

Company Registration No. 09408621 (England and Wales)

COVER GENIUS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

TUESDAY



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COMPANIES HOUSE

COVER GENIUS LIMITED

COMPANY INFORMATION

Directors	Mr A Sutcliffe Mr G J Dean
Company number	09408621
Registered office	Unit 6 4 Ravey Street London EC2A 4QP
Auditor	Carter Backer Winter LLP 66 Prescott Street London E1 8NN

COVER GENIUS LIMITED

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COVER GENIUS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2018

The directors present their annual report and financial statements for the year ended 30 June 2018.

Results and dividends

The results for the year are set out on page 5.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

No preference dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr A Sutcliffe

Mr G J Dean

Supplier payment policy

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Trade creditors of the company at the year end were equivalent to 0 day's purchases, based on the average daily amount invoiced by suppliers during the year.

Auditor

Carter Backer Winter LLP were appointed as auditor to the company for the year ended 30 June 2018. The company is in conversation with another auditor firm to audit next year.

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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.

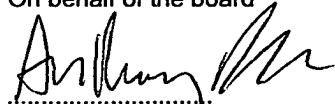
COVER GENIUS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mr A Sutcliffe

Director

Date: 19/7/2019

COVER GENIUS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COVER GENIUS LIMITED

Opinion

We have audited the financial statements of Cover Genius Limited (the 'company') for the year ended 30 June 2018 which comprise the income statement, 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 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 this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

COVER GENIUS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF COVER GENIUS LIMITED

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 directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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.

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.

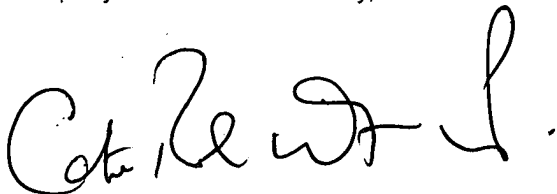
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company 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 Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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.



Paul Woosey (Senior Statutory Auditor)
for and on behalf of Carter Backer Winter LLP

22 July 2019

Chartered Accountants
Statutory Auditor

66 Prescott Street
London
E1 8NN

COVER GENIUS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

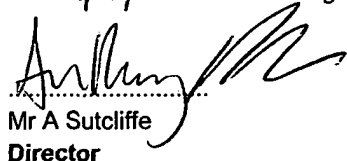
		2018	2017
	Notes	£	as restated £
Commissions Received	3	1,599,878	566,100
Gross Profit		1,599,878	566,100
Distribution costs		-	(18,079)
Administrative expenses		(597,670)	(355,499)
Operating profit	4	1,002,208	192,522
Investment revenues	8	-	21,750
Finance costs	9	(1,044)	(2,557)
Profit before taxation		1,001,164	211,715
Income tax expense	10	(191,564)	(43,763)
Profit and total comprehensive income for the year	17	809,600	167,952

The income statement has been prepared on the basis that all operations are continuing operations.

COVER GENIUS LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 30 JUNE 2018**

	Notes	2018 £	2017 £	2016 £
Non-current assets				
Intangible assets	10	14,181	6,000	-
Property, plant and equipment	11	2,257	-	-
		<u>16,438</u>	<u>6,000</u>	<u>-</u>
Current assets				
Trade and other receivables	12	674,722	584,957	186,769
Cash and cash equivalents		3,105,590	1,600,907	404,625
		<u>3,780,312</u>	<u>2,185,864</u>	<u>-</u>
Total assets		<u>3,796,750</u>	<u>2,191,864</u>	<u>591,394</u>
Current liabilities				
Trade and other payables	14	2,587,350	1,942,003	541,793
Current tax liabilities		192,022	42,083	9,775
		<u>2,779,372</u>	<u>1,984,086</u>	<u>551,568</u>
Net current assets		<u>1,000,940</u>	<u>201,778</u>	<u>39,826</u>
Total liabilities		<u>2,779,372</u>	<u>1,984,086</u>	<u>551,568</u>
Net assets		<u>1,017,378</u>	<u>207,778</u>	<u>39,826</u>
Equity				
Called up share capital	15	1,000	1,000	1,000
Retained earnings	16	1,016,378	206,778	38,826
Total equity		<u>1,017,378</u>	<u>207,778</u>	<u>39,826</u>

The financial statements were approved by the board of directors and authorised for issue on 19/7/2018 and are signed on its behalf by:


Mr A Sutcliffe
Director

Company Registration No. 09408621

COVER GENIUS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Share capital £	Retained earnings £	Total £
Balance at 1 July 2016	1,000	38,826	39,826
Year ended 30 June 2017:			
Profit and total comprehensive income for the year	-	167,952	167,952
Balance at 30 June 2017	1,000	206,778	207,778
Year ended 30 June 2018:			
Profit and total comprehensive income for the year	-	809,600	809,600
Balance at 30 June 2018	1,000	1,016,378	1,017,378

