

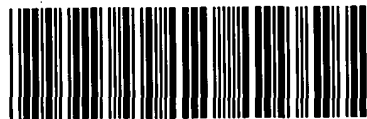
Registered number: 11091555

ERGO TRAVEL INSURANCE SERVICES LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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ERGO TRAVEL INSURANCE SERVICES LTD

COMPANY INFORMATION

Directors	Richard Gustav Bader Patricia Mack Karma Coogans Muhammed Ali Hassan Jaffery Jens Gruss
Registered number	11091555
Registered office	10 Fenchurch Avenue London EC3M 5BN
Statutory auditor	PKF Littlejohn LLP Statutory Auditor 15 Westferry Circus Canary Wharf London E14 4HD

ERGO TRAVEL INSURANCE SERVICES LTD

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ERGO TRAVEL INSURANCE SERVICES LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report and the financial statements for the year ended 31 December 2022.

Business review

The Company was incorporated on 1 December 2017 as ERV Services Ltd and changed its name to ERGO Travel Insurance Services Ltd on 21 May 2019.

Principal activity

The principal activity of the Company during the year was that of an insurance intermediary for travel insurance business. The Company commenced trading in July 2019.

Going Concern

The Directors believe that adequate cash resources will be available to cover the Company's requirements for working capital for the next twelve months and for the foreseeable future and to meet its obligations as they fall due. Accordingly, the financial statements have been prepared on the going concern basis.

Post balance sheet events

There are no post balance sheet events.

Directors

The Directors of the Company during the year ended 31 December 2022 were:

Richard Gustav Johann Bader (appointed 17 March 2022)
Patricia Mack
Christof Flosbach (resigned 18 March 2022)
Karma Coogans (appointed 6 June 2022)
Muhammed Ali Hassan Jaffery (appointed 20 April 2022)

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, PKF Littlejohn LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

ERGO TRAVEL INSURANCE SERVICES LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

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



Patricia Mack
Director

Date: 29.08.2023

ERGO TRAVEL INSURANCE SERVICES LTD

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

ERGO TRAVEL INSURANCE SERVICES LTD

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ERGO TRAVEL INSURANCE SERVICES LTD

Opinion

We have audited the financial statements of ERGO Travel Insurance Services Ltd (the 'Company') for the year ended 31 December 2022, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 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 Directors' Report and financial statements, other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information contained within the Directors' Report and financial statements. 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.

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 audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material

ERGO TRAVEL INSURANCE SERVICES LTD

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ERGO TRAVEL INSURANCE SERVICES LTD (CONTINUED)

misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

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 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

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,

ERGO TRAVEL INSURANCE SERVICES LTD

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ERGO TRAVEL INSURANCE SERVICES LTD (CONTINUED)

including fraud is detailed below:

- We developed our understanding of the Company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We developed our understanding in this regard through discussions with management, industry research, application of cumulative knowledge and experience of the insurance intermediary sector.
- We determined the principal laws and regulations relevant to the Company in this regard to be those arising from the relevant FCA Rules, Companies Act 2006 and UK tax legislation.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the Company with those laws and regulations. These procedures included, but were not limited to:
 - Enquiries of management to determine if there had been any known instances or suspected instances of non-compliance.
 - Reviewing minutes of meetings of the Board of Directors to identify any instances of undisclosed non-compliance.
 - Reviewing regulatory correspondence.
 - Reviewing legal and professional expenditure incurred in the year.
 - Meeting with the Company's compliance function to discuss compliance issues in the year and to ascertain whether there had been any breaches of the applicable laws and regulations.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the potential for management bias was identified in relation to revenue recognition, particularly in relation to the recognition of the accrued and deferred commission balances. We addressed this by testing events occurring up to the date of this report and challenging the assumptions and judgements made by the management when auditing these significant accounting estimates.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

ERGO TRAVEL INSURANCE SERVICES LTD

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ERGO TRAVEL INSURANCE
SERVICES LTD (CONTINUED)**



Paul Goldwin (Senior Statutory Auditor)

for and on behalf of

PKF Littlejohn LLP

Statutory Auditor

15 Westferry Circus

Canary Wharf

London

E14 4HD

Date: 29 August 2023

ERGO TRAVEL INSURANCE SERVICES LTD

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Turnover	3	8,854,723	2,994,351
Gross profit		8,854,723	2,994,351
Administrative expenses		(5,193,839)	(3,818,697)
Operating profit/(loss)	4	3,660,884	(824,346)
Other income		166,252	165,000
Profit/(loss) before tax		3,827,136	(659,346)
Tax on profit/(loss)	8	(733,793)	135,097
Profit/(loss) for the financial year		3,093,343	(524,249)

The notes on pages 13 to 22 form part of these financial statements.

