

Kingston Bidco Limited
Annual report and financial statements
for the year ended 31 December 2021

Registered number: 08780585



Kingston Bidco Limited

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Kingston Bidco Limited

Directors' report

The directors present their report and unaudited financial statements for the Company for the year ended 31 December 2021. The Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Principal Activities

The company is an intermediate holding company, formed to acquire the shares of Avantia Limited in a management buyout backed by ECI Partners completed on 7 March 2014 and is part of the Protect Topco Limited group of Companies ('Group'). The principal trading subsidiary is Avantia Insurance Limited, a UK-based retailer of home insurance, which operates under 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 an unmatched footprint that digitally quotes for 98% of the UK home insurance market.

Results & Dividends

The loss for the year, after taxation, amounted to £2.8m (2020: £2.8m). There was no dividend declared in the year (2020: £nil).

At the balance sheet date the Company had net liabilities of £18.9m (2020: £16.1m).

Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reason. The company has received an undertaking from the parent company, Protect Topco Limited, that it is their present intention, for at least 12 months from the date of the approval of these financial statements, to provide the necessary support to ensure the company has received sufficient funding to cover such eventualities. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. 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.

Further details regarding the adoption of the going concern basis can be found in note 1, significant accounting policies, on page 7.

Impact of Covid-19

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

The Company is insulated from the worst of the economic and consumer impact given it is a holding company for a subsidiary whose focus is on home insurance. HomeProtect 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 Company has strong business continuity mitigation measures in place and Management focus includes these critical areas:

1 Liquidity & Working Capital

The Company is supported by subsidiaries that have significant cash resources and strong cash generation activities, with low existing leverage and this puts HomeProtect in a strong position to be able to access capital if needed.

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.

Kingston Bidco Limited

Directors' report (continued)

2 Minimising operational disruption.

Significant focus is given to ensure staff have home working capability across all sites. HomeProtect has successfully implemented home working across its head office, contact centre and claims operation. Therefore, HomeProtect is in a good position to minimise impact from a full lockdown that prevents office working.

3 Governance

At the start of the pandemic, HomeProtect operated a "COBR (Cabinet Office Briefing Rooms)" style daily management, briefing and control forum comprised of all heads of department. Activities have now reverted back to business as usual, with monthly Board and trading meetings conducted remotely. Focus continues on daily trading & operational indicators as part of normal business activity.

4 Stress Testing

The business did not see a severe 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. Based on these projections the directors believe that the Company is well placed to manage its business risks successfully and that the Company should be able to continue in operational existence for the foreseeable future.

Directors

The directors, who served throughout the year and up to the date of signing except as noted:

- M Eastham
- S Mahmood

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.

DocuSigned by:

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S Mahmood
Director

Date 25 April 2022

14th Floor
CI Tower
St. George's Square
New Malden
KT3 4HG
United Kingdom

Kingston Bidco Limited

Directors' responsibilities statement

Respective responsibilities of directors

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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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.

Kingston Bidco Limited

Profit and Loss Account

For the year ended 31 December 2021

| | Note | 2021 £'000 | 2020 £'000 |
|--|------|---------------|---------------|
| Turnover | | - | - |
| Cost of sales | | - | - |
| Gross profit | | - | - |
| Other operating expenses | | 95 | (12) |
| Operating profit/(loss) | | 95 | (12) |
| Profit/(loss) on ordinary activities before finance charges | | 95 | (12) |
| Finance charges | 3 | (2,855) | (2,772) |
| Loss on ordinary activities before taxation | 4 | (2,760) | (2,784) |
| Tax on loss on ordinary activities | 6 | - | - |
| Loss for the financial year | | (2,760) | (2,784) |

All amounts relate to continuing operations.

There are no recognised gains or losses other than the loss for the current year and the result for the prior year. Accordingly, a statement of comprehensive income has not been prepared.

The notes on pages 7 to 13 form part of these financial statements.

Kingston Bidco Limited

Balance sheet

As at 31 December 2021

| | Note | 2021 £'000 | 2020 £'000 |
|--|------|---------------|---------------|
| Fixed assets | | | |
| Investments | 7 | 60,079 | 60,079 |
| Current assets | | | |
| Debtors: amounts due within one year | | - | - |
| Creditors: amounts falling due within one year | 8 | (26,264) | (26,094) |
| Net current liabilities | | (26,264) | (26,094) |
| Total assets less current liabilities | | 33,815 | 33,985 |
| Creditors: amounts falling due after more than one year | 9 | (52,717) | (50,127) |
| Net liabilities | | (18,902) | (16,142) |
| Capital and reserves | | | |
| Called-up share capital | 11 | 1,017 | 1,017 |
| Profit and loss account | 12 | (19,919) | (17,159) |
| Shareholder's deficit | | (18,902) | (16,142) |

