Registered No. 03578067

EMBARK GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

Contents

Company Information

Directors	C Barua W L D Chalmers K A Cooper M H Cuhls J K Harris P G McNamara C J G Moulder S T Nyahasha G E Schumacher J S Wheway
Company secretary	C A Riddy
Registered office	33 Old Broad Street London United Kingdom EC2N 1HZ
Company registration number	03578067
Advisors	Burges Salmon LLP One Glass Wharf Bristol BS2 0ZX
Independent auditor	Deloitte LLP 1 New Street Square London EC4A 3HQ

Strategic Report

The Directors present their Strategic Report on Embark Group Limited (the 'Company') for the year ended 31 December 2024. The Company is limited by shares.

The Company is a subsidiary of Scottish Widows Group Limited (Scottish Widows) and contributes to the results of the Insurance, Pensions and Investments (IP&I) Division of Lloyds Banking Group.

Principal activities

The Company's principal activity is that of a holding company. The subsidiaries of the Company operate in the investment savings and retirement solutions sector, providing pension and investment administration, nominee, and platform services through various distribution channels. There have been no changes to the principal activities of the Company throughout the year.

Result for the year

The profit before tax for the year ending 31 December 2024 was £5,024k (2023: loss before tax of £2,102k) with an increase in total revenue to £18,000k (2023: £8,000k).

Economic Environment

The UK economy recovered somewhat from its pause in the second half of 2023. Households' spending power is rising and the unemployment rate remains low. The new Government aims to boost growth through increased investment and a constructive regulatory backdrop. Global conflicts and threats to global trade integration remain headwinds.

There was subdued, although improving, growth in our key markets in 2024, such as housing, consumer credit, lending to non-financial companies and non-financial companies' deposits.

In a positive or more challenging macroeconomic environment, our business model and strategy position us well, in particular the strength of our customer franchise, our scale and balance sheet, and our prudent approach to risk. Our strategy and transformation, combined with further efficiency improvements, will deliver profit growth, diversification and resilience. The Company will continue to monitor the situation and risks to the business; refer to note 18 for further detail on shareholder asset exposures.

Climate Change

Creating a sustainable future is core to the Lloyds Banking Group purpose of Helping Britain Prosper. The Company is guided by the Lloyds Banking Group strategy which focuses on areas where we can have impact.

In 2022, Scottish Widows launched its climate action plan that sets out a long-term strategy with actions to drive the investment portfolio towards net zero by 2050, as well as targeting by 2025, the investment of between £20 billion and £25 billion in climate-aware investment strategies. We have exceeded the upper range of this target, ending 2024 with £25.9 billion. The climate plan is formulated in a manner that prioritises customer goals within decision-making.

The Company has taken advantage of the exemption from the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 reporting requirements in respect of their own Strategic Report, as the required disclosures are included in the annual report and accounts of its ultimate parent company, Lloyds Banking Group plc, available at www.lloydsbankinggroup.com/investors/financial-downloads.html.

Strategic Report (continued)

Key performance indicators (KPIs)

The key financial performance indicators for the Company are revenue and profit before tax. Financial performance indicators are presented throughout these financial statements.

Outlook

The Directors consider that the Company's principal activities will continue to be unchanged in the foreseeable future.

Principal risks and uncertainties

Risks and uncertainties to our strategic plan, both positive and negative, are considered through the planning process. The following table describes the principal risks faced by the Company. Further details on financial risks and how the Company mitigates them can be found in note 18, as shown by the note reference.

Financial risks

Principal Risk	Note reference	Description
Credit risk	18(a)	Credit risk is the risk that parties with whom we have contracted, fail to meet their financial obligations. The Company is subject to credit risk through a variety of counterparties through invested assets and bank accounts. Credit risk is mitigated via the Credit Risk Policy framework, which ensures exposures are appropriately monitored and action taken where necessary.
Market risk	18(b) (c)	Market risk is the risk that the Company's capital or earnings profile is affected by adverse market rates. Of particular importance to the Company are equity risk and interest rate risk. External rates are outwith the Company's control, so mitigation is via having sufficient financial reserves to recover reduced earnings.
Liquidity risk	18(d)	Liquidity risk is the risk that the Company does not have sufficient financial resources to meet its commitments as they fall due, or can only secure them at excessive cost. The Company is exposed to liquidity risk from the payment of shareholder expenses. Liquidity risk is mitigated by applying the Liquidity Risk Policy, which includes controls to maintain liquidity at necessary levels.

Non-financial risks

Principal Risk	Description
Operational risk	Operational risk is the risk of loss from inadequate or failed internal processes, people and systems or from external events. This includes risks around Information, Cyber and Physical Security, IT Systems, Data and Privacy, Internal and External Supplier, People, Business Continuity, Payments and Transaction Execution, Financial Reporting (including Tax), Health & Safety and Premises, Change Execution risk. Operational risk is managed through an operational risk framework, including a Risk and Control Self- Assessment (RCSA) process, and operational risk policies. The Company maintains a formal approach to operational risk event escalation, whereby material events are identified, captured and escalated. Root causes of events are determined, and action plans put in place to ensure an optimum level of control to keep customers and the business safe, reduce costs, and improve efficiency.
Data risk	Data risk is defined as the risk of failing to effectively govern, manage and control data (including data processed by third party suppliers), leading to unethical decisions, poor customer outcomes, loss of value and mistrust. It is present in all aspects of the business where data is processed, both within the company and by third parties. This risk is measured through a series of quantitative and qualitative indicators, covering data governance, data management, records management, data privacy and ethics. Data risks and controls are monitored and governed in line with an embedded risk management framework, which involves identification, measurement, management, monitoring and reporting.
Climate risk	Climate risk is defined as the risk that the Company experiences losses and/or reputational damage, either from the impacts of climate change and the transition to net zero ('inbound risk'), or as a result of the Company's response to tackling climate change ('outbound risk'). As a cross-cutting risk, Scottish Widows Group has integrated climate risk as a principal risk within our Enterprise Risk Management Framework (ERMF) which articulates how we manage climate risk through our policies and procedures.

