

Registered number: 02827690

CETA INSURANCE LTD

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

THURSDAY



AC4AØKZM

A05

25/05/2023

#129

COMPANIES HOUSE

CETA INSURANCE LTD

COMPANY INFORMATION

Directors	I Gilbert. B J Devine P A Yates
Registered number	02827690
Registered office	CETA House Cromwell Business Park Chipping Norton Oxfordshire OX7 5SR
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Seacourt Tower Botley Oxford OX2 OJJ
Bankers	Barclays Bank UK PLC PO Box 299 Birmingham B1 3PF

CETA INSURANCE LTD

CONTENTS

	Page
Strategic Report	1 - 2
Directors' Report	3 - 4
Independent Auditor's Report	5 - 10
Statement of Comprehensive Income	11
Statement of Financial Position	12
Statement of Changes in Equity	13
Notes to the Financial Statements	14 - 32

CETA INSURANCE LTD

STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022

Summary

CETA Insurance is a tech-enabled insurance distribution platform specialising in niche personal lines and small commercial insurance products.

The Company trades with both business to consumer and business to business customers through its technology platform, supported by a specialist contact centre. Using data enrichment and insight the business is able to improve its offering to customers and suppliers.

Business review

The Company's turnover was £13.0m in the period to 30 September 2022 (2021: £10.5m). The operating profit was £2.4m (2021: £0.2m). The profit before tax was £2.3m (2021: £0.2m).

During the year, the Company focused on growing the business organically, both from existing and new distribution channels.

Summary of Key Performance Indicators

The key financial indicators in the year were as follows:

	2022	2021
	£000	£000
Turnover	13,048	10,498
Operating Profit	2,352	237

Turnover grew by 24% to £13.0m from £10.5m. This was a result of successful organic growth in both our core divisions, from existing and new distribution channels. Operating profit was £2.4m (2021: £0.2m) after impairment charges. Excluding this Operating profit would be £2.4m (2021: £1.5m), a 60% increase from the prior year.

Principal risks to the Business

Regulation and Legislation - The board of directors continue to carefully monitor and respond to regulatory requirements and changes in legislation that could impact the Company and its employees.

Competition - The Company operates within competitive markets and has put in place a framework of key metrics to monitor and help respond to changing markets and mitigate impacts.

Insurance Risk - The Company constantly measures and reacts to insurer loss ratio performance across all of its insurer partners.

Credit Risk - The Company has minimal credit risk as insurance premium payments are generally received from brokers or customers prior to inception of the policy.

Cost of living crisis and broader macroeconomic environment - The Company demonstrated resilience during the Covid-19 pandemic which provides a reference point for the current situation. Many of the products are well insulated (e.g. home insurance) and there are indicators to suggest that the current economic situation may in fact lead to a rise in staycations and deliver a boost to the leisure lines of business.

Price risk - As a distributor of insurance products, there is a risk that rising prices from insurance partners could lead to a reduction in sales volume. This is carefully monitored and a close, data-driven relationship with our key panel members helps to mitigate this by ensuring price rises are appropriately targeted and the impact on demand is well understood.

CETA INSURANCE LTD

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

Cashflow and liquidity risk - The Company is cash generative and part of a well-financed Group. A robust financial planning process ensures that any risks are identified early and addressed.

Outlook for the Business

The directors look forward to the coming year and beyond with increasing confidence. The investment in products, systems, data analytics, distribution partnerships and compliance place the business in a great position for growth across all of its key operating areas.

This report was approved by the board and signed on its behalf.

Ian Gilbert

I Gilbert
Director

Date: 28/3/2023

CETA INSURANCE LTD

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

The directors present their report and the financial statements for the year ended 30 September 2022.

Results and dividends

The profit for the year, after taxation, amounted to £2,399,859 (2021: £13,523).

No dividend was proposed or paid in the year (2021: £Nil).

Directors

The directors who served during the year were:

I Gilbert
B J Devine
P A Yates

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CETA INSURANCE LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

Going concern

The directors have reviewed the Company's forecasts and latest management accounts and as a result have a reasonable expectation that the Company will be able to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements.

Specifically, management review trading on a daily basis, so that the business is able to identify and respond to any risks, and also capitalise on any available opportunities. In addition to the annual strategic planning and budget process, the Group undertakes a comprehensive quarterly reforecasting process including sensitivity analysis on key assumptions and a review of the current and future financing position.

