Company Registration No: 10134039

Brolly UK Technology Limited

Financial Statements

For the period ended 31 December 2020

Direct Line Group Company Secretariat
Churchill Court
Westmoreland Road
Bromley
BR1 1DP

Financial statements

Contents

Officers and professional advisers

Directors:	K A Chilvers
	R C Clifton
	M P Evans
	P C Hugh
	H C O'Murchu
	H M Tomlinson
Company Secretary:	R C Clifton
Registered office:	Churchill Court
	Westmoreland Road
	Bromley
	BR1 1DP
Company registration:	Registered in England and Wales

Directors' report

For the period ended 31 December 2020

The Directors present the unaudited financial statements for the period ended 31 December 2020.

Directors and Secretary

The present Directors and Company Secretary are listed on page 2.

From 31 January 2020 to date, the following changes have taken place:

Director	Appointed
K A Chilvers	15 September 2020
R C Clifton	15 September 2020
M P Evans	15 September 2020
H C O'Murchu	15 September 2020
H M Tomlinson	15 September 2020

Secretary	Appointed
R C Clifton	15 September 2020

Activities and business review

Activities

The principal activities of Brolly UK Technology Limited ("the Company") continued to be the development of software, however the Company ceased trading immediately prior to its acquisition by DL Insurance Services Limited. In the future, the Directors may consider, if thought appropriate, to liquidate and/or dissolve the Company.

The Company became a subsidiary of DL Insurance Services Limited on 15 September 2020. The Company's ultimate parent company is Direct Line Insurance Group plc ("DLIG") and is a member of the Direct Line Group ("the Group").

The Company has internally generated intangible assets which are not recognised on the balance sheet. These intangible assets are in connection with registered and unregistered intellectual property in relation to a policy administration management platform and a digital app-based customer product interface.

Review of the year

Business review

The Company ceased trading in the period immediately prior its acquisition by DL Insurance Services Limited on 15 September 2020.

Financial performance

The Company's financial performance is presented in the statement of comprehensive income on page 5.

For the 11-month period ended 31 December 2020, revenue decreased by £1,443 to £2,606 (9-month period to 31 January 2020: £4,049) and administrative expenses decreased by £157,722 to £263,225 (9-month period to 31 January 2020: £420,947). This was due to the cessation of trade immediately prior to the acquisition of the Company. The total comprehensive loss for the 11-month period decreased by £307,824 to £109,066 (9-month period to 31 January 2020: comprehensive loss of £416,890) due to a corporation tax research and development credit received in the period.

At 31 December 2020, the balance sheet reflected total assets of £850 (31 January 2020: £66,241). Total equity was £(49,883) (31 January 2020: £(563,649)).

The Directors do not recommend the payment of a dividend for the 11-month period ending 31 December 2020 (9-month period ending 31 January 2020: £nil).

Presentation of financial statements

The primary financial statements are presented in accordance with Company law requirements. In addition, the Company has taken advantage of several disclosure exemptions available under Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101").

Outlook

The Company ceased trading in the period. In the future, the Directors may consider, if thought appropriate, to liquidate and/or dissolve the Company.

Directors' report

For the period ended 31 December 2020

Going concern

The Company ceased trading immediately prior to its acquisition by DL Insurance Services Limited. These financial statements have been prepared on a basis other than that of a going concern. The basis of preparation is referred to further in note 1.

Audit

For the period ended 31 December 2020 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework', and applicable law. Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company at the end of the period and the profit or loss of the Company for the financial period. In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom standards, comprising FRS 101 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, the Company's financial position at any time; and enable them to ensure the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the Company's assets and, hence, taking reasonable steps to prevent and detect fraud and other irregularities.

Approved by the Board of Directors on 24 September 2021 and signed on its behalf by:

H C O' Murchu
Director

Statement of comprehensive income

For the period ended 31 December 2020

	Notes	**31/12/2020 (11 months)** £	31/01/2020 (9 months) £
Revenue		**2,606**	4,049
Other income	2	**151,545**	–
Administrative expenses	3	**(263,225)**	(420,947)
Operating loss		**(109,074)**	(416,898)
Investment return		**8**	8
Loss and total comprehensive loss for the period		**(109,066)**	(416,890)

There were no items of other comprehensive income in the period, therefore no separate statement of comprehensive income is required.

