

**Protect Midco 1 Limited**  
**Annual report and financial statements**  
**for the period ended 31 December 2021**

Registered number: 13393015



## **Protect Midco 1 Limited**

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## **Protect Midco 1 Limited**

### **Directors' report**

The directors present their report and audited financial statements for the company for the period ended 31 December 2021. This is the first set of financial statements for the Company and so no comparatives are presented. The Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

#### **Principal Activities**

The company is an intermediate holding company of Protect Midco 2 Limited, part of the Protect Topco Limited group of companies ('group'). The principal subsidiary, Avantia Insurance Limited, is authorised and regulated by the Financial Conduct Authority. Through its HomeProtect brand, the group offers UK home owners and occupiers a simple on-line journey through which to buy quality home insurance no matter how complex their circumstances. HomeProtect is an award winning online provider of home insurance that focuses on data and technology to put it in the unique position of being able to offer unmatched footprint that digitally quotes for 98% of the UK home insurance market.

#### **Results and Dividends**

The loss for the period amounted to £30k. At the balance sheet date the company has net assets of £2,403k.

There was no dividend declared in the period.

#### **Going concern**

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reason. The company has received an undertaking from the parent company, Protect Topco Limited, that it is their present intention, for at least 12 months from the date of the approval of these financial statements, to provide the necessary support to ensure the company has received sufficient funding to cover such eventualities. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Further details regarding the adoption of the going concern basis can be found in note 1, significant accounting policies, on page 17.

#### **Impact of Ukraine/Russia conflict**

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

#### **Impact of Covid-19**

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

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

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

## **Protect Midco 1 Limited**

### **Directors' report**

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

#### **1 Liquidity & Working Capital**

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

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

#### **2 Minimising operational disruption.**

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

#### **3 Governance**

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

#### **4 Stress Testing**

The business did not see a severe impact to its trading and operational activities and therefore has shown resilience over a very difficult period. The business has undergone a stress test review. Based on these projections the directors believe that the company is well placed to manage its business risks successfully and that the company should be able to continue in operational existence for the foreseeable future.

#### **Financial risk management objectives and policies**

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The Directors believe these risks are immaterial due to the fact there is no external credit risk, or external debt and therefore not subject to changes in borrowing costs (cash flow risk) and the group having sufficient liquid funds available are a function of the inherently strong business model of cash collection in this type of business (liquidity risk). The Company does not use derivative financial instruments for speculative purposes.

#### **Directors**

The directors, who served throughout the period and up to the date of sign off except as noted, were as follows:

- G Moss (appointed 13 May 2021 and resigned 7 October 2021)
- I Maidan (appointed 13 May 2021 and resigned 7 October 2021)
- M Eastham (appointed 7 October 2021)
- S Mahmood (appointed 7 October 2021)

#### **Directors' indemnities**

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

## Protect Midco 1 Limited

### Directors' report

#### Auditor

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

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

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

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

Approved by the Board and signed on its behalf by:

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S Mahmood

Director

Date 25 April 2022

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

## **Protect Midco 1 Limited**

### **Directors' responsibilities statement**

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

## **Protect Midco 1 Limited**

### **Independent auditor's report to the members of Protect Midco 1 Limited**

#### **Report on the audit of the financial statements**

##### **1. Opinion**

In our opinion the financial statements of Protect Midco 1 Limited (the 'company'):

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

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 16.

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).

##### **2. Basis for opinion**

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

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, 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.

## Protect Midco 1 Limited

### Independent auditor's report to the members of Protect Midco 1 Limited (continued)

#### 3. Summary of our audit approach

<b>Key audit matters</b>	<p>The key audit matter that we identified in the current period was:</p> <ul style="list-style-type: none"> <li>• Recoverability of intercompany loans</li> </ul>
<b>Materiality</b>	The materiality that we used in the current year was £924k which was determined on the basis of total assets.
<b>Scoping</b>	Audit work to respond to the risks of material misstatement was performed directly by the engagement team.

#### 4. 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.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Assessing management's paper summarising the key points considered in concluding the going concern basis including the capital position, year-end performance and impact of Covid-19. Our assessment included comparing data presented by management against tested balances and our own assessment of the impact of Covid-19;
- Assessing the net asset position of the company as at 31 December 2021 by reviewing the year-end position and current year position;
- Assessing forecasts performed by management for the next 12 months from the date of the financial statements, taking in to account the historical accuracy if such forecasts; and
- Evaluating the appropriateness and completeness of the disclosures.

