Company Registration No. 03158541

Emac Limited

Annual Report and Financial Statements

For the year ended 31 December 2022

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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ANNUAL REPORT AND FINANCIAL STATEMENTS 2022

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS
M Baugh
C Toulson-Clarke
J O'Donnell

REGISTERED OFFICE
Bembridge House
1300 Parkway
Solent Business Park
Whiteley
Hampshire
PO15 7AE

BANKERS
Barclays Bank PLC
1 Churchill Square
London
E14 5HB

National Westminster Bank PLC
10 Yorkshire Street
Oldham
Lancs
OL1 1QT

STRATEGIC REPORT

The Directors present their strategic report on Emac Limited ("the Company) for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The Company is a wholly owned subsidiary within the group headed up by Innovation Group Holdings Limited ("the Group"). The Company operates as part of the Group's UK Region. The Company's principal activities are to administer, support and manage service and maintenance plans which are sold through a growing network of motor dealers and manufacturers either at point of or post the sale of a vehicle. There have not been any significant changes in the Company's principal activities in the year. The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

REVIEW OF RESULTS AND FUTURE DEVELOPMENTS

The current financial statements have been prepared under FRS 101.
The Company's statement of the financial position as detailed on page 7 shows a robust and stable financial position with total equity amounting to £18,233k (2021: £15,124k).

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties we face.

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the Company as a whole, these being turnover, gross profit and operating profit and are as follows:

	2022 £'000	2021 £'000
Revenue	11,077	9,678
Gross profit	8,515	7,628
Operating profit	2,996	2,402

The Company managed to maintain healthy levels of gross profit, driven by operational efficiencies, cost control disciplines and the enhancement of the product offering and service to clients. The business continues to enjoy a highly stable customer base across vehicle manufacturers and dealer groups, with no material customer losses through the year.

The operating results of the company for this year have left the Company in a strong financial position at the end of the year, in line with Director's expectations.

The non-finance Key Performance Indicators of the Company are changing as the Company grows, but aim to provide growth of shareholder value, customer and employee satisfaction whilst ensuring the liquidity of the Company. Within the Sales Team, performance is measured using indicators such as turnover per sales representative, revenue per sales plan, cost per sales plan and performance against target

STRATEGIC REPORT (CONTINUED)

STAKEHOLDERS

Employees
Our employee policies meet the requirement of the local jurisdiction. We do not discriminate on any basis and we encourage our people to speak out if they believe something is wrong. We operate a whistleblowing telephone hotline and a web-based reporting whistleblowing service. We respect the rights of our employees and ensure that all are given a fair wage, that all have the right to organise and that none shall be subject to any form of discrimination whilst in employment with the Company.

Investing in and supporting our workforce is key to us. We are continuously communicating with our employees through the intranet and staff newsletters providing our employees with knowledge of the performance of the business and other matters that concern them. Employees are consulted on a regular basis so that their views can be considered in making decisions that are likely to affect their interests.

Impacts on society and the environment
The Company recognises that it must act in a responsible and ethical manner which respects the societies in which we operate. We have developed and implemented relevant policies, procedures and training to ensure that we protect these communities. We have also established objectives to support local communities in our Sustainability Strategy.

Acting with integrity is one of the core values and is central to everything we do as a Company. Fraud, bribery and corruption are not only illegal but also represent a significant reputational and financial risk. It is the Company's policy to conduct business in an honest way, and without the use of corrupt practices or acts of bribery to obtain an unfair advantage. Our Anti-Bribery policy is available to employees on our intranet and mandatory anti-bribery and corruption training has been rolled out to all employees.

Our business principles concerning all human rights issues e.g. discrimination, child labour and forced labour are all documented in the company code of conduct available on the intranet.

We consider that our business poses relatively low risk to the environment and societies in which we operate.

We aim to comply with all applicable environmental legislation and other requirements, to prevent pollution and to continue improve our performance globally.