ERGO TRAVEL INSURANCE SERVICES LTD
REGISTERED NUMBER: 11091555

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	9	44,326	35,136
		<u>44,326</u>	<u>35,136</u>
Current assets			
Debtors: amounts falling due within one year	10	20,726,412	5,804,811
Cash at bank and in hand	11	21,583,122	13,997,948
		<u>42,309,534</u>	<u>19,802,759</u>
Creditors: amounts falling due within one year	12	(39,292,580)	(18,609,972)
Net current assets		<u>3,016,954</u>	<u>1,192,787</u>
Total assets less current liabilities		<u>3,061,280</u>	<u>1,227,923</u>
Creditors: amounts falling due after one year	13	(509,820)	(769,806)
Net assets		<u><u>2,551,460</u></u>	<u><u>458,117</u></u>
Capital and reserves			
Called up share capital	14	800,000	800,000
Other reserves	18	37,139	37,139
Profit and loss account	18	1,714,321	(379,022)
		<u><u>2,551,460</u></u>	<u><u>458,117</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

 29.08.2023

Patricia Mack
Director

The notes on pages 13 to 22 form part of these financial statements.

ERGO TRAVEL INSURANCE SERVICES LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2021	300,000	-	145,227	445,227
Comprehensive income for the year				
Loss for the year	-	-	(524,249)	(524,249)
Capital Contribution	-	37,139	-	37,139
Shares issued during the year	500,000	-	-	500,000
At 1 January 2022	800,000	37,139	(379,022)	458,117
Comprehensive income for the year				
Profit for the year	-	-	3,093,343	3,093,343
Dividends: Equity capital	-	-	(1,000,000)	(1,000,000)
At 31 December 2022	800,000	37,139	1,714,321	2,551,460

The notes on pages 13 to 22 form part of these financial statements.

ERGO TRAVEL INSURANCE SERVICES LTD

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 £	2021 £
Cash flows from operating activities		
Profit/(loss) for the financial year	3,093,343	(524,249)
Adjustments for:		
Depreciation of tangible assets	21,933	38,620
Net interest expense	41,165	11,433
Taxation charge	733,793	(135,097)
(Increase) in debtors	(15,091,620)	(2,785,236)
Increase in creditors	19,032,618	12,502,666
Corporation tax (paid)/received	(213,784)	25,917
Movements in other reserves	-	37,139
Net cash generated from operating activities	<u>7,617,448</u>	<u>9,171,193</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(31,123)	(40,602)
Interest received	2,819	76
Net cash from investing activities	<u>(28,304)</u>	<u>(40,526)</u>
Cash flows from financing activities		
Issue of ordinary shares	-	500,000
Proceeds from issue of intercompany borrowings	-	500,000
Interest paid	(3,970)	(11,509)
Net cash used in financing activities	<u>(3,970)</u>	<u>988,491</u>
Net increase in cash and cash equivalents	<u>7,585,174</u>	<u>10,119,158</u>
Cash and cash equivalents at beginning of year	<u>13,997,948</u>	<u>3,878,790</u>
Cash and cash equivalents at the end of year	<u><u>21,583,122</u></u>	<u><u>13,997,948</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u>21,583,122</u>	<u>13,997,948</u>
	<u><u>21,583,122</u></u>	<u><u>13,997,948</u></u>

The notes on pages 13 to 22 form part of these financial statements.

ERGO TRAVEL INSURANCE SERVICES LTD**ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	At 1 January 2022 £	Cash flows £	Non-cash changes £	At 31 December 2022 £
Cash at bank and in hand	13,997,948	7,585,174	-	21,583,122
Subordinated loan	(469,806)	-	(40,015)	(509,821)
	<u>13,528,142</u>	<u>7,585,174</u>	<u>(40,015)</u>	<u>21,073,301</u>

The notes on pages 13 to 22 form part of these financial statements.

ERGO TRAVEL INSURANCE SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

ERGO Travel Insurance Services Ltd is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is 10 Fenchurch Avenue, London, United Kingdom, EC3M 5BN. The financial statements are presented in pounds sterling which is the functional currency of the company.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

The following principal accounting policies have been applied:

2.2 Going concern

The Directors believe that adequate cash resources are available to cover the Company's requirements for working capital for the next twelve months and for the foreseeable future and to meet its obligations as they fall due. Accordingly, the financial statements have been prepared on the going concern basis.

2.3 Revenue

Turnover consists principally of commission associated with the underwriting of insurance contracts.

The Company recognises commission on a paid to insurer basis. The Company, hence calculates accrued commission as commission received but not earned in addition to any commission forecast on bordereaux not received for the remaining months for the year.