For these reasons, they continue to adopt the going concern basis in preparing the financial statements.

Qualifying third party indemnity provisions

The Company has maintained directors' liability insurance in respect of its directors.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Ian Gilbert

I Gilbert
Director

Date: 28/3/2023



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CETA INSURANCE LTD

Opinion

We have audited the financial statements of CETA Insurance Ltd (the 'Company') for the year ended 30 September 2022, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Company's business model including effects arising from macro-economic uncertainties such as the cost of living crisis and the continued impact of the covid-19 pandemic, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CETA INSURANCE LTD (CONTINUED)

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 Directors' 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.

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 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CETA INSURANCE LTD (CONTINUED)

Matter on which we are required to report under the Companies Act 2006

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.

Matters on which we are required to report by exception

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 for the financial statements

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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CETA INSURANCE LTD (CONTINUED)

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant which are directly relevant to the financial statements are those related to the reporting frameworks (FRS 102 and the Companies Act 2006).

In addition, we concluded that there are certain significant laws and regulations, such as those governed by the Financial Conduct Authority and the Employment Law and Health and Safety regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to health and safety, employee matters, environmental, and bribery and corruption practices.

We understood how CETA Insurance Ltd complies with those legal and regulatory frameworks by making enquiries of management, those responsible for legal and compliance procedures and the Company secretary. We corroborated our enquiries through our review of board minutes and correspondence received from regulatory bodies.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the entity's operations, including the nature of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
- the applicable statutory provisions;
- the rules and interpretative guidance issued by the Financial Conduct Authority;
- the entity's control environment, including the policies and procedures implemented to comply with the requirements of its regulator, rules and other regulations of the regulator, the adequacy of procedures for authorisation of transactions, internal review procedures over the entity's compliance with regulatory requirements, and procedures to ensure that possible breaches of requirements are appropriately investigated and reported.

We assessed the susceptibility of CETA Insurance Ltd's financial statements to material misstatement, including how fraud might occur, by making enquires of management and those charged with governance. We utilised internal and external information to corroborate these enquiries and to perform a high-level fraud risk assessment. We considered the risk of fraud to be higher through the potential for management override of controls and revenue occurrence.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CETA INSURANCE LTD (CONTINUED)

Our audit procedures involved:

- journal entry testing, with a focus on material manual journals, including those with unusual account combinations and those posted directly from the Statement of Comprehensive Income to the Statement of Financial Position;
- challenging assumptions and judgements made by management in its significant accounting estimates, including the capitalisation and recoverability of intangible assets;
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements.

The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:

- understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation;
- knowledge of the industry in which the client operates;
- reading key correspondence with the Financial Conduct Authority, including those in relation to compliance with laws and regulations;
- understanding of the legal and regulatory requirements specific to the entity including:
 - the provisions of the applicable legislation;
 - the regulators rules and related guidance, including guidance issued by relevant authorities that interprets those rules;
 - the applicable statutory provisions.

We did not identify any matters relating to non-compliance with laws and regulation or relating to fraud.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CETA INSURANCE LTD (CONTINUED)

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.

Madeline Malenczuk

Madeline Malenczuk FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Oxford
Date: 28/3/2023

CETA INSURANCE LTD

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Note	2022 £	2021 £
Turnover	4	13,047,529	10,498,140
Gross profit		13,047,529	10,498,140
Administrative expenses		(10,709,078)	(9,114,688)
Other operating income	5	13,817	126,788
Impairment of intangible assets	7	-	(1,273,724)
Operating profit	6	2,352,268	236,516
Interest receivable and similar income	11	713	272
Interest payable and similar expenses	12	(8,345)	(10,476)
Profit before tax		2,344,636	226,312
Tax on profit	13	55,223	(212,789)
Profit for the financial year		2,399,859	13,523
Total comprehensive income for the year		2,399,859	13,523

There were no recognised gains and losses for 2022 or 2021 other than those included in the Statement of Comprehensive Income.

The notes on pages 14 to 32 form part of these financial statements.

