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REGISTERED NUMBER: 03578103 (England and Wales)

Annual Report and

Financial Statements

for the Year Ended 31 December 2018

for

Complete Cover Group Limited

Complete Cover Group Limited

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Complete Cover Group Limited
Company Information
for the year ended 31 December 2018

Directors:	J D Braithwaite A M Darling S I Hooper T P Wills
Registered office:	Elmbrook House 18 – 19 Station Road Sunbury on Thames Surrey England TW16 6SU
Registered number:	03578103 (England and Wales)
Auditor:	Deloitte LLP Statutory Auditor Hill House 1 New Street Square London EC4A 3HQ United Kingdom
Bankers:	Royal Bank of Scotland 280 Bishopsgate London EC2M 4RB

Complete Cover Group Limited
Strategic Report
for the year ended 31 December 2018

The Directors in preparing this Strategic Report for Complete Cover Group Limited (the Company) for the year to 31 December 2018 have complied with s414C of the Companies Act 2006.

The purpose of this Strategic Report is to inform members of the Company and help assess how the Directors have performed their duty under Section 172 of the Companies Act 2006.

Review and analysis of the Company's business

The principal activity of the Company is the provision of insurance broking services to the car and van markets. The Company is a member of the Key Topco Limited group of companies (the 'Group'), an insurance broking group in the UK, with internal underwriting capacity available in Gibraltar.

2018 was a challenging year in the insurance market and a period of change for the business, as it continued in the next stage of its growth strategy. The Company made a Loss before tax of £(7.5)m (2017: £(0.9)m), of which £6.4m related to the impairment losses on the Mulsanne Insurance Company Limited investment. Acknowledging the exceptional nature of this impairment, the underlying loss before tax was £(1.1)m, a slight increase on prior year of £(0.9)m. Using another measure of profitability, the Directors also report profits marginally down on 2017, achieving EBITDA of £0.1m (2017: £0.4m) and adjusted EBITDA of £0.5m (2017: £0.9m) for the year after allowing for exceptional items. Key highlights in the year include the following:

- **Enhancing our customer experience**
  2018 has seen us complete a program to bring data enrichment solutions to the point of quote and significantly reduce the need for post-sale validation, easing the journey our customers make with us; we will continue to refine this in 2019. We have also delivered a dynamic solution for our Private Car and Commercial Vehicle customers, customers are now pre-selected at the point of quote for either the on or offline sales journey, driven by insurer, enrichment scores or risk factors in their quote details. We have moved our mobility solution from Hertz to RTA in January 2018, providing customers with a better service and our in-house insurer Mulsanne with engineering / intervention solutions; they now have a 24-hour FNOL solution.

- **Continued relationship building with distribution partners**
  We have continued to grow our commercial relationship with the four main and smaller aggregators; audits during 2018 have once again given the business a positive report, indicating that the price comparison websites are gaining further understanding of the market sector in which we operate. We have also entered into a strategic partnership with UBER to provide Private Hire insurance to their partner drivers, complementing their existing distribution panel.

- **Refining our IT infrastructure**
  Over the course of 2018 the technology estate underwent a series of transformative programs with a view to improve the key areas of security, stability, value and performance. The Company has been accredited with both PCI and Cyber Essentials certifications giving improved comfort to both customers and partners alike. Embarking upon a vast improvement program focused on system availability; creating frameworks, audits, procedures and regular maintenance plans we have seen uptime, integration and security measurably improved.

- **Successful sales process undertaken**
  The decision was made at the end of 2018 to put the Group up for sale to achieve an exit for existing shareholders and to find a new shareholder with the capital and experience to support the growth ambitions of the new management team. On 24 January 2020, following regulatory approvals, the Group was acquired by Ormiston Holdco Limited, a new holding company backed by funds managed by Sun Capital Partners ("Sun Capital"). As a result of the transaction, all existing debt facilities owed to RBS and Close Brothers were repaid and existing shareholder debt written off; this has created a capital structure in the Group that is much more sustainable. The acquisition is a hugely positive step for the Group; Sun Capital will actively support the Group to achieve its goal to become the 'Go To' provider of non-standard motor insurance products and services.

- **Outlook**
  We will see us continue to grow and refine our business offering with our customers at the heart of the changes we make. Core to this will be further transformation of the underlying IT infrastructure, data enrichment solutions at the point of quote to reduce the post-validation process, continued review of our operating model to ensure we meet the demands of our customers, seeking to drive additional insight and feedback from our customer base and looking to introduce new and refining our existing distribution strategy. We will also look to strengthen our proposition to existing and future employees of the Company.

  Following completion of the sales process, the objective of the new Group during 2020 is to deliver its key strategic initiatives and return the business to profitability. The Retail Broker (which is the combination of the Company and fellow Group subsidiary, Hyperformance Limited) has also raised an additional £1 million from Close Brothers in the form a new Development Loan facility. This was agreed as part of wider renegotiation of the Group's strategic partnership with Close Brothers.

- **Going concern and Covid-19**
  The Directors have considered the impact that Covid-19 will have on the Company, which is detailed in Note 1 of the Financial Statements. Although Covid-19 developments are fluid, the stress testing demonstrates the Company and Retail Broker's financial resilience and operating flexibility. Following the assessment of the Company's and Retail Broker's financial position and its ability to meet its obligations as and when they fall due, including the potential financial implications of the Covid-19 pandemic included in stress tests, and the wider operational consequences and ramifications of the pandemic, the Directors are not aware of any material uncertainties that cast significant doubt on the Retail Broker's and Company's ability to continue as a going concern.