Strategic Report (continued)

Section 172(1) Statement and Statement of Engagement with Other Stakeholders

The Board is collectively responsible for the long-term success of the Company. Understanding the views and interests of the Company's key stakeholders (this includes customers, shareholders, communities and environment, regulators and suppliers) is central to achieving the Company's strategy, and informs key aspects of Board decision-making. Stakeholder engagement is embedded in the Board's decision-making process and can be seen in the range of activities across key stakeholder groups.

In accordance with the Companies Act 2006 (the 'Act') (as amended by the Companies (Miscellaneous Reporting) Regulations 2018), the Directors provide this Statement, which describes the ways in which they have had regard to the following matters set out in Section 172(1) of the Act when fulfilling their duty to promote the success of the Company, under Section 172 of the Act.

This Statement also provides examples of how the Directors have engaged with and had regard to the interests of key stakeholders in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018). The Company is a subsidiary of Lloyds Banking Group plc, and as such follows many of the processes and practices of Lloyds Banking Group, which are further referred to in this Statement where relevant.

How the Board has discharged its Section 172 duties

The Company's Directors are briefed, on appointment and on an ongoing basis, on their statutory director duties and the standards required of subsidiary directors within Lloyds Banking Group. Stakeholder engagement takes place throughout the Company and the Board engages directly and indirectly with its stakeholders. The Company's governance arrangements are designed to enable the Board to provide effective, sound, and entrepreneurial leadership of the Company in line with its strategic aims and prudent and effective controls.

Stakeholder engagement is embedded in the Board's delegation of authority to the Chief Executive Scottish Widows & Group Director Insurance (Chief Executive) for the delivery of the Company's strategy and overall management of the Company's business within its defined risk appetite. The Chief Executive discharges their responsibility for the day-to-day management of the Company's business by delegating key areas of their authority to members of management and with the assistance of the Executive Committee (the IP&I Executive Committee (IP&IExCo) which supports the Chief Executive to make informed decisions about the operations of the Company's business.

The Chief Executive and management provide the Board with details of material stakeholder interaction and feedback, through a programme of business updates. Stakeholder interests are routinely identified by management in the wider proposals put before the Board.

Further details of how the Board considers each of the specific matters set out in Section 172, along with specific examples of how these considerations have influenced decisions taken by the Board, are set out in pages 6 to 8 which serves as the Company's Section 172(1) Statement. Given the importance of stakeholder interests, these are discussed where relevant throughout the Report.

Customers

In considering and approving matters reserved to it (or any other matters) the Board of the Company ensures that customer needs, engagement and outcomes are paramount. In 2024 the Company served a variety of customers and acted in ways designed to deliver good outcomes for customers, with products and services designed to meet their needs, that provide fair value, help customers achieve their financial objectives and which do not cause them harm. Customer interests are central to culture and purpose.

The Board reviews the performance of its customer propositions within a cycle of in-depth reviews and debates matters particular to each proposition. Board review, discussion and challenge in 2024 has covered:

- customer service design and performance;
- digital landscape and policy migration to modern systems;
- the interactive Customer Waterfront that aims to democratise Wealth & Retirement planning by offering a single, digital window through which customers can meet all their future financial needs;
- product suite and design evolution to meet changing customer needs;
- the effectiveness of the different customer engagement and distribution channels to do business with the Company;
- Brand strategy modernisation adding energy and digital centricity; and
- Trustpilot scores, which the Board viewed as a priority to develop customer trust and which improved significantly throughout 2024.

The Board, supported by various committees (including the Independent Governance and With Profits Committees) challenges management from the perspective of the customer. The Board also puts customers at the heart of its development of future business strategy.

The Board's Risk Oversight Committee ('ROC') monitors the operational performance of customer services, including both those services delivered in-house and the performance of third-party service partners. ROC reviews detailed customer-related risk matters and scrutinises risk performance (including Complaints and Conduct Risk Appetite Metrics) to identify areas where improvements could be made.

Consumer Duty

During the year, the Board continued to embed the Company's implementation of the Financial Conduct Authority's (FCA) Consumer Duty regime which, since July 2024, was extended to customers in closed book products. Consumer Duty aims to strengthen how the Company delivers good customer outcomes. The Board was pleased with progress made on the development of a new Consumer Duty management reporting dashboard. There is a strong alignment between Lloyds Banking Group's purpose, values and existing customer-centric approach and regulatory purpose, both aiming to support customers to achieve their financial objectives while preventing customer harm.

The Board received several updates during 2024 on Consumer Duty, tracking the steps being taken by management (at the Board's direction) to embed the Company's approach to Consumer Duty and review of how the Board's obligations had been discharged.

Strategic Report (continued)

Section 172(1) Statement and Statement of Engagement with Other Stakeholders (continued)

The Board has nominated one of its Directors to be Consumer Duty Champion (Champion) for the Company. Their purpose is to facilitate discussion and articulate Board level challenge as appropriate. During 2024 the Champion has spearheaded Board challenges on customer issues including journey metrics. The Champion has also assisted the Board's understanding of management information and helped to further develop its presentation. The Board has responsibility for the independence, autonomy and effectiveness of the relevant Group policies and procedures on Consumer Duty, including the procedures for delivery of good outcomes for customers.

Shareholder

The Company is a wholly owned subsidiary of Lloyds Banking Group. The shareholder expects a financial return on its investment, which is delivered through dividends. The amount (where relevant) of dividend paid in the year is reported within the Directors' Report. As a wholly owned subsidiary the Board ensures that the strategy, priorities, processes and practices of the Company are aligned where appropriate to those of Lloyds Banking Group, ensuring that its interests as the Company's shareholder are duly acknowledged.

The relationship between the Board of the Company and the Board of Lloyds Banking Group is supported by one Lloyds Banking Group director serving as a Non-executive Director on the Company's Board throughout 2024. The Board of the Company also welcomed the Chief Executive Officer of Lloyds Banking Group to one of its meetings during 2024 for a discussion of the Company's strategy in the context of Lloyds Banking Group's purpose.

On 1 August 2024, the Company's integrated into the IP&I business unit of Scottish Widows Group and the Company's governance formally moved across on 1 September 2024 following regulatory approval.

Communities and the environment

The Company is supported on environmental matters by its Investment Committee, the majority of whose members are Independent Non-executive Directors. This Committee's purpose is to oversee investment strategy with consideration given to specific opportunities related to sustainability risks including climate, people and societal risk. This includes monitoring the effectiveness of the strategy for meeting stated Net Zero targets.

