

Registered number: 12539796

UKGI GROUP LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2021

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UKGI GROUP LTD

COMPANY INFORMATION

Directors	A J Adler A D Alway C Guillaume
Registered number	12539796
Registered office	Number 22 Mount Ephraim Tunbridge Wells TN4 8AS
Independent auditors	PKF Littlejohn LLP 15 Westferry Circus Canary Wharf London E14 4HD

UKGI GROUP LTD

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UKGI GROUP LTD

GROUP STRATEGIC REPORT FOR THE PERIOD ENDED 31 MARCH 2021

Our Vision Statement

To achieve excellence for our clients, colleagues and business partners by upholding our cornerstones of Honesty, Integrity and Professionalism through superior service, communication and respect.

Business Review

The Group acquired five businesses during the year, three FCA compliance consultancy businesses, one insurance training business and one insurance broker as well as investing in new broking offices and Group resources.

Each acquisition has achieved the targets agreed from the date of acquisition to the financial year end.

Performance Review and Key Performance Indicators

Each business within UKGI Group is monitored against key performance indicators (KPI's) which include total revenue, EBITDA margin and client engagement.

During the 11 months trading the Group generated revenue of £3,533,903 and an Operating Loss of £1,188,662, which includes £335,418 of amortised goodwill and impairment charge of £651,044.

There is no comparable for the previous reporting period since the Group was incorporated on 30th March 2020

Our Business Strategy

We believe that successfully applied client engagement is a real differentiator for an advice led business such as UKGI and that a strategy focused on this will enable us to stand out from the competition in a way that is hard to replicate, especially in the mature and highly competitive sectors of general insurance broking and compliance consultancy.

We have the ability to draw on the experience and resources of our colleagues and investors along with technology utilised to create a business that will stand out.

Principles

The underlying principles that drive our strategy continue to be:

Clients: Listening to our clients, identifying their requirements and working with them to help them develop.

Colleagues: Our colleagues are our best asset and we are keen to promote their skills and experience. We are very supportive of the drive to increase professionalism across the industry.

Business partners: Our relationships with our strategic partners, who include insurers as well as regulators will always remain key to our success.

Acquisitions

We continue to pursue our strategy of targeted acquisitions and have an active pipeline of discussions. We will only acquire where we can be sure that there is both a strong cultural fit and that the deal enhances the group's value.

Organic Growth

The group seeks organic growth by focusing on its areas of strength through offering related services to clients. We will continue to introduce new services and drive organic growth in our existing markets.

UKGI GROUP LTD

GROUP STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2021

Future Growth

UKGI has a strong financial base with good visibility of revenues and potential new opportunities which give us every confidence that we will achieve sustained and profitable growth in the future.

Principal Risks and Uncertainties

Competitive Risk

The Group operates in a mature market which has, in recent years, attracted a lot of inward capital investment primarily private equity based. There are a number of well financed competitors who are executing similar growth strategies to our own. Our Group looks to differentiate itself from the crowd through the application of our principles and vision.

Credit Risk

The primary credit risk for the Group arises from our clients being unable to meet their obligations to pay. The Group's management teams use a mixture of credit policies to manage this risk alongside reviewing the aged debt profile monthly.

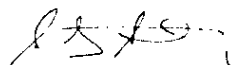
Liquidity/Cashflow Risk

The Group reviews its cashflows monthly and forecasts forward to ensure it is well placed to meet its financial obligations as they fall due. There is no exposure to foreign exchange rate risk or interest rate risk.

Operational Risk

There are a number of operational risks that are identified and reviewed by management and shareholders on a regular basis. The risks are mitigated by management through the implementation of procedures, policies and action plans.

This report was approved by the board on 30th March 2022 and signed on its behalf.



A D Alway
Chairman

UKGI GROUP LTD

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2021

The directors present their annual report and financial statements for the period ended 31 March 2021.

Directors

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

A J Adler (appointed 1 January 2021)
A D Alway (appointed 30 March 2020)
C Guillaume (appointed 1 February 2021)

Disclosure of information to auditors

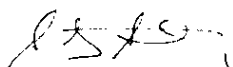
Each of the persons who is a director at the date of approval of this report confirms that:

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

Auditors

The auditors, PKF Littlejohn LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 30th March 2022 and signed on its behalf.