The Company defers commission on the basis of earned exposure of the premiums written. Deferred commission is calculated as a percentage (unearned premium/gross written premium) of the total written commission.

The Company recognises flat claim case fee for claim management services based on the number of claims handled in the period.

2.4 Other income

Other income comprises of the expenses recharged to the UK branch.

2.5 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

ERGO TRAVEL INSURANCE SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.6 Operating leases

Rentals paid under operating leases are charged to profit or on a straight line basis over the lease term.

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Computer equipment	-	33%
Leasehold improvements	-	7 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.10 Creditors

Short term creditors are measured at the transaction price.

2.11 Insurance assets and liabilities

The Company acts as a Managing General Agency placing the insurable risks of its clients with insurers and as such is not liable as principal for the amounts arising from such transactions. In recognition of this relationship, debtors from insurance transactions are not included as assets of the Company.

Other than amounts receivable for the fees and commissions earned on a transaction, the Company does not recognise any part of the insurance transaction until cash is received in respect of premiums or claims. At that time a corresponding liability is established in favour of the insurer or client.

ERGO TRAVEL INSURANCE SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.12 Provisions and contingencies

(i) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

(ii) Contingencies

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

2.13 Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the entity's accounting policies

No judgements have been made in applying the entity's accounting policies that would have a significant effect on the amounts recognised in these financial statements.

(b) Critical accounting estimates and assumptions

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Accrued Income

The Company estimated the accrued commission on the bordereaux not received for the remaining months of the year. The estimates reflect historical experience, current trend and management's best estimate.

At 31 December 2022, the commission accrued by the Company was £2,167,608 (2021: £1,559,435) of which £707,406 (2021: £213,341) was estimated based on forecasts; this amount is included within Accrued Income on the Balance Sheet.

(ii) Deferred Income

The Company defers commission on the basis of earned exposure of the premiums written. Deferred commission is calculated as a percentage (unearned premium/gross written premium) of the total written commission.

As at 31 December 2022, the Company deferred 15% (2021: 19%) of total commission (earned & accrued) amounting to £2,683,911 (2021: £1,539,078).

ERGO TRAVEL INSURANCE SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.14 Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the profit and loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from those of the Company in independently administered funds.

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Turnover

An analysis of turnover by class of business is as follows:

	2022 £	2021 £
Commissions	8,584,552	2,869,276
Other income	270,171	125,075
	<u>8,854,723</u>	<u>2,994,351</u>

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	8,854,723	2,994,351
	<u>8,854,723</u>	<u>2,994,351</u>

4. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2022 £	2021 £
Exchange differences	6,835	1,755
Other operating lease rentals	<u>47,624</u>	<u>47,624</u>

ERGO TRAVEL INSURANCE SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

5. Auditors' remuneration

	2022 £	2021 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>40,625</u>	<u>28,500</u>
Fees payable to the Company's auditor and its associates in respect of:		
Non-audit services	<u>3,000</u>	<u>3,763</u>

6. Employees

	2022 £	2021 £
Wages and salaries	2,442,836	1,732,363
Social security costs	491,978	358,010
Cost of defined contribution scheme	290,254	237,254
	<u>3,225,068</u>	<u>2,327,627</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2022 No.	2021 No.
Employees	<u>45</u>	<u>36</u>

7. Directors remuneration

	2022 £	2021 £
Aggregated emoluments	420,187	184,906
Company pension contributions	41,476	32,500
	<u>461,663</u>	<u>217,406</u>

Retirement benefits are accruing to 3 (2021: 1) Directors under a defined contribution pension scheme.

ERGO TRAVEL INSURANCE SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
Highest paid Director		
Total amount of emoluments (excluding pension contributions)	247,066	184,906
Company pension contributions	32,500	32,500
	<u>279,566</u>	<u>217,406</u>

8. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	733,918	(117,348)
Adjustments in respect of previous periods	(125)	(17,749)
Total tax charge/(credit) for the year	<u>733,793</u>	<u>(135,097)</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit/(loss) on ordinary activities before tax	<u>3,827,136</u>	<u>(659,346)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	727,156	(125,276)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	6,637	(9,821)
Total tax charge/(credit) for the year	<u>733,793</u>	<u>(135,097)</u>

Factors that may affect future tax charges

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

ERGO TRAVEL INSURANCE SERVICES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

9. Tangible fixed assets

	Computer equipment £	Leasehold improvements £	Total £
Cost or valuation			
At 1 January 2022	81,765	30,792	112,557
Additions	31,123	-	31,123
At 31 December 2022	112,888	30,792	143,680
Depreciation			
At 1 January 2022	64,224	13,197	77,421
Charge for the year on owned assets	15,775	6,158	21,933
At 31 December 2022	79,999	19,355	99,354
Net book value			
At 31 December 2022	32,889	11,437	44,326
At 31 December 2021	17,541	17,595	35,136

10. Debtors

	2022 £	2021 £
Trade debtors	309,301	333,416
Amounts owed by group undertakings	-	7,029
Other debtors	18,139,991	3,669,156
Prepayments and accrued income	2,277,120	1,625,191
Corporation tax receivable	-	170,019
	<u>20,726,412</u>	<u>5,804,811</u>

Included within Other debtors are Claims deposits of £10,571,403 (2021: £2,502,920).

