Registered number: 11450807

REVITI LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2020

COMPANY INFORMATION

Directors	JFG Vroemen (appointed 8 April 2020) M Gledhill (appointed 31 March 2021)
Registered number	11450807
Registered office	One New Change London England EC4M 9AF
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 40 Clarendon Road Watford Hertfordshire United Kingdom WD17 1JJ

REVITI LIMITED

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STRATEGIC REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2020

Introduction

The directors present their Annual Report and Financial Statements, consisting of the Strategic Report and the Directors' Report, and the audited financial statements of Reviti Limited ("the company") for the 17 month period ended 31 December 2020. The comparatives are for the period from incorporation on 5 July 2018 to 31 July 2019.

Business review

The company sells life insurance products in the UK on behalf of its insurance partner, Scottish Friendly Assurance Society Limited. The company is an appointed representative of Resolution Compliance Limited.

The company launched in April 2019 and saw a steady increase in sales in the first few months of trading which coincided with a targeted marketing campaign. In the first half of 2020 the company reduced its marketing spend and in the second half of 2020 ceased active marketing.

In March 2020 the company invoked its business continuity plan in response to the Covid -19 pandemic and moved all staff to home working for the remainder of 2020.

In the second quarter of 2020 the company underwent a strategic business review and in the second half of 2020 completed a restructuring exercise with new leadership. The company moved its registered office to One New Change, London.

During the period, the company was in the 'start-up' phase of its operations and as such the company reported a loss of £10,299,655 *(2019 period - loss of £10,194,609)* after income tax for the period and at the period end had net liabilities of £15,294,264 *(2019 - £4,994,609)*. The company has been funded to date via ordinary share capital issued on incorporation of £5,200,000 together with liquidity support from companies under common ownership. No dividends were declared or paid in the period or post year end to date.

Future developments

The company plans to significantly increase its media spend and sales in the UK and is exploring opportunities overseas.

Financial risk management

The company's financial risk strategy is determined on a group-wide basis by the company's ultimate parent company. The company's directors monitor the local finance risk which primarily includes liquidity and cashflow risk. The major source of liquidity and cashflow currently is generated through intra-group borrowing which continues to be available to the company. The company does not use derivative financial instruments.

Credit risk relating to commissions due from the insurer are currently immaterial but will increase as more sales are made and commissions are due to be paid over the term of policies sold whilst they remain in-force. This risk is mitigated by periodic reviews of the insurers financial strength and solvency position which itself is subject to statutory regulatory supervision. Otherwise, credit risk is immaterial currently because the business is not exposed to credit risk associated with commission clawback from intermediaries. The company monitors the prices of competitors in the market on an ongoing basis to ensure its pricing remains competitive and attractive.

STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2020

Principal risks and uncertainties

Policies in force
The company's future revenues are generated from commission receivable against policies historically sold where the customer continues to pay their monthly premium and their policy remains in-force. In-force policies are therefore a key factor in determining revenue and one which the company monitors and controls closely.

Mitigating this risk is the company's ongoing commitment to ensuring that it is selling good value products that meet clear customer needs.

New entrant and competition
As a new entrant, the company faces strong competition from established life insurance providers and other new entrants, notably in the Insuretech sector. The ability of the company to compete and attract new business depends on factors including the quality of the life insurance products, its unique sales proposition, competitiveness of pricing, the quality of marketing and distribution to attract its chosen target market and the ability to meet its customers' needs.

Distribution agreement
The company has a distribution agreement with Scottish Friendly Assurance Society Limited to distribute life insurance policies in the UK for so long as the distribution agreement remains in force.

Regulatory permission
The company is an Appointed Representative of Resolution Compliance Limited which is authorised and regulated by the Financial Conduct Authority. Maintaining Appointed Representative status is required to continue distributing life insurance in the UK.

Technology risk
The company is a digital business and is reliant on third party providers to provide software and host the firm's technology for arranging and underwriting life insurance policies. Further, the company recognises cyber security and data protection risks and has in place appropriate controls and risk mitigation.