FUTURE DEVELOPMENTS

The Directors remain confident about the future trading prospects of the Company due to its current client portfolio and future market opportunities, as well as financial support available from the Group if required.

Approved by the Board of Directors and signed by order of the Board.

M. Baugh

M Baugh
Director

21 September 2023

DIRECTORS' REPORT

The Directors present their report and the financial statements for the year ended 31 December 2022. The comparative period is the 12-month period to 31 December 2021.

DIVIDENDS

No dividends have been declared or paid during the year (2021: £12,000k).

GOING CONCERN

The Directors assess the Company's going concern for a period of 12 months from the time of approving the financial statements and take into account the facts and circumstances during that year and events since the period end date. The Directors have drawn up cash flow forecasts for the Company through to December 2024 and based on these forecasts, including considerations of severe but plausible downside scenarios and the current facilities available, they have concluded that the Company does have sufficient funds to enable it to meet its liabilities for a period of a least 12 months from the date of approval of these financial statements and as such consider that it is appropriate to adopt the going concern basis in preparing the financial statements. The Company has received a letter of support from its immediate parent The Innovation Group Ltd.

PRINCIPAL RISKS AND UNCERTAINTIES AND FINANCIAL RISK MANAGEMENT

The management of the business and the execution of the Company's strategy are subject to a number of risks and uncertainties. These are managed through the operational review process supplemented at the group level by independent challenge and review by the group Audit Committee.

With these risks and uncertainties in mind, we are investing in the system development to reduce future spend in headcount and creating efficiencies where there are opportunities to refine the service offering of the business. The Company manages the competitive risks by providing added value services to its customers, having fast response times and by managing strong relationships with customers. Further discussion of these risks and uncertainties, in the context of the Group as a whole, is provided on pages 2 and 3 of the Annual Report of Innovation Group Holdings Limited, which does not form part of this report.

The Company's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk and liquidity risk. The Company has in place a risk management programme that seeks to limit adverse effects on the financial performance of the Company as detailed below.

Price risk
The Company is exposed to price risk as a result of its operations. This risk is mitigated by specific functions which assess pricing in respect of both selling and procurement activities. The Company has no exposure to equity securities price risks as it holds no listed equity investments.

Credit risk
Credit risk is primarily attributable to trade receivables. Credit risk is managed by running credit checks on new customers and continuing to maintain and improve existing credit control procedures to ensure effective collection of outstanding cash.

Liquidity risk
The Company's operations are financed by a mixture of retained profits and intercompany loans. In addition, various financial instruments such as trade debtors and trade creditors arise directly from the Company's operations. The Company reduces risk of such financial instruments by ensuring tight controls over working capital. The Company continuously monitors the cash position of the business by producing weekly cashflow forecasts. The group Board considers cash flow projections regularly and ensures that proper facilities are made available across the group to be drawn on as necessary.

DIRECTORS' REPORT (CONTINUED)

ENVIRONMENT

The Group acknowledges that it has a corporate responsibility to carry out its operations whilst minimising environmental impacts. The Company adheres with all group policies in regard to its impact on the environment. These policies are outlined in Innovation Group Holdings Limited's Annual Report.

EMPLOYMENT POLICIES AND INVOLVEMENT

The details of the number of employees and the related costs are found in note 7 of the financial statements. The Company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination. Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues, and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Regular meetings are held with employees to discuss operations, sales, product development and the financial progress of the business, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of the Company as a whole.

DIRECTORS

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

M Baugh
C Toulson-Clarke
J O'Donnell (appointed 3 January 2023)

DIRECTORS' INDEMNITIES

The Group has provided an indemnity for the Company's Directors which is a qualifying third-party indemnity for the purposes of the Companies Act 2006. The indemnity was in force during the full financial year and up to date of approval of these financial statements.

DISCLOSURE OF INFORMATION IN THE STRATEGIC REPORT

The Company's business activities, together with a review of the business and future developments set out in the Strategic Report.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the Company for that year. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are 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 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.