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.

#### 5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.



## Protect Midco 1 Limited

### Independent auditor's report to the members of Protect Midco 1 Limited (continued)

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### 5.1. Valuation of the investment in subsidiary undertaking

<b>Key audit matter description</b>	<p>Intercompany loans from group undertakings are stated in the balance sheet at £89,525k. The company has issued unsecured loan notes to Protect Midco 2 Limited which is used to provide financing the acquisition of Kingston Topco Group by Protect Bidco Limited. The loan notes issued to investors are supported by intercompany loans receivable from other companies.</p> <p>The directors must assess whether any of the receivables should be impaired based on the financial position and future prospects of the group companies. This takes into consideration a range of factors such as the trading performance, and the financial position of the group companies and the parent company. As the company has no other material sources of income it is dependent on the recoverability of the intercompany loans and associated interest to continue as a going concern. Based on management's assessment, there are no impairment indicators and that the balance is recoverable.</p> <p>The directors must also consider if there is any subsequent event post year-end that would have an impact on the recoverability of the intercompany loans.</p> <p>Further details are included within accounting policies note 1 and debtors note 9 to the financial statements.</p>
<b>How the scope of our audit responded to the key audit matter</b>	<p>Our audit approach included:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of relevant controls related to the recoverability of loans from group undertakings;</li> <li>• Challenging the directors' judgements regarding the appropriateness of the carrying value through the following:             <ul style="list-style-type: none"> <li>○ Obtaining the latest audited financial information of the group undertakings;</li> <li>○ Obtaining an understanding of future trading performance of the group undertakings and by assessing the ability of the group undertakings to repay these amounts; and</li> <li>○ Reviewing the historical accuracy of managements forecasts by comparing the actual results to forecasts.</li> </ul> </li> <li>• Confirming the intercompany loan balances with the respective group companies' trial balance; and</li> <li>• Assessing the company's subsequent event disclosures and going concern disclosures.</li> </ul>
<b>Key observations</b>	<p>Based on the work performed, we concluded that the intercompany loans to group undertakings are appropriately stated.</p>

## Protect Midco 1 Limited

### Independent auditor's report to the members of Protect Midco 1 Limited (continued)

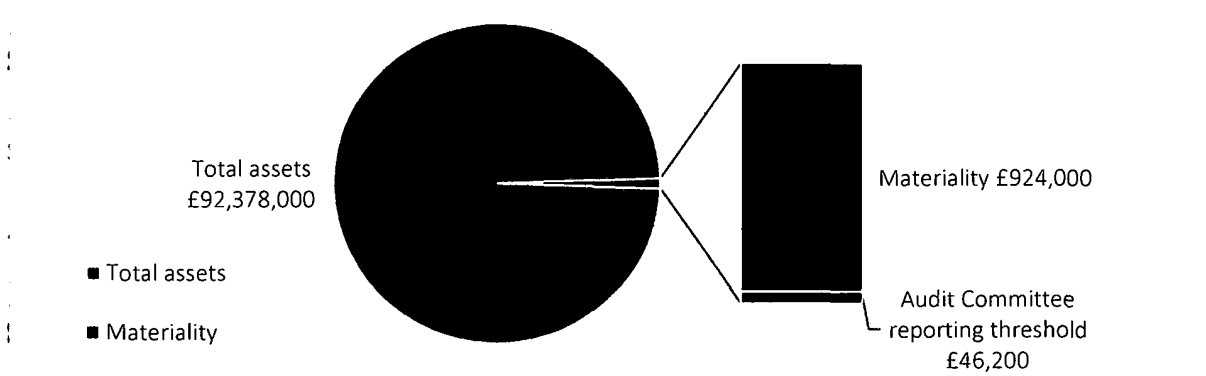
#### 6. Our application of materiality

##### 6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<b>Materiality</b>	£924k
<b>Basis for determining materiality</b>	1% of Total assets
<b>Rationale for the benchmark applied</b>	We determined materiality based on the total assets as this is a key metric used by management, investors, analysts and lenders.



##### 6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2021 audit. In determining performance materiality, we considered the following factors:

- our risk assessment, including our assessment of the overall control environment;
- our understanding of the entity and its environment and the nature of its operations; and
- the number of significant audit risk areas identified.

##### 6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £46,200, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

## **Protect Midco 1 Limited**

### **Independent auditor's report to the members of Protect Midco 1 Limited (continued)**

#### **7. An overview of the scope of our audit**

##### **7.1. Scoping**

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by engagement team.