Lloyds Banking Group's purpose is Helping Britain Prosper by creating a more sustainable and inclusive future for people and business, shaping finance as a force for good.

IP&I is the Lloyds Banking Group business unit to which the Company belongs. It helps millions of customers with their long term protection, retirement and investment needs. It has a strong heritage, helping customers every day with their diverse and critical needs, including life insurance, pensions, investments and general insurance. Further information on Lloyds Banking Group's initiatives can be found in the Strategic Report within the Lloyds Banking Group Annual Report and Accounts for 2024, available on the Lloyds Banking Group website.
The Company's Board is responsible for the Company's strategy, including oversight and support for its Environmental, Social & Governance (ESG) strategy and public disclosures. Approval of proposed external commitments in relation to climate risk that materially impact the Company or the Company's funds is reserved to the Board. The IP&I Risk Oversight Committee on behalf of the Board considers the Company's management of climate risk, providing oversight and challenge on those activities which impact on the Company's reputation as a responsible business.

Employees

The Company does not directly employ colleagues, who are employed by other Lloyds Banking Group entities.

Colleague engagement

As part of Lloyds Banking Group, colleagues are asked each year to share their views via surveys. In addition to an annual survey, regular pulse surveys focusing on timely topics give insight into colleague sentiment. Lloyds Banking Group also communicates directly with colleagues in respect of various matters including performance, economic environment and key strategic initiatives.

Diversity

Lloyds Banking Group seeks to create an inclusive environment where everyone feels they can be themselves, standing against all forms of discrimination. Further details of Lloyds Banking Group's diversity targets are set out in its Annual Report and Accounts available on its website.

Regulators

The Company is non-regulated but continually engages with the regulator and other Government authorities (as part of the wider Scottish Widows Group) to ensure the Company supports and delivers in line with current and developing regulation and legislation. Liaison with the regulator and the Government is an ongoing priority at all levels of the organisation.

In September 2024, the Board invited representatives from the Financial Conduct Authority to join its meeting to discuss key priorities. In addition, individual Board members engage in discussions on various aspects of the regulatory agenda. Scottish Widows Group has a dedicated Regulatory Developments and Risk Intelligence team responsible for horizon scanning, ensuring proactive identification of emerging risks and opportunities within the change agenda. Weekly Regulatory Development forums are held by this team, attended by Risk Specialists from each area including the Company.

Current regulatory focus areas, which are in consultation and are being considered by the business, include Consumer Composite Investments and the Advice Guidance Boundary review. Other regulatory focus areas include Pensions Dashboard, and the adaptation of the pension regulatory framework under DP23/4.

Strategic Report (continued)

Section 172(1) Statement and Statement of Engagement with Other Stakeholders (continued)

Government and industry bodies

The Company, via members of its management, engages with government and key industry bodies in order to contribute to shaping policy.

Suppliers

The Company is part of Lloyds Banking Group and has entered into strategic partnerships for important aspects of its operations and customer service provision. As well as external partners, the Company relies on intra-group supplier arrangements for certain services. The Board delegates to management the primary responsibility of oversighting external supplier relationships. Throughout 2024 the Board has held management to account for the performance of supplier relationships, including for third-party provision of customer servicing.

The advantage of being part of a larger group means there are robust processes in place to monitor and review costs with third parties who provide services to the Company. The outsourced business model means competitive fees and commercial terms can be negotiated with service suppliers and control costs for all customers. Importance is placed on having the right supplier framework to operate responsibly. Lloyds Banking Group's Sourcing & Supply Chain Management Policy applies to all its business units, divisions and subsidiaries, including the Company, with the Directors assuming ultimate responsibility for the application of that policy in a way that is appropriate for the Company. This ensures the most significant supplier contracts receive approval of the Board, including those which are key in progressing strategic priorities. The framework also ensures appropriate management oversight of supplier spending not considered by the Board, allowing challenge to be made where appropriate, and minimising risks and unnecessary cost.

Suppliers are required to adhere to relevant Lloyds Banking Group policies and comply with its Code of Supplier Responsibility, which can be found on the Lloyds Banking Group website. This defines expectations for responsible business behaviour, underpinning the efforts of the Company and Lloyds Banking Group to share and extend good practice. All material contracts are subject to rigorous cost management governance with regular review of key supplier risks.

Lloyds Banking Group remains committed to collaborating with suppliers to tackle climate change and ensure it is embedded within strategy and governance of its organisations. Reducing suppliers' emissions is a key component of its sustainability strategy. Lloyds Banking Group's Emerald Standard asks suppliers to work towards and help drive progress towards a lower carbon future.

Modern slavery

The Responsible Business Committee of the Board of Lloyds Banking Group, as part of its oversight of its performance (including that of the Company) as a responsible business, governs the approach to human rights. Lloyds Banking Group's Human Rights Position Statement can be found on the Lloyds Banking Group website.

On a day-to-day basis, management of (and engagement on) modern slavery and human rights is guided by the Modern Slavery and Human Rights Working Group, led by the Social Sustainability Manager, which meets bi-monthly to assess the embedding of human rights within Lloyds Banking Group's operations.

Lloyds Banking Group's Modern Slavery & Human Trafficking Statement covers all its subsidiary companies and sets out the steps taken to prevent modern slavery in Lloyds Banking Group's business and supply chains.

The IP&I Executive Committee governs (and approves) this Statement as it relates to the Company. The statement is published on the Scottish Widows website.

Maintaining a reputation for high standards of business conduct

The Board supports the Chief Executive to ensure a culture of customer focus, responsible business conduct, with risk awareness and ethical behaviours. As part of the Board's oversight of this, the Board will where necessary seek assurance from management that steps have been taken to ensure that policy and behaviours are aligned to the purpose, value, and strategy of the wider Insurance business.

The Strategic Report has been approved by the Board of Directors and signed on its behalf by:

S T Nyahasha
Director
For and on behalf of the Board of Directors
3 June 2025

Directors' Report

The Directors present the audited financial statements of the Company. The Company is a limited company, domiciled and incorporated in England and Wales.

The Company is a wholly owned subsidiary of Scottish Widows Group Limited. The Company's ultimate parent company and ultimate controlling party is Lloyds Banking Group plc.