Brexit
The company is UK based with its business currently only operating and distributing in the UK. The UK's exit from the European Union does not have any direct impact on the company's business.

Covid- 19
All staff are currently homeworking and this is expected to continue until 2022. Appropriate decisions were taken and measures put in place to respond to the evolving risks faced by the company.

Key performance indicators

The key performance indicators for the period were to ensure that the operating expenses were within the confines of the business plan approved by the directors. Marketing activities were halted in Q2 2020 to restructure and refocus the business.

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

M Gledhill
Director

Date: 29 September 2021

DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2020

The directors present their report and the audited financial statements for the period ended 31 December 2020.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Going concern

Since the start of 2020, there has been a developing outbreak of the COVID-19. To date, the company has seen minimal disruption on its operations. As a result of COVID-19, we have observed macro-economic uncertainty with regards to consumption, economic growth, inflation and interest rates. The scale and duration of these developments remain uncertain but could impact the company if they persist for an extended period of time. The Directors have a reasonable expectation that the company has adequate resources that are sustainable for the foreseeable future and that it is appropriate to adopt a going concern basis of accounting in preparing the annual financial statements. The financial statements have been prepared on a going concern basis due to the continuing financial support to the company by a parent undertaking, Philip Morris Products S.A., itself a subsidiary of Philip Morris International Inc., to meet its liabilities as they fall due, for a period of at least 12 months from the date of the approval of these financial statements by the directors.

The directors are in discussions with the company's immediate parent undertaking, Reviti International Sarl, to recapitalise the company through an issue of fully paid-up share capital. This is expected to be in the form of fully paid-up share capital sufficient to repay the full amount of the intercompany loan facility provided by Philip Morris Finance SA and to provide the company with incremental capital to fund its business growth plans. The recapitalisation is expected to be concluded by October 2021.

Results and dividends

The loss for the period, after taxation, amounted to £10,299,655 *(2019 - loss £10,194,609)*. As a result, as at 31 December 2020 net liabilities had increased to £15,294,264 *(2019 - £4,994,609)*.

The directors do not propose a dividend *(2019 - £Nil)*.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

M Niehaus (appointed 5 July 2018, resigned 26 March 2020)
DJ Pender (appointed 14 December 2018, resigned 28 August 2020)
J Preisler (appointed 5 July 2018, resigned 13 September 2021)
JFG Vroemen (appointed 8 April 2020)
JC Ardron (appointed 23 September 2020, resigned 17 November 2020)

Qualifying third party indemnity provisions

Throughout the reporting period, qualifying third party indemnity provisions were in place for the directors. Such qualifying third party provisions remain in force as at the date of approval of the financial statements.

Matters covered in the strategic report

The directors' assessment of the company's principal risks and uncertainties, future developments and key performance indicators is set out in the Strategic Report.

Disclosure of information to auditors

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

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

Post balance sheet events

There have been no post balance sheet events.

Independent Auditors

The auditors' PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General meeting.

DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2020

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

M Gledhill
Director

Date: 29 September 2021

Independent auditors' report to the members of Reviti Limited

Report on the audit of the financial statements

Opinion

In our opinion, Reviti Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the period from 1 August 2019 to 31 December 2020;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: Statement of Financial Position as at 31 December 2020; Statement of Comprehensive Income and Statement of Changes in Equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the period ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with tax regulations and equivalent local laws and regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries. Audit procedures performed by the engagement team included:

- Enquiry of management including considerations of known or suspected instances of non-compliance with laws and regulations and fraud.
- Reviewing minutes of meetings of those charged with governance.
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

E. Sowerby

Emma Sowerby (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
30 September 2021

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2020

	Note	Period from 1 August 2019 to 31 December 2020 £	*Period from 5 July 2018 to 31 July 2019 £*
Turnover		**66,341**	*12,743*
Administrative expenses		**(10,310,033)**	*(10,207,352)*
Operating loss	4	**(10,243,692)**	*(10,194,609)*
Interest payable and similar expenses	8	**(55,963)**	*-*
Loss before tax		**(10,299,655)**	*(10,194,609)*
Tax on loss	9	**-**	*-*
Loss and Total comprehensive expense for the financial period		**(10,299,655)**	*(10,194,609)*

