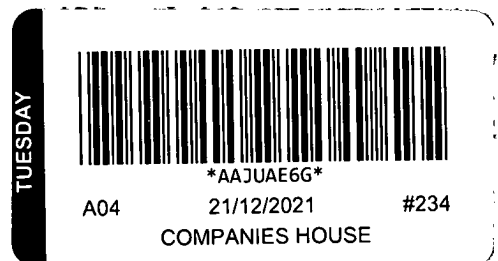


COMPANY REGISTRATION NUMBER: 03228539

Markerstudy Direct Limited
Financial Statements
31 December 2020



Markerstudy Direct Limited

Financial Statements

Year ended 31 December 2020

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Markerstudy Direct Limited
Officers and Professional Advisers

The board of directors

G Rowe
K J Barber
K R Spencer
C T Collings
R Barrington
M Donaldson

Company secretary

C J Payne

Registered office

45 Westerham Road
Bessels Green
Sevenoaks
Kent
TN13 2QB

Auditor

RSM UK Audit LLP
Chartered Accountants
Davidson House
Forbury Square
Reading
RG1 3EU

Bankers

National Westminster Bank Plc
27 South Street
Worthing
West Sussex
BN11 3AR

Markerstudy Direct Limited

Strategic Report

Year ended 31 December 2020

Review of the business and future plans

The company's principal activity is that of a motor insurances services company, operating three products concerned with Private Car and Commercial Vehicles. During the year the company continued to migrate the Geoffrey and Zenith Van brands across to the outsourced operation already in use for Zenith Car.

The results for the year, as set out on page 11, show a before tax profit of £2.1m (2019: 5.9m). This reduction is partly due to the transitional nature of the migration as the costs relating to the in-house policies reduce gradually through the year as policies migrate at point of renewal. The company has also experienced difficult trading conditions due to the impacts of the Covid 19 pandemic, detailed below.

The transition of the outsourced operations has as good as been completed during 2021 with a handful of van policyholders due to migrate over to BGL operations on their renewal date during the first few months of 2022. Overall a very successful migration. Moving into 2022 and growing the account utilising BGLs call centre and operational skills, along with the pricing work being undertaken internally the anticipation is for good growth. This aligned with the new Markerstudy dual pricing reforms coming into play from 1st January, where MDL in essence operates to these standards, should add further to the planned performance. With this growth follows the gradual repayment of the advance commission in line with the agreed terms with BGL and target volumes.

Key performance indicators

The company closely monitors its performance against a series of indicators that are set as part of a rigorous budgeting process at a detailed level. The company's own key performance indicators ("KPI's") are turnover, expenses, solvency and cash flow. Expenses are monitored monthly against the budget expense type.

Cash flow is managed daily with for the Insurer accounts.

	2020	2019
	£'000s	£'000s
Turnover	5,511	13,152
Cost of sales	534	2,046
Expenses	2,897	5,166
Operating profit	2,078	5,940
Cash held	571	669
Solvency ratio	1.18	1.10

The significant decreases in the KPI from 2019 to 2020 are predominantly a result of the change in strategy to move all business to the outsourced provider. Income and costs are shared between the company and the provider, with the net being recognised as income in the company's accounts. 2020 was a transitional year for this arrangement with some costs relating to the books previously operated "in house" reducing during the year.

Markerstudy Direct Limited

Strategic Report *(continued)*

Year ended 31 December 2020

Principal risks and uncertainties

The process of risk acceptance and risk management is addressed through a framework of procedures and internal controls which are subject to board approval and ongoing review by management, risk management and internal audit. Compliance with regulation and with legal and ethical standards is a high priority for the group, and the compliance team and finance department take on an important oversight role in this regard. The board is responsible for satisfying itself that a proper internal control framework to manage financial controls exists and that controls operate effectively.

The Markerstudy Holdings group's insurance business's risks include a failure of pricing increases to keep pace with or exceed claims inflation over the longer term. Claims inflation has historically been high, especially in respect of personal injury claims, and failure to apply increases in line with these pressures could undermine the performance of the business. Changes to the distribution models in the UK also remain a risk. The internet remains as the most significant source of new business in in recent years. Continually developing a strategy to capitalise on these emerging trends is essential. A wholesale shift in the UK intermediary market resulting in withdrawal of this distribution sector would impact the business model.

The group is exposed to financial risk through its financial assets and financial liabilities. In particular, the key financial risk is that the proceeds from financial assets are not sufficient to fund obligations as they fall due.

