7 October to 31 December 2021

	Called-up share capital £'000	Share premium account £'000	Accumulated losses £'000	Total £'000
Issue of share capital	10	962	-	972
Loss for the financial period	-	-	(4,688)	(4,688)
At 31 December 2021	10	962	(4,688)	(3,716)

Protect Topco Limited

Company statement of changes in equity

For the period from 7 October to 31 December 2021

	Called-up share capital £'000	Share premium account £'000	Accumulated losses £'000	Total £'000
Issue of share capital	10	962	-	972
Loss for the financial period	-	-	(109)	(109)
At 31 December 2021	10	962	(109)	863

Protect Topco Limited

Consolidated cash flow statement
For the period from 7 October to 31 December 2021

	Note	2021 £'000
Net cash inflow from operating activities	24	846
Cash flows from investing activities		
Interest received		-
Purchase of intangible fixed assets		(166)
Purchase of tangible fixed assets		(12)
Acquisitions and disposals		(94,437)
Net cash flows from investing activities		(94,615)
Cash flows from financing activities		
Issue of ordinary share capital		972
Issue of Preference share capital		84,057
New secured loan		50,000
New loan		14,979
Repayment of secured loan		(9,310)
Repayment of loans to investor		(38,976)
Loan issue costs paid		(1,943)
Net cash flows from financing activities		99,779
Increase in cash in the period		6,010
Reconciliation to cash at bank and in hand:		
Cash at bank and in hand		6,010
Cash and cash equivalents		6,010

Notes to the financial statements
For the period from 7 October to 31 December 2021

1. Significant accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the period.

a. General information and basis of accounting

Protect Topco Limited is a Company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 3. The nature of the Group's operations and its principal activities are set out in the strategic report on pages 1 to 2.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Protect Topco Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling. There are no foreign operations.

Protect Topco Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. The Company has taken advantage of the following FRS102 disclosure exemptions:

- FRS102 1.12(b): the requirements of Section 7 Statement of Cash flows and Section 3 Financial Statement Presentation paragraph 3.17 (d); and
- FRS102 1.12(e): the requirements of Section 33 Related Party Disclosures paragraph 33.1 for transactions between members of the group and Section 33.7 in respect of remuneration of key management personnel.

b. Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

c. Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The directors' report further describes the financial position of the Group; its cash flows, liquidity position and borrowing facilities; the Group's objectives, policies, and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The Group's net liabilities amount to £3.7m at 31 December 2021. This is due to amortisation of Goodwill and intangibles on acquisition amounting to £4.9m and the Loan note interest arisen in the period of £2.3m. These items do not impact the cash flow of the business.

The business has undergone a stress test review as part of its annual Goodwill impairment review. Based on these projections the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

d. Intangible assets

(i) Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life, which is 10 years. Provision is made for any impairment.

1. Significant accounting policies (continued)

(ii) Renewal Back Book

The renewal back book valuation arose on the acquisition of subsidiary undertakings and businesses, representing future cashflows anticipated from renewals, and discounted back to the end of the year. Amortisation is performed on a systematic basis in line with the change in cashflows and over a period of 10 years. Provision is made for any impairment.

(iii) Software

Computer Software

Internally generated software is amortised over 3 years

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

It is technically feasible to complete the software product so that it will be available for use; management intends to complete the software product and use or sell it;

There is an ability to use or sell the software product;

It can be demonstrated how the software product will generate probable future economic benefits; adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditure that does not meet these criteria is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight line basis over their estimated useful lives, normally 3 years.

Development costs have been capitalised in accordance with FRS 102 Section 18, Intangible Assets other than Goodwill, and are therefore not treated, for dividend purposes, as a realised loss.

e. Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets, other than long leasehold properties, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold improvements – over 5 years
Fixtures and fittings – over 3 years
Computer equipment – over 3 years

Leasehold property is stated at cost and is not depreciated.

f. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Protect Topco Limited

Notes to the financial statements
For the period from 7 October to 31 December 2021

1. Significant accounting policies (continued)

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction.

If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets that are held to collect contractual cash flows and where contractual terms comprise solely payments of principal and interest are calculated at amortised cost. Interest income is included using the effective interest rate method.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The debt instruments held by the Group provide a fixed rate of return over the life of the instrument and there is no contractual provisions that could, by their terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods. These instruments are subsequently measured at amortised cost using the effective interest method.