  Accordingly, while acknowledging the current guidance on going concern, including that from the Financial Reporting Council (FRC) and its recent Covid-19 guidance, the Directors continue to adopt the going concern basis in preparing the annual report and financial statements.

The detailed results for the year and the state of the company's affairs are presented in the attached financial statements on pages 10 to 26.

The Directors consider "Adjusted EBITDA" as a key performance indicator (KPI), being defined as Earnings before Interest, Tax, Depreciation and Amortisation, adjusted for one-off related items that do not relate to underlying trading.

The following adjustment items of £395k were removed from the reported EBITDA result for 2018:

- During the year a number of one-off settlements were made to Directors and Senior Managers exiting the business totaling £279k.
- In addition, the business undertook a project with an external consultancy to re-align its target operating model after the 2017 restructure. These exceptional costs, unrelated to underlying trading, amounted to £141k.
- Smaller items that have been adjusted for include dilapidation costs of £74k for a property exited in 2016.
- The release of a HMRC settlement over provision of £99k.

In 2017 adjustment items had included restructuring costs including redundancy costs of £259k and all other associated costs of £292k.

Taking these significant adjustment items into consideration, the Company's EBITDA would be:

	2018	2017
	£000	£000
Loss before tax	(7,535)	(901)
Net Interest	(66)	1
Depreciation & Amortisation of Intangibles (Note 8)	438	471
Amortisation of Goodwill and Impairment (Note 8)	7,271	808
EBITDA	108	379
Adjustment items	395	551
Adjusted EBITDA	**503**	**930**

In addition to Adjusted EBITDA, other KPIs used and reported by the Directors are:

- New business wins and losses;
- Retention rates;
- Average premiums;
- Complaints;
- Staff satisfaction;

The Directors review these KPIs frequently and take remedial action if necessary.

Principal risks and uncertainties
The Group has a risk committee that meets monthly which advises the Board on risk and compliance matters and monitors the risk appetite of the business. This committee reviews and challenges the output of the business and each division's risk maps.

Complete Cover Group Limited
Strategic Report
for the year ended 31 December 2018

The Director's report details the key financial risks the Director looks to manage. These risks are also viewed as the principal risks and uncertainties faced by the business. Additional principal risks and uncertainties facing the Company are those relating to people, competition, errors and omissions.

i) **Competitive risks**
The Group continually enhances its value proposition to clients and holds regular meetings with aggregators and insurers to mitigate the risks associated with aggressive competitor marketing strategies.

ii) **People risks**
Periodic benchmarking of salaries is carried out to ensure the Group attracts and retains key people in a competitive market.

iii) **Errors and omissions**
The Company is subject to claims and litigation in the ordinary course of its business, principally in connection with the Company's insurance broking business. The Company mitigates this risk through regular review of its processes and, ultimately, the taking out of the appropriate insurance cover.

iv) **Operational risk**
The interruption or loss of information and processing capabilities is a major risk to the business and could have a significant financial impact. Contingency planning is in place to mitigate this risk.

On behalf of the board:

T P Wills - Director
15 May 2020

Complete Cover Group Limited
Directors' Report
for the year ended 31 December 2018

The Directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 31 December 2018.

Directors
The Directors who have held office during the year to 31 December 2018 and to the date of this report are as follows:

J D Braithwaite (appointed 19 March 2019)
A M Darling (appointed 12 March 2018)
S I Hooper (appointed 6 April 2018)
T P Wills (appointed 12 March 2018)
S P Beckett (resigned 19 March 2018)
J R H Cumming (resigned 6 April 2018)

The Directors, who are eligible, will offer themselves for re-election at the forthcoming Annual General Meeting.

The Group has made qualifying third-party indemnity provisions for the benefit of Directors of all Group companies which were made during the year and remain in force at the date of this report.

Dividends
No dividends have been paid in the year ended 31 December 2018 (2017: £nil).
The Directors do not recommend payment of a final dividend on the ordinary shares for the year ended 31 December 2018. (2017: £nil).

Going concern
The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review which forms part of the Strategic Report. The Strategic and Directors' Reports also describe the financial position of the Company, its cash flows, liquidity risk and the Company's objectives. Policies and process for managing its capital, its financial risk, management objectives, exposure to credit and liquidity risk are in place.

The Company meets its day to day working capital requirements from corporate cash balances. The UK broking market remains extremely competitive and the Company continues to monitor the uncertainty in the current environment. The Directors are satisfied that the Company's services will continue to be attractive to its clients.

The Directors have considered the impact that Covid-19 will have on the Company, which is detailed in Note 1 of the Financial Statements. Although Covid-19 developments are fluid, the stress testing demonstrates the Company and Retail Broker's financial resilience and operating flexibility. Following the assessment of the Company's and Retail Broker's financial position and its ability to meet its obligations as and when they fall due, including the potential financial implications of the Covid-19 pandemic included in stress tests, and the wider operational consequences and ramifications of the pandemic, the Directors are not aware of any material uncertainties that cast significant doubt on the Retail Broker's and Company's ability to continue as a going concern.

Accordingly, while acknowledging the current guidance on going concern, including that from the Financial Reporting Council (FRC) and its recent Covid-19 guidance, the Directors continue to adopt the going concern basis in preparing the annual report and financial statements.

Post Balance Sheet Events and Future developments
Details of post balance sheet events and future developments can be found in the Strategic report on pages 2 to 3 and form part of this report by cross-reference. There is also further disclosure in relation to post balance sheet events in Note 23.
Further information can be found in ultimate parent company, Key Topco Limited, financial statements Strategic report.

