

# eDevelopment (2) Limited

## Report and Financial Statements

For the year ended 31 December 2018

Company Registration No. 07804781



**eDevelopment (2) Limited**  
**Report and audited financial statements**  
For the year ended 31 December 2018

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**Company information**

Company registration number: 07804781

Registered office: Lysander House  
Catbrain Lane  
Cribbs Causeway  
Bristol  
BS10 7TQ

Directors: A Banks  
E Bilney

Auditors: BDO LLP  
Registered Auditors and Chartered Accountants  
55 Baker Street  
London  
W1U 7EU

**eDevelopment (2) Limited**  
**Report and financial statements**  
For the year ended 31 December 2018

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**Contents**

**Page:**

<b>1</b>	<b>Directors' report</b>
<b>3</b>	<b>Independent auditor's report</b>
<b>6</b>	<b>Statement of comprehensive income</b>
<b>7</b>	<b>Statement of financial position</b>
<b>8</b>	<b>Statement of changes in equity</b>
<b>9</b>	<b>Statement of cash flow</b>
<b>10</b>	<b>Notes to the financial statements</b>

The directors present this report and the audited financial statements for the year to 31 December 2018.

eDevelopment (2) Limited ("the Company") is a limited company incorporated in England and Wales on 11 October 2011 (registered number: 07804781) and is a member of the Somerset Bridge Group Limited group ("the Group").

#### **Principal activity**

The Company's principal activity is that of a premium handling company for the underwritten premium of Southern Rock Insurance Company Limited.

#### **Business review**

In December 2018, EDevelopment2 Ltd purchased the rights to use the Go Skippy brand to market insurance policies from a related company, Rock Holdings Ltd, at its independently evaluated fair value of £20m. This has been capitalised and recorded as an intangible asset and will be amortised over its useful life of 102 months. These rights provide EDevelopment2 Ltd with a future royalty income stream from its sister company, Eldon Insurance Services Ltd, based on an arms length fee per policy. This income stream will accrue to EDevelopment2 from 1st January 2019 onwards. As part of the consideration for this intangible asset, EDevelopment2 assigned its loan agreement with Rock Holdings to Southern Rock Insurance Company. The loan is repayable in monthly instalments until February 2022 and bears interest at 4%.

EDevelopment2 Ltd was sold to a related party company, Somerset Bridge Group Limited, on 31st December 2018 at its independently assessed value. The Company is now part of the Somerset Bridge Group Ltd group of companies, headquartered in the UK.

#### **Future outlook**

The directors intend for the Company to continue its current operations for at least the next 12 months, although at a significantly reduced level in line with reduced premiums being written by Southern Rock Insurance Company. In 2018 and beyond, the Company has significantly reduced its operations and as such operational costs and income were both reduced.

#### **Directors**

The directors who served during the year and to the date of signing the accounts were:

A Banks  
E Bilney

#### **Strategic report exemption**

The directors have taken advantage of the small companies' exemption as defined under the Companies Act 2006 from the requirement to prepare a Strategic report.

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

The Group parent company, Somerset Bridge Group Limited ("SBG"), uses financial instruments such as cash, loans, debtors and creditors in order to finance the Company's operations. The existence of these instruments exposes the Company to financial risks which are detailed below.

##### ***Liquidity / cash flow risk***

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet its foreseeable needs and to invest cash assets safely and profitably. The Group as a whole monitors cash flow using sophisticated forecasting techniques to ensure that all liabilities are met when due.

##### ***Interest risk***

The Group monitors its banking facilities as required. Group monies are also monitored to minimise interest charges on overdrafts and to ensure cash balances are used to offset overdrafts.

##### ***Credit risk***

The principal credit risk for the Company arises from its debtors as part of its premium cash handling operations. In order to manage credit risk the directors have incorporated a range of credit control procedures to monitor debt levels and to ensure that any debts are collected as soon as reasonably possible.

#### Statement of directors' responsibilities

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

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

- Select suitable accounting policies and apply them consistently;
- Make judgements and 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;
- 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.

#### Provision of information to the auditor

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

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditor is aware of that information.

#### Auditors

The auditors are BDO LLP, who are eligible for re-appointment.

