Registered number: 12539796

UKGI GROUP LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

UKGI GROUP LTD

COMPANY INFORMATION

Directors	A J Adler A D Alway
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 YEAR ENDED 31 MARCH 2023

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 two insurance broking businesses during the year, which complement the existing broking division. This has been supported by further investment in senior management for the consultancy division.

The acquisitions have performed well from the date of acquisition to the financial year end with agreed targets being met.

The Group's online training platform was successfully re-launched in the year with all existing users transferred across.

Performance Review and Key Performance Indicators

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

During the year the Group generated revenue of £11,263,347 (2022: £9,150,844) and an EBITDA of £1,864,942 (2022: £947,285). The growth, whilst driven in part by the acquisitions, also reflects the profit emergence from the investment in staff and offices which are contributing to underlying organic growth.

Our Business Strategy

We believe that successfully applied client engagement is a real differentiator for an advice led business such as UKGI and that strategy 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 in both broking and consultancy. 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.

Future Growth

UKGI Group 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.

Principle 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 in the insurance broking market 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 it's cashflows monthly and forecasts forward to ensure it is well placed to meet it's financial obligations as they fall due and remains cash generative at an operational level. The Group has gained the banks' support for it's acquisition activity, with the funding carrying an interest rate risk and risk of covenant breach. The Group manages the risk through extensive forecasting and sensitivity analysis. There is no exposure to foreign exchange rate risk.

Operational Risk

Operational risks 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 and signed on its behalf by:

A D Alway
Chairman

Date: 26 September 2023

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2023

The directors present their annual report and financial statements for the year ended 31 March 2023.

Results and dividends

The profit for the year, after taxation, amounted to £123,037 *(2022 - loss £135,787)*.

Dividends paid during the year amounted to £Nil (2022: £Nil).

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
A D Alway

Qualifying third party indemnity provisions

The Company has provided qualifying third-party indemnities for the benefit of its Directors. These were provided during the year and remain in force at the date of this report.

Strategic report

The Group has chosen in accordance with Companies Act 2006, s414C to set out in the group's strategic report information required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Strategic report.

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 and signed on its behalf by:

A D Alway
Chairman

Date: 26 September 2023

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

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 for the Group's financial statements and then apply them consistently;
- 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 Group 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 the Group 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 the Group 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 year ended 31 March 2023, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows 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 2023 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 year 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.

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, UK Tax regulations and FCA 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.

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.

John Needham (Senior Statutory Auditor)

for and on behalf of
PKF Littlejohn LLP

15 Westferry Circus
Canary Wharf
London
E14 4HD
Date: 27 September 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £	2022 £
Turnover	4	**11,263,347**	*9,150,844*
Cost of sales		**(416,495)**	*(773,904)*
Gross profit		**10,846,852**	*8,376,940*
Administrative expenses		**(10,501,801)**	*(8,700,553)*
Other operating income	5	**23,204**	*25,669*
Operating profit/(loss)	6	**368,255**	*(297,944)*
Interest receivable and similar income	10	**3,909**	*153*
Interest payable and similar expenses	11	**(19,211)**	*-*
Profit/(loss) before tax		**352,953**	*(297,791)*
Tax on profit/(loss)	12	**(229,916)**	*162,004*
Profit/(loss) for the financial year		**123,037**	*(135,787)*
Profit/(Loss) for the year attributable to:			
Owners of the parent company		**123,037**	*(135,787)*
		123,037	*(135,787)*

There was no other comprehensive income for 2023 (2022: £NIL).

The notes on pages 18 to 47 form part of these financial statements.