The notes on pages 12 to 24 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note		31 December 2020 £		*31 July 2019 £*
Fixed assets					
Tangible assets	10		**51,216**		*22,625*
			51,216		*22,625*
Current assets					
Debtors: amounts falling due after more than one year	11	**81,830**		*12,743*	
Debtors: amounts falling due within one year	11	**70,931**		*164,539*	
Cash at bank and in hand	12	**596,964**		*758,278*	
		749,725		*935,560*	
Creditors: amounts falling due within one year	13	**(16,095,205)**		*(5,952,794)*	
Net current liabilities			**(15,345,480)**		*(5,017,234)*
Total assets less current liabilities			**(15,294,264)**		*(4,994,609)*
Net liabilities			**(15,294,264)**		*(4,994,609)*
Capital and reserves					
Called up share capital	15		**5,200,000**		*5,200,000*
Accumulated losses			**(20,494,264)**		*(10,194,609)*
Total shareholders' deficit			**(15,294,264)**		*(4,994,609)*

The financial statements on pages 9 to 24 were approved and authorised for issue by the Board of Directors and were signed on its behalf by:

M Gledhill
Director

Date: 29 September 2021

The notes on pages 12 to 24 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2020

	Called up share capital	Accumulated losses	Total equity
	£	£	£
Comprehensive expense for the period			
Loss for the period	-	(10,194,609)	(10,194,609)
Total comprehensive expense for the period	-	(10,194,609)	(10,194,609)
Shares issued during the period (Note 15)	5,200,000	-	5,200,000
At 1 August 2019	5,200,000	(10,194,609)	(4,994,609)
Comprehensive expense for the period			
Loss for the period	-	(10,299,655)	(10,299,655)
Total comprehensive expense for the period	-	(10,299,655)	(10,299,655)
At 31 December 2020	5,200,000	(20,494,264)	(15,294,264)

The notes on pages 12 to 24 form part of these financial statements.

1. General information

Reviti Limited ("the company") is a wholly owned subsidiary of Reviti International Sarl, a company incorporated in Switzerland, and is engaged in the sale of life insurance products on behalf of its insurance partner.

The company is a private company limited by shares and is incorporated in England and domiciled in the United Kingdom. The address of its registered office is One New Change, London EC4M 9AF.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006, as applicable to companies using FRS 101.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The company is a wholly owned subsidiary of Reviti International Sarl and of its ultimate parent, Philip Morris International Inc. It is included in the consolidated financial statements of Philip Morris International Inc. which are publicly available. Therefore the company is eligible to prepare its financial statements under FRS 101 and also take advantage of exemptions relating to certain Related Party transactions.

The following principal accounting policies have been consistently applied:

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
  - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
  - paragraph 50 of IAS 41 Agriculture
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2.3 Going concern

Since the start of 2020, there has been a developing outbreak of the COVID-19. To date, the company has seen minimal disruption on its operations. As a result of COVID-19, we have observed macro-economic uncertainty with regards to consumption, economic growth, inflation and interest rates. The scale and duration of these developments remain uncertain but could impact the company if they persist for an extended period of time. The Directors have a reasonable expectation that the company has adequate resources that are sustainable for the foreseeable future and that it is appropriate to adopt a going concern basis of accounting in preparing the annual financial statements. The financial statements have been prepared on a going concern basis due to the continuing financial support to the company by a parent undertaking, Philip Morris Products S.A., itself a subsidiary of Philip Morris International Inc., to meet its liabilities as they fall due, for a period of at least 12 months from the date of the approval of these financial statements by the directors.

The directors are in discussions with the company's immediate parent undertaking, Reviti International Sarl, to recapitalise the company through an issue of fully paid-up share capital. This is expected to be in the form of fully paid-up share capital sufficient to repay the full amount of the intercompany loan facility provided by Philip Morris Finance SA and to provide the company with incremental capital to fund its business growth plans. The recapitalisation is expected to be concluded by October 2021.

