RIGHT CHOICE HOLDINGS LIMITED

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

Company number: 11197852

Contents

Group Strategic Report for the year ended 31 December 2019

The directors present their Group Strategic Report for Right Choice Holdings Limited ("the Company"), together with its group undertakings described in note 13 to the financial statements ("the Group"), for the year ended 31 December 2019.

Introduction

The Company was incorporated on 9 February 2018 for the purpose of acquiring the entire issued share capital of Right Choice Insurance Brokers Limited ("RCIB"). The purchase of the RCIB, and of its subsidiary and associated undertakings ("the RCIB Group"), was completed on 6 June 2018. Accordingly, the comparative information for the period ended 31 December 2018 includes the results of the Company for the period from 9 February 2018 to 31 December 2018, and also the results of the RCIB Group for the period from 6 June 2018 to 31 December 2018.

Business review

The activities of the Group comprise the sale of insurance policies to individual customers, and the provision of administration services to insurance companies. These activities are carried out by RCIB and You Assur, a subsidiary of RCIB located in France.

RCIB also supports the development of risk reduction software and solutions being carried out by its associated undertaking, Digilog UK Limited.

The key financial indicator used by the Company of consolidated EBITDAE (calculated as consolidated loss for the financial period before interest, tax, depreciation, amortisation and material items of an unusual or non-recurring nature which represent gains or losses) was £8.6m for the first full year following the purchase of the RCIB Group (period to 31 December 2018: £3.8m). Net cash inflow from operating activities was £7.2m for the year after the payment of taxation (period to 31 December 2018: £2.6m). The directors consider that the performance of the Group during the year was satisfactory.

RCIB

2019 was a further year of substantial change for RCIB with a planned change to its operating model to achieve a greater proportion of sales completed online. This change required a substantial investment by RCIB of both management time and resources in the development of its own system of hosted insurance rates, and the introduction of system-based verification checks.

The directors are pleased to see that the change in the operating model of RCIB was achieved whilst also delivering an increase in turnover and profitability for the financial year, notwithstanding the full-year effect of changes to the cost base of the RCIB following its purchase by the Company in June 2018.

RCIB increased its turnover for the year by 9% to £30.4m. The EBITDAE contribution from RCIB increased by 4% during the year to £8.6m.

Income from the sale of insurance policies to customers of RCIB, excluding motor breakdown insurance ("MBI") policies, increased by 9% on the previous year to £25.4m. Income from the sale of MBI policies increased by 24% on the previous year to £2.3m.

RCIB also provides third-party administration to insurance companies utilising the skills and training of its staff. Income for RCIB is based on the number of policies under administration during the year. Income from the third-party administration activities reduced by 9% on the previous year to £2.6m as a result of a reduction in policies sold by the insurance companies.

You Assur

Progress was also made during the year in the development of You Assur, where income from the sale of insurance policies by the company to its customers in the France increased by 83% on the previous year to £0.8m. The EBITDAE contribution from You Assur increased by 202% on the previous year to achieve its first positive contribution of £0.1m.

Future developments

The Group continues to invest to support organic growth, and to build upon the positive relationships with its insurance partners.

Principal risks and uncertainties

The activities of the Group expose it to a variety of risks. Risk management is the responsibility of the directors of group undertakings with oversight by the directors. The directors consider that the principal risks and uncertainties to which the Group is exposed are as described below.

Group Strategic Report
for the year ended 31 December 2019 (continued)

Regulatory risk

The activities of the Group undertakings is regulated by the Financial Conduct Authority in the United Kingdom, and the Autorité de Contrôle Prudentiel et de Résolution in France. The Group undertakings manage the risk of not complying with regulatory requirements, regulatory change or regulators' expectations through the appointment of appropriately trained staff, regular reporting of compliance with regulatory matters to directors, and the use of specialist external advisers. Failure to properly manage regulatory risk could result in sanctions being imposed which could harm the reputation and financial performance of the Company, Group, or subsidiary undertaking.

Insurer security

The failure of a material insurer could impact the ability of the Group to maintain its capacity to write insurance policies without a material impact on income, or result in a large number of cancellations. These risks are monitored by the directors of group undertakings with oversight by the directors.

Brexit

The directors consider that the UK's departure the European Union is not a significant risk to the Group as the majority of the Group's clients are resident in the UK, and access to insurers domiciled overseas is likely to remain after departure.

Litigation

The directors consider that the principal risk of litigation against the Group arises from errors and omissions made when placing the insurance policy of a customer with an insurance partner. Professional indemnity insurance is held by the Group to limit its exposure to future claims. The sums insured and excesses within the policy are consistent with industry standards and the requirements of the Financial Conduct Authority.

Information technology and cyber security

The Group is dependent on information technology systems for its day to day operations, including the electronic communication of information on new or existing policies to insurers on a timely basis to ensure that customers are appropriately insured. The directors of Group undertakings continually review the resilience of the information technology systems and contingency arrangements in place, and ensure that testing of the systems is carried out on a regular basis to minimise the risk of a cyber attack on the Group undertaking, and that investments are made were appropriate.

Statement of compliance with section 172 of the Companies Act 2006

The directors of the Company, and of all directors of UK companies, must act in accordance with a set of general duties to promote the success of the Company. These duties are set out in section 172 of the Companies Act 2006. The directors can access professional advice on these duties, either through the Company, or, if they judge it necessary, from an independent provider.

The directors identify key stakeholders relevant to each key decision taken through a process of engagement across the Group with the directors of group undertakings, and with the shareholders of the Company. Consideration through this process is also given to the interests of employees, customers, and insurance partners with whom the Group trades. This engagement is carried out through the appointment of the directors of RCIB, and of the shareholders of the Company or their representatives, as directors of the Company with the right to attend and vote at meetings of the directors of the Company.

Interests of employees

The directors consider that employees of the Company, and of the Group, are central to its long-term success. As a result, the directors of group undertakings have developed a culture of openness and contact with staff, and are understanding and supportive to the needs of employees as they arise.

The directors of group undertakings set the values and standards required of all employees through the publication of policies and standards. These procedures were strengthened at RCIB with the appointment in late 2017 of a Head of HR & Training who, in conjunction with the directors of RCIB, is responsible for the process for dealing with employees whose behaviour falls short of required standards.

During the year RCIB also implemented a new HR system to improve the engagement and communication with its employees.

Group Strategic Report
for the year ended 31 December 2019 (continued)

Interests of customers, insurance partners and other suppliers

The directors of group undertakings seek to ensure that the interests of customers and insurance partners are fairly balanced in each key decision taken by the group undertaking.

During the year RCIB introduced its own system of hosted insurance rates, together with additional measures to validate information provided by customers in relation to each policy of insurance. The key decision to introduce hosted insurance rates was discussed with insurance partners, and helps to ensure that the fair price for each insurable risk is paid by the customer to the insurance partner.