Results for the year and dividends

The profit after taxation for the year ended 31 December 2024 was £17,628k (2023: loss after taxation of £1,900k). The Directors do not recommend the payment of a dividend (2023: £nil).

Directors

The Directors who served in the year and up to the date of this report, except as noted, were:

C Barua	(Appointed 1 September 2024)
W L D Chalmers	(Appointed 1 September 2024)
K A Cooper	(Appointed 1 September 2024)
M H Cuhls	(Appointed 1 September 2024)
J K Harris	(Appointed 1 September 2024)
P G Mcnamara	(Appointed 2 September 2024)
C J G Moulder	(Appointed 1 September 2024)
S T Nyahasha	(Appointed 1 September 2024)
G E Schumacher	(Appointed 1 September 2024)
J S Wheway	(Appointed 1 September 2024)
D L Davis	(Appointed 1 September 2024, resigned 18 March 2025)
J Anderson	(Resigned 31 August 2024)
S C Guild	(Resigned 31 August 2024)
J Leiper	(Resigned 31 August 2024)
D Mackechnie	(Resigned 31 August 2024)
P McMahon	(Resigned 31 August 2024)
D M H Skinner	(Resigned 31 August 2024)

Directors Indemnities

Lloyds Banking Group plc has granted to the Directors of the Company a deed of indemnity which constitutes 'qualifying third party indemnity provisions' for the purposes of the Companies Act 2006. The deed was in force during the whole of the financial year and at the date of approval of the financial statements or from the date of appointment in respect of any Director who joined the board of the Company during the financial year. Directors no longer in office but who served on the Board of the Company at any time in the financial year had the benefit of this deed of indemnity during that period of service. The Deed for existing Directors is available for inspection at the registered office of Lloyds Banking Group plc. In addition, the Group has in place appropriate Directors and Officers Liability Insurance cover which was in place throughout the financial year.

Employees

Lloyds Banking Group is committed to providing employment practices and policies which recognise the diversity of the workforce and ensure equality for employees regardless of sex, race, disability, age, sexual orientation or religious belief. In the UK, Lloyds Banking Group belongs to the major employer groups campaigning for equality for all staff, including Employers' Forum on Disability, Employers' Forum on Age and Stonewall. Lloyds Banking Group is also represented on the Board of Race for Opportunity and the Equal Opportunities Commission. Involvement with these organisations enables Lloyds Banking Group to identify and implement best practice for staff.

Lloyds Banking Group encourages and gives full and fair consideration to job applications from people with a disability and are unbiased in the way it assesses, selects, appoints, trains and promotes people. Lloyds Banking Group encourages job applications from those with a disability and continues to run a work experience programme with Remploy to support people with disabilities wanting to enter the workplace.

Lloyds Banking Group is committed to continuing the employment of, and for arranging appropriate training for, its employees who have become disabled persons during the period when they were employed by the Company.

Employees are kept closely involved in major changes affecting them through such measures as team meetings, briefings, internal communications and opinion surveys. These meetings, briefings and internal communications also serve to achieve a common awareness of the financial and economic factors that affect the performance of the Company and the Group. There are well-established procedures, including regular meetings with recognised unions, to ensure that the views of employees are taken into account in reaching decisions. Schemes offering share options or the acquisition of shares are available for most staff, to encourage their financial involvement in Lloyds Banking Group.

The Company has no employees as colleagues are employed by other subsidiaries within Lloyds Banking Group.

Directors’ Report (continued)

Going Concern

The Directors have given careful consideration to the future prospects of the Company in deciding upon the appropriateness of the going concern basis of preparation. The financial position of the Company, its cash flows, liquidity, and financial position have been reviewed by the Directors for the next 12 months and beyond, taking into account uncertainties within the forecasts arising from both internal and external market factors. The liquidity and financial position of the wider Group have also been considered as part of the review.

Based on this review, the Directors are comfortable that the Company has adequate resources available to continue in operational existence for the foreseeable future, being the next 12 months from the date of this report. Thus, they continue to adopt the going concern basis of accounting in preparing the annual report and financial statements.

Engagement with suppliers, customers and others

Disclosures relating to engagement with supplier, customers and others are included in the Company's Strategic Report and are therefore incorporated into this report by reference.

Financial risk management

Disclosures relating to financial risk management are included in note 18 to the financial statements and are therefore incorporated into this report by reference.

Future Developments

Factors likely to affect the future developments of the Company have been disclosed in the Strategic Report on page 4.

Political Donations

Political donations during the year were £nil (2023: £nil).

Subsequent events

There were no events subsequent to the reporting date for disclosure in this report.

Streamlined Energy and Carbon Reporting

The Company has taken an exemption from Streamlined Energy and Carbon Reporting (SECR), in its own Directors’ Report as it is included within the group SECR report given in the Lloyds Banking Group plc 2024 Annual Report and Accounts, available on the Lloyds Banking Group plc website.

Statement of directors’ responsibilities

The Directors are responsible for preparing the Directors’ and Strategic Reports 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 prepared the Company’s financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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;
- state whether the financial statements comply with international accounting standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Disclosure of information to auditor

In accordance with Section 418 of the Companies Act 2006, in the case of each director in office at the date the report is approved:

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

Directors’ Report (continued)

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

The Directors’ Report has been approved by the Board of Directors and signed on its behalf by:

S T Nyahasha
Director
For and on behalf of the Board of Directors
3 June 2025

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMBARK GROUP LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Embark Group Limited (the 'company'):
- give a true and fair view of the state of the company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMBARK GROUP LIMITED (Continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud

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 considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, HMRC Corporate tax and VAT manual; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included GDPR and the Bribery Act.

We discussed among the audit engagement team including relevant internal specialists such as IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of the above, we identified the greatest potential for fraud is in relation to management's impairment assessment of the investments in subsidiaries. We have obtained an understanding of the key controls within the reporting process for this account balance and subsequently tested the design and implementation of the key controls identified. We have challenged management's identification and assessment of impairment indicators which would trigger a impairment assessment. For impairment assessments, we have assessed the value in use ("ViU") calculations, challenging key assumptions and inputs such as performance forecasts and discount factors.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.
In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMBARK GROUP LIMITED (Continued)

Use of our report

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

Peter van Daesdonk FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
3 June 2025

Statement of Comprehensive Income
For the year ended 31 December 2024

	Notes	2024 £'000	2023 £'000
Revenue	3	18,000	8,000
Administrative expenses		(125)	(835)
Loss on disposal of Embark Digital Studio Limited		–	(7)
Impairment of investments in subsidiaries		(12,833)	(9,216)
Operating profit/(loss)		5,042	(2,058)
Net investment expense	6	(18)	(44)
Profit/(Loss) before tax		5,024	(2,102)
Taxation	7	12,604	202
Total comprehensive profit/(loss) for the year		17,628	(1,900)

All results are derived from continuing operations.