2. Accounting policies (continued)

2.4 Impact of new international reporting standards, amendments and interpretations

There are no new accounting standards that are effective for the year ended 31 December 2020 which have a material impact on the company.

2.5 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'administrative expenses'.

2.6 Turnover

The company is a distributor of insurance products that are provided by its insurance partner, Scottish Friendly Assurance Society Limited.

As an agent arranging insurance on behalf of the insurer, the company's one performance obligation is satisfied when customers purchase a Reviti insurance product from its insurance partner.

The company recognises the commission income receivable from the insurance partner upon confirmation of the underlying contract with the customer, at the present value of estimated future receipts, discounted using an imputed rate of interest.

Revenue is stated net of provisions for estimated lapses of policies, based on the company's best estimates which are regularly reviewed and re-assessed.

2.7 Leases

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

As permitted under IFRS 16, the company has kept all leases 'off-balance sheet' on the basis that they are short-term in nature.

2.8 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2. Accounting policies (continued)

2.9 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

2.10 Taxation

Tax is recognised in the Statement of Comprehensive Income. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Tax losses are made available for group relief for no consideration. As such it is not appropriate to recognise a deferred tax asset in respect of trading losses.

2.11 Tangible assets

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

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

Depreciation is provided on the following basis:

Computer equipment	- 3 years

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

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

2.12 Debtors

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

2. Accounting policies (continued)

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.14 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Financial instruments

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Debt instruments at amortised cost

Debt instruments are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Financial liabilities

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

2. Accounting policies (continued)

2.16 Share capital

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements, management has to make judgements on how to apply the company's accounting policies and make estimates about the future. The main areas of estimation uncertainty comprise the rate used to discount revenue to be received in future accounting periods, together with an estimation of doubtful debts. Neither of these judgements are considered to be material to these financial statements.

4. Operating loss

The operating loss is stated after charging:

	Period from 1 August 2019 to 31 December 2020 £	*Period from 5 July 2018 to 31 July 2019 £*
Development costs charged as an expense	**294,131**	*4,025,742*
Depreciation of tangible assets	**56,263**	*7,159*
Exchange differences	**70,020**	*80,493*
Defined contribution pension cost	**172,537**	*59,942*

5. Auditors' remuneration

	Period from 1 August 2019 to 31 December 2020 £	*Period from 5 July 2018 to 31 July 2019 £*
Fees payable to the company's auditors and its associates for the audit of the company's annual financial statements	**22,000**	*15,000*

6. Employees

The average monthly number of employees, including the directors, during the period was as follows:

	Period from 1 August 2019 to 31 December 2020 No.	*Period from 5 July 2018 to 31 July 2019 No.*
Marketing & digital	**4**	*4*
Product & customer service	**1**	*3*
Finance, planning & pricing	**2**	*2*
Legal, risk & compliance	**2**	*2*
Executive	**1**	*2*
	10	*13*

Total wages and salaries (including directors' remuneration) for the period were £3,676,867 *(2019 - £1,067,725)*, social security costs were £659,260 *(2019 - £133,577)* and pension costs were £172,537 *(2019 - £59,942)*.

7. Directors' remuneration

	Period from 1 August 2019 to 31 December 2020 £	*Period from 5 July 2018 to 31 July 2019* £
Directors' emoluments	**995,179**	*275,448*
Company contributions to defined contribution pension schemes	**4,000**	*4,000*
	999,179	*279,448*

During the period retirement benefits were accruing to no directors *(2019 - NIL)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £930,609 *(2019 - £275,448).*

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL *(2019 - £4,000).*

The total accrued pension provision of the highest paid director at 31 December 2020 amounted to £NIL *(2019 - £NIL).*

The amount of the accrued lump sum in respect of the highest paid director at 31 December 2020 amounted to £NIL *(2019 - £NIL).*

8. Interest payable and similar expenses

	Period from 1 August 2019 to 31 December 2020 £	*Period from 5 July 2018 to 31 July 2019* £
Interest payable to group undertakings	**55,963**	-
	55,963	-