CETA INSURANCE LTD
REGISTERED NUMBER:02827690

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	14	1,647,594	934,932
Tangible assets	15	170,071	337,827
		<u>1,817,665</u>	<u>1,272,759</u>
Current assets			
Debtors: amounts falling due within one year	17	10,848,459	8,709,121
Cash at bank and in hand	18	6,563,506	5,460,399
		<u>17,411,965</u>	<u>14,169,520</u>
Creditors: amounts falling due within one year	19	(7,437,611)	(5,956,079)
Net current assets		<u>9,974,354</u>	<u>8,213,441</u>
Total assets less current liabilities		<u>11,792,019</u>	<u>9,486,200</u>
Creditors: amounts falling due after more than one year	20	(13,874)	(49,998)
Provisions for liabilities			
Deferred tax	22	(122,937)	(180,853)
		<u>(122,937)</u>	<u>(180,853)</u>
Net assets		<u><u>11,655,208</u></u>	<u><u>9,255,349</u></u>
Capital and reserves			
Called up share capital	23	5,100	5,100
Profit and loss account	24	11,650,108	9,250,249
		<u><u>11,655,208</u></u>	<u><u>9,255,349</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Ian Gilbert

I Gilbert
Director

Date: 28/3/2023

The notes on pages 14 to 32 form part of these financial statements.

CETA INSURANCE LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2021	5,100	9,250,249	9,255,349
Comprehensive income for the year			
Profit for the year	-	2,399,859	2,399,859
Total comprehensive income for the year	-	2,399,859	2,399,859
At 30 September 2022	5,100	11,650,108	11,655,208

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 October 2020	5,100	9,236,726	9,241,826
Comprehensive income for the year			
Profit for the year	-	13,523	13,523
Total comprehensive income for the year	-	13,523	13,523
At 30 September 2021	5,100	9,250,249	9,255,349

The notes on pages 14 to 32 form part of these financial statements.

CETA INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

1. General information

CETA Insurance Ltd is a private company limited by shares & incorporated in England and Wales. Registered number 02827690. Its registered head office is located at CETA House, Cromwell Business Park, Chipping Norton, Oxfordshire, OX7 5SR.

The principal activity of the Company is the sale of insurance policies direct to consumers or via other intermediaries.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

These financial statements are presented in Sterling (£), which is the Company's functional currency, and rounded to the nearest £.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Atec Group Holdings Limited as at 30 September 2022 and these financial statements may be obtained from Companies House.

CETA INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)

2.3 Going concern

The directors have reviewed the Company's forecasts and latest management accounts and as a result have a reasonable expectation that the Company will be able to meet its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements.

Specifically, management review trading on a daily basis, so that the business is able to identify and respond to any risks, and also capitalise on any available opportunities. In addition to the annual strategic planning and budget process, the Group undertakes a comprehensive quarterly reforecasting process including sensitivity analysis on key assumptions and a review of the current and future financing position.

For these reasons, they continue to adopt the going concern basis in preparing the financial statements.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Commissions and fees on annual policies are recognised at the commencement of the policy as this is the point at which the Company has completed the steps required for the policy to be live and to collect the cash. At this point the policy is live and the customer enjoys the benefit of the policy.

Finance commissions are earned when a customer opts to pay by monthly direct debit and takes out a finance agreement with our credit partner. Such commissions are recognised upon establishment of the credit agreement.

A cancellation provision is made to cover commissions repayable to insurers and finance partners in the event that customers cancel during the term of the policy.

Profit commission generated by the broker is recognised when formal agreement is reached of the amount earned. Profit commissions generated by the MGA are recognised when the quantum can be reliably estimated based on underwriting projections and claims experience to date. The total profit commission is recognised as premiums are earned. Revenue recognition does not start until the binder year upon which profit commission is earned has closed, at which point the proportion of the anticipated profit share to date that has been earned is recognised.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

CETA INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)**2.6 Leased assets: the Company as lessee**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.7 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.8 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

2.9 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Pensions**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

CETA INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)**2.11 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.12 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.13 Intangible assets**Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life of 20 years.

Other intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Software assets under construction are not amortised until the asset is brought into a working condition. At that point the software is considered to have a useful life of five years.

CETA INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)**2.13 Intangible assets (continued)**

Amortisation is charged on a straight-line basis to the Statement of Comprehensive Income over its useful economic life.

2.14 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 charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	-	Over the life of the lease
Fixtures and fittings	-	25%
Computer equipment	-	25%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

2.15 Impairment of fixed assets and goodwill

All assets are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

Impairment losses are charged as an expense to the Statement of Comprehensive Income.

2.16 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

CETA INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)

2.17 Insurance intermediary assets and liabilities

Insurance brokers act as agents in placing the insurable risks of their clients with insurers and capacity providers.