Financial risk management
The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk for the Group are interest rate risk, currency risk, credit risk and liquidity/cash flow risk.

i) Liquidity/cash flow risk
Liquidity and cash flow risk is the risk that cash may not be available to pay obligations when due. The Company carefully monitors levels of cash to ensure compliance with banking covenants. The Directors of the Company make use of forecasts and budgets to monitor and control cash flows and working capital requirements.

ii) Credit risk
Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The main areas where the Company is exposed to credit risk are amounts due from clients and insurers in respect of brokerage not yet received and cash investment holdings.

The use of premium credit with full recourse across the Company gives rise to potential debt through default by the clients with the premium credit provider.

The Company mitigates its credit risk for cash and investments by only depositing money or holding investments in entities with a sufficiently high credit rating. The credit rating required is that demanded by the ultimate parent company. In addition, the Company has investment guidelines that restrict the amount of the investment portfolio that can be placed with a single issuer, and the level of investment in a non-sovereign issue.

The Company mitigates its credit risk in respect of funded items by closely monitoring the debts created.

Brokerage and fee debtors are also monitored closely with a view to minimise the collection period of these items, particularly given the current economic climate.

Disabled employees
Applications for employment by disabled persons are always fully considered. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that where appropriate reasonable adjustments are made and/or relevant training provided. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons, should, as far as possible, be identical to that of other employees.

Employees
The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. Formal and informal meetings are held to keep employees informed and for the purpose of consulting them. Information is provided through employee notices and bulletins and every opportunity is taken to ensure as far as practicable that employees are fully aware of the financial and other factors which affect the Company's performance.

Political donations
During the year no donations were made to political parties (2017: £nil).

Auditor
Each of the persons who is a Director at the date of approval of this report confirm 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 he ought to have taken as a Director in order to make himself 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.

Approval of reduced disclosures
The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The Company's shareholder has been notified in writing about the intention to take advantage of the disclosure exemptions and no objection has been received.

The Company also intends to take advantage of these exemptions in the financial statements to be issued in the following year. Objections may be served on the Company by Key Bidco Ltd, as the immediate parent entity, or by a shareholder holding in aggregate 5 per cent or more of the total allocated shares in the Company or more than half of the allotted shares in the entity not held by Key Bidco Ltd as the immediate parent.

On behalf of the board:

T P Wills - Director
15 May 2020

Statement of Directors' responsibilities

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

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

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

Complete Cover Group Limited
Independent Auditor's Report
for the year ended 31 December 2018

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Complete Cover Group Limited (the 'company'):
- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, 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 statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 23.

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).

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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We are required by ISAs (UK) to report in respect of the following matters where:
- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

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.

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. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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.

Mark McIlquham, ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, England
15 May 2020

Complete Cover Group Limited
Statement of Comprehensive Income for the year ended 31 December 2018

	Note	2018 £000	2017 £000
Turnover	3	16,172	19,546
Administrative expenses		(15,907)	(18,852)
Goodwill amortization	10	(808)	(808)
Computer software amortization	10	(199)	(235)
Impairment loss	2	(6,464)	-
Operating loss		(7,206)	(349)
Exceptional restructuring costs	7	(494)	(551)
Exceptional HMRC settlement	7	99	-
Finance income/(expense)	6	66	(1)
Profit/(loss) before tax	8	(7,535)	(901)
Tax on profit or loss	9	10	-
Profit/(loss) after tax and profit/(loss) for the financial year		(7,525)	(901)
Other comprehensive income			
Deferred tax movement relating to trading losses	9	(343)	(17)
Profit/(loss) and total comprehensive income for the year		(7,868)	(918)

All operating results derive from continuing operations. The notes on pages 13 to 26 form part of these financial statements.

Complete Cover Group Limited
Balance Sheet for the year ended 31 December 2018

	Note	2018	2017
		£000	£000
Fixed assets			
Intangible assets	10	3,943	5,910
Tangible assets	11	765	949
Investments	12	4,000	7,200
		8,708	14,059
Current asset			
Debtors	13	48,218	53,810
Cash at bank and in hand	14	2,090	1,836
		50,308	55,646
Creditors			
Amounts falling due within one year	15	(52,099)	(54,565)
Net current assets		(1,791)	1,082
Total assets less current liabilities		6,917	15,141
Creditors: Amounts falling due after more than one year	16	(76)	(182)
Provisions for liabilities	17	(100)	(350)
Net assets		6,741	14,609
Capital and reserves			
Called up share capital	18	16,152	16,152
Profit and loss account		(9,411)	(1,543)
Shareholders' funds		6,741	14,609

The financial statements of Complete Cover Group Limited, company registration number 03578103, were approved and authorised for issue by the Board of Directors on 15 May 2020. They were signed on its behalf by

T P Wills - Director
15 May 2020

Complete Cover Group Limited
Statement of Changes in Equity
for the year ended 31 December 2018

	Note	Called-up share capital £000	Profit and loss account £000	Total £000
At 1 January 2017		16,152	(625)	15,527
Profit/(loss) and total comprehensive income for the year		-	(918)	(918)
At 31 December 2017		16,152	(1,543)	14,609
Profit/(loss) and total comprehensive income for the year		-	(7,868)	(7,868)
At 31 December 2018		16,152	(9,411)	6,741

1. Accounting policies

The principal accounting policies adopted by the Company are set out below. The Directors have reviewed the accounting policies and concluded that they are appropriate. They have been applied consistently throughout the year and to the preceding year in the preparation of the financial statements.