The directors of group undertakings value the relationship with other suppliers to the undertaking, and have developed long term relationships with key suppliers. The directors consider that such relationships benefit the Company and Group, and the local community, and ensure that the conduct of business with the suppliers is fair and reasonable, and that payments are made to suppliers to agreed terms.

Interests of members of the Company

The directors have implemented a governance structure of board and committee meetings to give oversight of the performance of the Company and of the Group. The directors of the Company, which includes representatives of the shareholders of the Company, actively participate in the meetings held to ensure the views of shareholders are considered.

Planning for the long term

The directors consider the effect of all key decisions on the long-term plans for the Company and the Group. The directors have prepared a 5 year financial planning model for the Group which includes the financial evaluation of various initiatives proposed by the directors of the Company and group undertakings. Once approved by the directors, the plan and strategy form the basis for financial budgets, resource plans and investment decisions. In making decisions concerning the business plan and future strategy, the directors have regard to a variety of matters including the interests of various stakeholders, the consequences of its decisions in the long term, and its long-term reputation.

Each year the directors also discuss the plan and strategy for the Group with the shareholders to ensure their continued support.

The Group Strategic Report was approved by the Board of Directors on 22 July 2020 and signed on their behalf by:

Mark Mugge
Director

22 July 2020

Directors' Report
for the year ended 31 December 2019

The directors present their report and the audited consolidated financial statements of Right Choice Holdings Limited ("the Company"), together with the group undertakings described in note 13 to the financial statements ("the Group"), for the year ended 31 December 2019.

Directors of the Company

The directors who served the Company during the year, including their date of appointment or resignation during the year where appropriate, were as follows:

Stephen Aston (resigned 27 November 2019)
Garth Hackshall (appointed 13 March 2019)
Gordon Hague
Darren Joseph
Michael Joseph
Ian Owen
Aylesh Patel (appointed 27 November 2019)
Yann Souillard
Robert Taberner

Mr Mark Mugge was appointed a director of the Company on 16 March 2020.

Qualifying third party indemnity provisions

The Company has put in place qualifying third party indemnity provisions for all of the directors of the Company.

Auditors

Under section 487(2) of the Companies Act 2006, BDO LLP will be automatically re-appointed as Auditors of the Company unless members exercise their rights under the Companies Act 2006 to prevent their re-appointment.

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditor for the purposes of their audit and to establish that the auditors are aware of that information.

Likely future developments of the Group

Information on the likely future developments in the business of the Group has been included in the Group Strategic Report on page 1 to 3.

Employment of disabled persons

The Group is committed to a policy of recruitment and promotion of employees based on aptitude and ability without discrimination of any kind. Particular attention is given to the training and promotion of disabled employees to ensure that their career development is not unfairly restricted by their disability, or perceptions of it. At RCIB, this is also facilitated by wheelchair access throughout the building (including a lift) thereby allowing individuals to complete their day to day tasks without obstruction.

The procedures at RCIB make clear that full and fair consideration must be given to applications made by disabled persons. Where an employee becomes disabled whilst employed by RCIB, the procedures also require that reasonable effort is made to ensure that they have the opportunity for continued employment within RCIB. Retraining of employees who become disabled whilst employed by RCIB is offered where appropriate.

Employee involvement

The Group is committed to a policy of employee engagement. RCIB maintains an intranet site which provides employees with information on matters of concern to them as employees, and includes functionality that enables employees to express views on matters that affect them. RCIB also undertakes a biennial staff survey to canvas views of significant matters and encourages the input of their staff into the policies and procedures that are implemented. Exit interviews are undertaken when employees leave RCIB in order to utilise the feedback where appropriate and improve the working lives of all staff within RCIB.

Directors' Report
for the year ended 31 December 2019 (continued)

Research and Development

The Group continues to invest in research and development. In particular, RCIB continues to invest in the development of its in-house computer system, named BORIS, which the directors consider to be a key element of the success of RCIB and will benefit the company in the medium to long term. Internal development costs are charged in the Statement of Comprehensive Income as incurred. Development costs incurred with third parties amounting to £0.1m (2018: £0.2m) were capitalised by RCIB during 2019.

Financial risk management objectives and policies

The Group uses financial instruments such as cash, leases, loans, trade payables and trade receivables in order to raise finance for its operations. The existence of these instruments exposes the Group to financial risks which are detailed below.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient cash balances are available to meets its obligations as they fall due, including obligations in respect of insurance transactions, and to invest cash assets safely. The Group monitors cash flow using forecasting techniques to ensure that all obligations can be met as they fall due.

Interest rate risk

The Group has bank borrowings and has issued loan stock. The directors monitor compliance with covenants in place on the bank borrowings on a monthly basis. The interest rate payable on the bank borrowing has a fixed margin plus LIBOR for specific periods, and reviewed by the directors at the conclusion of those periods and set for the following interest period. The interest rate on the loan stock is fixed until the maturity date of the loan stock.

Credit risk

The principal credit risk for the Group arises from its trade and other receivables. In order to manage credit risk the Group has implemented a range of credit control procedures to ensure that debts are collected as they fall due,. and to monitor overdue debts.

Capital management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to minimise the cost of capital and comply with the regulatory capital requirements of the Financial Conduct Authority. RCIB declares its capital position on quarterly returns submitted to the Financial Conduct Authority.

Post balance sheet event – COVID 19 virus pandemic

The directors have been monitoring the impact of COVID 19, both directly on the business of the Group and indirectly through reviewing the development of government policy and advice. The main considerations are as set out below.

Operational

The Group has taken steps to protect its employees and business from the effects of the COVID 19 pandemic. At RCIB, these steps include the utilisation of the disaster recovery site maintained by RCIB to provide a safe working environment for its employees, ceasing all face-to-face meetings of more than two people, the use of home working where possible, and the furloughing of staff where appropriate. The IT facilities at RCIB are adequate to maintain operations on this basis for the foreseeable future.

The directors are mindful of the differing pressures on individual members of staff, and also of the fact that these pressures will change as the position develops both nationally and locally. The directors expect that operational changes will continue to be required as the position develops.

Profitability of policies sold for insurers

The Group does not sell policies directly covering the impact of COVID 19. The majority of the policies sold by the Group are motor policies which do not provide cover for losses caused by a pandemic. The directors consider that the number and frequency of claims will reduce during the pandemic due to periods of lockdown. An increase or decrease in claims could impact variable commission arrangements which the Group has with certain insurers.

Directors' Report
for the year ended 31 December 2019 (continued)

Investment portfolio

The Group's cash holdings are in major UK banks. The Group does not hold financial investments such as equities or debt.

Revenue

In the increasingly likely event of recessive economic conditions, there will be customers and business partners of the Group who will suffer. For most customers motor insurance is not normally a discretionary cost, so demand for the main product sold by the Group will continue. The impact on the Group in the short term is likely to be pressure on cash-flow and on recovery of premiums due from customers, and in addition, in the medium term, pressure on premium levels and commission rates. The directors maintain very close links with the market directly and through business partners, and will be able to manage changes to policy terms and rates as necessary as the position develops.