Approved by the Board of Directors and signed on behalf of the Board.

M Baugh

M Baugh
Director

21 September 2023

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Revenue	4	**11,076**	9,678
Cost of sales		**(2,562)**	(2,050)
Gross profit		**8,514**	7,628
Administrative expenses		**(5,518)**	(5,227)
Operating Profit	5	**2,996**	2,402
Finance income	7	**66**	6
Finance expense	7	**(19)**	(21)
Finance income/(expense) - net		**47**	(15)
Profit before taxation		**3,043**	2,387
Tax on profit	9	**66**	531
Profit for the financial year and total comprehensive income		**3,109**	2,918

All amounts relate to continuing operations.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Note	20221 £'000	2021 £'000
Fixed assets			
Intangible assets	9	879	535
Tangible assets	10	845	773
		1,724	1,308
Current assets			
Debtors	11	23,343	19,987
Cash at bank and in hand		5,763	6,054
		29,106	26,041
Creditors: amounts falling due within one year	13	(2,868)	(2,871)
Net current assets		26,238	23,170
Total assets less current liabilities		27,962	24,479
Creditors: amounts falling due after more than one year	14	(9,729)	(9,354)
Net assets		18,233	15,124
Capital and reserves			
Called up share capital	15	-	-
Retained earnings		18,233	15,124
Total shareholders' funds		18,233	15,124

The financial statements on pages 7 to 26 were approved by the Board of Directors on 21 September 2023.

The Directors consider that the Company is entitled to exemption from audit under section 479A of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 101.

Signed on behalf of the Board of Directors

M Baugh
Director

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2022

	Called up share capital £'000	Retained earnings £'000	Total Shareholders' funds £'000
BALANCE AS AT 1 JANUARY 2021	-	24,206	24,206
Profit and total comprehensive income for the year	-	2,918	2,918
Dividends Paid		(12,000)	(12,000)
BALANCE AS AT 31 DECEMBER 2021	-	15,124	15,124
Profit and total comprehensive income for the year	-	3,109	3,109
BALANCE AS AT 31 DECEMBER 2022		18,233	18,233

Called up share capital
The balance classified as share capital represents the nominal value on the issue of the Company's equity share capital, Comprising ordinary £1 shares. As at 31 December 2022, 100 shares were held (2021: 100).

Retained earnings
The balance of all profits and losses are due to shareholders.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2022

1. GENERAL INFORMATION

The Company's principal activities are to administer, support and manage service plans which are sold through a growing network of motor dealers and manufacturers either at point of or post the sale of a vehicle.

Emac Limited is a private company limited by shares and is incorporated and domiciled in England and has its registered office at Bembridge House, 1300 Parkway, Whiteley, Fareham, Hampshire, PO15 7AE and its principal place of business at Emac House, Crewe Business Park, Crewe, Cheshire, CW1 6GU.

2. STATEMENT OF COMPLIANCE

The individual financial statements of Emac Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 101, "Reduced Disclosure Framework" ("FRS 101") and the Companies Act 2006.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
The financial information set out in this report has been prepared on the going concern basis under the historical cost convention in accordance with applicable United Kingdom accounting standards and The Companies Act 2006 and applicable to companies using FRS 101.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in 'Critical accounting judgements and key source of estimation uncertainty' policy.

Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Company
Certain new standards, interpretations and amendments to existing standards have been published which are mandatory for the Company for accounting periods beginning on or after 1 January 2023 or later periods and which the Company has not adopted early, as disclosed below:

IFRS 17 – Insurance Contracts:
IFRS 17, 'Insurance Contracts' was originally issued in May 2017 by the IASB, and subsequent amendments were issued in June 2020. The standard will be effective for annual periods beginning on or after 1 January 2023 following endorsement for use in the UK in May 2022. The standard will be applied retrospectively, subject to the transitional options provided for in the standard and provides a comprehensive approach for the accounting of insurance contracts, including their measurement, income statement presentation and disclosure.

