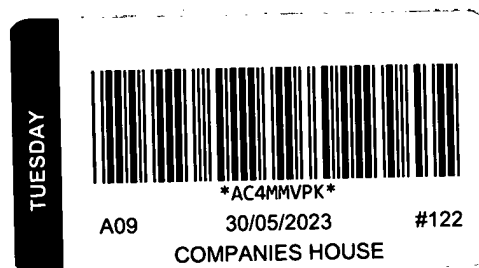


Innovation Property (UK) Limited

Annual Report and Financial Statements

For year ended 31 December 2022



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

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M Baugh
C Toulson-Clarke

REGISTERED OFFICE

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

BANKERS

Barclays Bank plc
1 Churchill Place
London
E14 5HP

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Savannah House
3 Ocean Way
Ocean Village
Southampton
SO14 3TJ

STRATEGIC REPORT (CONTINUED)

The Directors present their Strategic report on Innovation Property (UK) Limited (“the Company”) for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

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 principal activities of the Company continued to be the provision of outsourced property services which includes subsidence claims management, underground services, environmental services and property claims management services predominantly to insurer customers.

REVIEW OF RESULTS

The results for the year are set out in the Statement of Comprehensive Income on page 12. No dividends have been declared or proposed for the year (2021: £nil).

The Directors believe that the opportunity to provide claims management and other property related services remains strong and anticipates product offering growth and more favourable prospects for the Company in the future.

The Company uses a range of financial and non-financial performance indicators to monitor the business. The financial KPIs set out in the following table are fundamental to the Company’s business and are the measures that inform the management team of the progress in achieving the Company’s business plans, strategic aims and objectives. These KPI’s are monitored on a regular basis to ensure the targets are being met, or if they are not to allow strategic decisions to be made to reach the intended target.

	2022	2021
	£’000	£’000
Revenue	32,425	28,344
EBIDTA pre exceptionals	6,462	4,007
EBITDA	7,382	3,820
Net assets / (liabilities)	763	(11,390)

The Company also has a number of operational KPIs that are used to manage the business on a day to day basis, many of which are included within service level agreements within our customer contracts. Examples of these include:

- Volumes
- Average claim cost
- Number of claims closed
- Time to first customer contact
- Time to engineer visit
- Size of sales pipeline
- Utilisation of staff

It is considered impractical to separately report on these operational KPIs within the Company’s Annual Report and Financial Statements because although the KPI measurement may be the same, the targets will vary by line of business, driven predominantly by individual contractual service level requirements.

The financial KPIs noted above are linked to the operational KPIs in a manner which means that tracking the financial KPIs is considered to be a reasonable proxy for some of these operational KPIs. For instance, transactional revenue is driven by the volumes in a period. These KPIs are considered to be relevant to the strategic goals as stated on the following bases:

STRATEGIC REPORT (CONTINUED)

How will we reach our strategic goal	Relevance of KPIs to how we will achieve our strategic goal
Key account strategy to drive growth	We continually assess our sales pipeline in order to ensure that we have enough opportunities to support our growth targets. Sales growth is measured by our ability to increase revenue. We measure and report revenue growth as a KPI.
Growth through delivery excellence	On a day to day basis, our operations measure customer and client satisfaction as part of our service level agreements. If we do not provide excellent service, then we run the risk of the loss of a client or reduction in the volume of cases that we are asked to handle, thereby impacting revenue growth, profitability and generation of cash.
Growth through technology optimisation and innovation	Our technology underpins our service delivery to customers and drives the efficiency of our operations. If we do not continue to invest in our technology we may lose our competitive advantage and run the risk of losing clients thereby impacting revenue growth, profitability and generation of cash.

Revenue KPI

	2022 £'000	2021 £'000
Total Revenue	32,425	28,344

The Company achieved a 14% improvement (2021: 8% improvement) in revenue from the prior year to £32,425k. There were two primary drivers over the increased revenue:

- Increased volumes of subsidence claims as a result of the subsidence 'surge' event, impacting the second half of 2022.
- A favourable impact as a result of a contract settlement in the year.