General information and basis of accounting
Complete Cover Group Limited is a company incorporated in England & Wales under the Companies Act. The Company is a private Company limited by shares and is registered in England. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 to 3.

The financial statements have been prepared on a going concern basis, under the historical cost convention, modified to include certain items at fair value, and are in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The Company has applied the amendments to FRS 102 issued by the FRC in March 2018 and the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015, their mandatory effective date being for accounting periods beginning on or after 1 January 2016.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Complete Cover Group Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Complete Cover Group Limited is consolidated in the financial statements of its ultimate parent, Key Topco Ltd, copies of which may be obtained at Elmbrook House, 18–19 Station Road, Sunbury-on-Thames, Surrey, TW16 6SU. Exemptions have been taken in these separate Company financial statements in relation to financial instruments, presentation of a cash flow statement, remuneration of key management personnel and related party disclosures.

Going concern
The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the business review which forms part of the Strategic Report. The Strategic and Directors' reports also describe the financial position of the Company, its cash flows, liquidity risk and the Company's objectives. Policies and process for managing its capital, its financial risk, management objectives, exposure to credit and liquidity risk are in place.

The Company meets its day to day working capital requirements from corporate cash balances. The UK broking market remains extremely competitive and the Company continues to monitor the uncertainty in the current environment. The Directors are satisfied that the Company's services will continue to be attractive to its clients.

The Directors consider the going concern basis to be appropriate following their assessment of the Company's financial position and its ability to meet its obligations as and when they fall due. In making the going concern assessment the Directors have taken into account the following:

- The 2018 loss before tax of £(7.5) million, which decreased the net asset position to £6.7million. The Directors note that this loss had an immaterial impact on cash balances, as £(7.7) million of the loss related to non-cash items.
- The current capital structure and liquidity of the Company and its base case and stressed cash flow forecasts over the calendar years 2020 and 2021.
- The principal risks facing the Group, including the potential financial and operational impacts of Covid-19, and its systems of risk management and internal control.

Key assumptions that the Directors have made in preparing the base case cash flow forecasts are that:

- The recently agreed £1 million Development facility with Close Brothers Limited is fully drawn within the Retail Broker.
- The Company will rely on the use of some of the Covid-19 business support measures announced by the Government.
- Client retention and renewal rates are expected to be robust, despite the likely economic downturn.

Key stress scenarios that the Directors have considered include cumulative stresses to the base plan, being:

- A sustained 20% shortfall in the Retail Broker base case projected income in 2020, driven by a deterioration in new business sales and increases in cancellation. The impact to income in 2021 from lower renewals driven by lower new business sales in 2020 is appropriately considered.
- Mitigating actions within management control including delayed capital expenditure, a reduction in discretionary spend and some reduction in employee headcount and remuneration.

- Further, we have considered the capital coverage of the Retail Broker's material risk carriers and consider that they have sufficient capital to be able to sustain the volumes in the base case and stressed case scenarios.

Our stress testing further indicates that Retail Broker revenues would need to decline by up to 26% compared to base case to reach Retail Broker liquidity limits. Other mitigations which may be possible but have not been included in the above analysis include seeking additional debt finance, shareholder support and further incremental and more prolonged cost reductions.

The Directors have also considered the wider operational consequences and ramifications of the Covid-19 pandemic. Business Continuity Plans are in place across each of the Retail Broker's operating segments, with measures to manage employee home working for our entire employee base. These are working effectively. Leadership teams and working groups led by senior managers are in place to support operational resilience and taking common sense precautions with a view to ensuring the wellbeing of colleagues. We continue to review this approach daily in line with latest global developments and government guidance.

Insurance broking is a resilient and defensive market, which has historically had limited impact from past economic or capital market downturns. The Retail Broker operates in a mandatory class of business and is not materially exposed to a single carrier, customer or market segment. Although Covid-19 developments are fluid, the stress testing demonstrates the Group's financial resilience and operating flexibility. Following the assessment of the Retail Broker's and Company's financial position and its ability to meet its obligations as and when they fall due, including the potential financial implications of the Covid-19 pandemic included in stress tests, and the wider operational consequences and ramifications of the pandemic, the Directors are not aware of any material uncertainties that cast significant doubt on the Retail Broker's and Company's ability to continue as a going concern.

Goodwill
Goodwill, being the amount paid in connection with the acquisition of various businesses in 2005, is being amortised evenly over its estimated useful life of twenty years. The Company has elected not to apply section 19 of FRS 102 to business combinations acquired before the date of transition of 1 January 2015 and goodwill will continue to be amortised over its existing estimated useful life of 20 years. The Company considers that the goodwill will renew in the normal course of business. The goodwill is subject to an annual impairment review by reference to the expected future cash flows of the business, discounted by a risk adjustment market interest rate that the Directors consider to be appropriate to the Company. Goodwill is written down in value if the review indicates that the discounted future cash flow does not support the carrying value of goodwill in the balance sheet.

Intangible assets – computer software
Computer software is included at cost and amortised in equal annual instalments over a period of 3 – 5 years which is its estimated useful economic life. Provision is made for any impairment.

Tangible fixed assets
Tangible assets are stated at cost less accumulated depreciation and any impairment losses. Costs include expenditure that is directly attributable to the acquisition of the assets. We don't hold freehold buildings in the year.

Depreciation
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter:

Freehold buildings	- 1% per annum on cost
Short leasehold buildings	- straight-line over the term of the lease
Fixtures, fittings & equipment	- straight-line over 5 years
Computer equipment	- straight-line over 3 – 5 years

Provision is made for any impairment.