IFRS 17 is an accounting change and therefore, while it may have an impact on the timing and profile of profit recognition, we expect the underlying economics and cash generation of the Company's business to remain the same. While the Company continues to refine its methodology and completes the development of reporting and operational capabilities, it is not possible to provide a reliable quantitative estimate of the impact of adopting IFRS 17, nor of the ongoing impact on the Company's financial results.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Company (continued)

However, the Company is able to set-out the following at this time:

- The Company proposes to apply the 'Premium Allocation Approach' to all contracts measured under IFRS 17, which consequently will minimise the impact of IFRS 17 and it is expected there will be only limited impacts to equity.
- On transition to IFRS 17, the Company will apply the fully retrospective approach unless impracticable.

The company has a well progressed program to implement the new standard and ensure technical compliance.

Going concern

The Directors assess the Company's going concern for a period of at least 12 months from the time of approving the financial statements and take into account the facts and circumstances during that year and events since the period end date. The Directors have drawn up cash flow forecasts for the Company through to December 2024 and based on these forecasts, including consideration of severe but plausible downside scenarios, and the current facilities available, they have concluded that the Company does have sufficient funds to enable it to meet its liabilities for a period of a least 12 months from the date of approval of these financial statements and as such consider that it is appropriate to adopt the going concern basis in preparing the Company financial statements. The Company has a letter of support from Innovation Group Limited (the parent Company).

Exemptions for qualifying entities under FRS 101

FRS 101 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a Group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. The Company is a qualifying entity as its results are consolidated into the financial statements of Innovation Group Holdings Limited, which are publicly available.

As a qualifying entity, the Company has taken advantage of the following exemptions in its separate financial statements:

I. from the requirement to prepare a statement of cash flows as required by point 8h of FRS 101;
II. from the requirement to present certain financial instrument disclosures as required by paragraph 8(d) of FRS101
III. from the requirement in IAS1 to present a reconciliation of the number of shares outstanding at the beginning and end of the financial;
IV. from the requirement to disclose the key management personnel compensation in total required by paragraph 8(j) of FRS 101;
V. from the requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group, as required by paragraph 8k of FRS 101;
VI. from the requirement of IAS 8 to disclose information relating to new IFRS standards which have been issued but which are not yet effective, including an assessment of the possible impact that it will have when it is adopted for the first time.
VII. and from the following paragraphs of IAS 1, 'Presentation of financial statements':
    - 10(d) statement of cash flows
    - 16 statement of compliance with all IFRS
    - 38B-D additional comparative information
    - 111 cash flow information, and
    - 134-136 capital management disclosures

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidated financial statements
The Company was, at the year end, a wholly owned subsidiary of Innovation Group Holdings Limited, whose consolidated financial statements are publicly available. The Company is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

These financial statements are the Company's separate financial statements.

Foreign currency
i) Functional and presentation currency
The Company's functional and presentation currency is the pound sterling.

ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each financial year end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Employee benefits
The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

i) Defined contribution pension plans
A number of employees are members of the Innovation Group Limited Pension scheme, a defined contribution pension scheme. For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

ii) Annual bonus plan
The Company operates a number of annual bonus plans for employees. An expense is recognised in the profit and loss account when the Company has a legal and constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

iii) Termination benefits
The Company recognises termination benefits as a liability and an expense only when the Company is demonstrably committed either (a) to terminate the employment of an employee or group of employees before normal retirement date; or (b) to provide termination benefits as a result of an offer made in order to encourage voluntary retirement. Termination benefits are measured at the best estimate of the expenditure that would be required to settle the obligation at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation
Taxation expense for the year comprises current and deferred tax recognised in the reporting financial year. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

i) Current tax
Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii) Deferred tax
Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in financial years different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Research and development
Research expenditure is charged to the Statement of Comprehensive Income in the year in which it is incurred.