The accompanying notes on pages 8 to 12 form an integral part of these financial statements.

Balance sheet

As at 31 December 2020

	Notes	31/12/2020 £	31/01/2020 £
Assets			
Property, plant and equipment	5	–	6,837
Trade and other receivables		–	82
Cash and cash equivalents		**850**	59,322
Total assets		**850**	66,241
Equity		**(49,883)**	(563,649)
Liabilities			
Financial instruments	6	–	620,000
Trade and other payables	7	**50,733**	9,890
Total liabilities		**50,733**	629,890
Total equity and liabilities		**850**	66,241

For the 11-month period ending 31 December 2020 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- the members have not required the Company to obtain an audit of its accounts for the period in question in accordance with section 476; and
- the Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The accompanying notes on pages 8 to 12 form an integral part of these financial statements.

Approved by the Board of Directors on 24 September 2021 and signed on its behalf by:

H C O' Murchu
Director

Statement of changes in equity

For the period ended 31 December 2020

	Share capital £	Share premium £	Retained earnings £	Total equity £
Balance at 1 May 2019	98	1,019,847	(1,312,704)	(292,759)
Total comprehensive loss for the period	–	–	(416,890)	(416,890)
Shares issued	3	145,997	–	146,000
Balance at 31 January 2020	101	1,165,844	(1,729,594)	(563,649)
Total comprehensive loss for the period	–	–	(109,066)	(109,066)
Shares issued	38	622,794	–	622,832
Balance at 31 December 2020	**139**	**1,788,638**	**(1,838,660)**	**(49,883)**

The accompanying notes on pages 8 to 12 form an integral part of these financial statements.

Notes to the financial statements

For the period ended 31 December 2020

1. Accounting policies

1.1 Basis of preparation
The Company's financial statements are prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101"). This is the first period of adoption of FRS 101 having previously prepared its financial statements in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ("FRS102"). No transitional adjustments to the financial position of the Company were required at the date of transition of 1 May 2019; there are no differences between the Company's FRS 102 and FRS 101 accounting policies. The financial statements are prepared on a basis other than that of a going concern.

The Company is incorporated and domiciled in the UK and registered in England and Wales. The Company is limited by shares.

The Company's financial statements are presented in sterling which is the functional and presentational currency of the Company.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of effective International Financial Reporting Standards ("IFRS") as adopted by the EU on 31 December 2020 and by the UK's Government Department of Business, Energy and Industrial Strategy ("BEIS") in 2021 but makes amendments where necessary to comply with Companies Act 2006.

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

- FRS 101.8 (d): the requirements of IFRS 7 'Financial Instruments: Disclosures' requirement to make disclosures about financial instruments;
- FRS 101.8 (eA): the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 'Revenue from contracts with customers';
- FRS 101.8 (g): the requirements of paragraphs 10(d), 16, 38A, 38B, 38C, 38D, 111 and 134 to 136 of IAS 1 'Presentation of Financial Statements' to produce a cash flow statement, and to make an explicit and unreserved statement of compliance with IFRSs, additional comparative information and capital management information;
- FRS 101.8 (h): the requirements of IAS 7 'Statements of Cash Flows' to produce a cash flow statement and related notes;
- FRS 101.8 (i): the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' to include a list of new IFRSs that have been issued but that have yet to be applied;
- FRS 101.8 (j): the requirements of paragraphs 17 and 18A of IAS 24 'Related Party Disclosures'; and
- FRS 101.8 (k): the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary party to the transaction is wholly owned by such a member.

These financial statements have been prepared on a basis other than that of a going concern. They are prepared on a break-up basis which is not materially different from the historical cost basis.

Adoption of new and revised standards

The Company has adopted the following new amendments to IFRSs and International Accounting Standards ("IASs") that became mandatorily effective for the Group for the first time during 2020.

None of these amendments require changes to existing accounting policies.

Amendment to IFRS 16 'Leases Covid-19 – Related Rent Concessions' permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the Covid-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications.