(a) Credit risk - the risk that a counterpart will be unable to pay amounts in full when due. The group manages this risk through an established credit committee which reviews and authorises credit facilities to counterparties after appropriate credit analysis has been performed.

(b) Liquidity risk - the risk that cash may not be available to pay obligations when due at a reasonable cost. The company manages this liquidity risk through a service level agreement with ZIP which includes agreed terms for payment of service commission to the company and support from the Group as detailed on note 3 on pages 13 and 14 of the financial statements.

Covid-19 pandemic

The ongoing worldwide pandemic of Covid-19 has made a significant impact on short term performance of the group. Markerstudy Direct Limited has lost revenue over the second quarter of 2020 as a consequence of COVID-19, specifically on the outsourced products and has predominantly impacted revenue from fees. Since the lock down has been removed, income has recovered. Management have taken several steps to mitigate the impact of the reductions to income caused by the Covid-19 pandemic. This includes utilising the Government employee retention scheme and time to pay option with HMRC, as well as closely monitoring cash flows and making pay cuts. There remains a great deal of uncertainty as to the longevity of the Covid-19 crisis. However, the directors are committed to supporting Markerstudy Direct Limited and is expected to continue for the foreseeable future. The impact of Covid-19 is also considered in the going concern accounting policy in note 3 on pages 13 and 14.

Markerstudy Direct Limited

Strategic Report *(continued)*

Year ended 31 December 2020

S.172 Companies Act 2006: Statement of director's duties to stakeholders

The board of directors of Markerstudy Direct Limited believe that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole and with regard to the other matters as detailed in S.172 (a) - (f).

Long-term consequences of decisions

Management prepare annual forecasts for the 5-year period ahead, which include modelling of the impact of key decisions made within the Markerstudy Holdings Group (MHL) group, such as the impact of the CIS General Insurance Limited (CISGIL) acquisition by MHL, in order to assess their viability. The board aims to grow the company's business, creating sustainable profits by developing new opportunities for the business and our people.

Employee Engagement

The board is committed to its focus on employee's working environment and career development opportunities, which has helped the company achieve its 'Investors in People' accreditation. A number of initiatives developed including the 'Shooting Stars' programme for leaders of the future, and 'ALEX' the apprenticeship syllabus, have all contributed to the company achieving the accreditation. The company have also developed core values, 'V10', which helps maintain the culture and keeps staff attitudes to work aligned. Due to the covid-19 pandemic, the majority of the staff base are now working from home. The board is committed to enhancing the channels of communication during this time, to ensure staff are listened to and are able to continue working effectively.

Key external stakeholder engagement - customers and suppliers

The company has many long-standing and highly successful relationships with customers and suppliers. The company's ethos is to promote fairness and integrity in customer service and commit to 'putting the fun into insurance', for the benefit of our customers, employees and the community. Our customers are at the heart of everything we do, and the board is committed to treating customers fairly. The company is also committed to building strong positive relationships with a wide range of insurers, brokers, managing general agents and other distribution channels.

Impact on the community and the environment

The board considers the company's impact on the wider community and environment. The 'motiv8' initiative supports staff in their community and charity fundraising activities. The board also aims to encourage green initiatives to reduce our carbon footprint, as well as promoting safe driving for the next generation.

This report was approved by the board of directors on 14 December 2021 and signed on behalf of the board by:



K J Barber
Director
14 December 2021

Registered office:
45 Westerham Road
Bessels Green
Sevenoaks
Kent
TN13 2QB

Markerstudy Direct Limited

Directors' Report

Year ended 31 December 2020

The directors present their report and the financial statements of the company for the year ended 31 December 2020.

Principal activities

The company's principal activity is that of a motor insurance services company.

Directors

The directors who served the company during the year and up to the date of this report were as follows:

G Humphreys (resigned 2 November 2021)
G Rowe (appointed 2 November 2021)
R Barrington (appointed 2 November 2021)
M Donaldson (appointed 6 September 2021)
J D Jackson (resigned 14 July 2021)
K J Barber
K R Spencer
M R Brittain (resigned 2 November 2021)
C T Collings

Dividends

Particulars of recommended dividends are detailed in note 10 to the financial statements.

Events after the end of the reporting period

Particulars of events after the reporting end date are detailed in note 21 to the financial statements.