Financial forecasts and Going Concern

The directors have prepared financial forecasts for a number of possible future scenarios to assess the impact on the ability of the Group to continue to meet its obligations as and when they fall due, and to continue to ensure compliance with the Group's loan covenants. The directors recognise that as the foreseeable scenarios change, decisions may need to be made in relation to the scale of the Group's activity and the level of finance maintained to support that activity. The directors are constantly monitoring the position in case any such scenarios become more likely than is judged to be the case currently.

As at the date of these financial statements, the financial forecasts prepared indicate that the Group will be able to maintain liquidity and compliance with covenants, and will therefore be able to continue to trade as a going concern.

The Directors' Report was approved by the Board of Directors on 22 July 2020 and signed on their behalf by:

AHemsley

Alan Hemsley
Company Secretary

22 July 2020

Statement of Directors' Responsibilities for the period ended 31 December 2019

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standard 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 and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's report to the members of Right Choice Holdings Limited

Opinion

We have audited the financial statements of Right Choice Holdings Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Cash Flow, the Consolidated and the Company Statement of Changes in Reserves, and the notes to the financial statements, including a summary of 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 Group's and of the Parent Company's affairs as at 31 December 2019, and of the Group's loss and the Parent Company's loss 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 of 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 Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' Report and Strategic Report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 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 or a material misstatement of the other information. 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 the 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 Strategic Report and the Directors' Report for the financial year 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.

Independent Auditor's report to the members of Right Choice Holdings Limited (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements of the Parent Company 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.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of 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 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 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 at the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

David Roberts (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, United Kingdom

Date: 24 July 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Consolidated Statement of Comprehensive Income for the year ended 31 December 2019

	Note	Year ended 31 December 2019 £000	Period ended 31 December 2018 £000
Turnover	5	**31,233**	16,690
Costs of sale		**(5,541)**	(3,254)
Gross profit		**25,692**	13,436
Administrative expenses	6	**(19,045)**	(9,675)
Depreciation and amortisation	11 & 12	**(10,822)**	(6,265)
Operating loss		**(4,175)**	(2,504)
Interest receivable and similar income		**16**	4
Interest payable and similar charges	9	**(7,376)**	(4,028)
Loss on ordinary activities before taxation		**(11,535)**	(6,528)
Tax on loss on ordinary activities	10	**(428)**	(375)
Loss for the financial period		**(11,963)**	(6,903)
Other comprehensive income		**-**	-
Total comprehensive income for the financial period		**(11,963)**	(6,903)

Loss for the financial period and Total comprehensive income for the financial period attributable to:		
Owners of the parent	**(11,995)**	(6,845)
Non-controlling interests	**32**	(58)
	(11,963)	(6,903)

The notes on pages 15 to 29 form part of these financial statements.

The Company has not presented its own Statement of Comprehensive Income as permitted by section 408 of Companies Act 2006. The loss of the Company for the financial year to 31 December 2019 was £7,500,453.

Consolidated Statement of Financial Position as at 31 December 2019

	Note	31 December 2019 £000	31 December 2018 (restated) £000
Fixed assets			
Intangible assets	11	**89,102**	99,513
Tangible assets	12	**502**	436
Investments	13	**167**	167
Total fixed assets		**89,771**	100,116
Current assets			
Debtors	14	**9,553**	9,374
Cash at bank and in hand	15	**8,672**	4,965
Total current assets		**18,225**	14,339
Creditors: amounts falling due within one year	16	**(13,433)**	(13,965)
Net current assets		**4,792**	374
Total assets less current liabilities		**94,563**	100,490
Creditors: amounts falling due after one year	17	**(93,953)**	(89,191)
Provision for liabilities and charges	18	**(2,149)**	(855)
NET ASSETS		**(1,539)**	10,444
CAPITAL AND RESERVES			
Called up share capital	21	**11**	11
Share premium		**17,614**	17,617
Profit and loss account		**(18,865)**	(6,850)
Equity attributable to owners of the parent company		**(1,240)**	10,778
Non-controlling interests		**(299)**	(334)
CAPITAL AND RESERVES		**(1,539)**	10,444

The notes on pages 15 to 29 form part of these financial statements.

Approved by the board of directors on 22 July 2020 and signed on their behalf by:

Mark Mugge
Director

22 July 2020

Company Statement of Financial Position as at 31 December 2019

	Note	31 December 2019	31 December 2018 (restated)
		£000	£000
Fixed assets			
Investments	13	107,368	107,370
Total fixed assets		107,368	107,370
Current assets			
Debtors	14	34	524
Cash at bank and in hand	15	485	296
Total current assets		519	820
Creditors: amounts falling due within one year	16	(4,279)	(2,201)
Net current liabilities		(3,760)	(1,381)
Total assets less current liabilities		103,608	105,989
Creditors: amounts falling due after one year	17	(93,913)	(88,791)
Provision for liabilities and charges		-	-
NET ASSETS		9,695	17,198
CAPITAL AND RESERVES			
Called up share capital	21	11	11
Share premium		17,614	17,617
Profit and loss account		(7,930)	(430)
SHAREHOLDER'S EQUITY		9,695	17,198

The notes on pages 15 to 29 form part of these financial statements.

Approved by the board of directors on 22 July 2020 and signed on their behalf by:

Mark Mugge
Director

22 July 2020

Consolidated and Company Statements of Changes in Reserves for the period ended 31 December 2019

Changes in Consolidated reserves attributable to owners of the Company

	Called up share capital £000	Share premium £000	Profit and loss account £000	Shareholder's equity £000
Comprehensive income for the period				
Loss for the financial period	-	-	(6,845)	(6,845)
Foreign exchange adjustments			(5)	(5)
Total comprehensive income for the period	-	-	(6,850)	(6,850)
Transactions with shareholders				
Share capital issued during the period	11	17,617	-	17,628
Balance at 31 December 2018	**11**	**17,617**	**(6,850)**	**10,778**
Comprehensive income for the period				
Loss for the financial period	-	-	(11,995)	(11,995)
Foreign exchange adjustments			(20)	(20)
Total comprehensive income for the period	-	-	(12,015)	(12,015)
Transactions with shareholders				
Adjustment	-	(3)	-	(3)
Balance at 31 December 2019	**11**	**17,614**	**(18,865)**	**(1,240)**

Changes in Company reserves

	Called up share capital £000	Share premium £000	Profit and loss account £000	Shareholder's equity £000
Comprehensive income for the period				
Loss for the financial period	-	-	(430)	(430)
Transactions with shareholders				
Share capital issued during the period	11	17,617	-	17,628
Balance at 31 December 2018	**11**	**17,617**	**(430)**	**17,198**
Comprehensive income for the period				
Loss for the financial period	-	-	(7,500)	(7,500)
Transactions with shareholders				
Adjustment	-	(3)	-	(3)
Balance at 31 December 2019	**11**	**17,614**	**(7,930)**	**9,695**

The notes on pages 15 to 29 form part of these financial statements.