A D Alway
Chairman

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2021**

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps *for the prevention and detection of fraud and other irregularities.*

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UKGI GROUP LTD

Opinion

We have audited the financial statements of UKGI Group Ltd (the 'parent Company') and its subsidiaries (the 'Group') for the period ended 31 March 2021, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2021 and of the Group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UKGI GROUP LTD (CONTINUED)

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UKGI GROUP LTD (CONTINUED)

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 Group 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:

- We obtained an understanding of the company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research, application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the company in this regard to be those arising from Companies Act 2006 and UK Tax regulations.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to; enquiries of management, review of board of directors minutes and review of regulatory correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud as those arising from management override of controls. We have addressed this risk by performing audit procedures which included testing of journals, evaluating the business rationale of any significant transactions that are unusual or outside normal course of business that came to our attention and preliminary and final analytical review to identify any unusual or expected financial relationships or variances.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UKGI GROUP LTD (CONTINUED)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Paul Goldwin (Senior Statutory Auditor)

for and on behalf of
PKF Littlejohn LLP

15 Westferry Circus
Canary Wharf
London
E14 4HD
Date: 30 March 2022

UKGI GROUP LTD

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2021**

	Note	2021 £
Turnover	4	3,533,903
Cost of sales		(406,113)
Gross profit		3,127,790
Administrative expenses		(4,350,648)
Other operating income	5	34,196
Operating loss		(1,188,662)
Profit on disposal		14,163
Interest receivable and similar income	9	21
Interest payable and expenses	10	(40)
(Loss) before tax		(1,174,518)
Tax on (loss)	11	(90,755)
(Loss) for the financial period		(1,265,273)
Loss for the period attributable to:		
Owners of the parent company		(1,265,273)
		(1,265,273)

There was no other comprehensive income for 2021.

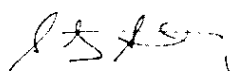
The notes on pages 15 to 33 form part of these financial statements.

UKGI GROUP LTD
REGISTERED NUMBER: 12539796

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2021

	Note	2021 £
Fixed assets		
Intangible assets	12	9,285,348
Tangible assets	13	214,782
		<u>9,500,130</u>
Current assets		
Debtors	15	4,383,137
Cash at bank and in hand	16	3,672,341
		<u>8,055,478</u>
Creditors: amounts falling due within one year	17	(5,668,997)
Net current assets		<u>2,386,481</u>
Total assets less current liabilities		<u>11,886,611</u>
Creditors: amounts falling due after more than one year	18	(119,674)
Provisions for liabilities		
Deferred tax	20	(32,210)
		<u>(32,210)</u>
Net assets		<u><u>11,734,727</u></u>
Capital and reserves		
Called up share capital	21	11,137,360
Share premium account	22	1,862,640
Profit and loss account	22	(1,265,273)
Equity attributable to owners of the parent Company		<u><u>11,734,727</u></u>
		<u><u>11,734,727</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30th March 2022



A D Alway
Chairman

The notes on pages 15 to 33 form part of these financial statements.

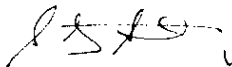
UKGI GROUP LTD
REGISTERED NUMBER: 12539796

COMPANY BALANCE SHEET
AS AT 31 MARCH 2021

	Note	2021 £
Fixed assets		
Tangible assets	13	2,933
Investments	14	11,043,246
		<u>11,046,179</u>
Current assets		
Debtors: amounts falling due within one year	15	3,013,570
Cash at bank and in hand	16	343,712
		<u>3,357,282</u>
Creditors: amounts falling due within one year	17	(1,842,267)
		<u>1,515,015</u>
Net current assets		<u>1,515,015</u>
Total assets less current liabilities		<u>12,561,194</u>
Net assets		<u><u>12,561,194</u></u>
Capital and reserves		
Called up share capital	21	11,137,360
Share premium account	22	1,862,640
Profit and loss account carried forward		(438,806)
		<u>12,561,194</u>
Shareholders' funds		<u><u>12,561,194</u></u>

The parent company loss for the period was £438,806.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
30th March 2022



A D Alway
Chairman

The notes on pages 15 to 33 form part of these financial statements.