##### **7.2. Our consideration of the control environment**

We have performed a walkthrough of the financial statement control process and we have not relied on the general information technology controls. We have performed design and implementation testing of management's review of the recoverability of intercompany loans.

#### **8. Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.
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## **Protect Midco 1 Limited**

### **Independent auditor's report to the members of Protect Midco 1 Limited (continued)**

#### **9. 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.

#### **10. Auditor's responsibilities for the audit of the financial statements**

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

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

#### **11. Extent to which the audit was considered capable of detecting irregularities, including fraud**

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

##### **11.1. Identifying and assessing potential risks related to irregularities**

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and the audit committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and tax legislation.

## **Protect Midco 1 Limited**

### **Independent auditor's report to the members of Protect Midco 1 Limited (continued)**

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

#### **11.2. Audit response to risks identified**

As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

## **Protect Midco 1 Limited**

### **Independent auditor's report to the members of Protect Midco 1 Limited (continued)**

#### **Report on other legal and regulatory requirements**

##### **12. Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the 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.

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 any material misstatements in the directors' report.

##### **13. Matters on which we are required to report by exception**

###### **13.1. Adequacy of explanations received and accounting records**

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing a strategic report.

We have nothing to report in respect of these matters.

###### **13.2. Directors' remuneration**

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.


We have nothing to report in respect of this matter.

## **Protect Midco 1 Limited**

### **Independent auditor's report to the members of Protect Midco 1 Limited (continued)**

#### 14. Use of our report

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

DocuSigned by:  
  
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Nicholas Bowker ACA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

25 April 2022

**Protect Midco 1 Limited****Profit and loss account****For the period from 13 May 2021 to 31 December 2021**

	Notes	Period from 13 May 2021 to 31 December 2021 £'000
<b>Turnover</b>		-
Cost of sales		-
<b>Gross result</b>		-
Other operating expenses	3	(33)
<b>Operating loss</b>		(33)
<b>Loss on ordinary activities before finance charges</b>		(33)
Interest receivable and similar income		339
Interest payable and similar charges	4	(336)
<b>Loss on ordinary activities before taxation</b>	5	(30)
Tax on loss on ordinary activities	7	-
<b>Loss for the financial period</b>		(30)

All amounts relate to continuing operations.

There are no recognised gains or losses other than the loss for each period. Accordingly, a statement of comprehensive income has not been prepared.

The notes on pages 17 to 25 form part of these financial statements.



## Protect Midco 1 Limited

### Balance sheet As at 31 December 2021

	Notes	2021 £'000
<b>Fixed assets</b>		
Investments	8	2,852
<b>Current assets</b>		
Debtors:	9	
Amounts due within one year		1
Amounts due after more than one year		91,610
		91,611
<b>Creditors: amounts falling due within one year</b>	10	(34)
<b>Net current assets</b>		91,577
<b>Total assets less current liabilities</b>		94,429
<b>Creditors: amounts falling due after more than one year</b>	11	(92,026)
<b>Net assets</b>		2,403
<b>Capital and reserves</b>		
Called-up share capital	13	2,433
Accumulated losses	14	(30)
<b>Shareholder's funds</b>		2,403

The financial statements of Protect Midco 1 Limited (registered number 13393015) were approved by the board of directors and authorised for issue on 25 April 2022.

They were signed on its behalf by:

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S Mahmood  
Director

## Protect Midco 1 Limited

### Statement of changes in equity

For the period from 13 May 2021 to 31 December 2021

	<b>Called- up share capital £'000</b>	<b>Accumulated losses £'000</b>	<b>Total £'000</b>
<b>Balance on incorporation</b>	-	-	-
Shares issued in the period	2,433	-	2,433
Loss for the financial period	-	(30)	(30)
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2021</b>	<b>2,433</b>	<b>(30)</b>	<b>2,403</b>
	<hr/>	<hr/>	<hr/>

## **Protect Midco 1 Limited**

### **Notes to the financial statements**

#### **For the period from 13 May 2021 to 31 December 2021**

##### **1. Significant accounting policies**

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

##### **a. General information and basis of accounting**

Protect Midco 1 Limited is a company incorporated and registered in the United Kingdom, England, under the Companies Act. The address of the registered office is given on page 3.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Protect Midco 1 Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. There are no foreign operations.

Protect Midco 1 Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it.