COVER GENIUS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	21	1,562,880		1,194,544	
Interest paid		(1,044)		(2,557)	
Tax paid		(41,625)		(11,455)	
Net cash inflow from operating activities		1,520,211		1,180,532	
Investing activities					
Purchase of intangible assets		(12,990)		(6,000)	
Purchase of property, plant and equipment		(2,538)		-	
Interest received		-		21,750	
Net cash (used in)/generated from investing activities		(15,528)		15,750	
Net cash used in financing activities		-		-	
Net increase in cash and cash equivalents		1,504,683		1,196,282	
Cash and cash equivalents at beginning of year		1,600,907		404,625	
Cash and cash equivalents at end of year		3,105,590		1,600,907	

COVER GENIUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1 Accounting policies

Company information

Cover Genius Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 6, 4 Ravey Street, London, EC2A 4QP.

1.1 Accounting convention

The company has adopted International Financial Reporting Standards (FRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated) for the accounting period 30 June 2018. The comparative period has been restarted for the year ended 30 June 2017 as required.

With the transition from FRS 102 to IFRs this would normally have resulted in a change of timings on to the reporting of commission income and a change in accounting policy. However, the policy for recognising commission income in previous years was based on IFRS recognition criteria and not FRS 102 and therefore the transition has resulted in no change to the timings of income recognition. There were no other changes to the accounts that need to be disclosed in the transition from FRS102 to IFRS.

The financial statements have been prepared on the historical cost basis.

COVER GENIUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

1 Accounting policies

(Continued)

New standards not yet adopted by the company

Certain new accounting standards and interpretations have been published that are not effective for the year ended 30 June 2018, and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

IFRS 15, Revenue from Contracts with Customers (effective date 1 January 2018), establishes the principles an entity applies when reporting information about the nature, amount, timing and uncertainty of revenue and cashflows from a contract with a customer. It follows a five-step model that involves identifying the contract with the customer, identifying the performance obligations in the contract and determining the transaction price. The standard replaces IAS 18 'Revenue', and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018, and whilst earlier application is permitted, the Company will implement IFRS 15 from 1 July 2019.

The company is performing an assessment of requirements of IFRS 15 and how these differ from IAS 18 and concluded that there may be differences between the two models, which the company is currently quantifying.

IFRS 9, Financial Instruments (effective date 1 January 2018), specifies how an entity should classify and measure financial assets and liabilities. It requires the Company to recognise a financial asset or liability in its statement of financial position when it becomes party to the contractual provisions of the instrument. The standard largely replaces the existing requirements in AIS 39 for the classification and measurement of financial liabilities. Due to the nature of the assets and liabilities held by Cover Genius Limited, there will be no impact on the classification of financial assets or liabilities.

IFRS 9 also replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. Under IFRS 9, credit losses are recognised earlier than under IAS 39. IFRS 9 requires the company to recognise an allowance for all ECLs for all debt instruments not held at fair value through the Statement of Comprehensive Income. The Company's impairment losses for financial assets are not significantly different under the IFRS 9 ECL model.

The only financial instruments held under IFRS 9 are intercompany receivables from fellow group companies, and a small trade receivables balance. There has been no history of write off of these assets and the expected losses on these balances are nil as ongoing support is provided by the parent company.

IFRS 16, Leases (effective date 1 January 2019), addresses the definition of a lease, recognition and measurement of leases, and it establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on the Statement of Financial Position for lessees. The standard replaces IAS 17, 'Leases', and related interpretations. The standard is effective for periods beginning on or after 1 January 2019. Earlier application is permitted.

Based on the current information available on leases, the company expects to recognise right of use assets of £288,000.

The accounting policies set out below have been applied consistently to all periods, presented in these financial statements. Judgements made by the directors, in application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

COVER GENIUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

1 Accounting policies

(Continued)

1.3 Revenue

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Group and specific criteria relating to the type of revenue as noted below, has been satisfied.

Sale of waiver products

Income is recognised as revenue over the period of waiver coverage. Deferred waiver revenue represents the portion that applies to the unexpired terms.

Commission Revenue

Income is earned from the distribution of insurance products over the Cover Genius 'API' platform which are underwritten by parties outside of the Group. Revenue from the sale of such products are recorded when consideration is received or receivable. Revenue derived from commission is presented net of partner payments and underwriting fees paid or payable.

1.4 Intangible assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost or value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

- Development costs - 3 years straight line

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computers

3 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.6 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

COVER GENIUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The resulting calculations under IFRS 13 affected the principles that the Company uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. IFRS 13 mainly impacts the disclosures of the Company. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

COVER GENIUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.10 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

COVER GENIUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

1 Accounting policies

(Continued)

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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.