They collect insurance premiums, fees and Insurance Premium Tax (IPT) from their clients and hold these funds on behalf of the insurers in segregated trust accounts. They then settle the insurance premium and IPT to the insurer and collect the fees and commission in to their own operating accounts.

The funds held on trust have a different status to the operating bank accounts of the broker, in particular;

- i. they cannot be offered as security to lenders in the event of a default;
- ii. they are contractually considered to belong to the insurers under a risk transfer arrangement as defined by the Financial Conduct Authority (FCA), and;
- iii. the accounts are distinguished by the bank as being held on trust and operated in accordance with FCA rules.

However, brokers do control the funds and receive the benefits of any interest earned on the deposits.

Consequently, funds held within insurer trust accounts are included within cash and cash equivalents and a corresponding liability to the insurers is included within insurance payables. For operational purposes, the trust accounts are entirely segregated.

2.18 Cash and cash equivalents

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.

Included within cash and cash equivalents is £4,066,594 (2021: £3,326,953) which is considered to restricted, as it relates to insurer funds held on trust under risk transfer arrangements in accordance with the rules of the Financial Conduct Authority (FCA). Although included within cash and cash equivalents, these are legally and operationally segregated from the operating bank accounts and not available for use by the Group / Company.

2.19 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.20 Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

CETA INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Estimates are based on historical experience and other assumptions that are considered reasonable in the circumstances. The actual amount or values may vary in certain instances from the assumptions and estimates made. Changes will be recorded, with corresponding effect in profit or loss, if and when better information is obtained.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment within the next financial year are included below.

Critical judgements that management have made in the process of applying accounting policies disclosed herein and that have a significant effect on the amounts recognised in the financial statements relate to the following:

Judgements in applying accounting policies

Useful life of Goodwill

Management reviews its estimate of the useful life of goodwill at each reporting date, based on the expected future operations of the group. The effect can be seen on Note 14.

Useful life of Other Intangible and Tangible assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. An impairment is considered when there is uncertainty over the technical feasibility of the asset, the future economic benefits or the intention or ability of the Company to use it. In the instance that these factors cannot be demonstrated, the asset would be impaired. The effect can be seen on Notes 14 and 15.

Separability of intangible assets on acquisition

The directors are required to consider whether there are any intangible assets arising as part of the acquisition in the prior year that should be separately recognised as intangible assets. The key assets that the directors identified were customer lists, the brand name and urls. The directors are of the opinion that neither of these meets the definition to be separable from the underlying business due to the nature of those assets and as such have not been separately recognised from goodwill. The effect can be seen on Note 14.

Impairment of Goodwill

Management reviews goodwill for indicators of impairment at each reporting date, specifically by reviewing the trading performance of the business to which the goodwill relates, forecasting future profits and cashflows with reference to market valuations for similar companies and comparing those to the carrying value of goodwill. There were no indicators of impairment deemed for goodwill in the current year. The effect can be seen on Note 14.

CETA INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

4. Turnover

An analysis of turnover by class of business is as follows:

	2022 £	2021 £
Commission and fees	11,816,957	9,481,806
Premium finance commissions	1,230,572	1,010,355
Profit share	-	5,979
	<u>13,047,529</u>	<u>10,498,140</u>

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	<u>13,047,529</u>	<u>10,498,140</u>

5. Other operating income

	2022 £	2021 £
Research and development tax credits	<u>13,817</u>	<u>126,788</u>

6. Operating profit

The operating profit is stated after charging:

	2022 £	2021 £
Other operating lease rentals	<u>201,024</u>	<u>170,338</u>

7. Exceptional items

	2022 £	2021 £
Impairment charge	<u>-</u>	<u>1,273,724</u>

CETA INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

8. Auditor's remuneration

	2022	2021
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	28,000	36,000

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

In 2021 the audit fee for the group was met by CETA Insurance Ltd.

The above amounts are exclusive of VAT.

9. Employees

Staff costs, including directors' remuneration, were as follows:

	2022	2021
	£	£
Wages and salaries	3,033,749	3,659,584
Social security costs	336,490	385,174
Cost of defined contribution scheme	69,068	112,328
	3,439,307	4,157,086

The average monthly number of employees, including the directors, during the year was as follows:

	2022	2021
	No.	No.
Directors	3	4
Administrative staff	86	106
	89	110

CETA INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

10. Directors' remuneration

	2022	2021
	£	£
Directors' emoluments	509,696	797,804
Company contributions to defined contribution pension schemes	17,762	24,074
Compensation for loss of office	-	30,000
	527,458	851,878

During the year retirement benefits were accruing to 3 directors (2021: 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £303,996 (2021: £296,338).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,000 (2021: £10,000).