The Company has no other items of comprehensive income and as such the total comprehensive income for the year is the same as the profit for the year.

The notes on pages 19 to 31 form an integral part of the financial statements.

Statement of Financial Position
At 31 December 2024

	Notes	2024 £'000	2023 £'000
Non-current assets			
Property, plant and equipment	8	70	350
Investment in subsidiaries	9	358,311	357,144
Deferred tax assets	10	9,637	–
		368,018	357,494
Current assets			
Trade and other receivables	11	40,849	40,409
Current tax assets	7	194	202
Cash and cash equivalents	12	13,477	8,138
		54,520	48,749
Total assets		422,538	406,243
Current liabilities			
Trade and other payables	13	(126)	(90)
Lease liabilities	17	(97)	(375)
		(223)	(465)
Net current assets		54,297	48,284
Non-current liabilities			
Deferred consideration	14	–	(1,091)
		–	(1,091)
Total liabilities		(223)	(1,556)
Net assets		422,315	404,687
Equity			
Share capital	15	2,420	2,420
Share premium		471,865	471,865
Retained losses		(51,970)	(69,598)
Total equity		422,315	404,687

Registered No. 03578067

The notes on pages 19 to 31 form an integral part of the financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 3 June 2025. They were signed on its behalf by:

S T Nyahasha
Director

Statement of Changes in Equity
For the year ended 31 December 2024

	Share capital £'000	Share premium £'000	Retained losses £'000	Total equity £'000
Balance at 1 January 2023	1,448	171,836	(67,698)	105,586
Issue of shares during the year	972	300,029	–	301,001
Total comprehensive loss for the year	–	–	(1,900)	(1,900)
Balance at 31 December 2023	2,420	471,865	(69,598)	404,687
Total comprehensive income for the year	–	–	17,628	17,628
Balance at 31 December 2024	2,420	471,865	(51,970)	422,315

The notes on the following pages 19 to 31 form an integral part of the financial statements.

Statement of Cash Flows
For the year ended 31 December 2024

	Notes	2024 £'000	2023 £'000
Net cash from operating activities	16	19,630	100
Investing activities			
Net interest paid		–	(44)
Payment for investment in shares in subsidiaries		(14,000)	(301,150)
Net cash used in investing activities		(14,000)	(301,194)
Financing activities			
Proceeds from issue of share capital		–	301,001
Payment of lease liabilities		(291)	(344)
Net cash (used in)/from financing activities		(291)	300,657
Net increase in cash and cash equivalents		5,339	(437)
Cash and cash equivalents at beginning of year		8,138	8,575
Cash and cash equivalents at end of year	12	13,477	8,138

The notes on the following pages 19 to 31 form an integral part of the financial statements.

1. Accounting policies

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

Basis of preparation

The financial statements of the Company have been prepared:

(1) in accordance with the International Accounting Standards (IASs) and in conformity with the requirements of the Companies Act 2006
(2) under the historical cost convention, as modified by the revaluation of investment properties and certain financial assets and financial liabilities at fair value through profit or loss, as set out in the relevant accounting policies

The Directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future. Accordingly, the financial statements of the Company have been prepared on a going concern basis.

In accordance with IAS 1 'Presentation of Financial Statements', assets and liabilities in the balance sheet are presented in accordance with management’s estimated order of liquidity. Analysis of the assets and liabilities of the Group and Company into amounts expected to be received or settled within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in the notes.

Consolidated financial statements

The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of Lloyds Banking Group plc.

Cash Flow Statement

The Statement of Cash Flows shows the changes in cash and cash equivalents arising during the year from operating activities, investing activities and financing activities.

The cash flows from operating activities are determined by using the indirect method. Net income is therefore adjusted by non-cash items, such as measurement gains or losses, changes in provisions, impairment of property, plant and equipment and intangible assets, as well as changes from receivables and liabilities. In addition, all income and expenses from cash transactions that are attributable to investing of financing activities are eliminated. Interest received or paid is classed as investing cash flows.

New standards and interpretations

There are a number of new accounting pronouncements issued by the International Accounting Standards Board (IASB) with an effective date of 1 January 2027. This includes IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1 Presentation of Financial Statements and IFRS 19 Subsidiaries without Public Accountability: Disclosures. The impact of these standards are being assessed and they have not been endorsed for use in the UK.

The IASB has issued its annual improvements and a number of minor amendments to IFRS® Accounting Standards effective date on or after 1 January 2025, including IFRS 9 Financial Instruments and IFRS 7 Financial Instruments Disclosure and IAS 21 The Effects of Changes in Foreign Exchange Rates. These improvement and amendments are not expected to have a significant impact on the Company.

Operating profit

Operating profit is stated after the inclusion of all operating items, but before financing costs and income from investments.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Company’s activity. Revenue is shown net of value added tax (“VAT”), returns, rebates and discounts.

The Company recognises revenue when the amount of the revenue can be reliably measured, it is probable that the future economic benefits will flow to the Company and when specific criteria have been met as described below:

- Dividend income in respect of the Company’s investments in subsidiary undertakings is recognised when the right to receive the dividend is established. All dividends received are recognised through the statement of comprehensive income.

1. Accounting policies (continued)

Expense recognition

Administration costs are recognised in the statement of comprehensive income as accrued, within administrative expenses.

Taxation, including deferred income taxes

Tax expense comprises current and deferred tax. Current and deferred tax are charged or credited in the Statement of Comprehensive Income except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, outside the Statement of Comprehensive Income (either in other comprehensive income, directly in equity, or through a business combination), in which case the tax appears in the same statement as the transaction that gave rise to it.