(ii) Investments in subsidiaries

Investments in subsidiaries are measured at cost less provision for impairment. A subsidiary is an entity in which the Group has more than one-half of the voting rights or otherwise is able to demonstrate the power to exercise control over its operations.

(iii) Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

(iv) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits which are readily available and which are subject to insignificant risks of changes in value. The carrying amount is approximately equal to fair value.

g. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1. Significant accounting policies (continued)

h. Turnover

Turnover represents;

a) commission, fees and other income earned on insurance business transacted during the accounting period and is recognised in the period in which the right to the consideration has been established. Provision is made for the value of revenue estimated to be repayable in the event of the cancellation of policies based on past experience.
b) interest income that is recognised under the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability (or group of financial assets or liabilities) and of recognising the interest income over the expected life of the asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash flows to the instrument's yield. All contractual and behavioural terms of a financial instrument are considered when estimating future cash flows.

Turnover is attributable to one continuing activity, general insurance business.

i. Cost of sales

Cost of sales include costs in relation to acquiring policies across several channels. These costs are written off to the income statement when incurred at point of sale.

j. Employee benefits

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the period. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

k. Rent

Rent costs, including a rent free period, are recognised on a straight-line basis over the shorter of the period to review date or period of the lease. Where rent payments are on a basis other than straight line a rent accrual of prepayment is recognised in the balance sheet.

l. Insurance broking assets and liabilities

Insurance brokers act as agents in placing the insurable risks of their client with insurers and as such, generally, are not liable as principals for the amounts arising from such transactions. Accordingly, receivables arising from insurance broking transactions are not included as assets of the Group, other than the receivable for fees and commissions earned on the transaction which is recognised within trade receivables, no recognition of the insurance transaction occurs until the Group receives cash in respect of premiums or claims, at which time a corresponding liability is established in favour of the insurer or the client and recognised on the consolidated statement of financial position as insurance payables.

Fiduciary cash arising from insurance broking transactions is included within insurance cash. The Group is entitled to retain the investment income on any cash flows arising from insurance related transactions.

m. Finance costs

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

n. Loan notes

The issue of the loan notes are recorded at their net proceeds for initial recognition. Finance charges are accounted for on an amortised cost basis in the profit or loss account and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

1. Significant accounting policies (continued)

o. Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit or loss account and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

p. Share-based payments

The Group operates a share-based compensation scheme, issuing shares to certain employees, and applies the requirements of FRS102.26 'Share-based Payments'.

Equity-settled share-based payments to employees and other providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market vesting conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the expected time to expiration of the equity instruments. At each reporting date, the Group revises its estimate of the time to expiration of equity instruments as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

Fair value is measured by use of the Black Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's significant accounting policies, which are described in note 1, the directors 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 these estimates.

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

The following are the critical judgements, apart from those involving estimations (as stated below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Key source of judgments and estimation

a. Amortisation of goodwill and intangibles (Estimate)

The Group has assessed the useful life of goodwill arising on acquisition of £120m and intangibles of £36.7m, taking into account a number of key objective factors and estimations, including:

a) Projected cash flows estimated at the balance sheet date;
b) Actual and estimated profit margins;
c) Renewal book retention rate estimates giving rise to an accurate assessment of the number of years the existing business remains in force;
d) Market conditions and how this impacts the business model;
e) Business reputation; and
f) Operations infrastructure mixed with the experience and knowledge retention of the key staff.

Notes to the financial statements
For the period from 7 October to 31 December 2021

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

As a result of this assessment, the Group has determined that the useful life of goodwill is ten years and intangibles is three years and has calculated amortisation on this basis.

a. Cancellation provision (Estimate)

The cancellation provision represents commissions, recognised in the current financial year, becoming repayable in the following financial year in respect of the cancellation of insurance policies in the following year. The provision of £0.5m is estimated based upon the current and prior year cancellation data.

b. Customer compensation claims (Estimate)

The customer compensation claim provision represents amounts payable to customers who have made a formal complaint. The Group assesses the likelihood that a claim is considered probable. The provision of £0.1m is based on an estimated case value as provided by the insurance partners and prior experience of decided case.

c. Impairment of assets (Estimate)

FRS102 requires management to undertake an annual test for impairment for assets with finite lives, to test for impairment of events change or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

Impairment testing is an assessment as to whether the carrying value of assets can be supported by the fair value less costs or net present value of estimated future cash flows derived from the assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions have been made in respect of highly uncertain matters including management's expectations of cancellation and discount rates. Changing the assumptions selected by management could significantly affect the company's impairment evaluation and hence results. The company's review includes the key assumptions related to sensitivity in the cash flow projections.