This report was approved by the Board and signed on its behalf by:

  
E Bilney  
Director

Date: 30 September 2019

**eDevelopment (2) Limited****Independent auditor's report to the member of eDevelopment (2) Limited**

For the year ended 31 December 2018

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We have audited the financial statements of E-Development (2) Limited (the 'company') for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash-Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of the company's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

**Other information**

The Directors are responsible for the other information. The other information comprises the information included in the report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, 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 this regard.

### **Opinion on other matters prescribed by the Companies Act 2006**

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

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

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

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

### **Responsibilities of Directors**

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

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

### **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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**eDevelopment (2) Limited**

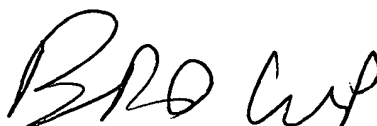
**Independent auditor's report to the member of eDevelopment (2) Limited (continued)**

For the year ended 31 December 2018

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**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.



**David Roberts (Senior statutory auditor)**

For and on behalf of BDO LLP, statutory auditor

London, United Kingdom

Date 30 September 2019

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



**eDevelopment (2) Limited**  
**Statement of comprehensive income**  
For the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Turnover	3	-	-
Administrative expenses		(13)	(23)
<b>Operating (loss)/profit</b>	4	<b>(13)</b>	<b>(23)</b>
Interest payable		1	(9)
Changes in fair value of investments		-	-
Loss on disposal of investments		-	(22)
<b>(Loss)/profit on ordinary activities before tax</b>		<b>(12)</b>	<b>(54)</b>
Tax on (loss)/profit on ordinary activities	6	-	10
<b>(Loss)/profit for the financial year, being total comprehensive income</b>		<b>(12)</b>	<b>(44)</b>

The notes on pages 10 to 14 are an integral part of these financial statements.

**eDevelopment (2) Limited**  
**Statement of financial position**  
As at 31 December 2018

		2018	2017
	Note	£'000	£'000
<b>Fixed assets</b>			
Intangible assets	7	20,290	
<b>Current assets</b>			
Debtors	8	2,220	26,655
Cash at bank		10	260
		<u>2,230</u>	<u>26,915</u>
<b>Creditors</b>			
Amounts falling due within one year	9	(7,917)	(26,697)
<b>Net current assets/(liabilities)</b>		<u>(5,687)</u>	<u>218</u>
<b>Total assets less net current (liabilities)/assets</b>		<u>14,603</u>	<u>218</u>
<b>Creditors:</b>			
Amounts falling due after one year	10	(14,397)	
<b>Net assets</b>		<u>206</u>	<u>218</u>
<b>Capital and reserves</b>			
Share capital	11		
Profit and loss account		206	218
<b>Shareholders' funds</b>		<u>206</u>	<u>218</u>

The notes on pages 10 to 14 are an integral part of these financial statements.

The financial statements were approved by the board of directors and were signed on its behalf by:

  
**E Bilney**  
Director

Date: 30 September 2019

Company registration number: 07804781

**eDevelopment (2) Limited**  
**Statement of changes in equity**  
For the year ended 31 December 2018

	Share capital £'000	Profit & loss account £'000	Total equity £'000
<b>At 1 January 2018</b>		<b>218</b>	<b>218</b>
<b>Comprehensive income for the year</b>			
Loss for the year		(12)	(12)
Other comprehensive income for the year			
<b>Total comprehensive income</b>		<b>(12)</b>	<b>(12)</b>
<b>Contributions by and distributions to owners</b>			
<b>As at 31 December 2018</b>		<b>206</b>	<b>206</b>

	Share capital £'000	Profit & loss account £'000	Total equity £'000
<b>At 1 January 2017</b>		<b>262</b>	<b>262</b>
<b>Comprehensive income for the year</b>			
Profit for the year		(44)	(44)
Other comprehensive income for the year			
<b>Total comprehensive income</b>		<b>(44)</b>	<b>(44)</b>
<b>Contributions by and distributions to owners</b>			
<b>As at 31 December 2017</b>		<b>218</b>	<b>218</b>

The notes on pages 10 to 14 are an integral part of these financial statements.