Expenditure incurred in the development of software and hardware products, and their related intellectual property rights, is capitalised as an intangible asset only when:
- technical feasibility has been demonstrated;
- adequate technical, financial and other resources exist to complete the development, which the company intends to complete and use;
- future economic benefits expected to arise are deemed probable; and
- the costs can be reliably measured.

Development costs not meeting these criteria are expensed to the income statement as incurred. Capitalised development costs are amortised on a straight-line basis over their useful economic lives once the related software and hardware products are available to use.

Goodwill and other intangible assets
Goodwill is the difference between amounts paid on acquisition of a business and the fair value of the identifiable assets and liabilities acquired. Goodwill is amortised to the profit and loss account over its estimated useful economic life. The company has amortised goodwill over 3 years on a straight-line basis.

An internally generated intangible asset arising from the Company's development activity, is recognised only if the asset can be separately identified, it is probable the asset will generate future economic benefits, the development cost can be measured reliably, the project is technically feasible and the project will be completed with a view to the sale or use of the asset. Internally generated intangible assets (including computer software) are amortised over five years on a straight-line basis, when the asset is available for use, and are reported net of any impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill and other intangible assets (continued)
The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered.

impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the income statement in exceptional items.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement, except in the case of Goodwill, where no reversal of impairment can be made.

Tangible fixed assets
Tangible assets are stated at cost or valuation less accumulated depreciation and accumulated impairment losses.

Depreciation of fixed assets is calculated to write off their cost less estimated residual value, based on prices prevailing at the date of acquisition, over their estimated useful economic lives on the following bases:

Leasehold improvements	5 years straight line
Fixtures and fittings	5 years straight line
Computer and plant equipment	3 years straight line

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting financial year. The effect of any change is accounted for prospectively. Repairs, maintenance and minor inspection costs are expensed as incurred.

Tangible assets are de-recognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

Leases

The Company assesses whether a contract is, or contains a lease, at inception of the contract.
A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is 'identified', which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control thereof is considered. To this end, control over the use of an identified asset only exists when the Company has the right to substantially all the economic benefit from the use of the asset as well as the right to direct the use of the asset.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)
In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgements and sources of estimation uncertainty section of these accounting policies.

Lease Liability:
The lease liability is initially recognised at the present value of the lease payments that are not made at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The rate applied is re-assessed at the inception of each new lease. The lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease liability and by reducing the carrying amount to reflect the lease payments made. Interest charged on the lease liability is included in finance costs.

Right-of-use assets:
Right-of-use assets are presented within property, plant and equipment on the Balance Sheet.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. The depreciation charge for each period is recognised in the income statement.

Operating leases
Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held on call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

Exceptional items
Exceptional items are disclosed separately in the financial statements where it is considered necessary to provide further understanding of the financial performance of the Company. They are items that are material either because of their size or their nature in relation to acquisition or restructuring related expenses, or they are non-recurring and are considered as exceptional items and are presented within the line items to which they relate.

Trade Receivables and Contract Assets
Trade receivables are initially recognised at the amount of consideration that is unconditional and subsequently measured at amortised cost less any loss allowance. Contract assets relate to the Company's claims for consideration resulting from the satisfaction of performance obligations but are yet to be invoiced as at 31 December 2022. The Company applies the IFRS9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

All trade receivables and contract assets are reviewed and provided for based upon estimated irrecoverable amounts determined by reference to past default experience. Any amounts provided for are recorded in the income statement within administrative expenses. Amounts are written-off when it is considered there is no further prospect of recovery. Subsequent recoveries of amounts previously written off are credited against administrative expenses within the income statement.

Trade Payables and Contract Liabilities
Trade Payables are initially recognised at fair value and thereafter carried at amortised cost.