'Amendments to References to the Conceptual Framework in IFRS Standards' amends some references to previous versions of the Conceptual Framework in IFRS Standards and their accompanying documents and IFRS Practice Statements.

Amendments to IFRS 3 'Business Combinations' narrows and clarifies the definition of a business. They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business.

Amendments to IAS 1 and IAS 8: 'Definition of Material' clarifies and aligns the definition of 'material' and provides guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

1.2 Revenue recognition

Commission income

Commission fee income in respect of services is recognised at a point in time on satisfaction of related performance obligations. Income is stated excluding applicable sales taxes.

1.3 Other income

Grant income

Grant income is recognised over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Grant income is recognised in other income in the statement of comprehensive income and is not deducted from the related expense.

Research and development expenditure credit

Research and development expenditure credits are recognised over the periods in which the Company recognises as expenses the related costs for which the credits are intended to compensate. Research and development expenditure credits are recognised in other income in the statement of comprehensive income.

1.4 Financial assets

The classification of financial assets at initial recognition and subsequent measurement depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. A financial asset is written off when there is no reasonable expectation of recovery.

The Company only holds assets that are classified as held at amortised cost which are initially recognised at fair value plus directly related transaction costs. They are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

Impairment of financial assets

At initial recognition an expected credit loss allowance assessment is conducted with an impairment loss booked if material. The expected loss allowance for financial assets is based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the credit quality and history of the financial asset or group of financial assets, as well existing market conditions and forward-looking expectations.

At each balance sheet date, the Company assesses, on a forward-looking basis, whether there is objective evidence that an impairment loss on a financial asset or group of financial assets classified as held at amortised cost is expected. The Company measures the amount of the loss as the difference between the carrying amount of the asset or group of assets including an allowance for expected losses at initial recognition, and the present value of estimate future cash flows from the asset or group of assets, discounted at the effective interest rate of the instrument at initial recognition.

The Company applies the simplified impairment approach to its trade receivables, grouping receivables into categories with shared credit risk characteristics and estimating expected future loss rates based on historical experience.

Impairment losses, including the expected credit allowance, are recognised in the statement of comprehensive income and the carrying amount of the financial asset or group of financial assets is reduced by establishing an allowance for the impairment losses. If in a subsequent period the amount of the expected impairment allowance reduces and this can be ascribed to an event after the impairment was recognised, the previously recognised loss is reversed by adjusting the allowance.

Derecognition of financial assets

A financial asset is derecognised when the rights to receive the cash flows from that asset have expired or when the Company has transferred its rights to receive cash flows from the asset and has transferred substantially all the risk and rewards of ownership of the asset.

1.5 Property, plant and equipment

Property, plant and equipment is measured at cost less accumulative depreciation and any accumulative impairment losses. Depreciation is provided on all property, plant and equipment, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Office equipment	over 3 years

1.6 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits with banks together with short-term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of change in value.

Notes to the financial statements

For the period ended 31 December 2020

1.7 Financial liabilities
Financial liabilities include other payables which are initially recognised at fair value net of transaction costs incurred and subsequently measured at amortised cost using the effective interest method. A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expires.

1.8 Taxation
The tax charge or credit represents the portion of the tax payable and receivable arising in the current year only.

The current tax charge is based on the taxable profits for the period as determined in accordance with the relevant tax legislation, after any adjustments in respect of prior periods. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible.

Provision for taxation is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date and is charged or credited to the statement of comprehensive income.

2. Other income

	31/12/2020 (11 months) £	31/01/2020 (9 months) £
Grant	**10,000**	–
Research and development expenditure credit	**141,545**	–
Total	**151,545**	–

3. Administrative expenses

	31/12/2020 (11 months) £	31/01/2020 (9 months) £
Staff costs	**74,241**	177,382
Directors' salaries	**30,404**	45,000
Other administrative expenses	**158,580**	198,565
Total	**263,225**	420,947

Staff costs, number of employees and Directors' emoluments
Following the Company becoming a subsidiary of DL Insurance Services Limited, all staff and the Director became employees of DL Insurance Services Limited, the financial statements for which contain full disclosure of employee benefit expenses incurred in the period including pensions. At 31 December 2020 the Company has no employees.