Protect Topco Limited

Notes to the financial statements
For the period from 7 October to 31 December 2021

3. Turnover

An analysis of the Group's turnover by class of business is set out below.

	2021
Turnover:	**£'000**
Commissions and fees from the sale of insurance	5,871
Interest and fee income from premium financing	974
Other income	472
Total turnover	7,317

All commissions, interest and fee income are derived from one geographical market.

4. Finance charges (net)

	2021
	£'000
Interest payable and similar charges	(2,993)
Other finance income	-
	(2,993)

Interest payable and similar charges	**2021**
	£'000
Bank loans and overdrafts	694
Loan notes	2,299
	2,993

Protect Topco Limited

Notes to the financial statements
For the period from 7 October to 31 December 2021

5. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	2021 £'000
Depreciation of tangible assets	58
Amortisation of intangible assets	4,939
Operating lease rentals	35

Amortisation and depreciation, as outlined above, are included in administrative expenses.

The analysis of the auditor's remuneration is as follows:

	2021 £'000
The audit of the Company's annual financial statements	28
The audit of the Company's subsidiaries	82
Total audit fees	110
Taxation compliance services	
Other services	35
Total non-audit fees	35

6. Staff costs

The average monthly number of employees (including executive directors) was:

	2021 Number
Marketing	2
Customer Services	5
Directors	2
Finance and HR	12
IT	18
Product, Operations and Underwriting	41
	80

Protect Topco Limited

Notes to the financial statements
For the period from 7 October to 31 December 2021

6. Staff costs (continued)

Their aggregate remuneration comprised:

	2021 £'000
Wages and salaries	1,229
Social security costs	138
Other pension costs	48
	1,415

'Other pension costs' includes only those items included within operating costs.

7. Directors' remuneration and transactions

	2021 £'000
Directors' remuneration	
Emoluments	174
Pension contributions	7
	181

	2021 Number
The number of directors who:	
Are members of a money purchase pension scheme	4

	2021 £'000
Remuneration of the highest paid director:	
Emoluments	51
Pension contributions	2
	53

Directors' advances, credits and guarantees

Details of related party transactions with directors during the period are disclosed in note 27

Protect Topco Limited

Notes to the financial statements
For the period from 7 October to 31 December 2021

8. Tax on loss on ordinary activities

The tax charge comprises:

	2021 £'000
Current tax	
UK corporation tax	293
Total current tax	293
Deferred tax	
Release to the profit and loss account from acquired operations	(375)
Origination and reversal of timing differences	(1)
Total deferred tax	(376)
Total tax credit on loss on ordinary activities	(83)

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2021 £'000
Loss on ordinary activities before tax	(4,771)
Tax thereon at 19%	(907)
Expenses not deductible for tax purposes	390
Non-deductible amortisation on goodwill	535
Thin capitalisation adjustment	79
Rate differences	(15)
Post acquisition tax adjustment	(165)
Group current tax charge for period	(83)

9. Profit attributable to the Company

The loss for the financial period dealt with in the financial statements of the Company was £108,430. As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the Company.

Protect Topco Limited

Notes to the financial statements
For the period from 7 October to 31 December 2021

10. Intangible assets and Goodwill

Group	Goodwill	Renewal Book	Software	Internally Generated software	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
Acquisition of subsidiary	120,456	36,697	3,382	2,776	70	163,381
Additions	-	-	-	166	-	166
Disposals	-	-	(103)	-	(70)	(173)
At 31 December 2021	120,456	36,697	3,279	2,942	-	163,374
Amortisation						
Acquisition of subsidiary	-	-	3,246	1,557	68	4,871
Amortisation for the period	2,805	1,973	22	137	2	4,939
Disposals	-	-	(103)	-	(70)	(173)
At 31 December 2021	2,805	1,973	3,165	1,694	-	9,637
Net book value						
At 31 December 2021	117,651	34,724	114	1,248	-	153,737

The goodwill arising on the acquisition of the subsidiary undertakings and business is being amortised over 10 years.