EBITDA KPI

	2022 £'000	2021 £'000
EBITDA (Pre management charges & exceptionals)	9,839	7,307
Group management charges	(3,377)	(3,300)
EBITDA (Pre exceptionals)	6,462	4,007
Exceptionals	920	(187)
EBITDA	7,382	3,820
Depreciation	(228)	(206)
Amortisation	(7)	(87)
Net interest	6	(42)
Profit Before Taxation	7,153	3,485

The Company's EBITDA (Pre management charges & exceptionals) has increased by £2,532k (2021: decreased by £4,390k) from the prior financial year to £9,839k (2021: £7,307k). This is due to a significant increase in subsidence volumes as a result of the surge and a favourable one-off impact from a contract settlement.

STRATEGIC REPORT (CONTINUED)

The reconciliation of EBITDA to the profit before taxation is provided in the table above. The exceptional credit of £920k (2021: debit of £187k) comprised (details included in note 5):

- Onerous contract provision release £1,125k (2021: £nil)
- Impairment in value of investment £70k (2021: £125k)
- Project related costs £96k (2021: £62k)
- Acquisition Costs £39k (2021: £nil)

Management continues to monitor the estimates used in projecting the costs to complete of certain on-risk contracts to ensure the estimates used against an agreed benchmark remain appropriate.

Net Assets / (liabilities) KPI

	2022 £'000	2021 £'000
Net assets / (liabilities)	763	(11,390)

There has been an increase of £12,153k (2021: increase of £3,485k) in the net asset position of the Company during the financial year to 31 December 2022. This has been driven by a net profit of £7,153k and a share issue of £5,000k.

The Company reported a profit for the year before taxation of £7,153k (2021: £3,485k). This is due to a significant increase in subsidence volumes as a result of the surge and a favourable one-off impact from a contract settlement. Total shareholder's funds as at the end of the year increased to £763k (2021: deficit of £11,390k). The financial statements and associated notes are shown on pages 12 to 34.

On 12 April 2022, the company acquired 'The Warwick Partnership Limited', a provider of loss adjusting services. Consideration of £635k was paid on completion, a further £600k was paid in April 2023 and up to £600k is payable in April 2024 dependent on the performance of the business.

The Company's principal risks and uncertainties are set out on pages 6-7, together with financial risk management.

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 and our environmental impacts.

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.

STRATEGIC REPORT (CONTINUED)

We consider that our business poses relatively low risk to the environment and societies in which we operate. The Company realises that we do present some risk where we own elements of the supply chain in arboriculture, ground works and drainage services. However, we have environmental management systems in place to ensure that we minimise our impact on the environment.

We aim to comply with all applicable environmental legislation and other requirements, to limit 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 order book and future market opportunities.

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



M Baugh
Director

23 May 2023

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 December 2022.

DIVIDENDS

No dividends have been declared or paid during the year (2021: £nil).

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, 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.

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.

Key Client Dependencies:

Due to the nature of the work performed, the Company has a large proportion of income from a small number of customers. Management are addressing this risk by continuously seeking new contracts as well as maintaining strong relationships with existing clients through initiatives such as enhancing the software offering the Company provides to its customers.

Future Claims Handling Costs:

The Company is also subject to risk of increases in future costs of handling claims. Management are addressing this risk through monitoring and approving changes to claims costs and from applying proactive claims handling and recovery techniques.

Revenue may be impacted by weather conditions:

The significant proportion of the Company's revenue is derived from the management of subsidence claims, with the volume of such claims fluctuating as a result of extreme weather conditions. Increased claims volumes as a result of extreme weather provides the Company with additional opportunity to generate revenue, however the Company must be able to respond in an agile manner to fluctuating claims volumes. Inability to prove this capability will reduce the Company's ability to grow market share and serve its customers in their times of need. Therefore, it must be able to respond quickly to changes in required capacity. The Company has tested surge plans in place to demonstrate this capability to its customers, and proved this through the 2022 surge event.