11. Interest receivable

	2022	2021
	£	£
Other interest receivable	713	272

12. Interest payable and similar expenses

	2022	2021
	£	£
Finance leases and hire purchase contracts	8,345	10,476

CETA INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

13. Taxation

	2022	2021
	£	£
Corporation tax		
Current tax on profits for the year	2,693	31,403
Adjustments in respect of previous periods	-	860
Total current tax	2,693	32,263
Deferred tax		
Origination and reversal of timing differences	(57,916)	180,526
Total deferred tax	(57,916)	180,526
Taxation on (loss)/profit on ordinary activities	(55,223)	212,789

CETA INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

13. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2021: *higher than*) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	2,344,636	226,312
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	445,481	42,999
Effects of:		
Fixed asset differences	(45,602)	243,430
Expenses not deductible for tax purposes	6,339	1,544
Adjustments to brought forward values	8,083	-
Adjustments to tax charge in respect of prior periods - current tax	-	860
R&D expenditure credits	68	7,313
Deferred tax not recognised	(204,826)	59,105
Adjust closing deferred tax to rate of 19%	35,905	64,990
Group relief	(300,671)	(207,452)
Total tax charge for the year	(55,223)	212,789

Factors that may affect future tax charges

An increase in the UK Corporation tax rate from 19% to 25% (effective from 1 April 2023) has been substantively enacted. This will impact the Company's future tax charge accordingly. The government also announced that the small profits corporation tax rate would remain at 19% for profits up to £50k tapering to 25% for profits of £250k or more.

CETA INSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

14. Intangible assets

	Software under construction (Restated) £	Software developed (Restated) £	Other intangibles £	Goodwill £	Total £
Cost					
At 1 October 2021	-	1,595,024	5,000	850,889	2,450,913
Additions	762,498	36,106	4,752	-	803,356
Transfers	(74,904)	74,904	-	-	-
At 30 September 2022	<u>687,594</u>	<u>1,706,034</u>	<u>9,752</u>	<u>850,889</u>	<u>3,254,269</u>
Amortisation					
At 1 October 2021	-	1,406,076	-	109,905	1,515,981
Charge for the year	-	48,149	-	42,545	90,694
At 30 September 2022	<u>-</u>	<u>1,454,225</u>	<u>-</u>	<u>152,450</u>	<u>1,606,675</u>
Net book value					
At 30 September 2022	<u>687,594</u>	<u>251,809</u>	<u>9,752</u>	<u>698,439</u>	<u>1,647,594</u>
At 30 September 2021	<u>-</u>	<u>188,948</u>	<u>5,000</u>	<u>740,984</u>	<u>934,932</u>

Amortisation on intangible assets is charged to administrative expenses.

Software under construction and software developed internally relates to policy administration systems, point of sale systems and systems to enable insurance distribution. Other intangibles relate to domain names.

The other classes are distinct in nature arising from the purchase of other businesses and are therefore presented separately.

Prior year adjustment

Software was incorrectly split and disclosed as software developed internally and external software being developed, in the prior year. In the current year, the disclosure has been updated so that it shows software that is still under construction and the software projects that are developed and have been brought into use.

CETA INSURANCE LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

15. Tangible fixed assets

	Leasehold Improvements £	Computer equipment £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 October 2021	62,656	273,509	471,232	807,397
Additions	-	6,545	240	6,785
Disposals	(14,612)	-	-	(14,612)
At 30 September 2022	48,044	280,054	471,472	799,570
Depreciation				
At 1 October 2021	16,186	115,048	338,336	469,570
Charge for the year	16,425	20,729	129,482	166,636
Disposals	(6,707)	-	-	(6,707)
At 30 September 2022	25,904	135,777	467,818	629,499
Net book value				
At 30 September 2022	22,140	144,277	3,654	170,071
At 30 September 2021	46,470	158,461	132,896	337,827

16. Fixed asset investments

The Company owns 100% of the ordinary share capital of each of the following dormant entities.