The renewal book intangible asset arose on the acquisition by the Group on 7 October 2021 of Kingston Topco Limited and represents the future cashflows generated on existing customers and is being amortised over 10 years on a systematic basis in accordance with the cashflows generated.

Other intangible assets represents an amount of £70,000 paid in advance, in respect of payments to be made to one supplier, for services to be performed in relation to policies renewed for the foreseeable future. This was acquired by the Group as part of acquisition of Avantia Assistance Limited. The contract with the supplier was terminated with effect from 31st December 2021, therefore the asset was written off as at that date.

Protect Topco Limited

Notes to the financial statements
For the period from 7 October to 31 December 2021

11. Tangible assets

Group	Leasehold improvements £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost or valuation				
Acquisition of subsidiary	252	140	695	1,087
Additions	-	1	11	12
Disposals	-	-	(110)	(110)
At 31 December 2021	252	141	596	989
Depreciation				
Acquisition of subsidiary	126	108	405	639
Charge for the period	10	11	37	58
Disposals	-	-	(110)	(110)
At 31 December 2021	136	119	332	587
Net book value				
At 31 December 2021	116	22	264	402

12. Fixed asset investments

The Groups investments at the balance sheet date includes the following:

Subsidiary undertakings	Country of incorporation, registered office and principal business address	Principal activity	Holding	%
Protect Midco 1 Limited	14th Floor, CI Tower, St Georges Square, New Malden, England, United Kingdom	Holding Co	Ordinary shares	100
Protect Midco 2 Limited	14th Floor, CI Tower, St Georges Square, New Malden, England, United Kingdom	Holding Co	Ordinary shares	100
Protect Bidco Limited	14th Floor, CI Tower, St Georges Square, New Malden, England, United Kingdom	Holding Co	Ordinary shares	100
Kingston Topco Limited	14th Floor, CI Tower, St Georges Square, New Malden, England, United Kingdom	Holding Co	Ordinary shares	100
Kingston Midco Limited	14th Floor, CI Tower, St Georges Square, New Malden, England, United Kingdom	Holding Co	Ordinary shares	100
Kingston Bidco Limited	14th Floor, CI Tower, St Georges Square, New Malden, England, United Kingdom	Holding Co	Ordinary shares	100
Avantia Limited	14th Floor, CI Tower, St Georges Square, New Malden, England, United Kingdom	Holding Co	Ordinary shares	100
Avantia Insurance Limited	14th Floor, CI Tower, St Georges Square, New Malden, England, United Kingdom	Insurance & financial services	A, B and C Ordinary shares	100
Avantia Assistance Limited	14th Floor, CI Tower, St Georges Square, New Malden, England, United Kingdom	Insurance & financial services	A, B and C Ordinary shares	100

Protect Topco Limited

Notes to the financial statements
For the period from 7 October to 31 December 2021

12. Fixed asset investments (cont'd)

The Groups investments at the balance sheet date includes the following:

Subsidiary undertakings	**Country of incorporation, registered office and principal business address**	**Principal activity**	**Holding**	**%**
Affinity 2000 Limited	14th Floor, CI Tower, St Georges Square, New Malden, England, United Kingdom	Dormant	A, B and C Ordinary shares	100

The Company's investment at the balance sheet date includes the following:

Company	**2021 £'000**
Subsidiary undertakings:	
Protect Midco 1 Limited	2,433
	2,433

As a parent company, established under the law of the UK (an EEA state) for the financial period ended 31 December 2021, Protect Topco Limited took advantage of the exemption from audit under section 479A of the Companies Act 2006 for the following subsidiary undertakings:

Company name	**Company number**
Protect Midco 2 Limited	13393246
Kingston Topco Limited	08780396
Kingston Midco Limited	08780577
Kingston Bidco Limited	08780585
Avantia Limited	03821497
Avantia Assistance Limited	05584342

Protect Topco Limited

Notes to the financial statements
For the period from 7 October to 31 December 2021

13. Acquisition of subsidiary undertaking

On 7 October 2021, Protect Bidco Limited, an indirect subsidiary of Protect Topco Limited acquired 100 per cent of the issued share capital of Kingston Topco Limited for a consideration of £105.1m. In accordance with section 615 of the Companies Act 2006, Protect Bidco Limited has taken no account of any premium on the shares issued and has recorded the cost of the investment at the nominal value of the shares issued plus the fair value of the other consideration.