Audit exemption statement

- For the year financial ending 31 December 2021 the company was entitled to exemption from audit under section 479a of the Companies Act 2006 relating to subsidiary companies.
- No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

The financial statements of Kingston Bidco Limited were approved by the board of directors and authorised for issue on 25 April 2022. They were signed on its behalf by:

DocuSigned by:

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S Mahmood
 Director

Kingston Bidco Limited

Statement of changes in equity For the year ended 31 December 2021

| | Called- up share capital £'000 | Profit and loss account £'000 | Total £'000 |
|-----------------------------|---|--|------------------------|
| At 1 January 2020 | 1,017 | (14,375) | (13,358) |
| Loss for the financial year | - | (2,784) | (2,784) |
| | <hr/> | <hr/> | <hr/> |
| At 31 December 2020 | 1,017 | (17,159) | (16,142) |
| Loss for the financial year | - | (2,760) | (2,760) |
| | <hr/> | <hr/> | <hr/> |
| At 31 December 2021 | <u>1,017</u> | <u>(19,919)</u> | <u>(18,902)</u> |

Kingston Bidco Limited

Notes to the financial statements For the year ended 31 December 2021

1. Significant accounting policies

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

a. General information and basis of accounting

Kingston Bidco Limited is a company incorporated and registered in the United Kingdom, England, under the Companies Act. The address of the registered office is given on page 3.

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 Kingston Bidco Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. There are no foreign operations.

Kingston Bidco Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it. 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.

The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by section 400 of the Companies Act 2006 as it is a wholly owned indirect subsidiary of Protect Topco Limited and its results are included in the consolidated financial statements of that company. These financial statements therefore present information about the Company as an individual entity alone.

b. Going concern

The financial statements have been prepared on the going concern basis, notwithstanding a loss for the year of £2.8m (2020: £2.8m) and net liabilities of £18.9m (2020: £16.1m), which the directors believe to be appropriate for the following reason. The company has received an undertaking from the parent company, Protect Topco Limited, that it is their present intention, for at least 12 months from the date of the approval of these financial statements, to provide the necessary support to ensure the company has received sufficient funding to cover such eventualities. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

c. Taxation

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

d. Investments

Except as stated below, fixed asset investments are shown at cost less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

e. Debtors

Debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transactions costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

f. Creditors

Creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised costs using the effective interest method.

Kingston Bidco Limited

Notes to the financial statements For the year ended 31 December 2021

1. Significant accounting policies (continued)

g. Financial instruments

Financial assets and financial liabilities are recognised when the Company 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 Company after deducting all its liabilities.

(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 and liabilities are only offset in the Balance Sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The debt instruments held by the Company provide a fixed rate of return over the life of the instrument and there is no contractual provision that could, by its 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 Company uses derivative financial instruments to reduce exposure to interest rate movements. The Company 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.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company'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 (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Kingston Bidco Limited

Notes to the financial statements For the year ended 31 December 2021

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

Investments

The Company makes a judgement on an annual basis of the valuation of its investments of £60.1m (2020: £60.1m), taking into account a number of key factors and estimations including:

- a) Projected cash flows estimated at the balance sheet date;
- b) Actual and estimated profit margins;
- c) Renewal book retention 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.

As a result of this assessment, the Company has determined that no impairment to the value of its investments is required at the Balance Sheet date.

3. Finance charges

| | 2021 £'000 | 2020 £'000 |
|--------------------------------------|---------------|---------------|
| Interest payable and similar charges | 2,855 | 2,772 |
| | <u>2,855</u> | <u>2,772</u> |

4. Loss on ordinary activities before taxation

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

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Fees payable to company's auditor for audit of company's annual financial statements | - | 9 |
| Total audit fees | <u>-</u> | <u>9</u> |
| Taxation compliance services | 5 | 3 |
| Total non-audit fees | <u>5</u> | <u>3</u> |

5. Directors' remuneration and transactions

The directors working for the company are employed and remunerated by a subsidiary undertaking, with no part of their remuneration allocated to the company. As such no disclosure of their remuneration has been made.

Kingston Bidco Limited

Notes to the financial statements For the year ended 31 December 2021

6. Tax on loss on ordinary activities

The tax charge comprises:

| | 2021 £'000 | 2020 £'000 |
|---|---------------|---------------|
| Current tax | | |
| UK corporation tax | - | - |
| Deferred tax | | |
| UK corporation tax | - | - |
| | <u>-</u> | <u>-</u> |
| Total tax on loss on ordinary activities | <u>-</u> | <u>-</u> |

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 | 2020 £'000 |
|---|----------------|----------------|
| Loss on ordinary activities before tax | <u>(2,760)</u> | <u>(2,784)</u> |
| Tax on loss on ordinary activities at standard UK corporation tax rate of 19% (2020: 19%) | (524) | (529) |
| Effects of: | | |
| Group relief surrendered for no consideration | 524 | 529 |
| | <u>-</u> | <u>-</u> |
| Total tax charge | <u>-</u> | <u>-</u> |