Disclosure of information in the strategic report

Matters required by Schedule 7 of the large and medium sized Companies and Groups (Accounts and Report) Regulations 2008 have been included in the separate Strategic Report in accordance with section 414c(11) of the Companies Act 2006.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be reappointed as auditors in the absence of an Annual General Meeting.

Markerstudy Direct Limited

Directors' Report *(continued)*

Year ended 31 December 2020

This report was approved by the board of directors on 14 December 2021 and signed on behalf of the board by:



K J Barber
Director

Registered office:
45 Westerham Road
Bessels Green
Sevenoaks
Kent
TN13 2QB

Markerstudy Direct Limited

Directors' Responsibilities Statement

Year ended 31 December 2020

The directors are responsible for preparing the strategic report, 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 (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 the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARKERSTUDY DIRECT LIMITED

Opinion

We have audited the financial statements of Markerstudy Direct Limited (the 'company') for the year ended 31 December 2020 which comprise the statement of comprehensive income and retained earnings, the statement of financial position and notes to the financial statements, including 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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARKERSTUDY DIRECT LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

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, 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 set out on page 7, 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARKERSTUDY DIRECT LIMITED

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102 and the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

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.

Perry Linton

Perry Linton FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Davidson House
Forbury Square
Reading
RG1 3EU
Date 15 December 2021

Markerstudy Direct Limited
Statement of Comprehensive Income and Retained Earnings
Year ended 31 December 2020

	Note	2020 £	2019 £
Turnover	4	5,510,768	13,152,081
Cost of sales		<u>(534,343)</u>	<u>(2,046,327)</u>
Gross profit		4,976,425	11,105,754
Administrative expenses		<u>(2,897,656)</u>	<u>(5,166,112)</u>
Operating profit	5	2,078,769	5,939,642
Interest payable	8	<u>(12,329)</u>	–
Profit before taxation		2,066,440	5,939,642
Taxation on ordinary activities	9	<u>(281,134)</u>	<u>(45,207)</u>
Profit for the financial year and total comprehensive income		<u>1,785,306</u>	<u>5,894,435</u>
Dividends paid and payable	10	–	(5,250,000)
Retained earnings at the start of the year		<u>3,951,207</u>	<u>3,306,772</u>
Retained earnings at the end of the year		<u>5,736,513</u>	<u>3,951,207</u>

All the activities of the company are from continuing operations.

The notes on pages 13 to 23 form part of these financial statements.

Markerstudy Direct Limited

Statement of Financial Position

31 December 2020

	Note	2020 £	£	2019 £
Fixed assets				
Tangible assets	11		770	3,450
Current assets				
Debtors	12	37,266,654		43,700,082
Cash at bank and in hand		570,506		669,337
		<u>37,837,160</u>		<u>44,369,419</u>
Creditors: amounts falling due within one year	13	<u>(4,333,432)</u>		<u>(10,396,661)</u>
Net current assets			<u>33,503,728</u>	<u>33,972,758</u>
Total assets less current liabilities			<u>33,504,498</u>	<u>33,976,208</u>
Creditors: amounts falling due after more than one year	14		<u>(27,742,984)</u>	<u>(30,000,000)</u>
Net assets			<u>5,761,514</u>	<u>3,976,208</u>
Capital and reserves				
Called up share capital	17		25,001	25,001
Profit and loss account	18		<u>5,736,513</u>	<u>3,951,207</u>
Shareholders funds			<u>5,761,514</u>	<u>3,976,208</u>

These financial statements were approved by the board of directors and authorised for issue on 14 December 2021, and are signed on behalf of the board by:



K J Barber
Director

Company registration number: 03228539

The notes on pages 13 to 23 form part of these financial statements.

Markerstudy Direct Limited
Notes to the Financial Statements
Year ended 31 December 2020

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 45 Westerham Road, Bessels Green, Sevenoaks, Kent, TN13 2QB. The company's principal activity and nature of its operations are disclosed in the Director's report.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and the requirements of the Companies Act 2006.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis and in sterling, which is the functional currency of the entity. Monetary amounts in these financial statements are rounded to the nearest £.

Going concern

The group of companies headed by Markerstudy Holdings Limited during the year (the 'Markerstudy Group') and Markerstudy Direct Limited (the 'Company') are expected to generate positive cash flows for a period of at least 12 months from the date of approval of these financial statements.