**eDevelopment (2) Limited**  
**Statement of cash flows**  
For the year ended 31 December 2018

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cash flow from operating activities</b>		
Profit before tax	(12)	(54)
<b>Adjustments for:</b>		
Interest received	1	-
Decrease/(increase) in debtors	4,145	3,838
Increase/(decrease) in creditors	(4,383)	(10,745)
Tax paid	-	10
<b>Cash generated from / (used in) operating activities</b>	<b>(249)</b>	<b>(6,951)</b>
<b>Cash flows from investing activities</b>		
Disposal of investments		1,176
Interest received	(1)	-
<b>Net cash from/(used in) investing activities</b>	<b>(1)</b>	<b>1,176</b>
<b>Cash flows from financing activities</b>		
Dividends paid to non-controlling interests		
Interest paid	-	-
<b>Net cash used in financing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(250)</b>	<b>(5,775)</b>
Cash and cash equivalents at the beginning of the year	260	6,035
<b>Cash and cash equivalents at the end of the year</b>	<b>10</b>	<b>260</b>

The notes on pages 10 to 14 are an integral part of these financial statements.

**1. General information**

eDevelopment (2) Limited ("the Company") is a limited company incorporated in England and Wales under the Companies Act. The address of the registered office is Lysander House Catbrain Lane, Cribbs Causeway, Bristol, BS10 7TQ.

**2. Accounting policies**

**2.1 Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with Section 1A of the Financial Reporting Standard 102 ("FRS 102 1A"), the Financial Reporting Standard applicable to smaller entities in the United Kingdom and the Republic of Ireland, and the Companies Act 2006.

**2.2 Going concern basis**

The directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. Accordingly, the going concern basis is used in preparing the financial statements.

**2.3 Critical accounting estimates and judgements in applying accounting policies**

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies; the directors do not consider there to be significant level of uncertainty in any estimate used in preparing these accounts.

There are no estimates and judgements that have a significant risk of causing material misstatement of the reported amounts of assets and liabilities or revenues and expenses.

**2.4 Income recognition**

The Company has no turnover.

**2.5 Intangible assets**

Intangible fixed assets are stated at cost less amortisation. Amortisation is provided on a straight line basis at rates calculated to expense the cost of each asset, less their estimated residual value, over the expected useful lives on the following basis:

Rights to royalty income	102 months
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**2.6 Financial instruments**

The Company enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities.

Financial assets are initially recognised at transaction price, unless the arrangement constitutes a financing transaction; therefore the transaction is measured at the present value of the future receipts discounted at market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets that are measured at cost and amortised cost are assessed for objective evidence of impairment. If evidence is found, an impairment loss is recognised in the income statement.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount the Company would receive for the asset if it were to be sold at the reporting date.

## 2.6 Financial instruments (continued)

Financial liabilities are initially recognised at transaction price, unless the arrangement constitutes a financing transaction; therefore the liability is measured at the present value of the future payments discounted at a market rate of interest.

Financial liabilities are derecognised when the contractual obligation is discharged, cancelled or expires.

Financial asset and liabilities are offset and the net amount reported in the Statement of financial position where there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

## 2.7 Taxation

Current tax which is payable or receivable on taxable profits or losses is recognised as an expense or credit in the period in which the profits or losses arise. The current income tax charge is calculated on the basis of the tax rates enacted or substantially enacted at the reporting date.

## 3. Turnover

Turnover in the prior years comprised cash handling fees arising in the United Kingdom. In 2017 and beyond, the Company has significantly reduced its operations and as such operational costs and income were both reduced, such that no turnover is recorded in 2017 and 2018.

## 4. Operating (loss)/profit

Operating (loss)/profit is stated after charging:

	2018 £'000	2017 £'000
Loss on disposal of investment		22
Fees paid to auditors:		
Audit fees	9	8
	<hr/>	<hr/>

## 5. Directors' emoluments

	2018 £'000	2017 £'000
Directors' emoluments		
	<hr/>	<hr/>

Other than directors, the Company has no employees. Staff who provide administrative services to the Company are employed by a related party and the cost of these services are recharged to the Company.