UKGI GROUP LTD
REGISTERED NUMBER: 12539796

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2023

	Note		2023 £		2022 £
Fixed assets					
Intangible fixed assets	13		**11,087,906**		*8,893,730*
Tangible assets	14		**380,887**		*290,128*
			11,468,793		*9,183,858*
Current assets					
Debtors	16	**3,613,104**		*2,576,286*	
Cash at bank and in hand	17	**5,600,917**		*5,718,999*	
		9,214,021		*8,295,285*	
Creditors: amounts falling due within one year	18	**(7,641,168)**		*(5,797,616)*	
Net current assets			**1,572,853**		*2,497,669*
Total assets less current liabilities			**13,041,646**		*11,681,527*
Creditors: amounts falling due after more than one year	19		**(1,031,156)**		*-*
Provisions for liabilities					
Deferred taxation	21	**(114,440)**		*-*	
Other provisions	22	**(158,881)**		*(114,256)*	
			(273,321)		*(114,256)*
Net assets			**11,737,169**		*11,567,271*
Capital and reserves					
Called up share capital	23		**11,109,888**		*11,109,888*
Share premium account	24		**1,862,640**		*1,862,640*
Capital redemption reserve	24		**27,472**		*27,472*
Other reserves	24		**65,192**		*18,331*
Profit and loss account	24		**(1,328,023)**		*(1,451,060)*
Total Equity			**11,737,169**		*11,567,271*

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

A D Alway
Chairman

Date: 26 September 2023

The notes on pages 18 to 47 form part of these financial statements.

UKGI GROUP LTD
REGISTERED NUMBER: 12539796

COMPANY BALANCE SHEET
AS AT 31 MARCH 2023

	Note		2023 £		*2022 £*
Fixed assets					
Intangible assets	13		**64,931**		-
Tangible assets	14		**85,121**		*34,296*
Investments	15		**11,986,036**		*11,776,926*
			12,136,088		*11,811,222*
Current assets					
Debtors	16	**3,573,765**		*1,280,430*	
Cash at bank and in hand	17	**35,376**		*1,500,342*	
		3,609,141		*2,780,772*	
Creditors: amounts falling due within one year	18	**(1,186,764)**		*(1,372,494)*	
Net current assets			**2,422,377**		*1,408,278*
Total assets less current liabilities			**14,558,465**		*13,219,500*
Creditors: amounts falling due after more than one year	19		**(1,031,156)**		-
Provisions for liabilities					
Deferred taxation	21	**(15,848)**		-	
			(15,848)		-
Net assets			**13,511,461**		*13,219,500*
Capital and reserves					
Called up share capital	23		**11,109,888**		*11,109,888*
Share premium account	24		**1,862,640**		*1,862,640*
Capital redemption reserve	24		**27,472**		*27,472*
Other reserves	24		**65,192**		*18,331*
Profit and loss account brought forward		**201,169**		*(438,806)*	
Profit for the year		**245,100**		*689,975*	
Other changes in the profit and loss account		-		*(50,000)*	
Profit and loss account carried forward			**446,269**		*201,169*
Total Equity			**13,511,461**		*13,219,500*

**COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2023**

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

A D Alway
Chairman

Date: 26 September 2023

The notes on pages 18 to 47 form part of these financial statements.

UKGI GROUP LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Called up share capital	Share premium account	Capital redemption reserve	Other reserves	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£	£	£	£	£	£	£
At 1 April 2021	11,137,360	1,862,640	-	-	(1,265,273)	11,734,727	11,734,727
Loss for the year	-	-	-	-	(135,787)	(135,787)	(135,787)
Purchase of own shares	-	-	-	-	(50,000)	(50,000)	(50,000)
Share based payment charge	-	-	-	18,331	-	18,331	18,331
Transfer to capital redemption reserve	(27,472)	-	27,472	-	-	-	-
At 1 April 2022	11,109,888	1,862,640	27,472	18,331	(1,451,060)	11,567,271	11,567,271
Profit for the year	-	-	-	-	123,037	123,037	123,037
Share based payment charge	-	-	-	46,861	-	46,861	46,861
At 31 March 2023	11,109,888	1,862,640	27,472	65,192	(1,328,023)	11,737,169	11,737,169

The notes on pages 18 to 47 form part of these financial statements.