Contract liabilities arise as a result of the revenue recognition policy applied by the Company, whereby revenue is recognised over the term of contractual agreements. This results in fees being billed prior to revenue being recognised, resulting in a subsequent contract liability.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Assets
Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables and held-to-maturity investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the ease of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial instruments at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

Financial assets classified as subsequently measured at amortised cost
For assets classified as subsequently measured at amortised cost, the interest revenue, expected credit losses, and foreign exchange gains or losses, are recognised in the income statement. On de-recognition, any gain or loss is recognised in the income statement.

Financial Liabilities
Financial liabilities are recognised when the Company becomes party to the contracts which give rise to them and are classified as financial liabilities at fair value through the profit and loss or loans and payables as appropriate. When financial liabilities are recognised initially, they are measured at fair value, plus in the case of financial liabilities not at fair value through profit and loss, directly attributable transaction costs. The Company determines the classification of its financial liabilities at initial recognition.

A financial liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability and substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

Critical judgements in applying the entity's accounting policies

In the opinion of the Directors there are no critical judgements in applying the accounting policies of the Company.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

i) Useful economic lives of intangible and tangible assets
The annual depreciation and amortisation charge for tangible and intangible assets respectively is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 10 and 11 for the carrying amount these assets and note 3 for the useful economic lives for each class of assets.

ii) Accruals
Within accruals (note 15) are amounts due to customers under rebate agreements. The amounts accrued can be judgemental based on expectations of future sales levels and, in some cases, informal arrangements. The amounts settled are based on actual sales levels and can differ to the amounts accrued.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2022

4. TURNOVER

EMaC has contracts with a number of motor manufacturers and motor retailers to administrate service plans and maintenance plans for motor vehicles. Revenue is measured at invoice price, excluding value added taxes, and principally comprises income from administration fees and from charges levied on the administration of direct debit instalments. Volume rebates are due to a number of customers and are recognised in line with the term of the contractual agreements. Revenue is typically recognised net of rebates over the life of a plan, in line with IFRS15.

During the period, EMaC have also commenced a product offering to include maintenance plans for which EMaC bears the risk and rewards of the plan. That is, the Company recognises a profit where policyholder contributions exceed maintenance plan indemnity spend and a loss where policyholder contributions are at a deficit to maintenance plan indemnity spend. Under IFRS 15, the maintenance plan product offering is that of a 'Service Type Warranty'. Hence, revenue is recognised over time as the Company partially satisfies its overarching obligation to provide maintenance plan cover to the policyholder. Indemnity expenses are recognised as incurred.

The geographical analysis of turnover by destination is as follows:

	2022 £'000	2021 £'000
United Kingdom	**11,061**	9,678
Rest of World	**15**	-
	11,076	9,678

5. OPERATING PROFIT

	2022 £'000	2021 £'000
This is stated after charging:		
Auditors' remuneration	**9**	9
Depreciation - owned assets	**155**	108
Amortisation of intangible fixed assets	**303**	566

Auditors' remuneration fees are borne by, and fully disclosed within, the statutory financial statements of the ultimate parent company, Innovation Group Holdings Limited.

6. STAFF COSTS

	2022 £'000	2021 £'000
Staff costs during the year (including directors) were:		
Wages and salaries	**3,398**	2,933
Furlough support	**-**	(41)
Social security costs	**354**	277
Other pension costs	**107**	103
	3,859	3,271

There were pension contributions of £nil (2021: £nil) due to the scheme at the year end.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2022

The monthly average number of employees during the year was:

	2022 No.	2021 No.
Managing Directors	**1**	1
Commercial Staff	**106**	96
Administrative Staff	**4**	5
	111	102

7. FINANCE INCOME AND EXPENSE

	2022 £'000	2021 £'000
Finance income:		
Bank interest income	**66**	6
Total finance income	**66**	6
Finance expense:		
Lease Liabilities	**(19)**	(21)
Total finance expense	**(19)**	(21)
Net finance income/(expense)	**47**	(15)