9. Tax on loss

	Period from 1 August 2019 to 31 December 2020 £	*Period from 5 July 2018 to 31 July 2019 £*
Total current tax	**-**	*-*
Deferred tax		
Total deferred tax	**-**	*-*
Tax on loss	**-**	*-*

Factors affecting tax charge for the period

The tax assessed for the period is higher than *(2019 - higher than)* the standard rate of corporation tax in the UK of 19% *(2019 - 19%)*. The differences are explained below:

	Period from 1 August 2019 to 31 December 2020 £	*Period from 5 July 2018 to 31 July 2019 £*
Loss before tax	**(10,299,655)**	*(10,194,609)*
Loss before tax multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	**(1,956,934)**	*(1,936,976)*
Effects of:		
Expenses not deductible for tax purposes	**885**	*-*
Depreciation in excess of capital allowances for the period	**9,664**	*341*
Group relief	**1,946,385**	*1,936,635*
Total tax charge for the period	**-**	*-*

9. Tax on loss (continued)

Factors that may affect future tax charges

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. In the Spring Budget 2021, the Government announced that from 1 April 2023, the corporation tax rate will increase to 25%. Since the proposal to increase the rate at 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

10. Tangible assets

	Computer equipment £
Cost	
At 1 August 2019	**29,784**
Additions	**84,854**
At 31 December 2020	**114,638**
Accumulated depreciation	
At 1 August 2019	**7,159**
Charge for the period on owned assets	**56,263**
At 31 December 2020	**63,422**
Net book value	
At 31 December 2020	**51,216**

The net book value as at 31 July 2019 was £22,625.

11. Debtors

	31 December 2020 £	*31 July 2019 £*
Due after more than one year		
Other debtors	**81,830**	*12,743*
	81,830	*12,743*

Long term debtors are shown net of a provision for lapses and cancellations of £214,295 *(2019 - £11,792).*

	31 December 2020 £	*31 July 2019 £*
Due within one year		
Amounts owed by group undertakings	**37,978**	-
Other debtors	**13,203**	*3,790*
Prepayments and accrued income	**19,750**	*160,749*
	70,931	*164,539*

12. Cash at bank and in hand

	31 December 2020 £	*31 July 2019 £*
Cash at bank and in hand	**596,964**	*758,278*
	596,964	*758,278*

13. Creditors: Amounts falling due within one year

	31 December 2020 £	*31 July 2019 £*
Trade creditors	**123,986**	*380,173*
Amounts owed to group undertakings	**14,098,833**	*2,505,719*
Other creditors	**-**	*40*
Accruals and deferred income	**1,872,386**	*3,066,862*
	16,095,205	*5,952,794*

Amounts owed to group undertakings are unsecured and repayable on demand. Interest accrues at LIBOR + 0.25% *(2019 - interest free)* and is capitalised on a monthly basis.

14. Financial instruments

	31 December 2020 £	*31 July 2019 £*
Financial assets		
Cash and cash equivalents	**596,964**	*758,278*

15. Called up share capital

	31 December 2020 £	*31 July 2019 £*
Allotted, called up and fully paid		
5,200,000 *(2019 - 5,200,000)* Ordinary shares of £1.00 each	**5,200,000**	*5,200,000*

16. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £172,537 *(2019 - £59,942)*. Contributions totalling £10,292 *(2019 - £16,908)* were payable to the fund at the reporting date and are included in creditors.

17. Related party transactions

During the period, the company paid consultancy fees of £Nil *(2019 - £540,795)*, exclusive of VAT, to an entity under the control of a DJ Pender.

18. Post balance sheet events

There were no post balance sheet events.

19. Controlling party

The immediate parent undertaking is Reviti International Sarl, a company incorporated under the laws of Switzerland.

The ultimate parent undertaking and controlling party is Philip Morris International Inc., in which the results of the company are consolidated. The consolidated financial statements of Philip Morris International Inc., which include the results of the company, are available to the public and may be obtained from Philip Morris International Inc., 120 Park Avenue, New York, 10017. These consolidated financial statements represent the smallest and largest group for which consolidated financial statements are prepared.