The Company has taken advantage of the following FRS102 disclosure exemptions:

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

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

##### **b. Going concern**

The financial statements have been prepared on the going concern basis, notwithstanding a loss for the period of £29,592 and net assets of £2,403,308, which the directors believe to be appropriate for the following reason. The company has received an undertaking from the parent company, Protect Topco Limited, that it is their present intention, for at least 12 months from the date of the approval of these financial statements, to provide the necessary support to ensure the company has received sufficient funding to cover such eventualities. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

##### **c. Investments**

Fixed asset investments are shown at cost less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

##### **d. Taxation**

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

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

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

## **Protect Midco 1 Limited**

### **Notes to the financial statements**

#### **For the period from 13 May 2021 to 31 December 2021**

##### **1. Significant accounting policies (continued)**

###### **e. Finance costs**

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

###### **f. Loan notes**

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

###### **g. Investment income**

Interest is recognised as interest accrues.

##### **2. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements (other than involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

###### **Critical judgements in applying the Company's accounting policies**

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

###### **Key sources of estimation uncertainty**

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

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

## Protect Midco 1 Limited

### Notes to the financial statements For the period from 13 May 2021 to 31 December 2021

#### 3. Other operating expenses

	Period from 13 May 2021 to 31 December 2021 £'000
Other operating expenses	33

#### 4. Finance charges

	Period from 13 May 2021 to 31 December 2021 £'000
<b>Interest payable and similar charges</b>	
Listed loan notes	(308)
Other loans	(28)
	(336)
<b>Other finance income</b>	
Other loans	339
	339

## Protect Midco 1 Limited

### Notes to the financial statements For the period from 13 May 2021 to 31 December 2021

#### 5. Loss on ordinary activities before taxation

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

	Period from 13 May 2021 to 31 December 2021 £'000
Fees payable to company's auditor for audit of company's annual financial statements	10
<b>Total audit fees</b>	<b>10</b>
Taxation compliance services	4
<b>Total non-audit fees</b>	<b>4</b>

#### 6. Directors' remuneration and transactions

The directors are employed and remunerated by another company with the group, with no part of their remuneration allocated to the company. As such no disclosure of their remuneration has been made.

## Protect Midco 1 Limited

### Notes to the financial statements

#### For the period from 13 May 2021 to 31 December 2021

##### 7. Tax on loss on ordinary activities

The tax charge comprises:

	Period from 13 May 2021 to 31 December 2021 £'000
<b>Current tax</b>	
UK corporation tax	-
<b>Deferred tax</b>	
UK corporation tax	-
	<hr/>
<b>Total tax on loss on ordinary activities</b>	<hr/> <b>-</b> <hr/>

The Finance Act 2020 increased the rate of UK corporation tax to 19% for the years starting 1 April 2020 and 2021.

On 3 March 2021, the Chancellor announced in his budget statement that from 1 April 2023, the Corporation Tax main rate for non-ring-fenced profits will be increased to 25%, applying to profits over £250,000, this legislation will be introduced in Finance Bill 2021.

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

	Period from 13 May 2021 to 31 December 2021 £'000
<b>Loss on ordinary activities before tax</b>	<hr/> <b>(30)</b> <hr/>
Tax on loss on ordinary activities at standard UK corporation tax rate of 19%	(6)
Effects of:	
Thin capitalisation adjustment	
Group relief surrendered for no consideration	6
	<hr/>
<b>Total tax charge</b>	<hr/> <b>-</b> <hr/>

The Finance Act 2020 increased the rate of UK corporation tax to 19% from 1 April 2020. A reduction to 17% for the year starting 1 April 2021 was announced at Budget 2016. However, Finance Act 2021 increased the rate of UK corporation tax to 19% from 1 April 2021.