On 27 January 2021 the directors of the Markerstudy Group agreed to a £200m capital injection deal led by Pollen Street Capital ("PSC") which completed on 14 July 2021. The capital injection was split as follows: £91.8m from PSC via a combination of senior preference shares and A ordinary shares; £29.0m from Qatar Insurance Company ("QIC") via a combination of mid preference shares and A ordinary shares and third party unitranche senior debt of £92.6m. The Board of Directors are confident that this deal will enable the Markerstudy Group to satisfy all its financial obligations to QIC.

As part of this transaction, the Markerstudy Group has been restructured. The ultimate parent company, Markerstudy Holdings Limited ("MHL"), and one of its subsidiaries, Markerstudy International Limited ("MIL"), will be liquidated and all assets and liabilities will be transferred to any accepted by other group companies at their carrying value without adjustments. The remaining subsidiary entities will continue to operate under the new group structure, with Venus Topco Limited the new ultimate parent company.

Venus Topco Limited has provided a letter of support confirming that its current intention is to continue to provide financial support to the Company such that it will continue to be able to meet its obligations as they fall due for a period of at least 18 months from the date of approval of these financial statements.

The directors have considered the effect of the ongoing worldwide pandemic of Covid-19, which is having an impact on the short term performance of the Company as detailed in the Strategic Report on pages 2 to 4. Should the economic impacts be longer lasting and result in widespread corporate failure across the economy then the risk to the business and the ability of the Group and Company to generate positive cash flows will be heightened.

Markerstudy Direct Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

3. Accounting policies *(continued)*

Going concern *(continued)*

However Markerstudy Group Management have taken, and continue to take, several steps to mitigate the impacts being caused by the Covid-19 pandemic. This includes utilising the Government employee retention scheme, VAT payment deferral option and time to pay option with HMRC, agreeing a freeze on some business rates for 12 months, as well as closely monitoring cash flows. Markerstudy Group Management have also review its cost base and IT and system efficiencies to generate additional cost savings including headcount savings through a redundancy programme which completed on 31 July 2020. Management also took the step of making pay reductions from April 2020, but strengthening results alongside other cost saving initiatives during the pandemic has seen full pay reinstated at the start of September 2020 (which was earlier than management had originally anticipated).

Given the unpredictable nature and impact of the outbreak, and how rapidly the responses by the Government to the outbreak are changing, the directors are unable to predict the full extend of the impact with regards to the going concern basis of accounting and its related disclosures.

However, due to the completion of the capital injection deal led by PSC in 2021 and the strengthening results of the Group and its subsidiaries since the easing of lockdown restrictions in 2021, the Directors are confident that the Company will have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the group financial statements of Markerstudy Holdings Limited, which are publicly available and are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. Please refer to note 20 for details of how to obtain the group financial statements. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) No financial instruments disclosure is included in the individual company financial statements.
- (c) No disclosure has been given for the aggregate remuneration of key management personnel.

Employee benefits

The company recognises short-term employee benefits as a expense to the profit and loss account.

Revenue recognition

The turnover arises from continuing operations and comprises commissions and other income arising principally from the sale of insurance policies in the United Kingdom, recognised at inception of the policy. No allowance is made for expected cancellations on the basis that these have no overall effect on income at the point of cancellation. Instalment billing interest is deferred at inception of the policy and recognised in the profit and loss account over the period of the loan.

Markerstudy Direct Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

3. Accounting policies *(continued)*

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

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

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Insurance broking assets and liabilities

The Company acts as an agent in broking the insurable risks of its client and generally is not liable as a principal for premiums due to underwriters or for claims payable to clients. Notwithstanding the Company's legal relationship with clients and underwriters and since in practice premium and claim monies are usually accounted for by insurance intermediaries it has followed generally accepted accounting policies by showing cash debtors and creditors relating to insurance business as assets and liabilities of the Company itself.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Markerstudy Direct Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

3. Accounting policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fixtures & fittings	-	5 years straight line
Computer equipment	-	3 years straight line

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, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Cash and cash equivalents include cash in hand and deposits held at call with banks.

Trade, group and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a debtor constitutes a financing transaction, the debtor is initially measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument and subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at each reporting end date. A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Financial liabilities and equity

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

Trade, group and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled. Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially measured at the present value of future payments discounted at a market rate of interest for a similar instrument and subsequently measured at amortised cost.

Markerstudy Direct Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

3. Accounting policies *(continued)*

Financial instruments *(continued)*

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

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 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.

Key sources of estimation uncertainty

The estimates and assumptions which have a risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Fair value of other creditor

The other creditor falling due after more than one year is held at fair value. In determining the fair value estimate the directors have considered the terms of the underlying agreement and how the economic drivers included have changed since entering the agreement.

