Company Registration No. 03492137 (England and Wales)

PULSE INSURANCE LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

PULSE INSURANCE LIMITED

COMPANY INFORMATION

Directors	T McLusky	
	D Boyles	
	A Pilcher	
	P Sandilands	
	J Balsom	(Appointed 1 November 2018)
Company number	03492137	
Registered office	6 Oxford Court St James Road Brackley Northamptonshire NN13 7XY	
Auditor	BDO LLP 150 Aldersgate Street London EC1A 4AB	
Accountants	Ellacotts LLP Countrywide House 23 West Bar Banbury Oxfordshire OX16 9SA	
Bankers	Barclays Bank Plc 10 South Street Dorchester Dorset DT1 1BT	
	Allied Irish Banks Plc Bankcentre Branch Ballsbridge Dublin 4 Eire	
	Ulster Bank 33 College Green Dublin 2 Dublin	(Closed 02/10/18)
Solicitors	Holman Fenwick Willan LLP Friary Court 65 Crutched Friars London EC2N 2AE	

PULSE INSURANCE LIMITED

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DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and financial statements for the year ended 31 December 2018.

Principal activities
The principal activity of the company continued to be that of broking insurance.

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

T McLusky
D Boyles
A Pilcher
P Sandilands
J Balsom (Appointed 1 November 2018)

Auditor
On 1 February 2019 Moore Stephens LLP merged its business with BDO LLP. As a result, Moore Stephens LLP has resigned as auditor and the Directors have appointed BDO LLP as auditor in their place.

BDO LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

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.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

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T McLusky
Director
Date: 31st July 2019

PULSE INSURANCE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PULSE INSURANCE LIMITED

Opinion

We have audited the financial statements of Pulse Insurance Limited (the 'company') for the year ended 31 December 2018 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity 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 FRS 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 its loss 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 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF PULSE INSURANCE 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; 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' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, set out on page 1, 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.

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.

Alexander Barnes

Alexander Barnes (Senior Statutory Auditor)
for and on behalf of BDO LLP
150 Aldersgate Street
London
EC1A 4AB

Date: 7th August 2019

PULSE INSURANCE LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Year ended 31 December 2018 £	Year ended 31 December 2017 as restated £
Turnover		476,960	382,210
Administrative expenses		(645,200)	(488,602)
Operating loss		(168,240)	(106,392)
Interest receivable and similar income		538	266
Interest payable and similar expenses		(1,511)	(854)
Loss before taxation		(169,213)	(106,980)
Tax on loss		27,135	(23,324)
Loss for the financial year		(142,078)	(130,304)

PULSE INSURANCE LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	2018 £	2017 as restated £	2017 as restated £
Fixed assets					
Intangible assets	5		48,932		33,134
Tangible assets	6		4,518		5,194
			53,450		38,328
Current assets					
Debtors falling due after more than one year	7	662,905		701,275	
Debtors falling due within one year	7	288,331		281,465	
Cash at bank and in hand		82,405		38,675	
		1,033,641		1,021,415	
Creditors: amounts falling due within one year	8	(60,980)		(56,579)	
Net current assets			972,661		964,836
Total assets less current liabilities			1,026,111		1,003,164
Creditors: amounts falling due after more than one year	9		(11,030)		(22,251)
Provisions for liabilities	10		(763,855)		(730,427)
Net assets			251,226		250,486
Capital and reserves					
Called up share capital	12		131,962		55,179
Share premium account			76,131		10,096
Profit and loss reserves			43,133		185,211
Total equity			251,226		250,486

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 21st July 2019 and are signed on its behalf by:

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T McLusky
Director

Company Registration No. 03492137

PULSE INSURANCE LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
As restated for the period ended 31 December 2017:					
Balance at 1 January 2017		55,179	10,096	315,515	380,790
Year ended 31 December 2017:					
Loss and total comprehensive income for the period		-	-	(130,304)	(130,304)
Balance at 31 December 2017		55,179	10,096	185,211	250,486
Year ended 31 December 2018:					
Loss and total comprehensive income for the period		-	-	(142,078)	(142,078)
Issue of share capital	12	76,783	66,035	-	142,818
Balance at 31 December 2018		131,962	76,131	43,133	251,226

1 Accounting policies

Company information

Pulse Insurance Limited is a private company limited by shares incorporated in England and Wales. The registered office is 6 Oxford Court, St James Road, Brackley, Northamptonshire, NN13 7XY.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

1.2 Turnover

Turnover represents commissions and fees for the arrangement of insurance and fees for consultancy services.

Credit is taken for brokerage, commission and fees on inception of the policy.

On certain lines of insurance business, a provision is made for cancellations which is unwound over the life of the insurance policy.

1.3 Intangible fixed 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 fair value of the asset can be measured reliably.

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:

Software development	25% on cost

1.4 Tangible fixed assets

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

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

Office equipment	25% on cost

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 credited or charged to profit or loss.