7. Investments

| | 2021 £'000 | 2020 £'000 |
|--------------------------------|---------------|---------------|
| Subsidiary undertakings | | |
| Avantia Limited | 60,029 | 60,029 |
| | <u>60,029</u> | <u>60,029</u> |
| Associate undertakings | | |
| Avantia Assistance Limited | 50 | 50 |
| | <u>50</u> | <u>50</u> |
| Total investments | <u>60,079</u> | <u>60,079</u> |

Kingston Bidco Limited

Notes to the financial statements For the year ended 31 December 2021

7. Investments (continued)

The Company's investments at the balance sheet date in the share capital of companies include the following:

| Subsidiary undertakings | Country of incorporation, registered office and principal business address | Principal activity | Holding | % |
|------------------------------|--|--------------------------------|-----------------|-----|
| Avantia Limited | 14 th Floor, CI Tower, St Georges Square, New Malden, England, United Kingdom | Holding Co | Ordinary shares | 100 |
| Avantia Insurance Limited | 14 th Floor, CI Tower, St Georges Square, New Malden, England, United Kingdom | Insurance & financial services | Ordinary shares | 100 |
| Avantia Assistance Limited * | 14 th Floor, CI Tower, St Georges Square, New Malden, England, United Kingdom | Insurance & financial services | Ordinary shares | 100 |
| Affinity 2000 Limited | 14 th Floor, CI Tower, St Georges Square, New Malden, England, United Kingdom | Dormant | Ordinary shares | 100 |

* The company controls 100% of Avantia Assistance, through an indirect shareholding of 79.3% of Ordinary Shares through Avantia Limited and a direct holding of 20.7% Ordinary Shares.

8. Creditors: amounts falling due within one year

| | 2021 £'000 | 2020 £'000 |
|------------------------------------|---------------|---------------|
| Amounts owed to Group undertakings | 26,255 | 25,972 |
| Other creditors | - | 4 |
| Accruals and deferred income | 9 | 118 |
| | <u>26,264</u> | <u>26,094</u> |

Amounts owed to group undertakings are non-interest bearing, unsecured and repayable on demand.

Kingston Bidco Limited

Notes to the financial statements For the year ended 31 December 2021

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

| | 2021 £'000 | 2020 £'000 |
|------------------------------------|---------------|---------------|
| Bank loans | - | 9,258 |
| Amounts owed to Group undertakings | 52,717 | 40,869 |
| | <u>52,717</u> | <u>50,127</u> |

Borrowings are repayable as follows:

| | 2021 £'000 | 2020 £'000 |
|------------------------------|---------------|---------------|
| Bank loans | | |
| Between one and two years | - | 9,298 |
| Between two and five years | - | - |
| | <u>-</u> | <u>9,298</u> |
| On demand or within one year | - | - |
| | <u>-</u> | <u>9,298</u> |
| Less: issue costs | - | (40) |
| | <u>-</u> | <u>9,258</u> |

Amounts owed to Group undertakings have no set repayments terms and include interest charged at 9%.

10. Financial instruments

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

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Financial assets | | |
| Measured at undiscounted amount receivable | | |
| - Trade and other debtors | - | - |
| | <u>-</u> | <u>-</u> |
| Financial liabilities | | |
| Measured at amortised cost | | |
| - Loans payable (see note 9) | 52,717 | 50,127 |
| Measured at undiscounted amount payable | | |
| - Trade and other creditors (see note 8) | 26,264 | 26,094 |
| | <u>78,981</u> | <u>76,221</u> |

Kingston Bidco Limited

Notes to the financial statements For the year ended 31 December 2021

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

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Interest income and expense | | |
| Total interest expense for financial liabilities at amortised cost | 2,819 | 2,736 |

11. Called-up share capital

| | 2021 £'000 | 2020 £'000 |
|---|---------------|---------------|
| Allotted, called-up and fully-paid | | |
| 1,017,253 ordinary shares of £1 each | 1,017 | 1,017 |

12. Reserves

| | Profit and loss account £'000 |
|-----------------------------|--|
| Company | |
| At 1 January 2021 | (17,159) |
| Loss for the financial year | (2,760) |
| At 31 December 2021 | (19,919) |

13. Related party transactions

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. There are no other transactions requiring disclosure.

14. Controlling party

The Company, Limited by shares, is a subsidiary of Kingston Midco Limited, a company incorporated in the United Kingdom. Kingston Midco Limited is owned by ECI 11 Nominees Ltd and management backed by ECI Partners LLP through three private equity funds, ECI 11 LP, ECI 11D LP and ECI Co-Investment Partnership LP, which it manages and is therefore the controlling party. Protect Topco Limited (Registered office: CI Tower, New Malden, UK) is the ultimate parent company, where the results of the group are consolidated. The group consolidated financial statements can be obtained from Companies House.