4. Turnover

Turnover arises from:

	2020	2019
	£	£
Commissions	216,316	2,452,732
Interest charges	869,632	2,633,714
Outsourced services	4,126,042	5,890,344
Other income	298,778	2,175,291
	<u>5,510,768</u>	<u>13,152,081</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

Markerstudy Direct Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

5. Operating profit

Operating profit is stated after charging:

	2020	2019
	£	£
Depreciation of tangible assets	2,680	10,349
Impairment of trade debtors	<u>97,735</u>	<u>336,911</u>

6. Auditor's remuneration

	2020	2019
	£	£
Fees payable for the audit of the financial statements	<u>29,500</u>	<u>24,000</u>
Fees payable to the company's auditor and its associates for other services:		
Tax compliance services	<u>6,650</u>	<u>6,600</u>

7. Particulars of employees

The average number of persons employed by the company during the year, including the directors, amounted to:

	2020	2019
	No.	No.
Administrative staff	2	44
Management staff	<u>26</u>	<u>4</u>
	<u>28</u>	<u>48</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2020	2019
	£	£
Wages and salaries	523,697	1,243,240
Social security costs	32,862	98,959
Other pension costs	<u>20,063</u>	<u>42,540</u>
	<u>576,622</u>	<u>1,384,739</u>

Not included within amounts shown above is £374,757 (2019: £1,287,642) of staff cost recharged from fellow Markerstudy Holdings group companies.

No directors received any remuneration during the year (2019: £Nil).

Markerstudy Direct Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

8. Interest payable

	2020	2019
	£	£
Other interest payable and similar charges	<u>12,329</u>	<u>–</u>

9. Taxation on ordinary activities

Major components of tax expense

	2020	2019
	£	£
Current tax:		
UK current tax expense	582,157	540,924
Adjustments in respect of prior periods	<u>(301,224)</u>	<u>(494,651)</u>
Total current tax	<u>280,933</u>	<u>46,273</u>
Deferred tax:		
Origination and reversal of timing differences	560	(1,066)
Effect of tax rate change on opening balance	<u>(359)</u>	<u>–</u>
Taxation on ordinary activities	<u>281,134</u>	<u>45,207</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020	2019
	£	£
Profit on ordinary activities before taxation	<u>2,066,440</u>	<u>5,939,642</u>
Profit on ordinary activities by rate of tax	392,624	1,128,532
Effect of expenses not deductible for tax purposes	–	455
Transfer pricing adjustments	206,150	–
Changes to deferred tax rates	–	126
Adjustments to tax charge in respect of prior periods	<u>(301,224)</u>	<u>(494,651)</u>
Adjust deferred tax for changes in tax rates	(358)	–
Other adjustments	<u>(16,058)</u>	<u>–</u>
Group relief claimed	–	(589,255)
Deferred tax not recognised	–	–
Tax on profit	<u>281,134</u>	<u>45,207</u>

Markerstudy Direct Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

10. Dividends

	2020 £	2019 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year); £nil per share (2019: £210 per share).	—	<u>5,250,000</u>

11. Tangible assets

	Fixtures and fittings £	Equipment £	Total £
Cost			
At 1 January 2020 and 31 December 2020	<u>11,824</u>	<u>26,893</u>	<u>38,717</u>
Depreciation			
At 1 January 2020	9,966	25,301	35,267
Charge for the year	<u>1,174</u>	<u>1,506</u>	<u>2,680</u>
At 31 December 2020	<u>11,140</u>	<u>26,807</u>	<u>37,947</u>
Carrying amount			
At 31 December 2020	<u>684</u>	<u>86</u>	<u>770</u>
At 31 December 2019	<u>1,858</u>	<u>1,592</u>	<u>3,450</u>

Markerstudy Direct Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

12. Debtors

	2020	2019
	£	£
Trade debtors	715,612	6,521,115
Amounts owed by group undertakings	33,481,601	34,092,556
Deferred tax asset	2,844	3,045
Prepayments and accrued income	55,750	83,366
Other debtors	3,010,847	3,000,000
	<u>37,266,654</u>	<u>43,700,082</u>

The debtors above include the following amounts falling due after more than one year:

	2020	2019
	£	£
Amounts owed by group undertakings	<u>30,000,000</u>	<u>30,000,000</u>

13. Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	832,849	8,694,212
Amounts owed to group undertakings	159,321	22,027
Accruals and deferred income	322,074	861,145
Corporation tax	731,873	797,075
Social security and other taxes	28,868	17,070
Other creditors	2,258,447	5,132
	<u>4,333,432</u>	<u>10,396,661</u>

14. Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Other creditors	<u>27,742,984</u>	<u>30,000,000</u>

Other creditors are repayable over 10 years with repayments starting in 2021. No interest is charged on the liability but a borrowing cost is charged. Both the repayment of the balance and the borrowing cost is payable based on performance against the underlying agreement.

15. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2020	2019
	£	£
Included in debtors (note 12)	<u>2,844</u>	<u>3,045</u>

Reconciliation of deferred tax asset

	2020	2019
	£	£
Deferred tax asset at start of the period	3,045	1,979
Credit/(charge) to profit and loss account for the period	(201)	1,066
Deferred tax asset at end of the period	<u>2,844</u>	<u>3,045</u>

Markerstudy Direct Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

16. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £20,063 (2019: £42,540).

17. Called up share capital

Issued, called up and fully paid

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	<u>25,001</u>	<u>25,001</u>	<u>25,001</u>	<u>25,001</u>

The company's ordinary shares which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

18. Reserves

Profit and loss account - this reserve records retained earnings and accumulated losses, net of equity dividends paid.

19. Related party transactions

Transactions between the Company and its related parties are disclosed below:

Other related parties

	2020	2019
	£	£
Advertising expenses	–	51,610
Loan provided	–	3,000,000

The following amounts were outstanding at the reporting end date: Amounts owed to related parties

	2020	2019
	£	£
Other related parties	3,000,000	3,000,550

Other related parties comprise companies related by virtue of common control, and are non-interest bearing and repayable on demand.

The company has taken advantage of the exemptions available under section 33 of Financial Reporting Standard 102 from the requirement to disclose transactions with group companies where these are fellow 100% owned subsidiaries.

Markerstudy Direct Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2020

20. Controlling party

During the year the immediate parent undertaking was Markerstudy (International) Holdings Limited, a company registered in Gibraltar. The ultimate parent company was Markerstudy Holding Limited, a company registered in Gibraltar. Copies of the ultimate parent company's consolidated financial statements may be obtained from 846-848 Europort, Gibraltar. The group was controlled by K R Spencer during the year.

Subsequent to the year end, the Markerstudy Group has been restructured. Details of this can be found in note 21. The new immediate parent undertaking is Markerstudy Group Limited, a company registered in the United Kingdom. The new ultimate holding company is Venus Topco Limited, a company registered in Jersey.

The new ultimate parent undertaking is PSC Nominee 4 Limited, as nominee for PSC IV LP, PSC IV B LP and PSC IV (C) SCSp. The Company's ultimate controlling party are PSC IV LP, PSC IV B LP and PSC IV (C) SCSp, funds managed by Pollen Street Capital Limited (a subsidiary of Pollen Street Capital Holdings Limited).

21. Post balance sheet events

On 27 January 2021 the directors of the Markerstudy Group agreed to a £200m capital injection deal led by Pollen Street Capital ("PSC") which completed on 14 July 2021. The capital injection was split as follows: £91.8m from PSC via a combination of senior preference shares and A ordinary shares £29.0m from Qatar Insurance Company ("QIC") via a combination of mid preference shares and A ordinary shares; and third party unitranche senior debt of £92.6m.

As part of this transaction, the Markerstudy Group has been restructured. The ultimate parent company, Markerstudy Holdings Limited ("MHL"), and one of its subsidiaries, Markerstudy International Limited ("MIL"), will be liquidated and all assets and liabilities will be transferred to and accepted by other group companies at their carrying value without adjustments. The remaining subsidiary entities will continue to operate under the new group structure, with Venus Topco Limited the new ultimate parent company.

As a result of the above, the new controlling party of the Markerstudy Group are PSC IV LP, PSC IV B LP and PSC IV (C) SCSp, funds managed by Pollen Street Capital Limited (a subsidiary of Pollen Street Capital Holdings Limited).

On 13 September 2021 the Company entered into a Unlimited Multilateral Guarantee in respect of borrowings of Venus Bidco Limited and its associated undertakings; Markerstudy Insurance Services Limited, Vision Vehicle Solutions Limited, Insurance Factory Limited, Markerstudy Limited, Brightside Group Limited, Brightside Insurance Services Limited and Auto Windscreens Services Limited.

The security on this guarantee is a fixed and floating charge over the assets of the above companies.