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.

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.

DIRECTORS' REPORT (CONTINUED)

Liquidity risk

The Company's operations are financed by operating cashflows. 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.

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

EMPLOYMENT POLICIES AND INVOLVEMENT

The details of the number of employees and the related costs are found in note 8 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 unless otherwise stated were:

M Baugh
C Toulson-Clarke

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 are set out in the Strategic report.

DIRECTORS' REPORT (CONTINUED)

STATEMENT OF 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, directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing 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 responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

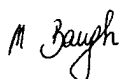
The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

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

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



M Baugh
Director

23 May 2023

Independent auditors' report to the members of Innovation Property (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Innovation Property (UK) Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2022; the Statement of Comprehensive Income and Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK employment law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as UK tax legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and directors, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions and judgements made by management in relation to any significant accounting estimates and reviewing any associated financial statement disclosures;
- Identifying and testing journal entries, in particular any unusual or unexpected journals;
- Reviewing minutes of meetings with those charged with governance; and
- As required by ISA 240, an element of unpredictability was incorporated into our audit testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Sophie Murton (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton
23 May 2023

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Revenue	4	32,425	28,344
Cost of sales		(21,021)	(19,954)
Gross profit		11,404	8,390
Administrative expenses		(5,177)	(4,676)
Exceptional income / (expenses)	5	920	(187)
Total Administrative expenses		(4,257)	(4,863)
Operating profit	6	7,147	3,527
Finance income	7	14	-
Finance expense	7	(8)	(42)
Finance income/(expense) - net		6	(42)
Profit before taxation		7,153	3,485
Tax on profit	10	-	-
Profit for the financial year		7,153	3,485
TOTAL COMPREHENSIVE INCOME Total comprehensive income		7,153	3,485

All amounts relate to continuing activities.

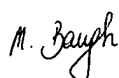
STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	2022 £'000	2021 (restated*) £'000
Fixed assets			
Intangible assets	11	-	7
Tangible assets	12	590	414
Investments	13	1,835	-
		<u>2,425</u>	<u>421</u>
Current assets			
Debtors	14	9,744	3,792
Cash at bank and in hand	15	6,700	8,812
		<u>16,444</u>	<u>12,604</u>
Creditors: amounts falling due within one year	16	(11,671)	(18,654)
Net current assets / (liabilities)		<u>4,773</u>	<u>(6,050)</u>
Total assets less current liabilities		<u>7,198</u>	<u>(5,629)</u>
Creditors: amounts falling due after more than one year	17	(3,399)	(3,334)
Provisions for liabilities	18	(3,036)	(2,427)
Net assets / (liabilities)		<u>763</u>	<u>(11,390)</u>
Capital and reserves			
Called up share capital	21	1	1
Share premium account		8,506	3,506
Accumulated losses		(7,744)	(14,897)
Total shareholders' funds / (deficit)		<u>763</u>	<u>(11,390)</u>

* The prior year contract liabilities balance has been restated from £6,650k to £3,472k to reclassify £3,178k to Creditors: amounts falling due in more than one year. This was to correct an error in the prior year classification of these balances.

The financial statements on pages 12 to 34 were approved by the Board of Directors on 23 May 2023 and signed on its behalf by



M Baugh
Director

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

	Called up share capital	Share Premium Account	Accumulated losses	Total Shareholders' funds / (deficit)
	£'000	£'000	£'000	£'000
Balance as at 1 January 2021	1	3,506	(18,382)	(14,875)
Profit and total comprehensive income for the year	-	-	3,485	3,485
Balance as at 31 December 2021	1	3,506	(14,897)	(11,390)
Profit and total comprehensive income for the year	-	-	7,153	7,153
Proceeds from shares issued	-	5,000	-	5,000
Total transactions with owners recognised directly in equity	-	5,000	-	5,000
Balance as at 31 December 2022	1	8,506	(7,744)	763

Called up share capital

The balance classified as share capital represents the nominal value of the Company's equity share capital, comprising ordinary 10p shares. As at 31 December 2022, 14,700 shares were held (2021: 9,700).