UKGI GROUP LTD

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Called up share capital	Share premium account	Capital redemption reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 April 2021	11,137,360	1,862,640	-	-	(438,806)	12,561,194
Profit for the year	-	-	-	-	689,975	689,975
Purchase of own shares	-	-	-	-	(50,000)	(50,000)
Share based payment charge	-	-	-	18,331	-	18,331
Transfer to capital redemption reserve	(27,472)	-	27,472	-	-	-
At 1 April 2022	11,109,888	1,862,640	27,472	18,331	201,169	13,219,500
Profit for the year	-	-	-	-	245,100	245,100
Share based payment charge	-	-	-	46,861	-	46,861
At 31 March 2023	11,109,888	1,862,640	27,472	65,192	446,269	13,511,461

The notes on pages 18 to 47 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	2023 £	2022 £
Cash flows from operating activities		
Profit/(loss) for the financial year	**123,037**	*(135,787)*
Adjustments for:		
Amortisation of intangible assets	**1,412,776**	*1,191,941*
Depreciation of tangible assets	**83,911**	*53,287*
Impairments of fixed assets	**-**	*169,275*
Profit on disposal of tangible assets	**-**	*7,460*
Interest paid	**19,211**	*-*
Interest received	**(3,909)**	*(153)*
Taxation charge/(credit)	**229,916**	*(162,004)*
(Increase)/decrease in debtors	**(698,798)**	*1,881,573*
Increase in creditors	**1,133,588**	*184,569*
(Increase)/decrease in provisions	**44,625**	*(5,418)*
Corporation tax paid	**(214,699)**	*(21,236)*
Share based payment charge	**46,861**	*18,331*
Net cash generated from operating activities	**2,176,519**	*3,181,838*
Cash flows from investing activities		
Purchase of intangible fixed assets	**(490,482)**	*(304,800)*
Purchase of tangible fixed assets	**(147,935)**	*(123,664)*
Proceeds on disposal of tangible fixed assets	**(2,126)**	*(1,145)*
Purchase of fixed asset investments	**(2,669,912)**	*(655,610)*
Interest received	**3,909**	*153*
Net cash from investing activities	**(3,306,546)**	*(1,085,066)*

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

	2023 £	2022 £
Cash flows from financing activities		
New secured loans	**1,031,156**	-
Interest paid	**(19,211)**	-
Purchase of own shares	**-**	*(50,000)*
Net cash used in financing activities	**1,011,945**	*(50,000)*
Net (decrease)/increase in cash and cash equivalents	**(118,082)**	*2,046,772*
Cash and cash equivalents at beginning of year	**5,718,999**	*3,672,227*
Cash and cash equivalents at the end of year	**5,600,917**	*5,718,999*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**5,600,917**	*5,718,999*
	5,600,917	*5,718,999*

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MARCH 2023

	At 1 April 2022 £	Cash flows £	At 31 March 2023 £
Cash at bank and in hand	5,718,999	(118,082)	5,600,917
Debt due after 1 year	-	(1,031,156)	(1,031,156)
	5,718,999	(1,149,238)	4,569,761

The notes on pages 18 to 47 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

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 group consists of UKGI Group Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of operations are disclosed in the Strategic Report.

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 Financial reporting standard 102 - Reduced disclosure exemptions

The Company is a qualifying entity for the purpose of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The Company has taken advantage from of exemptions from the following requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' - Presentation of a statement of cash flows and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' Carrying amounts, interest Income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosure' - Compensation for key management personnel

The financial statements of the company are included within these consolidated statements of UKGI Group Ltd.

2. Accounting policies (continued)

2.3 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.

2.4 Going concern

These financial statements have been prepared on a going concern basis as the directors have not identified any uncertainties or events that cast significant doubt about the ability of the Company to continue as a going concern. In making this assessment the directors have considered the Group's ability to meet its liabilities as they fall due and comply with its banks covenant for the foreseeable future under a range of scenarios.

2. Accounting policies (continued)

2.5 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 creditors in the company's balance sheet.