Impairment
Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit and loss as described below.

i) **Non-financial assets**

An asset is impaired where there is objective evidence that, as a result of one or more events that have occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a carrying amount higher than the carrying value had no impairment been recognised.

ii) **Financial assets**

For financial assets carried at amortised cost, the amount of an impairment is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

i) **Financial assets and liabilities**

All financial assets and liabilities are initially measured at transaction price, including transaction costs, except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value, which is normally excluding transaction costs, unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set-off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

a) The contractual return to the holder is (i) a fixed amount; or (ii) a positive fixed rate of return or a positive variable rate; or a combination of a positive or a negative fixed rate and a positive variable rate.
b) The contract may provide for repayments of the principal or return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit

deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.

f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans which meet these conditions above are measured at cost (which maybe nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial assets expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise the ability unilaterally and without needing to impose additional restrictions on the transfer.

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

ii) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

iii) Investments

a) Investment in subsidiaries
   - Investment in subsidiaries, are measured at cost less impairment.

b) Current asset investments
   - Debt securities and other fixed income securities are stated at current market value at the balance sheet date.
   - Realised gains and losses on investments are calculated as the difference between sales proceeds and purchase price.
   - Unrealised gains and losses on investments represent the difference between the valuation at the balance sheet date and their valuation at the previous balance sheet date, or purchase price, if acquired during the period, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

iv) Fair value measurement

The best evidence of fair value is a quoted price of an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

v) Bad debt policy

The Company continually manages its bad debt exposures. It provides for potential bad debts based on an estimate of the likely cancellation rate of policies and estimated level of bad debt created per cancelled policy. Profit and loss estimates are based on historical experience and are reassessed periodically. The estimated bad debt per policy is provided for at the date of sale of the policy.

vi) Insurance broking debtors and creditors

The Company acts as an agent in broking insurable risks of its clients and generally is not liable as a principal for premiums due to underwriters or for claims payable to clients.

In accordance with generally accepted accounting practice the Company has shown debtors and creditors balances relating to insurance broking business as assets and liabilities, unless there is a contractual right of set-off. Factored trade debtors for which the associated risks and rewards are not fully transferred to the factor are held on the Company's balance sheet.

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. Current tax assets and liabilities are offset only where there is a legally enforceable right to set off the amounts and the Company intends to either settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred taxation
Deferred tax is provided in full on 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 or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of items of gains and losses in taxation assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are 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.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are only offset when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are not discounted.

Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The Company holds provisions for property dilapidations.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking in to account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of time value of money is material).

Foreign currencies
Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Foreign currency transactions are translated into sterling at the rates of exchange at the dates the transactions occurred. All gains and losses arising from foreign exchange transactions are recognised in the profit and loss account.

Leases

i) **Finance leases and hire purchase contracts**
Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over their estimated useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the lease to produce a constant periodic rate of interest on the remaining balance of the liability.

ii) **Operating leases**
Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account as incurred. Benefits received or receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Revenue recognition
Turnover relating to insurance broking represents net fees and commissions derived from premiums invoiced to clients. The Company recognises fee and commission income on completion of the associated service. This is when the Directors consider that the right to consideration from clients has been achieved. Turnover is subject to a reduction in revenue in respect of amounts likely to be repayable on cancellation of policies on a best estimate basis. Estimates are based on historical experience and are reassessed periodically. Turnover is stated net of VAT where applicable.

Pension costs and other post-retirement benefits
The Company operates a money purchase pension scheme. Contributions payable to the Company's pension scheme are charged to the profit and loss account in the period to which they relate.

Interest and investment income
Interest income is recognised on an accrual basis. Dividends from subsidiary undertakings are accounted for when received.

Errors and omissions and other claims
The Company is subject to claims and litigation in the ordinary course of its business, principally in connection with the Company's insurance broking business. The Company mitigates this risk through regular review of its processes and, ultimately, the taking out of the appropriate insurance cover.

2. **Critical 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, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The Company's principal activities are wholly operated within the United Kingdom, the directors consider the business is not sensitive to Brexit and exposed to minimum adverse impact of the no deal scenario.

The directors have considered the impact that Covid-19 will have on the Company and key sources of estimation uncertainty. The directors consider there is no impact on the carrying amount of assets and liabilities for the year end 31 December 2018.

Key sources of estimation uncertainty

i) Impairment of goodwill & investment
Following the successful completion of the change of ownership on 24 January 2020, the Company has re-assessed its valuation to align with the sale price. In accordance with section 27 of FRS102, the difference between the carrying amount (adjusted net asset value + goodwill carrying amount) and the recoverable amount (fair value less costs to sell) has been impaired. As a result, £5.1m impairment loss on investment and £1.3m impairment loss on goodwill have been recognized. The carrying amount of goodwill at the balance sheet date is £3.5 million (2017: £5.7 million). The carrying amount of investment at the balance sheet date is £4.0 million (2017: £7.2 million).

ii) Impairment of debtors
The Company continually manages its bad debt exposures. It provides for potential bad debts based on an estimate of the likely cancellation rate of policies and estimated level of bad debt created per cancelled policy. Profit and loss estimates are based on historical experience and are reassessed every quarter. The estimated bad debt per policy is provided for at the date of sale of the policy, the year-end balance held was £1.7 million (2017: £2.4 million).

iii) Cancellation of insurance policies
The Company is subject to a reduction in revenue in respect of amounts likely to be repayable on cancellation of policies. Management's best estimate is based on historical experience that is reassessed periodically; the year-end balance held was £0.5 million (2017: £0.5million).