Share premium account

The balance per the share premium account represents the premium on the issue of the Company's equity share capital less any share issue costs.

Accumulated losses

The accumulated losses balance represents all profit and losses due to the shareholder.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

1. GENERAL INFORMATION

The principal activities of the Company are provision of property claim handling and repair services.

Innovation Property (UK) Limited (the "Company") is a private Company limited by shares and is incorporated and domiciled in the United Kingdom. The address of its registered office is Bembridge House, 1300 Parkway, Solent Business Park, Whiteley, Fareham, Hampshire PO15 7AE.

2. STATEMENT OF COMPLIANCE

The individual financial statements of the Company 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 periods 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.

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, 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 8d 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 year.;
- IV. from the requirement to disclose the key management personnel compensation in total as 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

The principal activities of the Company are the provision of outsourced property services which includes subsidence claims management, underground services, environmental services and property claims management services predominantly to insurer customers. All revenue (by origin and destination) was generated in the United Kingdom and is stated net of value added tax and all relates to the rendering of services.

In general where the Company is involved in the administration of the settlement of a subsidence claim a fixed contractual fee is received. Rebates may be earned from contractors involved with subsidence activity. For all other non-subsidence activity, a fixed contractual fee is received based on the services provided and rebates from contractors used. There are no other forms of revenue apart from those being disclosed here.

IFRS 15, Revenue from Contracts with Customers, requires the identification of performance obligations in contracts with customers and allocation of the total contractual value to each of the performance obligations identified.

Performance Obligations

Each contract is assessed to identify each step or phase of the claim in relation to the service provided to distinguish services that are substantially the same and have the same pattern of transfer to the customer. The services are distinct and accounted for as separate performance obligations in the contract if the customer can benefit from them either on their own or together with other resources that are readily available to the customer and they are separately identifiable in the contract.

The key performance obligations identified within the Company's Contracts are;

- The administration of the settlement of a subsidence claim
- Provision of services for all other non-subsidence activity

Transaction price

Subsidence claims handling fees:

The Company receives claims handling fees dependent upon the services provided and the nature of the claim. Such fees are fixed and therefore the transaction price is defined in the contract with the customer.

Fees in respect of all other non-subsidence activity:

The Company receives fixed fees dependent upon the services provided. Such fees are fixed and therefore the transaction price is defined in the contract with the customer.

Commissions are received from the Company's approved network of Contractors. Such revenue arises as a result of the Company referring and providing work to its suppliers.

The Company takes a commission based on a percentage of the value of the work performed by the supplier. The transaction price is therefore calculated as a function of the monetary value of the work performed and the defined percentage commissions specified in the supplier contracts.

Allocate the transaction price to the performance obligation

With subsidence claims the charging of claims fees is in respect of specific activities and can be recognised in line with the performance of those activities. This continues to be recognised by the application of a "curve" based on historical performance during the course of processing claims.

With all other services the fees are charged in respect of specific activities and can be recognised in line with the performance of those activities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Recognise the revenue when (or as) the business satisfies a performance obligation

Subsidence claim handling fees:

Subsidence claims handling fees are recognised by the application of a “curve” based on historical performance during the course of processing the claims. Hence, such fees are recognised over time.

Fees in respect of non-subsidence activity:

All other fees and commissions are allocated to the single performance obligation in the contract. The performance obligations is satisfied at a point in time and the revenue is recognised as such.

With all other services the revenue can be recognised as the business satisfies the performance obligation.