2.6 Research and development

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

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

2.7 Interest income

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

2. Accounting policies (continued)

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 year 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.

2.12 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with fair value of goods and services received.

2. Accounting policies (continued)

2.13 Current and deferred taxation

The tax expense for the year 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. Accounting policies (continued)

2.14 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.

The estimated useful lives range as follows:

IT Development	-	5	years

2.15 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.

2. Accounting policies (continued)

2.15 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Leasehold improvements	- 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

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.

2.16 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.

2.17 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.18 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated Statement of Comprehensive Income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated Balance Sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

2. Accounting policies (continued)

2.19 Debtors

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

2.20 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.

2.21 Creditors

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

2.22 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.

2. Accounting policies (continued)

2.23 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.

Equity instruments issued by the group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

2.24 Insurance broking assets and liabilities

Insurance brokers act as agent in placing the insurance risk of their clients with insurers and are not liable as principles for amounts arising from such transactions. Notwithstanding these legal relationships, debtors, creditors and cash balances arising from insurance broking transactions are shown as assets and liabilities within these accounts. This recognises that the insurance broker is entitled to retain the investment income arising from the cash flows attributable to these transactions. Money received in respect of these transactions is held in non-statuary trust bank accounts or insurer trust bank accounts in accordance with the requirements of the Financial Conduct Authority.

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 earn out 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.

(e) Share based payments
The valuation of share options and employee share purchase plans involves making a number of critical estimates relating to price volatility, future dividend yields, expected life of options and forfeiture rates. These have been calculated using the Black Scholes model.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

4. Turnover

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

	2023 £	2022 £
Insurance broking and placement commission	**6,225,861**	*4,450,650*
Consultancy fee income	**5,037,486**	*4,700,194*
	11,263,347	*9,150,844*

Analysis of turnover by geographical location:

	2023 £	2022 £
United Kingdom	**11,263,347**	*9,150,844*
	11,263,347	*9,150,844*

5. Other operating income

	2023 £	2022 £
Other income	**23,204**	*25,669*
	23,204	*25,669*

6. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2023 £	2022 £
Amortisation	**1,412,776**	*1,191,941*
Depreciation	**83,911**	*53,288*
Other operating lease rentals	**175,991**	*123,232*
Share based payment charge	**46,861**	*18,331*
Claims handling provision charge/(credit)	**14,623**	*(5,418)*
Dilapidations provision charge/(credit)	**30,000**	*-*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

7. Auditors' remuneration

	2023 £	2022 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	**58,919**	*36,500*

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

	2023 £	2022 £
Taxation compliance services	**21,521**	*16,838*
Accounts production	**18,560**	*14,600*
All other assurance services	**11,000**	*5,250*
	51,081	*36,688*

8. Employees

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

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Wages and salaries	**5,527,655**	*4,730,442*	**775,943**	*829,138*
Social security costs	**638,094**	*520,938*	**106,404**	*98,418*
Cost of defined contribution scheme	**188,451**	*155,513*	**44,044**	*40,274*
	6,354,200	*5,406,893*	**926,391**	*967,830*

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

	2023 No.	2022 No.
Average number of employees	140	*126*

9. Directors' remuneration

	2023 £	2022 £
Directors' emoluments	**105,500**	*133,770*
Directors pension costs	**4,560**	*4,560*
	110,060	*138,330*

During the year retirement benefits were accruing to 1 director *(2022 - 1)* in respect of defined contribution pension schemes.