1 Accounting policies **(Continued)**

1.5 Cash at bank and in hand

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

1.6 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1 Accounting policies **(Continued)**

1.7 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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.

1.8 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Provisions are also based on an estimate of the likelihood of cancellation of policies during their policy term.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation and are measured at the best estimate in the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

1.9 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.10 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 profit and loss account for the period.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. 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.

A key estimate within the financial statements is the level of provision for commission clawback. This is explained further in note 10.

3 Auditor's remuneration

	2018	2017
Fees payable to the company's auditor and associates:	£	£
In respect of:		
Audit of the financial statements of the company	13,290	10,200
All other services	7,200	14,340
	20,490	24,540

4 Employees

The average monthly number of persons (including directors) employed by the company during the period was 15 (2017 - 11).

5 Intangible fixed assets

	Software Development
	£
Cost	
At 1 January 2018	33,134
Additions	15,798
At 31 December 2018	48,932
Amortisation and impairment	
At 1 January 2018 and 31 December 2018	-
Carrying amount	
At 31 December 2018	48,932
At 31 December 2017 as restated	33,134

6 Tangible fixed assets

	Office Equipment
	£
Cost	
At 1 January 2018	74,722
Additions	3,628
Disposals	(4,799)
At 31 December 2018	73,551
Depreciation and impairment	
At 1 January 2018	69,530
Depreciation charged in the year	4,269
Eliminated in respect of disposals	(4,766)
At 31 December 2018	69,033
Carrying amount	
At 31 December 2018	4,518
At 31 December 2017 as restated	5,192

7 Debtors

	2018	2017
Amounts falling due within one year:	£	£
Trade debtors	206,053	227,478
Other debtors	82,278	53,987
	288,331	281,465
Amounts falling due after more than one year:		
Trade debtors	662,905	701,275
Total debtors	951,236	982,740

8 Creditors: amounts falling due within one year

	2018	2017
	£	£
Bank loans	6,354	-
Trade creditors	10,911	31,409
Corporation tax	-	16,040
Other taxation and social security	11,078	9,130
Other creditors	32,637	-
	60,980	56,579

The bank loan is secured by a limited guarantee given by 3 directors of the company.

9 Creditors: amounts falling due after more than one year

	2018	2017
	£	£
Bank loans	11,030	22,251

The bank loan is secured by a limited guarantee given by 3 directors of the company.

10 Provisions for liabilities

	2018	2017
	£	£
Provision for commission clawback	763,855	730,427

Many of the policies the Company arranges are long term. On long-term business, commission is paid to the Company on both an indemnity and non-indemnity basis. If the policy is cancelled early future annual commission would not be paid and any indemnity commission would have to be repaid, In the case of indemnity commission the Company has established a provision for this commission clawback. This provision is based on an estimate of the likelihood of cancellation of policies during the first four years of the policy term (clawback is not usually payable after four years). The estimate considers the risk of cancellation as a result of either a housing market crash or the risk of cancellation as a result of changes to relevant rules due to political intervention. The provision is established on inception of the policy and unwound on a straight line basis over the first four years of the policy terms.

Where commission is paid annually for the duration of the policy, the provision is based on an estimate of the likelihood of cancellation of policies during the full policy term. The estimate considers the risk of cancellation as a result of either a housing market crash or the risk of cancellation as a result of changes to relevant rules due to political intervention. The provision is established on inception of the policy and unwound on a straight line basis over the life of the policy. There is a high level of uncertainty around this annual commission provision given that the events that could trigger payments are unpredictable. The appropriateness of the assumptions in this provision are reconsidered annually by the board.

In 2017, the entity changed its estimation technique to explicitly include the discounting of long term debtors and provisions, in particular the treatment of future annual commission payments.

10 Provisions for liabilities (Continued)

Movements on provisions:

	Provision for commission clawback £
At 1 January 2018	730,427
Charged to profit or loss	33,428
At 31 December 2018	763,855

11 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £8,975 (2017: £6,933).

12 Called up share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
527,848 ordinary shares of 25p each	131,962	55,179
	131,962	55,179

Reconciliation of movements during the year:

	Number
At 1 January 2018	220,714
Issue of fully paid shares	307,134
At 31 December 2018	527,848

13 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases of £120,625 (2017: £77,186).

14 Events after the reporting date

Subsequent to the year end, with effect from 1st May 2019, The Specialist Insurance Division of St Benedicts Limited was acquired by Pulse Insurance Limited.

A rights issue took place in May 2019 in which shares were issued for a total consideration of £60,883, with the proceeds used to fund the purchase of that business.

A further £83,865 was provided to Pulse as a Directors' loan to support the acquisition.

15 Prior period adjustment

In the prior financial year, amortisation of £8,284 was charged on intangible assets that had not yet been brought into use and therefore should have had no amortisation charged. As a result the comparative information has been restated resulting in a decrease to administrative expenses of £8,284. Taking account of the restatement, the result for the prior period is a loss of £130,304.