Employee benefits

The Company provides a range of benefits to employees, including paid holiday arrangement and defined contribution pension plans.

i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

ii) Defined contribution pension plan

The Company does not operate its own occupational pension scheme but contributes to company personal pension schemes for its staff according to individuals’ contract terms. Contributions payable by the Company to these schemes are charged to the profit and loss account in the financial year to which they relate. All such schemes are defined contribution arrangements, the assets of which are held separately from the Company.

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.

Taxation

Taxation expense for the financial year comprises current and deferred tax recognised in the reporting financial year. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In this case tax is also recognised directly in equity respectively. Current or deferred taxation assets and liabilities are not discounted.

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 financial year end.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total 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 the 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 financial 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.

Intangible fixed assets

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible fixed assets (continued)

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 fixed assets are stated at cost, less depreciation and provision for any impairment. 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	10 years straight line or the period of the lease if shorter
Fixtures and fittings	5 years straight line
Computer and plant equipment	3-5 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

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.

Investments

Fixed asset investments are stated at cost less provision for any impairment. Cost may include initial consideration, deferred consideration and contingent consideration.

The initial fair value of contingent consideration is measured as the best estimate of consideration value based on satisfaction of obligation targets. Subsequent measurement of contingent consideration, reflecting changes after the acquisition date, is made at each reporting date. The fair value is based on unobservable inputs and the projected outcome is classified as a level 3 fair value estimate.

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. Cash and cash equivalents include amounts advanced by customers where use is restricted to handling the customer's activities – details are included within note 15 of the financial statements.

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 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

Contract liabilities arise as a result of the revenue recognition policy applied by the Company, whereby revenue for subsidence fees are recognised on a curve as described in the IFRS 15 accounting policy in these financial statements. This results in fees being billed prior to revenue being recognised, resulting in a contract liability.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 case 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.

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.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably. Provisions are measured at the best estimate of the amount required to settle the obligation at the reporting date.

Critical accounting judgements and key source of estimation uncertainty

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

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances.

Revisions to accounting estimates are recognised in the financial year in which the estimates are revised and in any future financial years affected.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical accounting judgements and key sources of estimation uncertainty (continued)

The following accounting estimates are those which the Directors consider may reasonably change in the next 12 months to give rise to a material movement:

Deferred administration fees

A significant proportion of the Company's revenue comes from fees for the outsourced administration of the claims management process. Administration fees are recognised in revenue to the extent that the service is considered delivered. Where the effort is incurred over a significant period of time judgement is required to determine the extent to which the service has been delivered. Management use estimated time to complete (as a proxy for cost) to help them determine the extent to which further effort is required and thus the proportion of the service that has been delivered. The Company uses past experience to inform estimates of time taken to complete, and where necessary uses third party specialist advice to develop revenue recognition curves. The latest curve refresh was performed during 2021, taking into account the most recent activities and market conditions. Deferred administration fees are recognised as contract liabilities and are disclosed in Note 16 (current liabilities) and Note 17 (non-current liabilities) of the financial statements. The total contract liability recognised with respect to deferred administration fees is £6,707k, split as current (£3,472k) and non-current (£3,235k).

Contingent Consideration:

On 12 April 2022, the company acquired The Warwick Partnership Limited, a provider of loss adjusting services. Consideration of £635k was paid on completion, a further £600k was paid in April 2023 and up to £600k is payable in April 2024 dependant on the performance of the business and is subsequently recognised as contingent consideration within the financial statements. Management have assessed the performance of the business since acquisition, in addition to forecasted financial performance, for which there is a degree of estimation uncertainty, to determine the appropriate amount of contingent consideration to be recognised. From the work performed, management have concluded that £600k of contingent consideration shall be recognised as at 31 December 2022. This is the maximum amount payable, dependent on the financial performance of the business.