3. **Turnover**

a) Turnover is derived from the Company's principal activity as an insurance intermediary and is wholly from the United Kingdom. As such, no segmental analysis of the Company's turnover has been presented.

b) Revenue

	2018	2017
	£000	£000
Rendering of services	16,172	19,546
	16,172	19,546

4. Staff costs

	2018	2017
	£000	£000
Wages and salaries	8,458	9,473
Social security costs	811	941
Pension costs	221	182
	9,490	10,596

Average monthly number of employees during the year

	2018	2017
	Number	Number
Sales	131	99
Administration	137	168
	268	267

	2018	2017
	£000	£000
Employment termination benefits	203	-

In 2018 the company paid £203k cash to the past employees for the termination of employment, the accounting treatment of the costs was adopted from the guidelines of FRS 102 Section 28. The directors confirm that there are no further obligations to past employees as at 31 December 2018.

5. Directors' remuneration

	2018	2017
	£000	£000
Emoluments	463	400
Pension contributions to money purchase schemes	25	37
	489	437

	Number	Number
Number of Directors to whom retirement benefits were accruing	5	5

Highest paid Director:

	2018	2017
	£000	£000
Emoluments	233	151
Pension contributions to money purchase schemes	14	16

	2018	2017
	£000	£000
Compensation to past directors on gardening leave	157	-

The Directors, J D Braithwaite, A M Darling, S I Hooper and T P Wills are employees of Complete Cover Group Limited and were remunerated by the Company for their services to the Group as a whole and received no remuneration for their services as Directors of other companies. The Directors, S P Beckett and J R H Cumming, remunerated directly by Complete Cover Group, resigned from office on 19 March 2018 and 6 April 2018 respectively. The Directors, A M Darling and T P Wills, were appointed on 12 March 2018; S I Hooper, was appointed on 16 April 2018; J D Braithwaite, was appointed on 19 March 2019.

6. Finance income

	2018 £000	2017 £000
Interest payable and similar charges:		
Finance leases and hire purchase contracts	(28)	(38)
Other	(1)	(1)
Payable to group companies	(784)	(805)
	(813)	(844)

	2018 £000	2017 £000
Interest receivable and similar income:		
Other	-	-
Receivable from group companies	879	843
	879	843
Net interest receivable/(due)	66	(1)

7. Exceptional items

The following adjustment related items were removed from the reported EBITDA result for 2018:

Exceptional restructuring costs

- During the year a number of one-off settlements were made to Directors and Senior Managers exiting the business totaling £279k.
- In addition, the business undertook a project with an external consultancy to re-align its target operating model after the 2017 restructure, these one-off costs amounted to £141k.
- Smaller items that have been adjusted for include dilapidation costs of £74k for a property exited in 2016.

Exceptional HMRC settlement

- The provision release of a HMRC settlement over employee benefit trust of £99k._

In 2017 exceptional expenses had included restructuring costs including redundancy costs of £259k and all other associated costs of £292k.

8. (Loss)/profit on ordinary activities before taxation

(Loss)/profit on ordinary activities is stated after charging:

	2018 £000	2017 £000
Depreciation – tangible fixed assets (note 11)	238	238
Amortisation – intangible fixed assets - software (note 10)	199	235
Amortisation of goodwill (note 10)	808	808
Impairment of investment & goodwill	6,464	-
Operating lease rentals	514	706
Impairment of trade receivables	2,786	3,350

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

	2018	2017
- Fees payable to the company's auditor and their associates for the audit of the company's annual accounts:		
The audit of the company's annual accounts	149	80
Total audit fees	149	80
- Other assurance services	19	6
Total non-audit fees	19	6

9. Taxation

The tax charge on the loss on ordinary activities for the year was as follows:

	2018	2017
	£000	£000
Current taxation:		
Credit adjustment in respect of prior years	(10)	-
Total current tax charge/(credit) for the year	(10)	-
Deferred taxation:		
Origination and reversal of timing differences	378	(11)
Adjustment in respect of previous periods	5	27
Effect of changes in tax rates	(40)	1
Total deferred tax	343	17
Total tax charge /(credit) on profit on ordinary activities	333	17

UK corporation tax has been charged at 19.0% (2017: 19.25%).

Tax rate reconciliation

The tax assessed for 2017 is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2018	2017
	£000	£000
(Loss)/profit on ordinary activities before tax	(7,535)	(901)
Tax at standard UK corporation tax rate 19.0% (2017: 19.25%)	(1,431)	(173)
Effect of:		
Expenses not deductible for tax purposes	1,401	162
Tax rate changes	(40)	1
Prior year adjustment	(5)	27
Deferred tax not recognised	408	-
Total tax credit for the year	333	17

The UK corporation tax expense within these financial statements has been provided for at the rate of 19.0% (2017: 19.25%). Finance Act 2016 included a reduction in the main rate of UK corporation tax from 19% to 17% from 1 April 2020. However, in the UK budget on 11 March 2020, it was announced that the cut in the tax rate to 17% will now not occur and the UK Corporation Tax Rate will instead remain at 19%. As this was not substantially enacted by the balance sheet date, deferred tax balances as at 31 December 2018 continue to be measured at 17%.