10. Interest receivable

	2023 £	*2022 £*
Other interest receivable	**3,909**	*153*
	3,909	*153*

11. Interest payable and similar expenses

	2023 £	*2022 £*
Other loan interest payable	**19,211**	*-*
	19,211	*-*

12. Taxation

	2023 £	*2022 £*
Corporation tax		
Current tax on profits for the period	**35,869**	*24,004*
Adjustments in respect of previous periods	**(39,592)**	*(86,608)*
	(3,723)	*(62,604)*
Total current tax	**(3,723)**	*(62,604)*
Deferred tax		
Origination and reversal of timing differences	**281,695**	*173,273*
Changes to tax rates	**-**	*(83,665)*
Adjustment in respect of prior periods	**(48,056)**	*(189,008)*
Total deferred tax	**233,639**	*(99,400)*
Taxation on profit/(loss) on ordinary activities	**229,916**	*(162,004)*

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2022 - lower than)* the standard rate of corporation tax in the UK of 19% *(2022 - 19%)*. The differences are explained below:

	2023 £	*2022* *£*
Profit/(loss) on ordinary activities before tax	**352,953**	*(297,791)*
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	**67,061**	*(56,580)*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**247,004**	*184,001*
Fixed asset differences	**9,365**	*38,372*
Adjustments to tax charge in respect of prior periods	**(88,000)**	*(283,624)*
Effects of changes in tax rates	**90,159**	*(61,423)*
Other differences leading to an increase (decrease) in the tax charge	**(95,673)**	*17,250*
Total tax charge for the year	**229,916**	*(162,004)*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

13. Intangible assets

Group

	Development costs £	Computer software £	Goodwill £	Total £
Cost				
At 1 April 2022	**259,282**	**1,602,380**	**9,651,837**	**11,513,499**
Additions	**241,323**	**70,833**	**178,326**	**490,482**
On acquisition of subsidiaries	**-**	**-**	**3,116,470**	**3,116,470**
At 31 March 2023	**500,605**	**1,673,213**	**12,946,633**	**15,120,451**
Amortisation				
At 1 April 2022	**102,515**	**1,099,897**	**1,417,357**	**2,619,769**
Charge for the year on owned assets	**62,698**	**185,894**	**1,164,184**	**1,412,776**
At 31 March 2023	**165,213**	**1,285,791**	**2,581,541**	**4,032,545**
Net book value				
At 31 March 2023	**335,392**	**387,422**	**10,365,092**	**11,087,906**
At 31 March 2022	*156,767*	*502,483*	*8,234,480*	*8,893,730*

13. Intangible assets (continued)

Company

	Development costs £
Cost	
At 1 April 2022	-
Additions	70,834
At 31 March 2023	70,834
Amortisation	
Charge for the year	5,903
At 31 March 2023	5,903
Net book value	
At 31 March 2023	64,931
At 31 March 2022	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

14. Tangible fixed assets

Group

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Computer Equipment £	Total £
Cost					
At 1 April 2022	51,236	35,840	1,125	243,589	331,790
Additions	49,577	7,150	3,375	87,833	147,935
Acquisition of subsidiary	-	37,601	-	122,047	159,648
Disposals	-	-	-	(2,302)	(2,302)
At 31 March 2023	100,813	80,591	4,500	451,167	637,071
Depreciation					
At 1 April 2022	3,644	7,466	1,125	29,427	41,662
Charge for the year on owned assets	15,909	3,498	3,375	61,129	83,911
Acquisition of subsidiary	-	34,088	-	100,951	135,039
Disposals	-	-	-	(4,428)	(4,428)
At 31 March 2023	19,553	45,052	4,500	187,079	256,184
Net book value					
At 31 March 2023	81,260	35,539	-	264,088	380,887
At 31 March 2022	*47,592*	*28,374*	-	*214,162*	*290,128*

14. Tangible fixed assets (continued)

Company

	Long-term leasehold property £	Office Equipment £	Computer Equipment £	Total £
Cost				
At 1 April 2022	21,352	15,781	-	37,133
Additions	49,577	1,633	20,711	71,921
At 31 March 2023	70,929	17,414	20,711	109,054
Depreciation				
At 1 April 2022	-	2,837	-	2,837
Charge for the year on owned assets	12,993	310	7,793	21,096
At 31 March 2023	12,993	3,147	7,793	23,933
Net book value				
At 31 March 2023	57,936	14,267	12,918	85,121
At 31 March 2022	*21,352*	*12,944*	-	*34,296*