UKGI GROUP LTD

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2021**

	Called up share capital £	Share premium account £	Profit and loss account £	Equity attributable to owners of parent Company £	Total equity £
Comprehensive income for the period					
Loss for the period	-	-	(1,265,273)	(1,265,273)	(1,265,273)
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>(1,265,273)</u>	<u>(1,265,273)</u>	<u>(1,265,273)</u>
Shares issued during the period	11,137,360	1,862,640	-	13,000,000	13,000,000
At 31 March 2021	<u>11,137,360</u>	<u>1,862,640</u>	<u>(1,265,273)</u>	<u>11,734,727</u>	<u>11,734,727</u>

The notes on pages 15 to 33 form part of these financial statements.

UKGI GROUP LTD

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2021**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
Comprehensive income for the period				
Loss for the period	-	-	(438,806)	(438,806)
Total comprehensive income for the period	-	-	(438,806)	(438,806)
Contributions by and distributions to owners				
Shares issued during the period	11,137,360	1,862,640	-	13,000,000
At 31 March 2021	11,137,360	1,862,640	(438,806)	12,561,194

The notes on pages 15 to 33 form part of these financial statements.

UKGI GROUP LTD

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2021**

	2021 £
Cash flows from operating activities	
Loss for the financial period	(1,265,273)
Adjustments for:	
Amortisation of intangible assets	509,859
Impairment of intangible assets	651,044
Depreciation of tangible assets	16,996
Profit on disposal of tangible assets	(14,163)
Government grants	(32,676)
Taxation charge	90,755
Increase in debtors	(2,336,617)
Increase in creditors	5,775,251
Corporation tax received	(45,125)
Net cash generated from operating activities	<u>3,350,051</u>
Cash flows from investing activities	
Purchase of intangible fixed assets	(10,315)
Purchase of tangible fixed assets	(37,617)
Proceeds on disposal of tangible fixed assets	69,992
Government grants received	32,676
Fixed assets acquired on business combinations	(10,685,927)
Net cash from investing activities	<u>(10,631,191)</u>
Cash flows from financing activities	
Issue of ordinary shares	10,953,481
Net cash used in financing activities	<u>10,953,481</u>
Net increase in cash and cash equivalents	<u>3,672,341</u>
Cash and cash equivalents at the end of period	<u><u>3,672,341</u></u>
Cash and cash equivalents at the end of period comprise:	
Cash at bank and in hand	3,672,341
	<u><u>3,672,341</u></u>

The notes on pages 15 to 33 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021**

1. General information

UKGI Group Ltd (the "Company") is a private company, limited by shares, registered in England and Wales. The Company's registered office address is Number 22 Mount Ephraim, Tunbridge Wells, Kent, England, TN4 8AS.

The principal activity of the company is to act as a holding company.

The company's functional and presentational currency is pound Sterling (GBP) and rounded to the nearest £.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The financial statements have been prepared on a going concern basis as the Group has sufficient financial resources to meet its obligations over the forthcoming twelve months.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021**

2. Accounting policies (continued)

2.4 Turnover

Turnover represents brokerage income, profit commission arising on the placement of insurance contracts net of any commissions payable to third parties, consultancy income and fees.

Brokerage is recognised when the company's contractual right to such income is established, and to the extent that the company's relevant obligations under the contracts concerned have been performed. For most of the company's broking activities, this means that brokerage is recognised at the inception of the underlying contract of insurance concerned, subject to a deferral of that brokerage in respect of post-placement services that constitute obligations of the company under those contracts.

Where the amount of brokerage is dependant on the achievement of contractual targets, the minimum amounts under the contract are recognised on inception, and the incremental amounts arising are recognised when the targets concerned are achieved.

Where the amount of brokerage is dependant on the results of the business placed, the minimum amounts under the contract are recognised at inception, and any incremental amounts are recognised only to the extent that a reliable estimate of the amounts concerned can be made. Such estimates are made on a prudent basis that reflects the level of uncertainty involved.