Current tax is the amount of corporate income taxes expected to be payable or recoverable based on the profit for the period as adjusted for items that are not taxable or not deductible, and is calculated using tax rates and laws that were enacted or substantively enacted at the balance sheet date.

Current tax includes amounts provided in respect of uncertain tax positions when management expects that, upon examination of the uncertainty by His Majesty's Revenue and Customs (HMRC) or other relevant tax authority, it is more likely than not that an economic outflow will occur. Provisions reflect management's best estimate of the ultimate liability based on their interpretation of tax law, precedent and guidance, informed by external tax advice as necessary. Changes in facts and circumstances underlying these provisions are reassessed at each balance sheet date, and the provisions are re-measured as required to reflect current information.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted at the balance sheet date, and which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences but not recognised for taxable temporary differences arising on investments in subsidiaries where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future. Deferred tax liabilities are not recognised on temporary differences that arise from goodwill which is not deductible for tax purposes.

Deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilised, and are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. In certain cases where forecast profits are not expected to be sufficient to support the recognition of a deferred tax asset on a standalone entity basis, further consideration has been given to the availability of UK group relief with connected companies to support the recognition.

Deferred tax assets and liabilities are not recognised in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination. Deferred tax is not discounted.

The Company has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar 2 income taxes currently required by IAS12 Income Taxes.

Property, plant, and equipment

Property, plant, and equipment are stated at cost less accumulated depreciation and any impairment loss. Depreciation is charged so as to write off the cost of asset over their estimated useful lives, using the straight-line method, on the following bases:

Right-of-use assets	Over lease term

Depreciation rates, methods and the residual values underlying the calculations of depreciation of items of property, plant and equipment are kept under review to take account of any change in circumstances. All items of property, plant and equipment are reviewed annually for impairment.

Investment in subsidiaries

The Company owns a number of subsidiaries as set out in note 9. These subsidiaries trade with a view to making a profit, and the risks and rewards of owning these subsidiaries primarily rests with the equity shareholder of the Company. These subsidiaries are held initially at cost, being the fair value of the consideration given to acquire the holding, then subsequently at cost subject to impairment. The carrying values are assessed for indicators of impairment at least once in each financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand and form an integral part of the Company’s cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1. Accounting policies (continued)

Financial instruments

(i) Classification

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). Financial assets (unless it is a trade receivable without a significant financing component) and financial liabilities are measured at FVTPL. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

(ii) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

(iii) Subsequent measurement and gains and losses

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iv) Impairment

The Company recognises loss allowances for expected credit losses ("ECLs") on financial assets. The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held) as this is the point at which the Company is no longer able to realise the full value of the asset.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

1. Accounting policies (continued)

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' in the Statement of Financial Position

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted at the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The lease liability is measured at amortised cost using the effective interest method and is re-measured when there is a change in future lease payments arising from a change in an index or rate. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. Critical accounting judgements and key sources of estimation uncertainty

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below:

Impairment of investments in subsidiaries (source of estimation uncertainty)

The Company reviews whether investments in subsidiaries balances are impaired at least on an annual basis or more frequently if there are indications that assets might be impaired. This comprises an estimation of the fair value less cost to sell. In assessing value in use, the estimated future cash flows expected to arise from each investment are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset.

3. Revenue

(i) Disaggregation of revenue

An analysis of the Company's revenue is as follows:

	2024 £'000	2023 £'000
Dividend income	18,000	8,000
	18,000	8,000

Turnover arises entirely in the UK.

(ii) Contract balances

The amount of revenue recognised in current period that was included in the contract liability balance at the beginning of the period was £nil.

All of the Company's contracts have an expected duration of one year or less and the Company therefore applies the practical expedient in IFRS 15.121 and does not disclose information about its remaining performance obligations.

4. Operating expenses

	2024 £'000	2023 £'000
Depreciation of Property, Plant and Equipment (note 8)	280	281
Impairment of investments in subsidiaries (note 9)	12,833	9,216

5. Auditor's remuneration

	2024 £'000	2023 £'000
Fees payable to the Company's auditor		
Audit of these financial statements	46	52
	46	52

6. Net investment expense

	2024 £'000	2023 £'000
Interest payable on lease liabilities (note 17)	(18)	(44)
	(18)	**(44)**

7. Taxation

a) Analysis of tax credit for the year

	2024 £'000	2023 £'000
UK corporation tax		
- Current tax on taxable profit/loss for the year	194	202
- Adjustments in respect of prior years	2,773	–
Current tax credit	2,967	202
UK deferred tax		
- Origination and reversal of timing differences	(159)	–
- Adjustments in respect of prior years	9,796	–
Deferred tax credit	9,637	–
Tax credit	12,604	202

Corporation tax is calculated at a rate of 25% (2023: 23.5%) of the taxable profit for the year.

b) Factors affecting the tax credit for the year

A reconciliation of the credit/(expense) that would result from applying the standard UK corporation tax rate to the profit/loss before tax to the actual tax credit for the year is given below:

	2024 £'000	2023 £'000
Profit/(loss) before tax:	5,024	(2,102)
Tax credit/(expense) thereon at UK corporation tax rate of 25% (2023: 23.5%)	(1,256)	494
Factors affecting credit/expense:		
- Disallowed items	(3,208)	(2,172)
- Adjustments in respect of prior years	12,568	–
- Non-taxable income	4,500	1,880
Tax credit on profit/loss on ordinary activities	12,604	202
Effective rate	250.88%	9.61%

The Company has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar 2 income taxes currently required by IAS12 Income Taxes. No provision for Pillar 2 current tax is required in respect of this period.

8. Property, plant and equipment

	Leasehold property £'000
Cost	
At 1 January 2024	1,401
At 31 December 2024	1,401
Depreciation	
At 1 January 2024	1,051
Charge for the year	280
At 31 December 2024	1,331
Net book value	
At 31 December 2024	70
At 31 December 2023	350

9. Investment in subsidiaries

	2024 £'000	2023 £'000
Cost		
At 1 January	395,593	96,016
Investment in shares in Embark Investment Services Limited	14,000	15,500
Investment in shares in Embark Services Limited	–	31,350
Investment in shares in EBS Pensions Limited	–	8,300
Investment in shares in Halifax Share Dealing Limited	–	246,000
Disposal of investment in Embark Digital Studio Limited	–	(1,573)
At 31 December	409,593	395,593
Impairment		
At 1 January	38,449	29,233
Impairment of investment in Sterling ISA Managers Limited	10,360	9,216
Impairment of investment in Embark Investments Limited	2,473	–
At 31 December	51,282	38,449
Net book value		
At 31 December	358,311	357,144

An impairment charge has been recognised in the investments in Sterling ISA Managers Limited and Embark Investments Limited to reflect their net asset positions at the balance sheet date due to the planned wind up of these entities.