Acquisitions are accounted for under the acquisition method.

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Group:

	Book value £'000	Fair value Adjustments £'000	Fair value £'000
Fixed assets			
Intangible	1,357	36,697	38,054
Tangible	448		448
Current assets			
Debtors	22,750		22,750
Cash	10,617		10,617
Total assets	35,172	36,697	71,869
Creditors			
Trade creditors	26,683		26,683
Accruals	2,321		2,321
Other	288		288
Provisions	713		713
Taxation	468	8,512	8,980
Total liabilities	30,473	8,512	38,985
Net assets	4,699	28,185	32,884

Satisfied by	
Proceeds of shares issued in Protect Topco Limited	
719,217 A ordinary shares of £1 each	719
65,783 B ordinary shares of £1 each	66
186,825 C ordinary shares of £1 each	187
84,056,726 preference shares of £1 each	84,057
Loan notes issued in Protect Midco 1 Limited	14,979
Bank Debt issued in Protect Bidco Limited	47,981
Cash	5,351
Total resources	153,340
Less	
Loan notes settled in Kingston Midco Limited	(38,978)
Bank debt settled in Kingston Bidco Limited	(9,311)
Acquisition of share capital in Kingston Topco Limited	105,051
Revenue	7,317
Profits	2,420

Protect Topco Limited

Notes to the financial statements
For the period from 7 October to 31 December 2021

14. Debtors

	Group 2021 £'000	Company 2021 £'000
Amounts falling due within one year:		
Trade debtors	6,749	-
Gross loans and advances to customer	17,125	-
Less: allowance for impairment	(818)	-
Net loans and advances to customers	16,307	-
Other debtors	1	-
Prepayments and accrued income	605	-
Deferred tax (note 19)	284	
	23,946	-
Amounts due after more than one year:		
Amounts owed by Group undertakings	-	84,505

The amounts owed to group undertakings are unsecured, repayable on demand and attract an interest rate of 10%.

15. Cash at bank and in hand

Group	2021 £'000
Insurance cash balances	317
Own cash balances	5,693
	6,010

The use of insurance cash balances is restricted in accordance with the regulations governing these accounts.

16. Creditors: amounts falling due within one year

	Group 2021 £'000	Company 2021 £'000
Insurance payables	25,090	-
Trade creditors	559	-
Corporation tax	703	-
Other taxation and social security	213	-
Other creditors	20	-
Accruals and deferred income	2,886	55
Defined contribution pension scheme accrual	49	-
VAT	81	-
	29,601	55

Protect Topco Limited

Notes to the financial statements
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17. Creditors: amounts falling due after more than one year

	Group 2021 £'000	Company 2021 £'000
Preference shares	84,057	84,057
Bank loans	50,000	-
Loan notes	14,979	-
Rolled up loan note accrued interest	2,299	1,963
Less: Issue costs	(1,878)	-
	149,457	86,020

Group

Borrowings are repayable as follows:

Bank loans	2021 £'000
Between one and two years	-
Between two and five years	-
After five years	50,000
	50,000
On demand or within one year	-
	50,000

The Facility B loan attracts an interest rate of SONIA plus 5.0%. The bank loan is secured against the assets of Protect Bidco Limited and is repayable in October 2028.

Other loans	2021 £'000
Between one and two years	-
Between two and five years	-
After five years	15,313
	15,313
On demand or within one year	-
	15,313

The Company listed its £13,723,909 Series A unsecured subordinated redeemable loan notes on The International Stock Exchange. The amount in issue on 31 December 2021 was £13,723,909 attracting an interest rate of 9.5322625%. £1,255,235 Series B unsecured subordinated redeemable loan notes attract interest rates of 9.5322625%. All other loan notes attract interest rates of 10%.