Profit commission/performance related over-rider commission is recognised as income when the amount earned has been confirmed.

Consultancy income is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Turnover that has been credited in the company's books, but not yet recognised as income in accordance with the policies described above, is credited to the deferred income account within accruals and deferred income in the company's balance sheet. Revenue that is recognised in accordance with this policy before it has been credited in the company's books is included in insurance debtors in the company's balance sheet.

2.5 Research and development

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021**

2. Accounting policies (continued)

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

2.7 Interest income

Interest income is recognised in the consolidated statement of comprehensive income using the effective interest method.

2.8 Finance costs

Finance costs are charged to the consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Borrowing costs

All borrowing costs are recognised in the consolidated statement of comprehensive income in the period in which they are incurred.

2.10 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.11 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021**

2. Accounting policies (continued)

2.12 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

2.13 Intangible assets

Goodwill

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

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021**

2. Accounting policies (continued)

2.14 Tangible fixed assets

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

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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

Depreciation is provided on the following basis:

Freehold property	- 0% reducing balance
Leasehold improvements	- 15 years straight line
Motor vehicles	- 5 years straight line
Office equipment	- 4 to 10 years straight line
Computer equipment	- 3 to 4 years straight line
Fixtures and fittings	- 4 to 5 years straight line & 15% reducing balance

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of comprehensive income.

2.15 Impairment of fixed assets and goodwill

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

2.16 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.17 Debtors

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021**

2. Accounting policies (continued)

2.18 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.19 Creditors

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

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021**

2. Accounting policies (continued)

2.21 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021**

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

In applying the Company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The critical judgements that the directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

(a) New acquisitions

The consideration payable on acquisitions is normally dependent on their performance during an earnout period. The values carried for newly acquired goodwill and deferred consideration are based on estimates of future performance based on past performance.

(b) Goodwill amortisation/impairment

Amortisation and impairment calculations are highly dependent on residual value estimates which are based on our knowledge of market values for insurance broker books, and prudent growth projections.

(c) Assessing indicators of impairment

In assessing whether there have been any indicators of impairment, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

(d) Deferred income for post placement obligations

An amount of revenue is deferred for post placement obligations to be rendered in respect of business placed by the period end date, this estimate is based on the duration of policies and the costs of claims handling.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021**

4. Turnover

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

	2021 £
Commission	1,145,631
Consultancy	2,388,272
	<u>3,533,903</u>

Analysis of turnover by country of destination:

	2021 £
United Kingdom	3,533,903
	<u>3,533,903</u>

5. Other operating income

	2021 £
Grants received	32,676
Other income	1,520
	<u>34,196</u>

6. Auditors' remuneration

	2021 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>37,500</u>

Fees payable to the Group's auditor and its associates in respect of:

Taxation compliance services	12,250
Accounts production	11,000
	<u>23,250</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021**

7. Employees

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

	Group 2021 £	Company 2021 £
Wages and salaries	2,002,478	226,190
Social security costs	220,290	26,187
Cost of defined contribution scheme	67,398	7,353
	<u>2,290,166</u>	<u>259,730</u>

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

	2021 No.
Average number of employees	<u>52</u>

8. Directors' remuneration

During the period retirement benefits were accruing to no directors in respect of defined contribution pension schemes.

The highest paid director received remuneration of £36,500.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,140.

9. Interest receivable

	2021 £
Other interest receivable	21
	<u>21</u>

10. Interest payable and similar expenses

	2021 £
Bank interest payable	40
	<u>40</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021**

11. Taxation

	2021 £
Corporation tax	
Current tax on profits for the period	85,551
	<u>85,551</u>
Total current tax	<u>85,551</u>
Deferred tax	
Origination and reversal of timing differences	5,204
Total deferred tax	<u>5,204</u>
Taxation on profit on ordinary activities	<u>90,755</u>

Factors affecting tax charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	2021 £
(Loss) on ordinary activities before tax	<u>(1,174,518)</u>
(Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	<u>(223,158)</u>
Effects of:	
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	405,010
Group relief	(91,097)
Total tax charge for the period	<u>90,755</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021**
11. Taxation (continued)**Factors that may affect future tax charges**

Legislation was passed on 18 November 2015 to further reduce the UK corporation tax rate to 18% from 1 April 2020.