Consolidated Statements of Cash Flows for the period ended 31 December 2019

	Note	Year to 31 December 2019 £000	Period to 31 December 2018 £000
Cash inflow from operating activities			
Loss for the financial period		**(11,963)**	(6,903)
Adjustments for:			
Amortisation of intangible assets	11	**10,667**	6,188
Depreciation of tangible assets	12	**155**	77
Interest payable and finance charges	9	**7,376**	4,028
Interest received		**(16)**	(4)
Charge for taxation	10	**428**	375
Decrease in debtors		**260**	6,031
Increase/(decrease) in creditors		**(187)**	(6,507)
Change in onerous contract provision	18	**1,192**	(226)
		7,912	3,059
Interest paid		**(1)**	(6)
Taxation paid		**(744)**	(424)
Net cash inflow from operating activities		**7,167**	2,629
Cash flow from investing activities			
Payments to acquire tangible fixed assets		**(219)**	(106)
Payments to acquire intangible fixed assets		**(1,060)**	(229)
Payments to acquire investments		**-**	(107,880)
Interest received		**16**	4
Net cash outflow from investing activities		**(1,263)**	(108,211)
Cash flow from financing activities			
Issue of ordinary share capital		**-**	17,628
Issue of loan notes		**-**	57,384
Receipt of term loan		**-**	30,000
Receipt from lease finance and hire purchase contracts	20	**112**	-
Payment of lease finance and hire purchase contracts	20	**(35)**	-
Payments of interest and related finance charges		**(2,257)**	(2,201)
Foreign exchange retranslation adjustments		**(14)**	(12)
Net cash inflow from financing activities		**(2,194)**	102,799
Net cash inflow/(outflow) for the financial period		**3,710**	(2,783)
Cash and cash equivalents at start of financial period		**4,965**	-
Cash and cash equivalents acquired with business combination		**-**	7,749
Foreign exchange retranslation adjustment		**(3)**	(1)
Cash and cash equivalents at end of the financial period	15	**8,672**	4,965

The notes on pages 15 to 29 form part of these financial statements.

Notes to the Financial Statements for the period ended 31 December 2019

1 General information

The Company is incorporated and domiciled in England & Wales. The address of the registered office is St James House, 27-43 Eastern Road, Romford, Essex, RM1 3NH. The principal activities of the Group is that of the sale of insurance policies to individual customers, and services provided to insurance companies.

2 Basis of preparation

Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Companies Act 2006 and UK accounting standards, including Financial Reporting Standard 102 '*The Financial Reporting Standard applicable in the UK and Republic of Ireland*' (March 2018), which includes the amendments as a result of the Triennial Review 2017.

Following the adoption during the year of the March 2018 version of Financial Reporting Standard 102, the Statement of Financial Position as at 31 December 2018 has been restated to report the unamortised debt issue costs at that date as a deduction from Borrowings rather than being included within Prepayments and accrued income.

The preparation of financial statements in accordance with Financial Reporting Standard 102 requires the use of certain critical accounting estimates. It also requires the directors of the Company to exercise judgement in applying the Company's accounting policies. Details of the significant judgements and estimates are provided in note 4.

Basis of accounting

The financial statements have been prepared under the historical cost convention and are presented in Sterling and in thousands (£000), except where otherwise stated for information purposes.

The principal accounting policies applied in the preparation of the financial statements have been set out in note 3 to the financial statements.

Going concern

The directors prepare and maintain forecasts and projections to ensure that they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

As described in the Directors' Report, the directors have prepared financial forecasts for a number of possible future scenarios relating to the Covid 19 pandemic to assess the impact on the ability of the Company to continue to meet its obligations as and when they fall due, and to continue compliance with the Group's loan covenants. The directors recognise that as the foreseeable scenarios change, decisions may need to be made in relation to the scale of the Company's activity and the level of finance maintained to support that activity. The directors are constantly monitoring the position in case any such scenarios become more likely than is judged to be the case currently.

As at the date of these financial statements, the financial forecasts prepared indicate that the Company will be able to maintain liquidity and compliance with covenants, and will therefore be able to continue to trade as a going concern.

Basis of consolidation

The consolidated financial statements present the results of the Company and of the Group as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Insurance broking transactions

Subsidiary undertakings of the Group include insurance broking operations in which the subsidiary undertakings act as agents in placing the insurable risk of its clients with insurance companies and, as such, are not liable as principals arising from such transactions. However, notwithstanding its legal relationship with clients and insurers, the Group has followed generally accepted accounting practice by showing cash, debtors and creditors relating to insurance intermediary transactions as assets and liabilities of the Group.

Notes to the Financial Statements for the period ended 31 December 2019 (continued)

3 Accounting policies

Revenue recognition

Income from the sale of insurance policies includes income from insurance commission paid to the Group by insurance companies, brokerage fees paid by customers, and income received from finance providers relating to premium finance arranged by the Group for its customers.

Insurance commission is initially recognised on the date when the period of insurance commences (the "incepted date"). Commission arising on policies sold or adjusted during the financial period with an incepted date commencing after the date of the Statement of Financial Position is deferred and included within 'Accruals and deferred income'. A proportion of Commission income related to policies sold on which the Group is obliged to provide claims handling services is deferred at the date of the Statement of Financial Position to meet the cost of handling claims estimated to arise in respect of the relevant policies sold during the financial period.

Income from variable commission arrangements is recognised when the amount can be estimated with a reasonable degree of certainty, and is equivalent to the minimum value expected to be received by the Group.

Fee income is recognised on the date when the policy of insurance is sold or adjusted.

Income due to the Group on premium finance arranged on behalf of customers is recognised when the policy or adjustment is financed with a third-party finance provider. However, income on premium finance arranged during the financial year which the directors estimate will be cancelled after the date of the Statement of Financial Position is deferred and included within 'Accruals deferred income' at the date of the Statement of Financial Position.

Other fees received from insurance broking activities and from third party administration activities are recognised when the service is provided.

Fees received by the Company for management services is recognised when the service is provided.

Costs of sale

Costs of sale relate to acquisition costs payable to third-party owners of aggregator web sites in respect of policies sold to customers. The costs are charged in full to the Statement of Comprehensive Income in the financial period in which the related sale to customers is made, and fees received from customers for the set-up of the new policy.

Tangible fixed assets

Tangible fixed assets are stated at historical cost, including incremental costs incurred in the acquisition and installation of the assets, less the value of accumulated depreciation and impairment losses (if any).

Depreciation is calculated using the reducing balance method so as to write off the cost of the assets, less their estimated residual values, over the estimated useful lives of the assets from the date at which the asset is brought into operation. The rates of depreciation applied are as follows:

Computer equipment	25% on cost
Furniture and office equipment	25% on cost
Leasehold expenditure	25% on cost

Tangible fixed assets are de-recognised upon disposal or when no future economic benefit is expected to arise from the continued use of the asset. Any gain or loss on de-recognition of the asset is included in the Statement of Comprehensive Income in the year of de-recognition.