17. Creditors: amounts falling due after more than one year (continued)

	2021 £'000
Preference shares	
Between one and two years	-
Between two and five years	-
After five years	84,057
	84,057
On demand or within one year	-
	84,057

The Company issued 84,056,726 unsecured, redeemable preference shares of £0.01 for £1 as part of the acquisition of Kingston Topco Limited on 7 October 2021.The amount in issue on 31 December 2021 was £84,056,726 attracting an interest rate of 10%. The preference shares do not have any voting rights and are repayable by October 2029.

18. Provisions for liabilities

	Deferred Tax £'000	Customer compensation £'000	Cancellations £'000	Dilapidations £'000	Total £'000
Acquisition of subsidiary	8,512	90	558	65	9,225
Additional provision	-	10	-	-	10
Release to income statement	(375)	-	(107)	-	(482)
Paid during the period	-	-	-	-	-
At 31 December 2021	8,137	100	451	65	8,753

The deferred tax provision relates to the recognition of a deferred tax liability on the basis of the valuation of the renewal back book acquired as part of the acquisition of Kingston Topco Limited and its subsidiaries (note 13). No discounting was applied to the deferred tax liability. The current period movement in the deferred tax liability comprised a credit to the profit and loss account. Future movements will be in line with the amortisation of the renewal back book intangible asset.

The provisions also include clawbacks which are commissions repayable by the Company in respect of the cancellation of insurance policies, the increase in the cancellation provision reflects an increase in business activity.

Customer compensation provision represents amounts payable to customers who have made a formal complaint, this is based on estimated case value provided by the insurance partners or Financial Ombudsman Service.

A provision is also included for dilapidations in respect of the Company returning its office to the lessor in its original condition.

Protect Topco Limited

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19. Deferred Tax asset

	Group 2021 £'000	Company 2021 £'000
On acquisition	287	-
Timing differences, origination and reversal	(3)	-
At 31 December	284	-
Excess of depreciation over capital allowances	124	-
Employee benefits deductible on cash basis	39	-
General provisions	113	-
Corporate interest restriction	8	-
At 31 December	284	-

The Finance Act 2020 increased the rate of UK corporation tax to 19% from 1 April 2020. On 3 March 2021, the Chancellor announced in his budget statement that from 1 April 2023, the Corporation Tax main rate for non-ring-fenced profits will be increased to 25%, applying to profits over £250,000, this legislation will be introduced in Finance Bill 2021.Therefore, the deferred tax balances as of 31 December 2021 were calculated using the tax rate of 25%.

No reversal of the deferred tax asset is expected during the year beginning 1 January 2022. The timing differences giving rise to the deferred tax asset of £0.3m have no expiry period.

20. Financial instruments

The carrying values of the Group and Company's financial assets and liabilities are summarised by category below:

	Group 2021 £'000	Company 2021 £'000
Financial assets		
Measured at amortised cost		
- Loans and advances to customers (notes 14)	16,307	-
Measured at undiscounted amount receivable		
- Trade and other debtors (note 14)	7,639	84,505
- Cash at bank and in hand (note 15)	6,010	-
	29,956	84,505
Financial liabilities		
Measured at amortised cost		
- Loans payable (notes 16, 17)	149,457	-
Measured at undiscounted amount payable		
- Trade and other creditors (note 16)	29,601	55
	179,058	55

The Group's income, expense, gains and losses in respect of financial instruments are summarised below:

	Group 2021 £'000	Company 2021 £'000
Interest income and expense		
Total interest expense for financial liabilities at amortised cost	2,993	1,963
Total interest income for financial assets at amortised cost	-	(1,923)
	2,993	40

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21. Called-up share capital

	2021
Group and Company	**£'000**
Allotted, called-up and fully-paid	
719,217 A ordinary shares of £0.01 each	7
65,783 B ordinary shares of £0.01 each	1
186,825 C ordinary shares of £0.01 each	2
	10

The rights of the shares are as follows:

- The A and B ordinary shares carry one vote each, per share.
- The C ordinary shares do not carry any voting rights.
- All ordinary shares participate in any dividend distribution and on a liquidity event.

The Group operates a share-based compensation scheme, issuing 55,678 B shares and 171,775 C shares to certain employees under the scheme, and applies the requirements of FRS102.26 'Share-based Payments'. These shares were issued for £1.