10. Intangible fixed assets

	Goodwill	Software	Total
Cost	£000	£000	£000
At 1 January 2018	16,953	1,230	18,183
Impairment loss	(13,420)	-	(13,420)
Additions	-	353	353
At 31 December 2018	3,533	1,583	5,116
Amortisation			
At 1 January 2018	11,299	974	12,273
Impairment loss	(12,106)	-	(12,106)
Amortisation for year	808	199	1,007
At 31 December 2018	0	1,173	1,173
Net book value			
31 December 2018	3,533	410	3,943
1 January 2018	5,654	256	5,910

Software intangible assets include developments created by external development firms and include the following individual material items:

	2018	2017	2018	2017
	Remaining amortisation		Remaining amortisation	
	Years	Years	£000	£000
Insurance brokering systems	1	2	61	139
Telephone system	1	2	23	46
Website developments	1	2	10	27
Buy-on-line CDL and Access group HR software	2	-	52	-
Financial and management reporting systems	3	-	264	-

11. Tangible fixed assets

	Short-term leasehold improvements	Fixtures, fittings & equipment	Computer equipment	Total
Cost	£000	£000	£000	£000
At 1 January 2018	550	521	390	1,461
Additions	-	7	46	53
At 31 December 2018	550	528	436	1,514
Depreciation				
At 1 January 2018	85	157	270	512
Charge for year	55	104	78	237
At 31 December 2018	140	261	348	749
Net book value				
31 December 2018	410	267	88	765
1 January 2018	465	364	120	949
Leased assets included above				
Net book value				
31 December 2018	227	200	-	427
1 January 2018	262	241	-	503

Assets held under finance lease

The Company obtained finance lease and hire purchase finance to fund improvements to its new leasehold offices acquired under a short-term lease of 10 years. The Company considers the terms of these agreements to meet the definition of finance leases and are accounted for accordingly.

12. Fixed asset investments

	Shares in Group undertaking
Cost	£000
At 1 January 2018	7,200
Investment	1,950
At 31 December 2018	9,150
Impairment provision	
At 31 December 2018	(5,150)
Net book value	
At 31 December 2018	4,000
At 1 January 2018	7,200

The Company holds investments in the subsidiary undertakings listed below:

Name	Country of incorporation	Principal activity	Share holding	% owned 2018	% owned 2017
Mulsanne Holdings (Gibraltar) Limited	Gibraltar	Holding company	Ordinary	100	100
Mulsanne Insurance Company Limited[1]	Gibraltar	Insurance underwriter	Ordinary	100	100

[1]Indirectly owned through Mulsanne Holdings (Gibraltar) Limited.

The registered office address for companies incorporated in Gibraltar is Grand Ocean Plaza, Ocean Village, Gibraltar.

Subsidiary undertakings have not been consolidated by the Company as permitted by s.400 of the Companies Act 2006 as they are consolidated in the financial statements of Key Topco Limited.

13. Debtors

	2018 £000	2017 £000
Trade debtors	1,553	2,983
Trade debtors with instalment plans	32,157	36,520
Amounts owed by group undertakings	13,829	13,210
Other debtors	422	492
Deferred tax	-	343
Prepayments and accrued income	257	262
	48,218	53,810

Trade debtors are stated after provisions for impairment of £1,710,732 (2017: £2,405,000).

Amounts owed by fellow group undertakings consist of trade balances that are unsecured, interest free and are receivable in accordance with normal trading arrangements. Balances that arise from inter-group financing, receive interest at a variable rate of base rate + 6%, are unsecured and are recoverable on demand. At year-end 2018 there are £13.7m owed by holding company Key Bidco Limited.

Deferred tax asset

	£000	£000
1 January 2018 and 31 December 2018	-	343

Deferred tax balance consists of:	2018 £000	2017 £000
Provision for deferred tax comprises:		
Fixed assets timing differences	-	67
Short term timing differences - trading	-	46
Losses	-	230
	-	343

There is no expiry date on timing differences.

14. Cash at bank and in hand

	2018 £000	2017 £000
Bank balances	235	600
Insurance cash balances	1,855	1,236
	2,090	1,836

Monies relating to the payment of insurer premiums are held in separate bank accounts and are not used as part of the working capital of the business.

15. Creditors: Amounts falling due within one year

	2018	2017
	£000	£000
Trade creditors	4,985	6,027
Obligations under finance leases and hire purchase contracts	105	126
Loan financing for factored debts	32,157	36,520
Amounts owed to group undertakings	13,229	12,337
Other taxation and social security	433	825
Other creditors	27	(2,859)
Rounding	1	-
Accrued and deferred income	1,162	1,589
	52,099	54,565

Amounts owed to fellow group undertakings consist of trade balances that are unsecured, interest free and are payable in accordance with normal trading arrangements. On balances that arise from inter-group transactions interest is payable at a variable rate of base rate + 6%, are unsecured and are repayable on demand. At year-end 2018 there are £5.4m owed to Hyperformance Limited, £5.0m owed to holding company Key Midco Limited, and £2.5m loan owed to holding company Key Bidco Limited.

16. Creditors: Amounts due after more than one year

	2018	2017
	£000	£000
Obligations under finance leases and hire purchase contracts	76	182

Finance and hire purchase contracts

	£000	£000
Between one and two years	47	106
Between two and five years	30	76
	77	182
Within one year	105	126
	182	308

17. Provisions for liabilities

	Property dilapidations
	£000
1 January 2017 and 31 December 2017	350
Provision released	(250)
1 January 2018 and 31 December 2018	100

The Directors have reviewed the need to provide for property dilapidations on leasehold properties, where there is an obligation on the termination of the lease to make good the property and these obligations can be estimated with reasonable accuracy. In 2018, provision of £250k was released as a result of sale proceeds completed on Hampton Hill property. The business reviewed and decided to continue holding £100k provision on its main office building of Elmbrook House in Sunbury-on-Thames. The provision is considered sufficient to cover the obligation which the business has with its landlord should the lease end in June 2026 as outlined in the lease agreement.