As at 31 December 2024 the Company held more than 20% of the share capital of the following companies:

Subsidiary Undertaking	Registered Office Address	Country of incorporation	Principal Activity	Class	% of voting rights held
Embark Services Limited*	33 Old Broad Street, London, United Kingdom, EC2N 1HZ	England	Pension Administration	Ordinary	100
Hornbuckle Mitchell Trustees Limited*	33 Old Broad Street, London, United Kingdom, EC2N 1HZ	England	Independent Trustee	Ordinary	100
Embark Trustees Limited*	33 Old Broad Street, London, United Kingdom, EC2N 1HZ	England	Independent Trustee	Ordinary	100
Embark Investment Services Limited*	33 Old Broad Street, London, United Kingdom, EC2N 1HZ	England	Pension Administration	Ordinary	100
Charterhall Nominees Limited*	33 Old Broad Street, London, United Kingdom, EC2N 1HZ	England	Independent Trustee	Ordinary	100
Embark Investment Services Nominees Limited	33 Old Broad Street, London, United Kingdom, EC2N 1HZ	England	Independent Trustee	Ordinary	100
Avalon SIPP Trustees Limited*	33 Old Broad Street, London, United Kingdom, EC2N 1HZ	England	Independent Trustee	Ordinary	100
Avalon Investment Services (Nominees) Limited*	33 Old Broad Street, London, United Kingdom, EC2N 1HZ	England	Independent Trustee	Ordinary	100
The Adviser Centre Limited*	33 Old Broad Street, London, United Kingdom, EC2N 1HZ	England	Investment Due Diligence	Ordinary	100
Embark Corporate Services Limited*	33 Old Broad Street, London, United Kingdom, EC2N 1HZ	England	Corporate Administration	Ordinary	100
EBS Pensions Limited*	33 Old Broad Street, London, United Kingdom, EC2N 1HZ	England	Pension Administration	Ordinary	100
Alpha Trustees Limited*	33 Old Broad Street, London, United Kingdom, EC2N 1HZ	England	Independent Trustee	Ordinary	100
EBS Pensioneer Trustees Limited*	33 Old Broad Street, London, United Kingdom, EC2N 1HZ	England	Independent Trustee	Ordinary	100
EBS Self-Administered Personal Pension Plan Trustees Limited*	33 Old Broad Street, London, United Kingdom, EC2N 1HZ	England	Independent Trustee	Ordinary	100
Embark Pensions Trustees Limited	33 Old Broad Street, London, United Kingdom, EC2N 1HZ	England	Independent Trustee	Ordinary	100
Sterling ISA Managers Limited*	33 Old Broad Street, London, United Kingdom, EC2N 1HZ	England	Pension Administration	Ordinary	100
Sterling ISA Managers (Nominees) Limited	33 Old Broad Street, London, United Kingdom, EC2N 1HZ	England	Pension Administration	Ordinary	100
Embark Investments Limited*	33 Old Broad Street, London, United Kingdom, EC2N 1HZ	England	Investment Management	Ordinary	100
Halifax Share Dealing Limited*	Trinity Road, Halifax, West Yorkshire, HX1 2RG	England	Stockbroking	Ordinary	100

* shares held directly by the company

10. Deferred tax assets

The movement in the deferred tax asset is as follows:

	2024 £'000	2023 £'000
Brought forward	–	–
Credit for the year	9,637	–
Balance at 31 December	9,637	–

The deferred tax credit in the period comprises the following temporary differences:

	2024 £'000	2023 £'000
Pensions and other post-retirement benefits	–	–
Other temporary differences	9,637	–
Total deferred tax credit	9,637	–

The deferred tax asset comprises:

	2024 £'000	2023 £'000
Pensions and other post-retirement benefits	–	–
Other temporary differences	9,637	–
Total deferred tax asset	9,637	–

At the balance sheet date, a deferred tax asset of £9,637k has been recognised (2023:£nil) based on the expectation that the company will be able to benefit from group relief with connected companies.

11. Trade and other receivables

	2024 £'000	2023 £'000
Other tax and social security	142	131
Amounts owed from Group Companies	40,707	40,278
	40,849	40,409

Of the total, £nil (2023: £nil) is due more than one year after the reporting date.

There are no loss allowances on balances due from Group companies as the probability of default is negligible.

12. Cash and cash equivalents

	2024 £'000	2023 £'000
Cash at bank and in hand	13,477	8,138

The Directors consider that the carrying amount of these assets approximates to their fair value. The credit risk on cash and cash equivalents is limited because the counterparties are large, established UK banks.

13. Trade and other payables

	2024 £'000	2023 £'000
Trade payables	41	2
Accruals	85	88
	126	90

Of the above total, £nil (2023: £nil) is expected to be settled more than one year after the reporting date.

No interest is charged on trade and other payables.

14. Non-current liabilities

	2024 £'000	2023 £'000
Contingent deferred consideration	–	1,091
	–	1,091

Deferred consideration relates to staff loyalty bonuses due to employees of the Group which arose on acquisition of the Company by Scottish Widows Group Limited. The consideration was settled following the second anniversary of the acquisition, 31 January 2024.

15. Share capital

	2024 £'000	2023 £'000
Issued and fully paid:		
2,413,897 (2023: 2,413,897) voting ordinary 'A' shares of £1 each	2,414	2,414
6,457 (2023: 6,457) voting ordinary 'A' shares of £1 each	6	6
	2,420	2,420

16. Notes to the Statement of Cash Flows

	2024 £'000	2023 £'000
Operating profit/(loss)	5,042	(2,058)
Adjustments for:		
Depreciation on property, plant and equipment	280	281
Impairment of investments in subsidiaries	12,833	9,216
Loss on disposal of investment in Embark Digital Studio Limited	–	1,573
Operating cash flows before movements in working capital	18,155	9,012
(Increase) in receivables	(440)	(7,753)
(Decrease) in payables	(1,060)	(1,159)
Tax received	2,975	–
Cash from operations	19,630	100
Net cash from operating activities	19,630	100

17. Leases

Right-of-use assets

Right-of-use assets relate to rented office space and are presented as property, plant and equipment. Leases for office space are under contract terms of up to 5 years from the lease start date.