8. TAX ON PROFIT ON ORDINARY ACTIVITES

(a) Analysis of charge in the year

	2022 £'000	2021 £'000
Current tax:		
UK Corporation tax expense	-	-
Total current tax charge	-	-
Deferred tax:		
Adjustments to tax charge in respect of previous years	-	(463)
Timing differences. origination and reversal	**(66)**	(68)
Total tax charge	**(66)**	(531)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2022

8. TAX ON PROFIT ON ORDINARY ACTIVITES (CONTINUED)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower (2021: lower) than the standard rate of corporation tax in the UK of 19% (2021: 19%), as explained below:

	2022 £'000	2021 £'000
Profit before taxation	3,043	2,387
Tax charge at 19% (2021: 19%)	578	454
Effects of:		
Expenses not deductible for tax purposes	2	1
Changes in deferred tax recognition		(68)
Losses carried back	(452)	
Group relief not paid for	(177)	(455)
Adjustments to tax charge in respect of previous years	(1)	(280)
Changes to tax rates applied to deferred tax	(16)	(183)
Total tax charge for the year	(66)	(531)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been substantively enacted prior to the balance sheet date.

On 14 October, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. The proposal to increase the rate to 25% was substantively enacted at the balance sheet date and therefore its effects are included in these financial statements.

The Company's usual policy is to look forward one accounting financial year when assessing recognition of deferred tax assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2022

9. INTANGIBLE ASSETS

	Goodwill	Software Internally Generated	Computer Software Purchased	Software Under Construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
As restated at 1 January 2022	200	4,749	30	123	5,102
Additions	-	72	-	575	647
Disposals	-	-	-	-	-
At 31 December 2022	200	4,821	30	698	5,749
Accumulated Depreciation					
At 1 January 2022	200	4,337	30	-	4,567
Charge for the year	-	303	-	-	303
Disposals	-	-	-	-	-
At 31 December 2022	200	4,640	30	-	4,870
Net book value					
At 31 December 2022	-	181	-	698	879
As restated at 1 January 2022	-	412	-	123	535

The carrying amounts of the intangible assets are deemed to be a reasonable approximation of the fair value.

The prior year Software Internally Generated Opening Cost has been restated from £4,872k to £4,749k to reclassify £123k to Software Under Construction. This was to provide clearer presentation of intangible assets for the users of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2022

10. TANGIBLE ASSETS

	Land & Buildings £'000	Short Leasehold £'000	Equipment & Furniture £'000	Computer equipment £'000	Total £'000
Cost					
As restated at 1 January 2022	791	286	67	209	1,353
Additions	100	4	45	77	226
Disposals	(55)	-	-	-	(55)
At 31 December 2022	836	290	112	286	1,524
Accumulated Depreciation					
As restated at 1 January 2022	178	205	47	150	580
Charge for the year	80	20	15	39	154
Disposals	(55)	-	-	-	(55)
At 31 December 2022	203	225	62	189	679
Net book value					
At 31 December 2022	633	65	50	97	845
At 1 January 2022	613	81	20	59	773

Included in Land and Buildings are right-of-use assets of £633k (2021: 613k). No other asset class contains right-of-use assets.

The prior year opening cost and accumulated depreciation for Computer Equipment has been restated from £179k to £209k and £120k to £150k respectively. This was to correct a disposal incorrectly included within the FY21 financial statements.

11. DEBTORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £'000	2021 £'000
Trade debtors	**1,074**	892
Amounts owed by fellow group undertakings	**21,345**	18,286
Prepayments	**94**	45
Deferred tax asset	**830**	764
	23,343	19,987

Amounts owed by group undertakings are unsecured, have no fixed date of repayment, are repayable on demand and are not interest bearing.