Further legislation was introduced in the Finance Bill 2016 to reduce the main rate of corporation tax to 17% from 1 April 2020 (this supersedes the 18% rate).

On 3 March 2021, the UK government announced that it intended to increase the main rate of corporation tax to 25% for financial years beginning on or after 1 April 2023. This rate was enacted on 10 June 2021.

12. Intangible assets**Group and Company**

	Development expenditure £	Other intangibles £	Goodwill £	Total £
Cost				
Acquired on business combinations	6,750	1,432,479	8,996,708	10,435,937
Additions	10,315	-	-	10,315
At 31 March 2021	17,065	1,432,479	8,996,708	10,446,252
Amortisation				
Charge for the period on owned assets	812	173,630	335,418	509,860
Impairment charge	-	651,044	-	651,044
At 31 March 2021	812	824,674	335,418	1,160,904
Net book value				
At 31 March 2021	16,253	607,805	8,661,290	9,285,348

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021**

13. Tangible fixed assets

Group

	Freehold property £	Long-term leasehold property £	Motor vehicles £	Computer equipment £	Office equipment £	Total £
Cost or valuation						
Acquired on business combinations	55,829	29,884	1,125	141,949	24,311	253,098
Additions	-	-	-	34,131	378	34,509
Disposals	(55,829)	-	-	-	-	(55,829)
At 31 March 2021	-	29,884	1,125	176,080	24,689	231,778
Depreciation						
Charge for the period on owned assets	-	729	225	15,063	979	16,996
At 31 March 2021	-	729	225	15,063	979	16,996
Net book value						
At 31 March 2021	-	29,155	900	161,017	23,710	214,782

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021

13. Tangible fixed assets (continued)

Company

	Plant and machinery £
Cost or valuation	
Additions	3,108
At 31 March 2021	<u>3,108</u>
Depreciation	
Charge for the period on owned assets	175
At 31 March 2021	<u>175</u>
Net book value	
At 31 March 2021	<u><u>2,933</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021**

14. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
Additions	11,043,246
At 31 March 2021	<u>11,043,246</u>
Net book value	
At 31 March 2021	<u><u>11,043,246</u></u>

Direct subsidiary undertakings

The following were direct subsidiary undertakings of the Company:

Name	Class of shares	Holding
Adler Fairways Insurance Group Ltd	Ordinary	100%
Insurance Compliance Services Ltd	Ordinary	100%
RWA Compliance Services Ltd	Ordinary	100%
Total Broker Solutions Limited	Ordinary	100%
Searchlight Solutions Ltd	Ordinary	100%

All the subsidiary companies have a registered office of Number 22 Mount Ephraim, Tunbridge Wells, Kent, England, TN4 8AS. This is the same registered office of the parent Company.

The aggregate of the share capital and reserves as at 31 March 2021 and the profit or loss for the period ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Adler Fairways Insurance Group Ltd	3,199,426	(56,962)
Insurance Compliance Services Ltd	199,094	14,261
RWA Compliance Services Ltd	369,366	149,432
Total Broker Solutions Limited	1,641,025	74,343
Searchlight Solutions Ltd	(111,251)	(750,202)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021**

14. Fixed asset investments (continued)

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	Class of shares	Holding
Adler Fairways Insurance Brokers Ltd	Ordinary	100%
Fairways Group Holdings Ltd	Ordinary	100%
UKGI Limited	Ordinary	100%
UKGI Services Ltd	Ordinary	100%
Cross & Co (Insurance Brokers) Ltd	Ordinary	100%
Gilchrist Standard Ltd	Ordinary	100%

All the subsidiary companies have a registered office of Number 22 Mount Ephraim, Tunbridge Wells, Kent, England, TN4 8AS. This is the same registered office of the parent Company.