Emoluments above relate to payments to one Director who was actively engaged in the day to day management of the Company prior to its acquisition by DL Insurance Services Limited. Post-acquisition, the services provided by the Directors of the Company are non-executive in nature and it is not appropriate to allocate their emoluments in respect of services to the Company.

4. Taxation

	31/12/2020 (11 months) £	31/01/2020 (9 months) £
Current taxation:		
Charge for the year	–	–
Deferred taxation:		
Charge for the year	–	–
Current taxation	–	–
Deferred taxation	–	–
Tax charge for the year	–	–

Notes to the financial statements

For the period ended 31 December 2020

4. Taxation continued

The following table analyses the difference between the actual income tax charge and the expected income tax charge computed by applying the standard rate of UK corporation tax of 19% as shown below:

	31/12/2020 (11 months) £	31/01/2020 (9 months) £
Loss before tax	**(109,066)**	(416,890)
Expected tax charge	**(20,723)**	(79,209)
Effects of:		
Credit for tax losses not recognised	**43,749**	128,171
Disallowable expenses	**5,446**	948
Non-taxable items	**(26,893)**	(50,347)
Deferred tax asset not recognised	**(1,579)**	437
Tax charge for the year	**–**	–
Effective income tax rate	**0.0%**	0.0%

5. Property, plant and equipment

	Office equipment £
Cost	
At 1 May 2019	32,728
Additions	3,258
At 31 January 2020	35,986
Disposals	**(35,986)**
At 31 December 2020	–
Accumulated depreciation	
At 1 May 2019	21,202
Charge for the period	7,947
At 31 January 2020	29,149
Disposals	**(29,149)**
At 31 December 2020	–
Carrying amount	
At 31 December 2020	–
At 31 January 2020	6,837

6. Financial instruments

	31/12/2020 £	31/01/2020 £
Convertible loan notes	–	620,000
Total	–	620,000

On 12 February 2020 the convertible loan notes were converted into 2,389,709 ordinary shares with a nominal value of £0.00001 per share following a written resolution signed by the sole Director of the Company.

Notes to the financial statements

For the period ended 31 December 2020

7. Trade and other payables

	31/12/2020 £	31/01/2020 £
Payables due to related parties	**50,733**	–
Trade payables	–	297
Other taxes and social security costs	–	9,593
Total	**50,733**	9,890

All trade and other payables are due within one year.

8. Share capital

	31/12/2020 £	31/01/2020 £
Issued and fully paid: equity shares		
9,324,351 Ordinary Shares of £0.00001 each[1]	**93**	68
800,000 A Ordinary Shares of £0.00001 each	**8**	8
1,240,000 B Ordinary Shares of £0.00001 each	**12**	–
2,570,184 Series Seed Preferred Shares of £0.00001 each	**26**	26
Total	**139**	102

Note:

1. At 31 January 2020 there were 6,769,073 Ordinary Shares of £0.00001 each.

On 15 September 2020 DL Insurance Services Limited acquired 100% of the issued share capital of Brolly UK Technology Limited. The Company is a member of the Direct Line Group headed by Direct Line Insurance Group plc.

Rights
The rights attaching to the share capital of the Company are as follows:

Dividends
Ordinary Shares, A Ordinary Shares and the Series Seed Preferred Shares shall be entitled to the profit of the Company which it may from time to time determine to distribute in respect of any financial year or other period.

Voting rights
Ordinary Shares, A Ordinary Shares and the Series Seed Preferred Shares are the only shares that entitle the holder thereof to receive notice of and to attend and to vote at general meetings of the Company.

Winding up
On a return of the assets or liquidation, the assets, if any, remaining after the debts and liabilities of the Company and the costs of winding up have been paid or allowed for shall be applied:

- first to holders of Series Seed Preferred Shares and A Ordinary Shares the amounts paid upon such shares;
- next to holders of Ordinary Shares the amounts paid up on such shares; and
- next to holders of B Ordinary Shares the amounts paid upon such shares.

The balance of such surplus assets shall belong to holders of Ordinary Shares.