Trade debtors are stated after provisions for impairment of £nil (2021: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2022

12. DEFERRED TAXATION

The deferred taxation included in the balance sheet is as follows:

	2022 £'000	2021 £'000
Included in debtors (note 12)	**830**	764

The movement in the deferred taxation account during the year was:

	2022 £'000	2021 £'000
Balance brought forward	764	232
Profit and loss account movement arising during the year	66	532
Balance carried forward	**830**	764

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2022 £'000	2021 £'000
Excess of depreciation over capital allowances	**830**	764

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £'000	2021 £'000
Trade creditors	**69**	41
Other creditors	**149**	128
Taxation and social security	**399**	394
Accruals	**1,574**	2,232
Contract liabilities	**599**	-
Leases	**78**	76
	2,868	2,871

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2022

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022 £'000	2021 £'000
Deferred income	9,172	8,782
Leases	557	572
	9,729	9,354

Finance lease liabilities are secured on the underlying assets. The future minimum finance lease payment are as follows:

	2022 £'000	2021 £'000
Due within one year or on demand	94	94
Due between one and two years	94	94
Due between two years and five years	283	283
Due over five years	237	256
Total gross payments	708	727
Less: finance charges allocated to future periods	(73)	(79)
Carrying amount of liability	635	648

15. CALLED UP SHARE CAPITAL

Ordinary shares of £1 each:

	No.	Amount £'000
Authorised, issued and fully paid		
At 1 January 2022	100	-
Issued during the year	-	-
At 31 December 2022	100	-

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2022

16. LEASES

The Company has lease contract for rental of the office premises. The amounts recognised in the financial statements in relation to the lease are as follows:

(i)Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	2022 £'000	2021 £'000
Right-of-use assets cost		
At 1 January	**791**	791
Additions	**100**	-
Disposals	**(55)**	-
At 31 December	**835**	791
Accumulated Depreciation		
At 1 January	**178**	99
Charge for the year	**80**	79
Disposals	**(55)**	-
At 31 December	**203**	178
Net book value		
At 31 December	**632**	613
At 1 January	**613**	692

Lease liabilities	2022 £'000	2021 £'000
Current	**78**	76
Non-current	**557**	572
Carrying value of liability	**635**	648

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2022

16. LEASES (CONTINUED)

(ii) Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

	2022 £'000	2021 £'000
Depreciation	**(80)**	(79)
Finance expense	**(19)**	(21)

Future minimum lease payments are as follows:

	2022 £'000	2021 £'000
Due within one year or on demand	**94**	94
Due between one and two years	**94**	94
Due between two years and five years	**283**	283
Due over five years	**237**	256
Total gross payments	**708**	727
Less: finance charges allocated to future periods	**(73)**	(79)
Carrying value of liability	**635**	648

17. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption contained in section 8 (k) of FRS 101 "Related party transactions" not to disclose the IAS 24 disclosure requirements in relation to transactions with wholly owned group companies as during the year it was a wholly owned subsidiary of Innovation Group Holdings Limited as at the end of the year, and the consolidated financial statements of the parent company are publicly available. All intercompany transactions were with other wholly owned subsidiaries of the Group. There are no other related party transactions to disclose.

18. POST BALANCE SHEET EVENTS

On 12 January 2023, Innovation Group Holdings Limited, the ultimate parent of the Company, was acquired by Allianz Strategic Investments Sarl; 2A Rue Borschette, Luxembourg, 1246.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2022

19. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

Innovation Group Holdings Limited is the largest group to consolidate these financial statements. Axios Bidco Limited is the smallest group to consolidate these financial statements. The immediate parent company is The Innovation Group Limited. The ultimate parent company and controlling party at 31 December 2022 is Innovation Group Holdings Limited. From 12 January 2023, the ultimate parent and controlling party is Allianz Strategic Investments Sarl.

Statutory accounts for Axios Bidco Limited and Innovation Group Holdings Limited are available to the public and may be obtained from Bembridge House, 1300 Parkway, Whitely, Fareham, Hampshire, P015 7AE, United Kingdom.