18. Called up share capital and reserves

Allotted, called-up and fully paid

		2018	2017
Number	Description	£000	£000
14,232,562	Ordinary A shares of £1 each	14,233	14,233
1,919,344	Ordinary B shares of £1 each	1,919	1,919
		16,152	16,152

The A, B and C ordinary shares carry voting and distribution rights in the proportions of 78%, 12% and 10% respectively.

The profit and loss reserve represent cumulative profits or losses, net of dividends paid and other adjustments.

19. Commitments

Operating leases
Total future minimum lease payments under non-cancellable operating leases are as follows:

	2018	2017
Land and buildings	£000	£000
Expiring:		
Within one year	595	628
Between one and five years	1,992	2,115
After 5 years	1,193	1,670
	3,780	4,413
Other		
Expiring:		
Within one year	-	206
Between one and five years	-	117
	-	323

Financial
The group has contractual annual commitments under non-cancellable agreements expiring as follows:

	2018	2017
Expiring:	£000	£000
Within one year	423	310
Between one and five years	910	188
After 5 years	19	-
	1,352	498

20. Related party disclosures

The Company has taken advantage of the exemption, under the terms of Financial Reporting Standard 102, section 33.1A, not to disclose related party transactions with wholly owned subsidiaries within the Group.

21. Ultimate controlling party

Following the successful completion of the change of the ownership on 24 January 2020, the directors consider the ultimate controlling party of Key Topco Limited to be Ormiston Holdco Limited, a limited company registered in Jersey. Prior to the sale completion, the ultimate controlling party was Darwin Private Equity LLP, a limited liability partnership registered in England and Wales.

For the year ended 31 December 2018, the Company's ultimate parent company is Key Topco Limited and its immediate parent Company is Key Bidco Limited, both incorporated in England & Wales.

The largest and smallest group in which the results of Complete Cover Group Limited are consolidated is that headed by Key Topco Limited. The registered office address is the same for the largest and smallest group undertaking. Copies of the consolidated financial statements of Key Topco Limited may be obtained from Elmbrook House, 18-19 Station Road, Sunbury-on-Thames, Surrey, England, TW16 6SU.

22. Contingent liabilities and guarantees

The Royal Bank of Scotland plc had a fixed and floating charge over all property and assets of Key Topco Limited and its subsidiary companies, the Company and Hyperformance Ltd. Secured borrowings at 31 December 2018, amounted to £2,514,826 (2017: £2,114,826).

Close Brothers Limited trading as Close Brothers Premium Finance had a fixed and floating charge over all property and assets of Key Midco Limited and its subsidiary companies, Key Bidco Limited, Complete Cover Group Limited and Hyperformance Limited. This charge was subordinate to the fixed and floating charge held by The Royal Bank of Scotland and subordinate debt to Close Brothers Limited. Secured borrowings at 31 December 2018 amounted to £2,461,453 (2017: £2,585,744).

Guarantees had been given against the Company's assets in respect of the New Investor Loan Notes and New Manager Loan Notes issued by the Company's intermediate holding company, Key Midco Limited. These guarantees were subordinate to the fixed and floating charge held by The Royal Bank of Scotland.

The Company is a member of the Key Bidco Limited UK VAT group registration and as such has a joint and several liabilities for any VAT owed by Group to HM Revenue and Customs.

All the above loans were settled on 24 January 2020 by the Group ultimate controlling party, Ormiston Holdco Limited. The Company confirms nil loan and loan interest liabilities to the Royal Bank of Scotland and Close Brothers Limited after 24 January 2020.

23. Subsequent events

There have been New investor 50% loan notes of £1,350,000 issued in 2019 to the company's holding company, Key Midco Limited, which was used to fund working capital in the Company.

	2019
New investor 50% loan notes:	£000
29 January 2019	550
26 June 2019	500
26 July 2019	300
	1,350

On 24th January 2020, following the receipt of the necessary regulatory approvals, the Key Topco Group, of which the Company is a subsidiary, was acquired by a new holding company, Ormiston Holdco Limited from Darwin Private Equity. All new investor loans were written off on 24 January 2020 following the completion of the sale process, and all external, secured loans repaid.

On 6th May 2020, Key Bidco Limited has also raised an additional £1 million from Close Brothers in the form of a new Development Loan facility. This was agreed as part of wider renegotiation of the Group's strategic partnership with Close Brothers. A guarantee for the facility has been provided by Complete Cover Group Limited and Hyperformance Limited.

The Directors have considered the guidance of the UK Financial Reporting Council and events relating to the spread of coronavirus (Covid-19) and have treated this as a non-adjusting subsequent event in these financial statements (see Strategic report and Note 1 Basis of preparation for further details in relation to potential expected impact from scenarios). The Directors note that whilst a full range of potential expected scenarios have been considered, the full impact of Covid-19 cannot yet be estimated.

The Directors note while the Company is in an unaudited overall net asset position of £6.4 million at the end of March 2020 (2018: £6.7million), it is in a net current liability position with current liabilities exceeding current assets by £1.9 million at the end of March 2020 (2018: net current liability £1.8 million). In estimating the net asset position at March 2020, the Directors have considered any potential further impairment of the investment in Mulsanne Insurance Company Limited. Following a significant recapitalisation of Mulsanne Insurance Company Limited of £7 million in April 2020, the Directors consider there to be no indication of further impairment.