4. REVENUE

All revenue, through various sub streams, fundamentally relates to the handling of property repair claims, all of which relates to services provided within the United Kingdom. For the year ended 31 December 2022, £3,045k (2021: £3,150k) of the reported revenue was included in contract liabilities as at the end of the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2022

5. EXCEPTIONAL INCOME / (EXPENDITURE)

	2022	2021
	£'000	£'000
Onerous contract provision release	(1,125)	-
Impairment in value of investment	70	125
Project related costs	96	62
Acquisition costs	39	-
	<u>(920)</u>	<u>187</u>

As a result of contract termination in the year, the requirement for certain onerous provisions no longer existed, leading to those provisions being released.

The Company has determined that the carrying value of its investment in InFront Insurance PCC Limited should be written down to £nil resulting in impairment of the investment of £70k (2021: £125k).

Project costs are primarily driven by a business transformation relating to claims handling systems which will continue into 2023.

Acquisition costs relate to the acquisition of 100% shareholding in The Warwick Partnership Limited, a strategic investment to further the offering of the Company.

6. OPERATING PROFIT

	2022	2021
	£'000	£'000
Operating profit is stated after charging:		
Auditors' remuneration – audit of financial statements	85	85
Depreciation – owned assets	228	206
Amortisation of intangible assets	7	87

Any auditors' remuneration relating to non-audit fees are borne by other Group entities and fully disclosed within the statutory consolidated financial statements of the parent company Innovation Group Holdings Limited. Accordingly they are not disclosed here.

7. FINANCE INCOME AND EXPENSE

	2022	2021
	£'000	£'000
Finance income:		
Bank interest income	5	-
Intercompany interest income	9	-
Total finance income	<u>14</u>	<u>-</u>
Finance expense:		
Lease Liabilities	(8)	(8)
Intercompany interest cost	-	(34)
Total finance expense	<u>(8)</u>	<u>(42)</u>
Net finance income/(expense)	<u>6</u>	<u>(42)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2022

8. STAFF COSTS

	2022	2021
	£'000	£'000
Staff costs during the year (including Directors) were:		
Wages and salaries	8,051	7,164
Furlough support	-	14
Social security costs	771	686
Other pension costs	265	271
	9,087	8,135

The monthly average number of employees during the year was:

	2022	2021
	No.	No.
Management and administration	7	6
Claims handling	78	64
Engineers and operations	143	158
	228	228

9. DIRECTORS

No directors are employed by the Company (2021: none).

For the years ended 31 December 2022 and 31 December 2021, the Directors did not receive any remuneration in respect of their services to the Company, as their services to the Company are deemed incidental to their wider role in the Group.

No Directors had contributions made to a personal defined contribution pension scheme by the Company during the financial year ended 31 December 2022 (2021: none).

No contributions were made to a money purchase scheme by the Company for any Director for the financial year ended 31 December 2022 (2021: none).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2022

10. TAX ON PROFIT

	2022 £'000	2021 £'000
Current taxation:		
UK Corporation tax expense	-	-
Total current tax charge	-	-
Deferred tax:		
Timing differences, origination and reversal	-	-
Total deferred tax charge	-	-
Total tax charge	-	-

The tax assessed for the year is lower (2021: lower) than the standard rate of corporation tax in the UK. The differences are set out below:

	2022 £'000	2021 £'000
Profit before taxation	7,153	3,485
Tax charge at 19% (2021: 19%)	1,359	662
Effects of:		
Expenses not deductible for tax purposes	9	23
Items for which deferred tax is not recognised	19	35
Group relief not paid for	(437)	-
Utilisation of unrecognised deferred tax asset	(950)	(720)
Total tax	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2022

10. TAX ON PROFIT (CONTINUED)

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. At 31 December 2022, no deferred tax asset has been recognised (2021: £nil).

Unrecognised deferred tax asset

	2022	2021
	£'000	£'000
Decelerated capital allowances	763	747
Tax losses	7,060	8,308
	<u>7,823</u>	<u>9,055</u>

Unrecognised deferred tax assets relate to decelerated capital allowances and carried forward tax losses. These assets have not been recognised on the basis that there is insufficient evidence that the asset will be recoverable at the balance sheet date.