Insuremyhome Ltd - Company number 05588026
 Insuremyholiday Ltd - Company number 05587373
 Insuremycar Ltd - Company number 05587165
 Insuremybusiness Ltd - Company number 05586944
 Insuremy Ltd - Company number 05583301

The registered office of all the above is Ceta House, Cromwell Business Park, Chipping Norton, Oxfordshire, England, OX7 5SR.

CETA INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

17. Debtors

	2022 £	2021 £
Trade debtors	350,529	450,259
Amounts owed by group undertakings	10,149,135	7,810,947
Other debtors	65,169	34,158
Corporation tax recoverable	14,121	165,872
Prepayments and accrued income	269,505	247,885
	<u>10,848,459</u>	<u>8,709,121</u>

18. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	<u>6,563,506</u>	<u>5,460,399</u>

Included within cash and cash equivalents is £4,066,594 (2021: £3,326,953) which is considered to be restricted (Note 19), as it relates to insurer funds held on trust under risk transfer arrangements in accordance with the rules of the Financial Conduct Authority (FCA). Although included within cash and cash equivalents, these are legally and operationally segregated from the operating bank accounts and not available for use by the Group / Company.

During the year, the Company increased its banking facilities with Barclays Bank PLC. The combined facilities provide the Company with up to £2.3 million of funding.

The facilities are:

- BACS facility of £2,250,000 (2021: £2,250,000)
- Company Barclaycard facility of £75,000 (2021: £50,000)

CETA INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

19. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	1,251,438	962,471
Amounts due to insurers	4,066,594	3,326,953
Amounts owed to group undertakings	724,781	389,781
Corporation tax	2,639	31,635
Other taxation and social security	267,668	258,807
Obligations under finance lease and hire purchase contracts	32,394	57,384
Other creditors	31,978	36,514
Accruals and deferred income	1,060,119	892,534
	<u>7,437,611</u>	<u>5,956,079</u>

20. Creditors: Amounts falling due after more than one year

	2022 £	2021 £
Net obligations under finance leases and hire purchase contracts	<u>13,874</u>	<u>49,998</u>

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2022 £	2021 £
Within one year	32,394	57,384
Between 1-5 years	13,874	49,998
	<u>46,268</u>	<u>107,382</u>

CETA INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

22. Deferred taxation

	2022 £	2021 £
At beginning of year	(180,853)	(327)
Charged to profit or loss	57,916	(180,526)
At end of year	(122,937)	(180,853)

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	(218,468)	(270,845)
RDEC carry forward amount	2,898	52
Short term temporary differences	92,633	89,940
	(122,937)	(180,853)

23. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
5,100 (2021: 5,100) Ordinary shares of £1 each	5,100	5,100

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

24. Reserves**Profit and loss account**

Includes all retained profit and losses.

CETA INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

25. Contingent liabilities

During the year the Company entered into a cross guarantee for the bank debt of its immediate parent company, Atec Group Limited. At the period end the outstanding liability was £11,000,000 (2021: £10,210,469, in respect of the previous banking facility).

This is a fixed charge, floating charge and negative pledge over the assets of the Company with respect to the loan facility held in Atec Group Limited, the immediate parent company.

26. Capital commitments

During the year the Company entered into a contract with a software provider to build and supply a new point-of sale platform which is currently under development. At the year end £408,000 remains outstanding and due to the provider, subject to meeting key project milestones and successful handover of the platform.

27. Pension commitments

The Company operates a defined contribution pension scheme and £18,661 (2021: £32,145) was outstanding at the year end and is included in other creditors.

28. Commitments under operating leases

At 30 September 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Within 1 year	207,664	142,473
Between 2 and 5 years	634,209	61,689
Later than 5 years	50,000	-
	<u>891,873</u>	<u>204,162</u>

29. Related party transactions

The Company has taken advantage of the exemption in FRS 102 not to disclose transactions with wholly owned members of the group.

During the years costs of £180,000 (2021: £180,000) were paid to Kester Capital LLP, the ultimate controlling party. At the end of the year, included within trade creditors is £45,000 (2021: £Nil) due to Kester Capital LLP in respect of monitoring fees for Q1 of FY23.

CETA INSURANCE LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

30. Controlling party

The parent company is ATEC Group Limited, a company incorporated on the 4th of July 2017 in England & Wales whose registered office is the same as the Company.

ATEC Group Holdings Limited is both the smallest and largest group for which consolidated accounts which include this Company are produced. Copies of these financial statements can be obtained from Companies House.

The ultimate controlling party is Kester Capital LLP.