15. Fixed asset investments

Company

	Investments in subsidiary companies £	Share based payment capital contribution £	Total £
Cost or valuation			
At 1 April 2022	11,935,107	11,095	11,946,202
Additions	178,224	30,886	209,110
At 31 March 2023	12,113,331	41,981	12,155,312
Impairment			
At 1 April 2022	169,276	-	169,276
At 31 March 2023	169,276	-	169,276
Net book value			
At 31 March 2023	11,944,055	41,981	11,986,036
At 31 March 2022	*11,765,831*	*11,095*	*11,776,926*

During the year, the company made a capital contribution in the subsidiaries in the form of share based payments from the granting of share options to the employees of the subsidiary companies.

During the year, the company increased the cost of its investment in Compliance Management Services Limited for £178,224 due to the subsidiary company exceeding performance obligations set out in the share purchase agreement.

15. Fixed asset investments (continued)

Subsidiary Undertakings

Direct subsidiary undertakings

The following were direct subsidiary undertakings of the Company:

Name	Class of shares	Holding
Adler Fairways Insurance Group Ltd	Ordinary	100%
Compliance Management Services 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%

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	Class of shares	Holding
Adler Fairways Insurance Brokers Limited	Ordinary	100%
Fairways Group Holdings Limited	Ordinary	100%
UKGI Limited	Ordinary	100%
UKGI Services Limited	Ordinary	100%
The Thomas Gray Partnership Ltd	Ordinary	100%
E C Parkers Holdings Ltd	Ordinary	100%
E C Parker & Company Ltd	Ordinary	100%

Audit exempt subsidiary undertakings

The Company has provided parental guarantees to a number of subsidiaries which exempts them from the requirement to have an audit under s479c of the Companies Act 2006. The subsidiaries that have received a guarantee are:

Name	Registered number
Compliance Management Services Ltd	04629827
Insurance Compliance Services Ltd	04398255
RWA Compliance Services Ltd	05389491
Fairways Group Holdings Ltd	12414760
Searchlight Solutions Ltd	05066579
Total Broker Solutions Limited	04722046
UKGI Limited	03544014
UKGI Services Limited	04953835

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

16. Debtors

	Group 2023 £	*Group 2022 £*	Company 2023 £	*Company 2022 £*
Trade debtors	**2,775,817**	*2,065,315*	**-**	*1,322*
Amounts owed by group undertakings	**-**	*-*	**3,278,372**	*1,123,885*
Other debtors	**169,155**	*123,629*	**89,552**	*-*
Prepayments and accrued income	**561,187**	*320,750*	**205,841**	*80,240*
Corporation tax repayable	**106,945**	*-*	**-**	*-*
Deferred Taxation	**-**	*66,592*	**-**	*74,983*
	3,613,104	*2,576,286*	**3,573,765**	*1,280,430*

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

17. Cash and cash equivalents

	Group 2023 £	*Group 2022 £*	Company 2023 £	*Company 2022 £*
Cash at bank and in hand	**5,600,917**	*5,718,999*	**35,376**	*1,500,342*
	5,600,917	*5,718,999*	**35,376**	*1,500,342*

Cash at bank and in hand included £3,404,210 (2022: £2,716,409) held in client money bank accounts, which is not available to the Group for working capital purposes.

18. Creditors: Amounts falling due within one year

	Group 2023 £	*Group 2022 £*	Company 2023 £	*Company 2022 £*
Trade creditors	**4,928,496**	*3,759,225*	**120,157**	*60,939*
Amounts owed to group undertakings	**-**	*-*	**811,413**	*470,176*
Corporation tax	**-**	*42,488*	**-**	*-*
Other taxation and social security	**383,189**	*330,487*	**22,440**	*3,942*
Other creditors	**93,806**	*4,536*	**1,589**	*1,707*
Accruals and deferred income	**2,235,677**	*1,660,880*	**231,165**	*835,730*
	7,641,168	*5,797,616*	**1,186,764**	*1,372,494*