15. Debtors

	Group 2021 £	Company 2021 £
Trade debtors	2,061,616	(590)
Amounts owed by group undertakings	-	940,811
Other debtors	2,082,183	2,062,761
Prepayments and accrued income	211,232	10,588
Corporation tax repayable	28,106	-
	4,383,137	3,013,570

Amounts owed by group undertakings are unsecured, attract no interest and are repayable on demand.

16. Cash and cash equivalents

	Group 2021 £	Company 2021 £
Cash at bank and in hand	3,672,341	343,712
	3,672,341	343,712

Cash at bank and in hand included £1,525,765 held in client money bank accounts, which is not available to the company for working capital purposes.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021**

17. Creditors: Amounts falling due within one year

	Group 2021 £	Company 2021 £
Bank overdrafts	114	-
Trade creditors	2,788,267	14,687
Amounts owed to group undertakings	-	191,174
Corporation tax	136,548	-
Other taxation and social security	277,505	19,521
Other creditors	10,125	-
Accruals and deferred income	2,456,438	1,616,885
	<u>5,668,997</u>	<u>1,842,267</u>

Amounts owed to group undertakings are unsecured, attract no interest and are repayable on demand.

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

	Group 2021 £	Company 2021 £
Claims handling provision	119,674	-
	<u>119,674</u>	<u>-</u>

19. Financial instruments

	Group 2021 £	Company 2021 £
Financial assets		
Financial assets measured at fair value through the Consolidated statement of comprehensive income.	<u>3,672,341</u>	<u>343,712</u>

Financial assets measured at fair value through the Consolidated statement of comprehensive income comprise cash at bank and in hand.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021**

20. Deferred taxation

Group

	2021 £
Arising on business combinations	(27,006)
Charged to profit or loss	(5,204)
At end of year	(32,210)
	Group 2021 £
Accelerated capital allowances	32,210
	32,210

21. Share capital

	2021 £
Allotted, called up and fully paid	
11,000,000 Ordinary shares of £1.00 each	11,000,000
137,360 Ordinary B shares of £1.00 each	137,360
	11,137,360

On 31 August 2020 3,000,000 Ordinary shares were allotted. Each share had a nominal value of £1 and the total cash consideration amounted to £3,000,000.

On 30 October 2020 680,000 Ordinary shares were allotted. Each share had a nominal value of £1 and the total cash consideration amounted to £680,000.

On 31 December 2020 1,528,622 Ordinary shares were allotted. Each share had a nominal value of £1 and the total cash consideration amounted to £2,109,498 resulting in share premium of £585,359.

On 31 December 2020 3,041,378 Ordinary shares were allotted. Each share had a nominal value of £1 and the total cash consideration amounted to £4,197,102 resulting in share premium of £1,164,641.

On 1 January 2021 2,750,000 Ordinary shares were allotted. Each share had a nominal value of £1, non cash consideration was given for shares in Alder Fairways Insurance Group Ltd.

On 24 March 2021 137,360 Ordinary B shares were allotted. Each share had a nominal value of £1 and the total cash consideration amounted to £249,995 resulting in £112,640 share premium.

Ordinary B shares have no voting rights but have full rights in respect of dividends and capital distributions.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021**

22. Reserves

Share premium account

The share premium account represents the difference between the nominal value and the price paid for issued shares

Profit and loss account

The profit and loss accounts represents cumulative profits and losses net of dividends and other adjustments.

23. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. Total contributions made in the period amounted to £67,398. £17,898 was payable to the fund at the balance sheet date.

24. Commitments under operating leases

At 31 March 2021 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £
Group	
Not later than 1 year	121,109
Later than 1 year and not later than 5 years	370,568
Later than 5 years	288,000
	<hr/> 779,677 <hr/>

25. Related party transactions

The company is taking the exemption under paragraph 33.1A of FRS102 not to disclose intra-group transactions with wholly owned subsidiaries and its parent company.

26. Controlling party

In the opinion of the directors there is no single ultimate controlling party.

27. Subsidiary company audit exemption

Insurance Compliance Services Limited (company number 04398255) is entitled to and has taken advantage of the exemption from the statutory audit conferred under section 479A of the Companies Act 2006."