Intangible fixed assets

Expenditure on the purchase and development of Computer software is stated at historical cost, including incremental costs incurred in the acquisition and installation of the software, less the value of accumulated amortisation and impairment losses (if any).

Amortisation is calculated using the reducing balance method so as to write off the cost of software purchased and developed, less their estimated residual values, over the estimated useful lives of the software from the date at which the asset is brought into operation. The rates of amortisation applied are as follows:

Computer software	25% on cost

Goodwill and other intangible assets arising on an acquisition of a business is measured at cost less accumulated amortisation and impairment losses, if any. For the purposes of assessments for impairment, Goodwill or intangible asset is allocated to each of the Company's cash-generating units (or groups of cash-generating units) that is expected to benefit from the business combination. Goodwill and other intangible assets are amortised for each cash-generating unit over the expected duration of benefits to be derived from the commencement of the derived benefits as follows:

Goodwill arising on the purchase of Right Choice Insurance Brokers Limited:	10 years

Notes to the Financial Statements for the period ended 31 December 2019 (continued)

3 Accounting policies (continued)

Associates and joint ventures

An entity is treated as an Associated undertaking where the Group exercises significant influence in that it has the power to participate in operating and financial policy decisions. An entity is treated as a Joint venture where the Group is party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

In the consolidated financial statements, interests in Associated undertakings and Joint ventures are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investor's share of the profit or loss, other comprehensive income and equity of the Associate or Joint venture. The consolidated Statement of Comprehensive Income includes the Group's share of the operating profit, interest and attributable taxation of such undertakings applying accounting policies consistent with those of the Group.

In the consolidated Statement of Financial Position, the interests in Associated undertakings and Joint ventures are shown as the Group's share of the investment being identifiable net assets, including any unamortised premium paid on acquisition. Any premium on acquisition is accounted for in accordance with the Goodwill policy.

Leasing and hire purchase commitments

Assets held under leases and hire purchase contracts where substantially all the risks and rewards of ownership of the assets have passed to the Group are capitalised in the Statement of Financial Position and depreciated over the shorter of the term of the lease or hire purchase contract, or the useful life of the asset.

A corresponding liability is recognised for the lower of the fair value of the lease asset and the present value of the minimum lease payments on the Statement of Financial Position. Payments made under the leases or hire purchase contracts are apportioned between the reduction of the liability and finance charges in the Statement of Comprehensive Income so as to achieve a constant rate of interest on the remaining balance of the liability.

Payments made by the Group under other leases (operating leases) are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern of the Group's benefit from the operating lease. The aggregate benefit of incentives received by the Group relating to an operating lease is recognised as a reduction to the expense of the respective operating lease over the same period.

Cash at bank and in hand

Cash at bank and in hand, other than cash relating to insurance intermediary transactions or held with insurers, comprises cash on hand or deposit, and other short-term highly liquid investments, which are readily convertible to known amounts of cash with insignificant risk of changes in value.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income or 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 date of the Statement of Financial Position in the countries where the Group operates and generates taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the date of the Statement of Financial Position, except:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits:
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- where timing differences relate to interests in subsidiaries, associates, branches and joint ventures, and the Company can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them, and the differences between the fair value of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the date of the Statement of Financial Position.

Notes to the Financial Statements for the period ended 31 December 2019 (continued)

3 Accounting policies (continued)

Onerous contracts

Provision is made for the present value of the obligations under a contract where the unavoidable costs of a contract exceed the economic benefit expected to be received by the Group from the contract.

Provisions

Provision is made for obligations entered into by the Group at the Statement of Financial Position date as a result of past events where it is probably that a transfer of economic benefit will be made by the Group which can be reliably estimated at the Statement of Financial Position date. Full provision for the transfer of future economic benefit is recognised as a liability in the Statement of Financial Position and charged as an expense in the Statement of Comprehensive Income. A review of each provision is made at each Statement of Financial Position date.

Pension costs

The Group operates a defined contribution pension scheme for its UK employees. Contributions to the pension scheme are charged to the Statement of Comprehensive Income in the year in which they become payable.

Financial instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and is classified according to the substance of the contractual arrangement 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.

All financial assets and liabilities are initially measured at transaction value (including transaction costs) unless the arrangement constitutes a financing arrangement. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets are derecognised when either the contractual rights to the cash flows from the financial asset expire or are settled, the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or the Group has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party without the need to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expired.

Equity instruments issued by the Group are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Foreign currency translation

Foreign currency transactions are translated into the functional currency of the Group (sterling) using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the Consolidated Statement of Comprehensive Income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'Interest payable and similar charges'. All other foreign gains and losses are presented within 'Administrative expenses'.

4 Critical accounting judgements and estimates

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

Notes to the Financial Statements for the period ended 31 December 2019 (continued)

4 Critical accounting judgements and estimates (continued)

Income from variable commission arrangements

Directors of Group companies have regular reviews with insurance companies relating to the policies which the Group places with the insurance companies, including a review of the underwriting position of the policies sold by the Group. The Group has variable commission arrangements in place with certain insurance companies under which there is a probability or possibility that the final commission income the Group will receive from the insurance company is based on the underwriting loss ratio achieved by the insurance company. Income from variable commission arrangements is recognised where the Group has a contractual right to a variable commission, and the directors have strong evidence of the ultimate underwriting position for policies written with the insurance company. The underwriting position of the policies sold and variable commission due from insurers where applicable is continually reviewed by the directors and the variable commission adjusted accordingly.

Income deferred on premium finance contracts

As described in note 3, income on premium finance arranged during the financial year which the directors estimate will be cancelled after the balance sheet date is deferred and included within 'Accruals deferred income' at the balance sheet date. In calculating the income to be deferred the directors have made estimates of the value of premium finance which is likely to be cancelled after the balance sheet date based on historic trends of the cancellation of premium finance.

Onerous contracts

A contract which meets the definition of onerous requires the directors to exercise judgement to determine whether the unavoidable costs of a contract exceed the economic benefit expected to be received from it, and the level of provision to be made for the present value of the obligations under the contract.

Impairments

The directors exercise judgement in determining whether there are indicators of impairment of the Group's tangible and intangible assets, including Goodwill. Factors taken into consideration in reaching a decision on impairment include economic viability and expected future financial performance of the asset, and where it is a component of a larger cash-generating unit the viability and expected future performance of that unit.