11. INTANGIBLE ASSETS

	Internally developed software £'000
Cost	
At 1 January 2022 and 31 December 2022	<u>760</u>
Accumulated Amortisation	
At 1 January 2022	753
Charge for the year	7
At 31 December 2022	<u>760</u>
Net book value	
At 31 December 2022	<u>-</u>
At 31 December 2021	<u>7</u>

Amortisation charges are included within 'Administrative expenses' within the Statement of Comprehensive Income.

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

Innovation Property (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2022

12. TANGIBLE ASSETS

	Right of use asset £'000	Leasehold Improvements £'000	Fixtures and fittings £'000	Computer and plant equipment £'000	Total £'000
Cost					
At 1 January 2022	481	94	8	540	1,123
Additions	129	18	20	237	404
Disposals	(60)	(3)	-	(156)	(219)
At 31 December 2022	550	109	28	621	1,308
Accumulated Depreciation					
At 1 January 2022	211	53	1	444	709
Charge for the year	119	15	5	89	228
Disposals	(60)	(3)	-	(156)	(219)
At 31 December 2022	270	65	6	377	718
Net book value					
At 31 December 2022	280	44	23	244	590
At 31 December 2021	270	41	7	96	414

The carrying amounts of the tangible assets are deemed to be a reasonable approximation of their fair values. As at 31 December 2022, £384k (2021: £245k) of assets were fully depreciated.

Innovation Property (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2022

13. INVESTMENTS

	Listed investments £'000	Share in Group undertakings and participating interests £'000	Total £'000
Cost			
At 1 January 2022	10	1,580	1,590
Additions	-	1,905	1,905
At 31 December 2022	10	3,485	3,495
Impairment in value			
At 1 January 2022	(10)	(1,580)	(1,590)
Charge for the year	-	(70)	(70)
At 31 December 2022	(10)	(1,650)	(1,660)
Net book value			
At 31 December 2022	-	1,835	1,835
At 31 December 2021	-	-	-

The additions in the year are in respect of the acquisition of The Warwick Partnership Limited (£1,835k) and additional investment in InFront Insurance PCC Limited (£70k).

Shares in Group undertakings and participating interests represents:

Subsidiary undertaking	Principal activities	Country of incorporation	Direct / indirect holding	Percentage of ordinary shares held
InFront Insurance PCC Limited ¹	Insurance underwriting	Guernsey	Direct	100%
The Warwick Partnership Limited ²	Loss adjusting	UK	Direct	100%
Warwick Consulting Loss Adjusters Limited ²	Loss adjusting	UK	Direct	100%

Addresses of subsidiaries references above are as follows:

¹ P. O Box 33, Maison Trinity, Trinity Square, St. Peter Port, GY1 4AT, Guernsey

² Bembridge House, 1300 Parkway, Whitely, Fareham, Hampshire, P015 7AE, United Kingdom

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2022

14. DEBTORS

	2022 £'000	2021 £'000
Trade debtors	3,622	2,932
Other debtors	13	13
Loans due from Group undertakings	5,009	-
Prepayments	206	324
Contract assets	894	523
	9,744	3,792

Trade debtors are stated after provisions for impairment of £483k (2021: £417k).

Loans due from Group undertakings are unsecured, repayable on demand and are subject to interest at 2.0% above the Bank of England Official Bank rate. Management have considered the expected credit losses in-line with IFRS 9 and no impairment is required.

15. CASH AT BANK AND IN HAND

Cash and cash equivalents include amounts advanced by customers where use is restricted to handling the customer's activities. From the cash and cash equivalents of £6,700k (2021: £8,812k), the cash restricted to handling the customer's activities is £2,811k (2021: £3,046k).