	Leasehold property £'000
2024	
Balance at 1 January	351
Depreciation charge for the year	(280)
Balance at 31 December	71

Lease liabilities

Maturity analysis – contractual undiscounted cash flows	**2024 £'000**	**2023 £'000**
Less than one year	97	388
Total undiscounted lease liabilities at 31 December	97	388

Lease liabilities included in the statement of financial position	**2024 £'000**	**2023 £'000**
Current	97	375
	97	375

Amounts recognised in profit or loss

Leases under IFRS 16	**2024 £'000**	**2023 £'000**
Interest on lease liabilities	(18)	(44)

18. Financial risk management

The Company's financial instruments primarily comprise cash and cash equivalents, trade payables and trade receivables. All of these arise as a result of the Company's normal operations. The Company does not enter into transactions for speculative purposes and there are no instruments held for trading.

The Company's operations expose it to a variety of financial risks that include the effects of the changes in credit risk, liquidity risk, market risk and capital risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company through proactive oversight and monitoring of key financial risks.

The Directors believe the main financial risks arising from the Company's financial instruments are credit risk, liquidity risk, market risk and capital risk. These are further discussed below;

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's recoverability of fees billed to customers and counterparties.

The Chief Financial Officer is responsible for managing the Company's credit risks through the following:

- Limiting the amount of exposure to any one party;
- Only dealing with creditworthy counterparties;
- Embedding suitable processes to recover debt when it becomes overdue; and
- Ensuring a suitable provision for bad and doubtful debt is maintained.

A summary of the current position on Company receivables is included in note 10.

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk. The maximum credit exposure to credit risk at the reporting date was:

	2024 £'000	**2023 £'000**
Cash and cash equivalents	13,477	8,138
Trade & other receivables	40,849	40,490
	54,326	48,628

(b) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income. The objective of the Company's market risk management strategy is to manage and control the market risk exposures within acceptable parameters to ensure the Company's solvency while optimising the return.

(c) Interest rate risk

The Company is exposed to interest rate risk as a result of positive holding of corporate cash balances which earn interest at a variable rate.

The Company has interest bearing assets and liabilities on its Statement of Financial Position. These assets include cash and borrowings and loans which earn or charge interest at a variable rate.

Given the size of the Company, there is no requirement for a separate treasury department; therefore, the finance department review the level of cash balances within the business on a daily basis and ensure the utilisation of its cash balances is optimised.

18. Financial risk management (continued)

(d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's Board of Directors sets the Company's risk appetite and policy for managing liquidity risk. The Finance function manages the Company's liquidity position on a day-to-day basis under the oversight of the Chief Financial Officer. The Company's approach is to ensure that it can meet payments as they fall due, both in normal conditions and in the case of a severe liquidity stress, and that it can survive a severe liquidity stress event and continue as a going concern. The key elements of the Company's liquidity strategy are as follows:

- Building a business that is cash generative;
- Maintaining at all times a stock of liquid assets that are of sufficient quality and quantity so as to be able to withstand the Company's liquidity stress scenarios;
- Monitoring liquidity risk exposures on an ongoing basis under a variety of market-wide and idiosyncratic liquidity stress scenarios; and
- Maintaining a diversified funding base.

The following table shows the contractual maturities of the Company's financial liabilities, all of which are measured at amortised cost:

	At 31 December 2024		At 31 December 2023	
	Trade payables £'000	Other Payables £'000	Trade payables £'000	Other Payables £'000
< 6 months	41	85	2	88
Carrying value of liabilities	41	85	2	88

19. Related party transactions

Transactions between the Company and key management

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company which, for the Company, are all Directors and IP&IExCo members. Key management personnel, as defined by IAS 24, are employed by a management entity, transactions with this entity are as follows:

Key management compensation

	2024 £'000	2023 £'000
Short-term employee benefits	104	–
Post-employment benefits	2	–
Share-based payments	20	–
	126	–

Included in short term employee benefits is the aggregate amount of emoluments paid to or receivable by Directors in respect of qualifying services of £96k (2023: £nil).

There were no retirement benefits accruing to Directors (2023: nil) under defined benefit pension schemes. No Directors (2023: no Directors) are paying into a defined contribution scheme. There were no contributions paid to a pension scheme for qualifying services (2023: nil).

Certain members of key management in the Company, including the highest paid Director, provide services to other companies within Lloyds Banking Group. In such cases, for the purposes of this note, figures have been included based on an apportionment to the Company of the total compensation earned.

The aggregate amount of money receivable and the net value of assets received/receivable under share based incentive schemes in respect of Directors qualifying services was £18k (2023: £nil). During the year, no Directors exercised share options (2023: no Director) and 2 Directors received qualifying service shares under long term incentive schemes (2023: no Director). Movements in share options are as follows:

	2024 £'000	2023 £'000
Outstanding at 1 January	**–**	**–**
Outstanding balance of directors newly appointed in the period	1	–
Granted	27	–
Exercised	(12)	–
Forfeited	(1)	–
Outstanding balance of directors resigned in the period	(1)	–
Outstanding at 31 December	14	–

19. Related party transactions (continued)

Detail regarding the highest paid Director is as follows:

	2024 £'000	2023 £'000
Apportioned aggregate emoluments	66	–
Apportioned share-based payments	15	–

20. Parent undertaking and controlling party

The Company's immediate parent undertaking is Scottish Widows Group Limited, a company incorporated in the United Kingdom. The Registered Office Address of Scottish Widows Group Limited is The Mound, Edinburgh, United Kingdom, EH1 1YZ.

The ultimate parent undertaking and controlling party is Lloyds Banking Group plc, which is the parent undertaking of the only group to consolidate these financial statements. Once approved, copies of the consolidated Annual Report and Accounts of Lloyds Banking Group may be obtained from Lloyds Banking Group's head office at 33 Old Broad Street, London, EC2N 1HZ or downloaded via www.lloydsbankinggroup.com.