ERGO TRAVEL INSURANCE SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

11. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	21,583,122	13,997,948
	<u>21,583,122</u>	<u>13,997,948</u>

Included within Cash at bank and in hand are amounts due to insurers of £16,453,219 (2021: £12,783,115), which are not available for working capital purposes.

12. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	23,186	69,056
Dividends payable	1,000,000	-
Corporation tax	349,990	-
Other creditors	34,798,064	16,740,084
Accruals and deferred income	3,121,340	1,800,832
	<u>39,292,580</u>	<u>18,609,972</u>

13. Creditors: Amounts falling due after one year

	2022 £	2021 £
Amounts owed to group undertakings	509,820	769,806
	<u>509,820</u>	<u>769,806</u>

Amounts owed to group undertakings comprises a loan of £500,000 repayable in full on 10 May 2024. At the balance sheet date, the present value of this loan was £509,820 (2021: £469,806) and £37,139 was recorded as a capital contribution in other reserves on initial recognition. The loan is subject to variable rate interest at 0.5% above the Bank of England base rate.

A further loan of £300,000 was discharged in full during the year.

During the year, the Company paid interest of £3,970 (2021: £4,564) on the amounts owed to group undertakings; this amount is included within administrative expenses in the Profit and Loss Account.

ERGO TRAVEL INSURANCE SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

14. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
800,000 (2021 - 800,000) Ordinary shares of £1.00 each	<u>800,000</u>	<u>800,000</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

15. Notes to the Statement of Cash Flows

Non-cash transactions

On 28 December 2022, the Directors resolved, after having satisfied themselves that the payment of any dividend would not affect the Company's ability to pay its foreseeable debts as they fall due, to pay forthwith a dividend of £1,000,000 (2021: £Nil) in respect of the year ended 31 December 2022. This dividend was subsequently paid on 3 January 2023.

At 31 December 2022, the Company re-estimated its future cash flows in relation to the subordinated loan with ERGO Reiseversicherung AG, UK Branch, and recognised an adjustment of £40,015 (2021: £Nil) to the carrying value of the financial liability. Please see note 13 for further detail.

16. Pension Commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund and the contributions in the year amounted to £290,254 (2021: £237,254). There were no amounts outstanding at year end (2021: £Nil).

17. Related party transactions

During the year, £166,252 (2021: £206,490) of expenses were recharged by the Company to ERGO Reiseversicherung AG, UK Branch, a connected company. At the balance sheet date, the Company owed £509,821 (2021: £469,806) to ERGO Reiseversicherung AG, UK Branch, in respect of a subordinated loan. Please see note 13 for further detail.

During the year, the Company received commissions of £32,999 (2021: £16,055) from Ergo Seguro de Viajes, a connected company. At the balance sheet date, £16,000 (2021: £Nil) was outstanding.

During the year, the Company engaged Euro-Center Holding SE, a connected company, as a third-party administrator to provide claims processing and handling services. Over the year, the Company paid claims reimbursements of €16,070,820 (2021: €1,580,341) and fees of €2,913,820 (2021: €600,727) to Euro-Center Holding SE. At the balance sheet date, Euro-Center Holding SE held a claims deposit of €600,000 (2021: €200,000) on behalf of the Company. These amounts will be, or have been, subsequently reimbursed to the Company by the insurer.

The Company is not required to disclose other related party transactions as they are with other companies that are wholly owned within the group.

ERGO TRAVEL INSURANCE SERVICES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

18. Reserves

Other reserves

Other reserves comprises a capital contribution that was made by way of a capitalised loan.

Profit and loss account

This reserve records retained earnings and accumulated losses.

19. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	47,624	47,624
Later than 1 year and not later than 5 years	98,450	146,074
	<u>146,074</u>	<u>193,698</u>

During the year, the Company made lease payments totalling £47,624, recognised within Administrative expenses in the Profit and Loss Account.

20. Post balance sheet events

There are no post balance sheet events to disclose.

21. Controlling party

The immediate parent undertaking is ERGO Reiseversicherung AG.

The ultimate controlling party is Munchener Ruckversicherungs-Gesellschaft Aktiengesellschaft, a company registered and incorporated in Germany. The registered office is at Koniginstr 107, Munich, Germany, 80802.