## Protect Midco 1 Limited

### Notes to the financial statements

### For the period from 13 May 2021 to 31 December 2021

#### 8. Investments

	<b>2021</b>
	<b>£'000</b>
Subsidiary undertakings	2,852
	<u>2,852</u>

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

Subsidiary undertakings	Country of incorporation, registered office and principal business address	Principal activity	Holding	%
Protect Midco 2 Limited	14th Floor, CI Tower, St Georges Square, New Malden, England, United Kingdom	Holding Co	Ordinary shares	100
Protect Bidco Limited	14th Floor, CI Tower, St Georges Square, New Malden, England, United Kingdom	Holding Co	Ordinary shares	100
Kingston Topco Limited	14th Floor, CI Tower, St Georges Square, New Malden, England, United Kingdom	Holding Co	Ordinary shares	100
Kingston Midco Limited	14th Floor, CI Tower, St Georges Square, New Malden, England, United Kingdom	Holding Co	Ordinary shares	100
Kingston Bidco Limited	14 <sup>th</sup> Floor, CI Tower, St Georges Square, New Malden, England, United Kingdom	Holding Co	Ordinary shares	100
Avantia Limited	14 <sup>th</sup> Floor, CI Tower, St Georges Square, New Malden, England, United Kingdom	Holding Co	Ordinary shares	100
Avantia Insurance Limited	14 <sup>th</sup> Floor, CI Tower, St Georges Square, New Malden, England, United Kingdom	Insurance & financial services	A, B and C Ordinary shares	100
Avantia Assistance Limited	14 <sup>th</sup> Floor, CI Tower, St Georges Square, New Malden, England, United Kingdom	Insurance & financial services	A, B and C Ordinary shares	100
Affinity 2000 Limited	14 <sup>th</sup> Floor, CI Tower, St Georges Square, New Malden, England, United Kingdom	Dormant	A, B and C Ordinary shares	100



## Protect Midco 1 Limited

### Notes to the financial statements For the period from 13 May 2021 to 31 December 2021

#### 9. Debtors

	2021 £'000
<b>Amounts due within one year:</b>	
Prepayments and accrued income	1
<b>Amounts due after more than one year:</b>	
Amounts owed by Group undertakings	91,610

Amounts owed by Group undertakings are repayable on demand and include interest charged at 10%. No repayment date has been determined.

#### 10. Creditors: amounts falling due within one year

	2021 £'000
Amounts owed to Group undertakings	14
Accruals and deferred income	20
	34

Amounts owed to group undertakings are interest free and repayable on demand.

#### 11. Creditors: amounts falling due after more than one year

	2021 £'000
Amounts owed to Group undertakings	76,710
Loan notes	14,979
Rolled up loan note accrued interest	337
	92,026

Amounts owed to group undertakings are repayable on demand and include interest charged at 10%. No repayment date has been determined.

Borrowings are repayable as follows:

	2021 £'000
<b>Other loans</b>	
After five years	15,316

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

## Protect Midco 1 Limited

### Notes to the financial statements For the period from 13 May 2021 to 31 December 2021

#### 12. Financial instruments

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

	2021 £'000
<b>Financial assets</b>	
Measured at undiscounted amount receivable	
- Trade and other debtors (see note 9)	89,526
	<u>89,526</u>
<b>Financial liabilities</b>	
Measured at amortised cost	
- Loans payable (see note 11)	15,316
Measured at undiscounted amount payable	
- Trade and other creditors (see notes 10 & 11)	74,659
	<u>89,975</u>

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

	2021 £'000
<b>Interest income and expense</b>	
Total interest expense for financial liabilities at amortised cost	2,090
Total interest income for financial assets at amortised cost	<u>(2,085)</u>

#### 13. Called-up share capital

	2021 £'000
<b>Allotted, called-up and fully-paid</b>	
2,432,900 ordinary shares of £1 each	<u>2,433</u>

#### 14. Reserves

	Profit and loss account £'000	Total £'000
Balance on incorporation	-	-
Loss for the financial period	(30)	(30)
<b>At 31 December 2021</b>	<u>(30)</u>	<u>(30)</u>

## **Protect Midco 1 Limited**

### **Notes to the financial statements**

#### **For the period from 13 May 2021 to 31 December 2021**

##### **15. Related party transactions**

###### **Intergroup**

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

###### **Other transactions**

Interest of £0.3m was accrued during the period in relation to loan notes of £13.7m held by ECI Partners and included in creditors of Protect Midco 1 Limited. The interest is carried forward with the loan note creditor of £0.3m in note 11.

Interest of £28,172 was accrued during the period in relation to loan notes of £1.3m held by management and included in creditors of Protect Midco 1 Limited. The interest is carried forward with the loan note creditor of £0.3 in note 11.

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

##### **16. Controlling party**

The company, Limited by shares, was formed as part of the acquisition by ECI Partners LLP on 13 May 2021 through two private equity funds, ECI911 LP and ECI11B LP, which it manages and is the controlling party.

The company is a subsidiary of Protect Topco Limited (Registered office: CI Tower, New Malden, UK), a company incorporated in the United Kingdom. Protect Topco Limited is the ultimate parent company and where the results of the group are consolidated. The group consolidated financial statements can be obtained from Companies House.