There are no estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

COVER GENIUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

3 Revenue

	2018 £	2017 £
Revenue analysed by class of business		
Gross written premiums	25,394,468	6,054,664
Underwriters and business partner costs	(23,794,590)	(5,488,564)
	<u>1,599,878</u>	<u>566,100</u>

The Company has developed a platform ('API') to distribute rental car insurance and waiver products. Given Cover Genius is not the underwriter of these insurance products, revenue is only recognised on the net commission which is calculated as the net difference between the gross written premium, underwriting fees and partner payments.

4 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(43,363)	(15,722)
Fees payable to the company's auditor for the audit of the company's financial statements	29,500	-
Depreciation of property, plant and equipment	281	-
Amortisation of intangible assets	4,809	-
	<u></u>	<u></u>

5 Auditor's remuneration

	2018 £	2017 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	29,500	-
	<u></u>	<u></u>

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was: 9 (2017: 8)

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	354,245	250,223
Social security costs	39,318	26,590
	<u>393,563</u>	<u>276,813</u>

COVER GENIUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

7 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	106,000	-

8 Investment income

	2018 £	2017 £
Interest income		
Other interest income	-	21,750

9 Finance costs

	2018 £	2017 £
Interest on bank overdrafts and loans	1,044	2,557

10 Income tax expense

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	191,564	43,763

The charge for the year can be reconciled to the profit per the income statement as follows:

	2018 £	2017 £
Profit before taxation	1,001,164	211,715
Expected tax charge based on a corporation tax rate of 19.00%	190,221	41,814
Effect of expenses not deductible in determining taxable profit	858	-
Permanent capital allowances in excess of depreciation	485	-
Deferred tax adjustments in respect of prior years	-	1,949
Taxation charge for the year	191,564	43,763

COVER GENIUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

11 Intangible assets

	Development costs £
Cost	
Additions	6,000
At 30 June 2017	6,000
Additions - purchased	12,990
At 30 June 2018	18,990
Amortisation and impairment	
Charge for the year	4,809
At 30 June 2018	4,809
Carrying amount	
At 30 June 2018	14,181
At 30 June 2017	6,000

12 Property, plant and equipment

	Computers £
Cost	
Additions	2,538
At 30 June 2018	2,538
Accumulated depreciation and impairment	
Charge for the year	281
At 30 June 2018	281
Carrying amount	
At 30 June 2018	2,257

COVER GENIUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

13 Trade and other receivables

	Current 2018 £	2017 £
Trade receivables	89,536	39,209
Other receivables	7,140	3,360
Amount due from parent undertaking	41,705	384,945
Amounts due from fellow group undertakings	188,176	-
Prepayments	348,165	157,443
	<u>674,722</u>	<u>584,957</u>

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

14 Trade receivables - credit risk

Fair value of trade receivables

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

No significant receivable balances are impaired at the reporting end date.

15 Trade and other payables

	Current 2018 £	2017 £
Trade payables	8,715	5,518
Amounts due to fellow group undertakings	-	37,040
Accruals	2,554,372	1,884,567
Social security and other taxation	19,562	3,747
Other payables	4,701	11,131
	<u>2,587,350</u>	<u>1,942,003</u>

16 Share capital

	2018 £	2017 £
Ordinary share capital		
<i>Issued and fully paid</i>		
1,000 Ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

COVER GENIUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

17 Retained earnings

	2018 £	2017 £
At the beginning of the year	206,778	38,826
Profit for the year	809,600	167,952
At the end of the year	<u>1,016,378</u>	<u>206,778</u>

18 Capital risk management

The company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the equity balance,

The capital structure of the company consists of cash and cash equivalents and equity comprising share capital, reserves and retained earnings. The company reviews the capital structure annually and as part of this review considers that cost of capital and the risks associated with each class of capital.

The company is subject to externally imposed capital requirements of £1,004,899, determined as the higher of £10,000 and 5% of Gross Waiver Premium. The capital at year end is £1,017,378, showing that the capital requirements to which the company is subject have been complied with in the period.

19 Related party transactions

Included within the net commission revenues includes a management charge of £847,276 (2017: £356,108) paid to the parent company.

At the year end, included within debtors was £41,705 (2017: £384,945) owed from the parent company, and £188,176 (2017: £37,040 credit balance) owed from fellow group companies.

20 Controlling party

The parent company of Cover Genius Limited is Cover Genius Pty Ltd and its registered office is 9 Barrack Street, Sydney, NSW 2000, Australia.

COVER GENIUS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2018

21 Cash generated from operations ^f

	2018 £	2017 £
Profit for the year after tax	809,600	167,952
Adjustments for:		
Taxation charged	191,564	43,763
Finance costs	1,044	2,557
Investment income	-	(21,750)
Amortisation and impairment of intangible assets	4,809	-
Depreciation and impairment of property, plant and equipment	281	-
Movements in working capital:		
Increase in trade and other receivables	(89,765)	(398,188)
Increase in trade and other payables	645,347	1,400,210
Cash generated from operations	<u>1,562,880</u>	<u>1,194,544</u>