Equity-settled share-based payments to employees and other providing similar services are measured at the fair value of the equity instruments at the grant date using a vesting period of 3 years. No expense has been recognised in the accounts for the period ended 31 December 2021.

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22. Reserves

	Share premium account	Profit and loss account	Total
	£'000	£'000	£'000
Group			
Acquisition of subsidiary	962	-	962
Loss for the financial period	-	(4,688)	(4,688)
At 31 December 2021	962	(4,688)	(3,726)

	Share premium account £'000	Profit and loss account £'000	Total £'000
Company			
Acquisition of subsidiary	962	-	962
Profit for the financial period	-	(109)	(109)
At 31 December 2021	962	(109)	853

23. Reconciliation of movements in Group shareholders' funds

	2021 £'000
Group	
Loss for the financial period	(4,688)
New shares issued	972
Closing shareholders' deficit	(3,716)

	2021 £'000
Company	
Loss for the financial period	(109)
New shares issued	972
Closing shareholders' funds	863

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24. Cash flow statement

A. Reconciliation of operating profit to cash generated by operations:

	2021 £'000
Operating loss	(1,778)
Adjustment for:	
Provisions	(97)
Depreciation and amortisation	4,997
Operating cash flow before movement in working capital	3,122
Increase in debtors	(921)
Increase in creditors	(1,014)
UK Corporation tax paid	(341)
Cash generated by operations	846

B. Reconciliation of net cash flow to movements in net debt:

	2021 £'000
Increase in cash in the period	6,010
Cash inflow from increase in debt	(149,036)
Non cash changes	(2,299)
Net debt at 31 December	(145,325)

C. Analysis of changes in net debt:

	13 May 2021 £'000	Cash Flows £'000	Non Cash items £'000	31 December 2021 £'000
Net Cash				
Cash in hand and at bank	-	6,010	-	6,010
Overdraft	-	-	-	-
	-	6,010	-	6,010
Debt				
Debt due within one year	-	-	-	-
Debt due after one year	-	(149,036)	(2,299)	(151,335)
Net Debt	-	(143,026)	(2,299)	(145,325)

25. Financial commitments

	2021
Future minimum lease payments	**£'000**
Expiry date	
- Within one year	240
Within two and five years	220
	460

Leases of land and buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

26. Employee benefits - defined contribution schemes

The Group operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to profit or loss in the period ended 31 December 2021 was £48,072. The assets of the schemes are held separately from those of the Group.

As at 31 December 2021, contributions of £48,760 were due in respect of the current reporting period that had not been paid over to the schemes.

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27. Related party transactions

a) Intra-Group

The Company has taken advantage of the exemption in FRS 102 Section 33.1(A) which exempts the disclosure of transactions between group companies in the financial statements of companies that are wholly owned within the Group. Transactions with group companies relate to payments or receipts for treasury transfers between fellow group companies.

b) Interest

Interest of £308,015 was accrued during the period in relation to loan notes of £13,723,909 held by ECI Partners and included in creditors of Protect Midco 1 Limited. The interest is carried forward with the loan note creditor of £2,299,063 in note 17.

Interest of £1,793,450 in relation to the £77,012,874 preference shares, held by ECI Partners, accrued during the period and included in creditors of Protect Topco Limited of £2,299,063 in note 17.

The fees associated with the issue of the loan notes have been included in the consideration paid. This has been capitalised and is be amortised in accordance with the accounting policy.

During the period ECI Partners LLP charged a monitoring fee of £8,750.

c) Key management personnel

Interest of £28,172 was accrued during the period in relation to loan notes of £1,255,235 held by management and included in creditors of Kingston Midco Limited. The interest is carried forward with the loan note creditor of £2,299,063 in note 17.

Interest of £169,426 in relation to the £1,793,450 preference shares, held by management, accrued during the period and included in creditors of Protect Topco Limited of £2,299,063 in note 17.

The total remuneration for key management personnel for the period totalled £180,749, being remuneration disclosed in note 7.

28. Controlling party

The Company, Limited by shares, was formed as part of the management buyout backed by ECI Partners LLP on 7 October 2021 through two private equity funds, ECI 11 LP and ECI 11D LP, which it manages and is the controlling party of the Group.