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

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

	Group 2023 £	*Group 2022 £*	Company 2023 £	*Company 2022 £*
Bank loans	**1,031,156**	-	**1,031,156**	-
	1,031,156	-	**1,031,156**	-

20. Loans

	Group 2023 £	Company 2023 £
Amounts falling due 1-5 years		
Bank loans	**1,031,156**	**1,031,156**
	1,031,156	**1,031,156**

Bank loans represents a revolving credit facility drawn down on 29th November 2022. The facility is available until the 29th November 2025 and bears interest at SONIA + 1.95%.

The loan facility is secured by group company guarantees.

The directors consider the carrying amount of the loans are approximate to their fair value.

21. Deferred taxation

Group

	2023 £
At beginning of year	**66,592**
Charged to profit or loss	**(233,639)**
Utilised in year	**52,607**
At end of year	**(114,440)**

21. Deferred taxation (continued)

Company

	2023
	£
At beginning of year	74,983
Charged to profit or loss	(90,831)
At end of year	**(15,848)**

	Group 2023 £	*Group 2022 £*	Company 2023 £	*Company 2022 £*
Accelerated capital allowances	(114,440)	*66,592*	(15,848)	*74,983*
	(114,440)	*66,592*	(15,848)	*74,983*

22. Provisions

Group

	Claims handling provision £	Dilapidations provision £	Total £
At 1 April 2022	114,256	-	114,256
Charged to profit or loss	14,625	30,000	44,625
At 31 March 2023	**128,881**	**30,000**	**158,881**

There are no provisions in the Parent (2022: £Nil)

23. Share capital

	2023 £	*2022 £*
Allotted, called up and fully paid		
11,000,000 *(2022 - 11,000,000)* Ordinary shares of £1.00 each	11,000,000	*11,000,000*
109,888 *(2022 - 109,888)* Ordinary B shares of £1.00 each	109,888	*109,888*
	11,109,888	*11,109,888*

24. Reserves

Share premium account

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

Capital redemption reserve

The capital redemption reserve represents non-distributable amounts transferred following the purchase of the company's own shares.

Other reserves

Other reserves represent the Company's equity-settled share based payments reserves (note 25). £46,861 (2022 - £18,331) was credited to other reserves in respect of the share based payments charged for the year.

Profit and loss account

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

25. Share based payments

The Company established an Enterprise Management Incentive (EMI) Share Option Plan where the employees of the Company and its subsidiaries were granted share options in the company. Each option granted vests on an exit event and has a maximum of 10 years. The method of settlement is for the employee to pay cash and receive equity.

The valuation of share options and employee share purchase plans involves making a number of critical estimates relating to price volatility, future dividend yields, expected life of options and forfeiture rates. These have been calculated using the Black Scholes model.

	Weighted average exercise price (pence) 2023	**Number 2023**	*Weighted average exercise price (pence) 2022*	*Number 2022*
Outstanding at the beginning of the year	**182**	**209,000**	-	-
Granted during the year	**182**	**33,000**	*182*	*225,500*
Forfeited during the year	**182**	**-**	*182*	*(16,500)*
Outstanding at the end of the year	182	242,000	*182*	*209,000*

	2023	*2022*
Option pricing model used	**Black Scholes**	*Black Scholes*
Weighted average share price (pence)	**182**	*182*
Exercise price (pence)	**182**	*182*
Weighted average contractual life (days)	**1297**	*1383*
Expected volatility	**30%**	*30%*
Expected dividend growth rate	**0.00%**	*0.00%*
Risk-free interest rate	**1.25%**	*1.25%*

	2023 £	*2022 £*
Equity-settled schemes	**46,861**	*18,331*
	46,861	*18,331*

26. Business combinations

On 1 June 2022, the group entered into a purchase agreement to acquire 100% of the ordinary share capital of The Thomas Gray Partnership Limited. The cost of the acquisition comprised cash consideration of £2,389,029.