**eDevelopment (2) Limited**  
**Notes to the audited financial statements (continued)**  
For the year ended 31 December 2018

**6. Taxation**

	2018 £'000	2017 £'000
<b>Current tax</b>		
- UK corporation tax on profit on ordinary activities		(10)

The tax credit on the loss for the year is lower than would arise using the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018 £'000	2017 £'000
<b>Factors affecting the tax charge for the year:</b>		
(Loss)/profit before tax	(12)	(54)
(Loss)/profit before tax multiplied by the UK corporation tax rate	(2)	(10)
<b>Effects of:</b>		
- Adjustments in respect of prior periods	-	(10)
- Deferred tax not recognised	(7)	10
- Adjustments in respect of tax rate change	(1)	
- Group relief	10	
	(0)	(10)

**7. Intangible fixed assets**

	IPR asset £'000
<b>Cost</b>	
At 31 December 2018	20,290
<b>Amortisation</b>	
At 31 December 2018	
<b>Net Book Value</b>	
At 31 December 2018	20,290

**8. Debtors**

	2018 £'000	2017 £'000
Amounts owed by related parties (see note 12)	632	24,633
Trade debtors	1,588	2,012
Current tax		10
	2,220	26,655

Amounts owed by related parties are unsecured, interest free and repayable on demand.

**eDevelopment (2) Limited**  
**Notes to the audited financial statements (continued)**  
For the year ended 31 December 2018

**9. Creditors: Amounts falling due within one year**

	2018 £'000	2017 £'000
Amounts owed to related parties (see note 12)	7,908	26,688
Accruals and deferred income	9	9
	<u>7,917</u>	<u>26,697</u>

Amounts owed to related parties are unsecured, interest free and repayable on demand, except for £1.1m loan from Rock Holdings Limited that bears an annual interest of 4% and is repayable monthly in 12 equal instalments and £19.2m loan (of which £4.8m is included above) due to Southern Rock Insurance Company Limited with an interest of 4%, repayable until February 2022.

**10. Creditors: Amounts falling due after one year**

	2018 £'000	2017 £'000
Amounts owed to related parties (see note 12)	14,397	-
	<u>14,397</u>	<u>-</u>

Amounts owed to related parties include a loan of £19.2m payable in monthly instalments until February 2022 bearing interest at 4% disclosed as £4.8m due within 1 year and £14.4m due after one year.

**11. Share capital**

	2018 £'000	2017 £'000
<b>Allotted, called up and unpaid</b>		
1 ordinary share of £1 each	<u>-</u>	<u>-</u>

**12. Financial instruments**

	2018 £'000	2017 £'000
<b>Financial assets</b>		
Financial assets measured at amortised cost	2,229	26,905
Investments measured at fair value through profit and loss	<u>-</u>	<u>-</u>
	<u>2,229</u>	<u>26,905</u>
<b>Financial liabilities</b>		
Liabilities measured at amortised cost	<u>22,314</u>	<u>26,697</u>

**13. Related party transactions**

	2018 Income £'000	2018 Expense £'000	2017 Income £'000	2017 Expense £'000
<b>Transactions with related parties</b>				
Rock Services Limited	<u>-</u>	<u>(12)</u>	<u>-</u>	<u>(54)</u>
	<u>-</u>	<u>(12)</u>	<u>-</u>	<u>(54)</u>



**eDevelopment (2) Limited**  
**Notes to the audited financial statements (continued)**  
For the year ended 31 December 2018

**13. Related party transactions (continued)**

	2018 Receivable £'000	2018 Payable £'000	2018 Net £'000	2017 Net £'000
<b>Year end balances arising from transactions with related parties</b>				
<u>Group companies</u>				
Eldon Insurance Services Limited	632		632	2,737
Rock Services Limited		(12)	(12)	
	<u>632</u>	<u>(12)</u>	<u>621</u>	<u>2,737</u>
<u>Companies sharing key management</u>				
Rock Holdings Limited	(0)	(1,093)	(1,093)	21,896
Southern Rock Insurance Company Limited		(21,200)	(21,200)	(26,688)
	<u>(0)</u>	<u>(22,293)</u>	<u>(22,293)</u>	<u>(4,792)</u>

**14. Ultimate parent undertaking and controlling party**

The immediate and ultimate parent undertaking is Somerset Bridge Group Limited (incorporated in United Kingdom, December 2018). The registered address of Somerset Bridge Group Limited is Lysander House Catbrain Lane, Cribbs Causeway, Bristol, BS10 7TQ and the company number is 11737836.

The ultimate controlling party of Somerset Bridge Group Limited is A Banks by virtue of his majority shareholding.