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £'000	2021 (restated)* £'000
Trade creditors	905	1,384
Other taxation and social security	628	572
Accruals	1,423	8,326
Contract liabilities	3,472	3,801
Other creditors	4,238	4,049
Amounts owed to Group undertakings	888	409
Obligations under finance leases	117	113
	11,671	18,654

Amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

* The prior year contract liabilities balance has been restated from £6,650k to £3,472k to reclassify £3,178k to Creditors: amounts falling due in more than one year. This was to correct an error in the prior year classification of these balances.

Innovation Property (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2022

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

	2022	2021 (Restated)*
	£'000	£'000
Obligations under finance leases	164	156
Contract liabilities	3,235	3,178
	<u>3,399</u>	<u>3,334</u>

* The prior year contract liabilities balance has been restated from £6,650k to £3,472k to reclassify £3,178k to Creditors: amounts falling due in more than one year. This was to correct an error in the prior year classification of these balances

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

	2022	2021
	£'000	£'000
Due within one year or on demand	127	113
Due between one and two years	77	95
Due between two years and five years	102	81
Total gross payments	<u>306</u>	<u>289</u>
Less: finance charges allocated to future years	(25)	(13)
Carrying value of liability	<u>281</u>	<u>276</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended 31 December 2022

18. PROVISION FOR LIABILITIES

	Contingent Consideration £'000	Contracts £'000	Other £'000	Total £'000
At 1 January 2022	-	1,170	1,257	2,427
Provided	600	-	1,620	2,220
Released	-	(1,170)	(441)	(1,611)
At 31 December 2022	<u>600</u>	<u>-</u>	<u>2,436</u>	<u>3,036</u>

Other provisions include provisions against claim costs of £2,147k which are expected to be settled within 1-2 years.

On 12 April 2022, the company acquired The Warwick Partnership Limited, a provider of loss adjusting services. Contingent consideration of up to £600k is payable in April 2024 dependant on the performance of the business.

19. LEASES

The Company has lease contracts for rental of various office premises. The amounts recognised in the financial statements in relation to the leases 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	481	398
Additions	129	83
Disposals	(60)	-
At 31 December	<u>550</u>	<u>481</u>
Accumulated Depreciation		
At 1 January	211	109
Charge for the year	119	102
Disposals	(60)	-
At 31 December	<u>270</u>	<u>211</u>
Net book value		
At 31 December	<u>280</u>	<u>270</u>
At 1 January	<u>270</u>	<u>289</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2022

19. LEASES (CONTINUED)

	2022	2021
	£'000	£'000
Lease liabilities		
Current	117	113
Non-current	164	156
Carrying value of liability	281	276

(ii) Amounts recognised in the Statement of Comprehensive Income

The Statement of Comprehensive Income shows the following amounts relating to leases:

	2022	2021
	£'000	£'000
Depreciation	(119)	(102)
Finance expense	(8)	(8)

Future minimum lease payments are as follows:

	2022	2021
	£'000	£'000
Due within one year or on demand	127	113
Due between one and two years	77	95
Due between two years and five years	102	81
Total gross payments	306	289
Less: finance charges allocated to future years	(25)	(13)
Carrying value of liability	281	276

20. PENSION CONTRIBUTIONS

As at 31 December 2022, there were no outstanding payments in regards to pension contributions (2021: £nil). Pension costs for the year to 31 December 2022 were £265k (2021: £271k).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 December 2022

21. CALLED UP SHARE CAPITAL

Ordinary shares of £0.10 each:

	No.	Amount £'000
Authorised, issued and fully paid		
At 1 January 2022	9,700	1
Issued during the year	5,000	1
At 31 December 2022	14,700	1

On 20 December 2022, 5,000 ordinary shares of £0.10 each, were issued for £5,000k. The excess is recognised in the share premium account.

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

22. 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. The Company remains a wholly owned subsidiary of Innovation Group Holdings Limited as at the end of the period, 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.

23. 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 Alber Borschette, Luxembourg, 1246.

24. 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, PO15 7AE, United Kingdom.