The Thomas Gray Partnership Limited has been accounted for using the purchase price method of accounting. At 1 June 2022 (the 'acquisition date'), the assets and liabilities of The Thomas Gray Partnership Limited were consolidated at their fair values to the group, as set out below.

Acquisition of The Thomas Gray Partnerships Limited

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £	Fair value £
Tangible fixed assets	**5,555**	**5,555**
Trade debtors	**105,669**	**105,669**
Other debtors	**24,175**	**24,175**
Prepayments and accrued income	**31,214**	**31,214**
Cash at bank and in hand	**989,192**	**989,192**
Total Assets	**1,155,805**	**1,155,805**
Trade creditors	**(252,455)**	**(252,455)**
Other creditors	**(2,500)**	**(2,500)**
Accruals and deferred income	**(116,052)**	**(116,052)**
Other taxation and social security	**(7,778)**	**(7,778)**
Corporation tax	**(63,870)**	**(63,870)**
Total Identifiable net assets	**713,150**	**713,150**
Goodwill		**1,675,879**
Total purchase consideration		**2,389,029**

Consideration

	£
Cash	**2,389,029**

26. Business combinations (continued)

Cash outflow on acquisition

	£
Purchase consideration settled in cash, as above	**2,389,029**
	2,389,029
Less: Cash and cash equivalents acquired	**(989,192)**
Net cash outflow on acquisition	**1,399,837**

The goodwill arising on acquisition of £1,675,879 is considered to have a useful life of 10 years.

26. Business combinations (continued)

On 1 December 2022 the group entered into a purchase agreement to acquire 100% of the ordinary share capital of both E C Parker Holdings Limited and E C Parker & Company Limited. The cost of the acquisition comprised cash consideration of £1,814,042.

E C Parker Holdings Limited and E C Parker & Company Limited has been accounted for using the purchase price method of accounting. At 1 December 2022 (the 'acquisition date'), the assets and liabilities of E C Parker Holdings Limited and E C Parker & Company Limited were consolidated at their fair values to the group, as set out below.

Acquisition of E C Parker Holdings Limited and E C Parker & Company Limited

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £	Fair value £
Fixed Assets		
Tangible	19,054	19,054
	19,054	19,054
Current Assets		
Trade debtors	187,256	187,256
Other debtors	16,333	16,333
Prepayments and accrued income	20,479	20,479
Cash at bank and in hand	569,676	569,676
Total Assets	812,798	812,798
Creditors		
Trade creditors	(292,967)	(292,967)
Other creditors	(98)	(98)
Accruals and deferred income	(80,874)	(80,874)
Claims handling provision	(30,000)	(30,000)
Corporation tax	(35,409)	(35,409)
Total Identifiable net assets	373,450	373,450
Goodwill		1,440,592
Total purchase consideration		1,814,042

Consideration

	£
Cash	1,814,042

26. Business combinations (continued)

Cash outflow on acquisition

	£
Purchase consideration settled in cash, as above	**1,814,042**
	1,814,042
Less: Cash and cash equivalents acquired	**(569,676)**
Net cash outflow on acquisition	**1,244,366**

The goodwill arising on acquisition of £1,440,592 is considered to have a useful life of 10 years.

27. 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 £188,451 (2022: £160,422). £913 (2022: £250) was payable to the fund at the balance sheet date.

28. Commitments under operating leases

At 31 March 2023 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

Group	**2023** £	*2022* £
Not later than 1 year	**174,050**	*99,150*
Later than 1 year and not later than 5 years	**491,995**	*332,674*
Later than 5 years	**293,918**	*234,000*
	959,963	*665,824*

29. 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.

30. Post balance sheet events

The following subsequent events have taken place:

- On the 28th April 2023 UKGI Group made a further drawdown against its revolving credit facility of £2,340,900 in order to acquire 100% of the share capital of Farm and General Insurance Brokers Ltd.

31. Controlling party

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