5 Turnover

Turnover for the Group comprised income from the following activities:

	Year to 31 December 2019 £000	Period to 31 December 2018 £000
Sale of insurance policies	28,602	13,814
Provision of administration services	2,631	2,876
Total Turnover	31,233	16,690

Turnover for the Group was derived from the following geographical areas:

	Year to 31 December 2019 £000	Period to 31 December 2018 £000
United Kingdom	30,388	16,341
Rest of europe	845	349
Total Turnover	31,233	16,690

Notes to the Financial Statements
for the period ended 31 December 2019 (continued)

6 Administration expenses

The Loss on ordinary activities before taxation is stated after charging the following items (exclusive of VAT):

	Year to 31 December 2019 £000	Period to 31 December 2018 £000
Exceptional item: increase in provision for onerous contract	1,952	-
Fees payable to the Group's auditor for the audit of the Company's annual financial statements	5	5
Fees payable to the Group's auditor for other services to the Group:		
- the audit of the Group's subsidiaries pursuant to legislation	43	30
- taxation compliance services	11	4
- taxation advisory services	21	-

Exceptional items are material items of an unusual or non-recurring nature which represent gains or losses.

7 Staff costs

Staff costs for the financial period comprised:

	Year to 31 December 2019 £000	Period to 31 December 2018 £000
Wages and salaries	10,597	6,020
Social security costs	1,062	597
Contributions to defined contribution pension scheme	241	114
Total staff costs	**11,900**	6,731

The Group operates a defined contribution pension scheme on behalf of its UK employees. The assets of the scheme are held separately from those of the Company. The charge for pension contributions relates to employer contributions payable by the Company to the pension scheme. Pension contributions payable by the Group, and deducted from the pay of employees, amounting to £41,130 (2018: £26,578) were outstanding to be paid to the pension scheme at the balance sheet date.

The average number of employees of the Group during the year was:

	Year to 31 December 2019 £000	Period to 31 December 2018 £000
Directors	8	7
Direct staff	269	261
Administration	94	83
Total average number of employees	**371**	351

Notes to the Financial Statements for the period ended 31 December 2019 (continued)

8 Directors' remuneration

The remuneration of the directors during the financial period comprised:

	Year to 31 December 2019 £000	Period to 31 December 2018 £000
Directors' emoluments for executive directors	615	375
Directors' fees for non-executive directors	30	17
Contributions to defined contribution pension scheme	57	32
Total directors' remuneration	702	424

During the financial period contributions to the defined contribution pension scheme were paid on behalf of 3 directors.

The remuneration of the highest paid director during the financial period amounted to £314,091 (7 months to 31 December 2018: £192,280).

9 Interest payable and similar charges

Interest payable and similar charges for the year comprise:

	Year to 31 December 2019 £000	Period to 31 December 2018 £000
Bank and other loans	2,253	1,265
Loan notes	4,897	2,629
Amortisation of debt issue costs	225	128
Other interest	1	6
Interest payable and similar charges	7,376	4,028

10 Taxation

The charge for taxation for the financial period comprised:

	Year to 31 December 2019 £000	Period to 31 December 2018 £000
Corporation tax – current year charge	426	303
Corporation tax – prior period adjustment	(162)	-
Deferred taxation	164	72
Tax on loss on ordinary activities	428	375

The factors affecting the charge for taxation for the financial period comprised:

	Year to 31 December 2019 £000	Period to 31 December 2018 £000
Tax on the loss on ordinary activities before taxation at the effective corporation tax rate of 19%	(2,192)	(1,240)
Tax effect of expenses not deductible for tax purposes	2,930	1,679
Research and development allowance	(124)	(81)
Unutilised losses not recognised in deferred tax	(5)	17
Effect of change in corporation tax rate on deferred tax	(19)	-
Current year charge (including deferred tax)	590	375
Prior period adjustment	(162)	-
Tax on loss on ordinary activities	428	375

Notes to the Financial Statements
for the period ended 31 December 2019 (continued)

11 Intangible fixed assets

Group

	Computer software £000	Goodwill £000	Total £000
Cost			
At 1 January 2019	674	105,168	105,842
Additions	266	-	266
Adjustments	-	(2)	(2)
Foreign exchange retranslation	(12)	-	(12)
At 31 December 2019	928	105,166	106,094
Amortisation			
At 1 January 2019	194	6,135	6,329
Charge for the year	151	10,516	10,667
Foreign exchange retranslation	(4)	-	(4)
At 31 December 2019	341	16,651	16,992
Net book amount			
At 31 December 2019	**587**	**88,515**	**89,102**
At 31 December 2018	480	99,033	99,513

12 Tangible fixed assets

Group

	Leasehold expenditure £000	Computer hardware £000	Furniture & equipment £000	Total £000
Cost				
At 1 January 2019	7	743	292	1,042
Additions	43	157	19	219
Foreign exchange adjustments	-	(1)	(1)	(2)
At 31 December 2019	50	899	310	1,259
Depreciation				
At 1 January 2019	-	433	173	606
Charge for year	8	110	37	155
Foreign exchange adjustments	-	(2)	(2)	(4)
At 31 December 2019	8	541	208	757
Net book amount				
At 31 December 2019	**42**	**358**	**102**	**502**
At 31 December 2018	7	310	119	436

The net book amount of tangible fixed assets for the Group includes £86,488 (2018: Nil) in respect of assets held under finance leases and hire purchase contracts. The Company had no assets held under finance leases and hire purchase contracts and either balance sheet date.

Notes to the Financial Statements for the period ended 31 December 2019 (continued)

13 Investments

Investments held by the Company and the Group comprised the following:

Group

	Associated undertakings £000	Total £000
Cost		
At 1 January 2019	167	167
Additions	-	-
At 31 December 2019	**167**	**167**
Share of retained profits		
At 1 January 2019	-	-
Profit for the period	-	-
At 31 December 2019	-	-
Net book amounts		
At 31 December 2019	**167**	**167**
At 31 December 2018	167	167

Company

	Subsidiary undertakings £000	Total £000
Cost		
At 1 January 2019	107,370	107,370
Adjustments	(2)	(2)
At 31 December 2019	**107,368**	**107,368**
Impairment provision		
At 1 January 2019	-	-
Charge for the period	-	-
At 31 December 2019	-	-
Net book amounts		
At 31 December 2019	**107,368**	**107,368**
At 31 December 2018	107,370	107,370

Notes to the Financial Statements for the period ended 31 December 2019 (continued)

13 Investments *(continued)*

The investments of the Company at 31 December 2019 comprised the companies listed below. Bike Devil Limited was incorporated by the Company on 7 October 2019.

Name	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
Subsidiary undertakings			
Right Choice Insurance Brokers Limited	England	100%	Insurance broking
Bike Devil Limited	England	100%	Dormant company
You Assur	France	50.1%	Insurance broking
Associate undertakings			
Digilog UK Limited	England	23.5%	Software development

The financial statements of Digilog UK Limited have not been consolidated into these financial statements under the equity method of accounting as the Group does not participate in the operating and financial policy decisions of the company.

14 Debtors

Debtors at the balance sheet date comprised:

	At 31 December 2019		31 December 2018 (restated)	
	Group £000	**Company £000**	Group £000	Company £000
Amounts receivable relating to insurance transactions	**6,666**	**-**	6,798	-
Other trade debtors	**909**	**-**	728	20
Corporation tax recoverable	**747**	**-**	266	-
Deferred tax (note 18)	**-**	**-**	62	-
Other debtors	**167**	**-**	649	489
Prepayments and accrued income	**1,064**	**34**	871	15
Total debtors	**9,553**	**34**	9,374	524

Following the adoption of the March 2018 version of Financial Reporting Standard 102, Prepayments and accrued income as at 31 December 2018 has been restated to exclude the value of unamortised debt issue costs set out in note 19 which were previously included within Prepayments and accrued income.

15 Cash at bank and in hand

Cash at bank and in hand at the balance sheet date comprised:

	At 31 December 2019		31 December 2018	
	Group £000	**Company £000**	Group £000	Company £000
Cash held relating to insurance transactions	**1,694**	**-**	1,504	-
Cash held with insurers	**2,728**	**-**	854	-
Unrestricted cash balance	**4,250**	**485**	2,607	296
Cash at bank and in hand	**8,672**	**485**	4,965	296

The cash held relating to insurance transactions and with insurers is restricted and not available to pay the general debts of the Group or the Company.

Notes to the Financial Statements for the period ended 31 December 2019 (continued)

16 Creditors: Amounts falling due within one year

Creditors falling due within one year at the balance sheet date comprised:

	31 December 2019		31 December 2018	
	Group	Company	Group	Company
	£000	£000	£000	£000
Amounts payable relating to insurance transactions	6,994	-	7,271	-
Other trade creditors	645	27	1,192	641
Amounts due to subsidiary undertakings	-	4,000	-	1,000
Other taxation and social security	366	-	301	-
Obligations under finance lease and hire purchase contracts	37	-	-	-
Other creditors	794	6	1,043	-
Accruals and deferred income	4,597	246	4,158	560
Creditors: amounts falling due within one year	13,433	4,279	13,965	2,201

17 Creditors: Amounts falling due after one year

Creditors falling due after one year at the balance sheet date comprised:

	31 December 2019		31 December 2018 (restated)	
	Group	Company	Group	Company
	£000	£000	£000	£000
Borrowings (restated. See note 19)	86,387	86,387	86,162	86,162
Obligations under finance lease and hire purchase contracts	40	-	-	-
Interest payable on Loan Stock	7,526	7,526	2,629	2,629
Other creditors	-	-	400	-
Creditors: amounts falling due after one year	93,953	93,913	89,191	88,791

18 Provision for liabilities and charges

Provision for liabilities and charges at the balance sheet date comprised:

	Deferred taxation	Onerous contract provision	Total
	£000	£000	£000
Balance at 1 January 2019	-	855	855
Increase in provision	-	1,952	1,952
Utilised in the financial year	(62)	(320)	(382)
Charge/(release) for financial year	164	(440)	(276)
Balance at 31 December 2019	102	2,047	2,149

The provision for onerous contract relates to the cost of contractual commitments entered into at the balance sheet date which would be incurred in future periods. The increase in the provision relates to the inclusion of commission payable by the Company under the terms of the onerous contract.

Deferred tax at the balance sheet date comprised the following:

	Onerous contract provision	Accelerated capital allowances	Total
	£'000	£'000	£'000
Balance at 1 January 2019 (note 14)	145	(83)	62
Charge for financial year	(129)	(28)	(157)
Balance at 31 December 2019	16	(111)	(95)

Notes to the Financial Statements for the period ended 31 December 2019 (continued)

19 Borrowings

Total Borrowings

The borrowings of the Group and the Company is as set out below. Following the implementation of the March 2018 version of Financial Reporting Standard 102, the Statement of Financial Position as at 31 December 2018 has been restated to present unamortised debt issue costs as a deduction from Borrowings rather than within Prepayments and accrued income.

	31 December 2019		31 December 2018 (restated)	
	Group £000	**Company £000**	Group £000	Company £000
Bank and other loans	**29,003**	**29,003**	28,778	28,778
Loan Stock	**57,384**	**57,384**	57,384	57,384
Total Borrowings	**86,387**	**86,387**	86,162	86,162

The borrowings of the Group and the Company are repayable as follows:

	31 December 2019		31 December 2018 (restated)	
	Group £000	**Company £000**	Group £000	Company £000
Within one year	-	-	-	-
Between 1 and 5 years	**86,387**	**86,387**	-	-
After five years	-	-	86,162	86,162
Total Borrowings	**86,387**	**86,387**	86,162	86,162

Bank and other loans

Bank and other loans are repayable as set out below:

	31 December 2019		31 December 2018 (restated)	
	Group £000	**Company £000**	Group £000	Company £000
Within one year	-	-	-	-
Between 1 and 5 years	**29,003**	**29,003**	-	-
After five years	-	-	28,778	28,778
Bank loan and other loans	**29,003**	**29,003**	28,778	28,778

The bank loan outstanding at 31 December 2018 relates to a term loan repayable on maturity in June 2024. Interest on the term loan accrued daily during the financial year at the annual rate of 6.50% (2018: 6.5%) plus the minimum of LIBOR or 0.75%.

The amount stated in respect of Bank and other loans is as set out below:

	31 December 2019		31 December 2018 (restated)	
	Group £000	**Company £000**	Group £000	Company £000
Loans received	**30,000**	**30,000**	30,000	30,000
Unamortised debt issue costs	**(997)**	**(997)**	(1,222)	(1,222)
Bank loan and other loans	**29,003**	**29,003**	28,778	28,778

19 Borrowings (continued)

Loan Stock

Loan stock issued by the Company comprises:

	31 December 2019		31 December 2018	
	Group £000	**Company £000**	Group £000	Company £000
Fixed Rate A1 Secured Loan Stock 2024	**22,500**	**22,500**	22,500	22,500
Fixed Rate A2 Unsecured Loan Stock 2024	**5,107**	**5,107**	5,107	5,107
Fixed Rate A3 Unsecured Loan Stock 2024	**977**	**977**	977	977
Fixed Rate B Unsecured Loan Stock 2024	**28,800**	**28,800**	28,800	28,800
Loan Stock	**57,384**	**57,384**	57,384	57,384

The Company has issued Loan Stock amounting to £57,384,000 which is repayable in December 2024. Interest on the Loan Stock accrues daily at the rate of 8% per annum which is compounded each 30 June and 31 December. Interest accrued on the Loan Stock at 31 December 2019 amounted to £7,526,685 (2018: £2,628,659) and is payable on repayment of the Loan Stock.

On 15 November 2019 the Fixed Rate A1 Secured Loan Stock 2024 and Fixed Rate A2 Unsecured Loan Stock 2024 were admitted to the Official List of The International Stock Exchange based in Jersey.

20 Net debt reconciliation

Company

	As at 1 January 2019 £000	Cash flows £000	New finance leases £000	Other non-cash charges £000	As at 31 December 2019 £000
Cash at bank and in hand	296	189	-	-	485
Bank and other loans	(28,778)	-	-	(225)	(29,003)
Loan stock	(57,384)	-	-	-	(57,384)
Net debt	**(85,866)**	**189**	**-**	**(225)**	**(85,902)**

The other non-cash charges stated above relates to the amortisation of debt issue costs for the financial period charged to the Statement of Comprehensive Income.

Group

	As at 1 January 2019 £000	Cash flows £000	New finance leases £000	Other non-cash charges £000	As at 31 December 2019 £000
Cash at bank and in hand (page 14)	4,965	3,710	-	(3)	8,672
Bank and other loans	(28,778)	-	-	(225)	(29,003)
Loan stock	(57,384)				(57,384)
Obligations under finance leases	-	35	(112)	-	(77)
Net debt	**(81,197)**	**3,745**	**(112)**	**(228)**	**(77,792)**

As stated in note 15, cash at bank in hand includes cash held relating to insurance transactions,. and held with insurers, which is restricted and not available to pay the general expenses of the Company.

Notes to the Financial Statements for the period ended 31 December 2019 (continued)

21 Issued share capital

The issue share capital of the Company is as follows:

	31 December 2019		31 December 2018	
	Shares	£	Shares	£
A Ordinary shares of £0.15 each	**24,132**	**3,620**	24,132	3,620
B1 Ordinary shares of £0.10 each	**40,202**	**4,020**	40,202	4,020
B2 Ordinary shares of £0.10 each	**19,864**	**1,986**	19,864	1,986
B3 Ordinary shares of £0.20 each	**3,176**	**635**	3,176	635
C Ordinary shares of £0.10 each	**1,555**	**156**	1,555	156
D Ordinary shares of £0.10 each	**1,203**	**120**	1,203	120
E Ordinary shares of £0.25 each	**2,868**	**717**	2,868	717
F Ordinary shares of £0.10 each	**1,500**	**150**	1,500	150
Ordinary shares allotted, called up and fully paid	**94,500**	**11,404**	94,500	11,404

On 16 March 2020 a further 2,746 F Ordinary shares were issued by the Company for a cash consideration amounting to £21,968.

22 Commitments under operating leases

At 31 December 2019 the Group had minimum lease commitments, excluding VAT, under non-cancellable operating leases as follows:

	Land and Buildings		Other operating leases	
	31 December 2019	31 December 2018	**31 December 2019**	31 December 2018
	£000	£000	**£000**	£000
Expiry date:				
Within 1 year	**426**	361	**374**	406
Between 1 year and 5 years	**1,492**	1,624	**1,120**	862

23 Financial instruments

The Company and the Group is exposed to credit and liquidity risks in the normal course of the Group's business. These risks are limited by the Group's financial management policies and practices described below.

Financial assets

The financial assets of the Company and the Group comprise trade and other debtors. These assets are stated at cost less provision made for credit risk. At 31 December 2019 the Company had no interest-bearing financial assets.

Financial liabilities

The financial liabilities of the Company and the Group comprise trade and other creditors, and borrowings. Financial liabilities are stated at the amount due to the counterparty of the liability.

24 Controlling party

In the opinion of the directors the Company was not under the effective control of an individual or company.

25 Related party transactions

All directors who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Their remuneration is disclosed in note 8 to the financial statements on Directors's remuneration.

The Company has taken advantage of the exemption available in section 33.1A of FRS 102 not to disclose transactions with other companies within the Group.

The directors of the Company have acquired loan notes totalling £22.9m (2018 - £22.9m). Of the remaining loan notes in issue, £27.6m (2018: £27.6m) were acquired by a shareholder of the Company. All of the loan notes accrue interest at 8% per annum. Interest of £4.3m (2018: 2.3m) has been accrued on these loan notes for the period.

Notes to the Financial Statements for the period ended 31 December 2019 (continued)

25 Related party transactions (continued)

A shareholder is entitled to a monitoring fee at the rate of £105,000 per annum which has been charged to the Statement of Comprehensive Income. The charge for the year was £138,442 (2018: £26,250). At 31 December 2019, an amount of £10,500 was due to the shareholder (2018: £10,500).

The Group leases the premises it occupies at St James House, Eastern Road, Romford, Essex from Right Choice Property Holdings Limited ("RCPH"), a company under the control of the Mr D Joseph, Mr M Joseph and Mr R Taberner. During the year the Group was charged £414,484 (2018: £230,438), exclusive of VAT, in respect of rent, service charges and buildings insurance under the terms of its lease with RCPH. At the year-end no amount (31 December 2018 – nil) was owed by the Company to RCPH in respect of rent, service charges and buildings insurance.

26 Post balance sheet event – COVID 19 virus pandemic

As described in the Directors' Report, the directors have been monitoring the impact of COVID 19, both directly on the Company's business and indirectly through reviewing the development of government policy and advice. The main considerations are as set out below.

Operational

The Group has taken steps to protect its employees and business from the effects of the COVID 19 pandemic. At RCIB, these steps include the utilisation of the disaster recovery site maintained by RCIB to provide a safe working environment for its employees, ceasing all face-to-face meetings of more than two people, the use of home working where possible, and the furloughing of staff where appropriate. The IT facilities at RCIB are adequate to maintain operations on this basis for the foreseeable future.

The directors are mindful of the differing pressures on individual members of staff, and also of the fact that these pressures will change as the position develops both nationally and locally. The directors expect that operational changes will continue to be required as the position develops.

Profitability of policies sold for insurers

The Group does not sell policies directly covering the impact of COVID 19. The majority of the policies sold by the Group are motor policies which do not provide cover for losses caused by a pandemic. The directors consider that the number and frequency of claims will reduce during the pandemic due to periods of lockdown. An increase or decrease in claims could impact variable commission arrangements which the Group has with certain insurers.

Investment portfolio

The Group's cash holdings are in major UK banks. The Group does not hold financial investments such as equities or debt.

Revenue

In the increasingly likely event of recessive economic conditions, there will be customers and business partners of the Group who will suffer. For most customers motor insurance is not normally a discretionary cost, so demand for the main product sold by the Group will continue. The impact on the Group in the short term is likely to be pressure on cash-flow and on recovery of premiums due from customers, and in addition, in the medium term, pressure on premium levels and commission rates. The directors maintain very close links with the market directly and through business partners, and will be able to manage changes to policy terms and rates as necessary as the position develops.

Financial forecasts and Going Concern

The directors have prepared financial forecasts for a number of possible future scenarios to assess the impact on the ability of the Group to continue to meet its obligations as and when they fall due, and to continue to ensure compliance with the Group's loan covenants. The directors recognise that as the foreseeable scenarios change, decisions may need to be made in relation to the scale of the Group's activity and the level of finance maintained to support that activity. The directors are constantly monitoring the position in case any such scenarios become more likely than is judged to be the case currently.

As at the date of these financial statements, the financial forecasts prepared indicate that the Group will be able to maintain liquidity and compliance with covenants, and will therefore be able to continue to trade as a going concern.