Registered No. 03383730

EMBARK INVESTMENTS LIMITED

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

Contents

EMBARK INVESTMENTS LIMITED

Company Information

Directors	B J C MacLennan D M H Skinner G E Schumacher
Company secretary	C A Riddy
Registered office	33 Old Broad Street London United Kingdom EC2N 1HZ
Company registration	03383730
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 Investments Limited (the 'Company') for the year ended 31 December 2024. The Company is limited by share capital.

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

During the year the Company operated under two brands – Embark Investments and The Adviser Centre – providing the following services:

Embark Investments was an Authorised Corporate Director (ACD) which launched and managed collective investment schemes as part of its Horizon Funds service. The range of underlying funds were managed by an investment manager, with the Company overseeing the overall management of the five portfolios.

The Adviser Centre offers an online fund research and consultancy service, dedicated to helping financial advisers to assess, select and monitor suitable actively managed funds from the whole of the market.

Corporate investment due diligence services are provided to fellow subsidiaries of Embark Group Limited (EGL). The Company earns revenue through recharging these services on a cost-plus basis.

The Company is authorised and regulated by the Financial Conduct Authority (FCA) and has the necessary regulatory permissions to undertake its activities.

Result for the year

The loss before tax for the year ending 31 December 2024 was £1,891k (2023: £204k) with total revenue of £4,952k (2023: £5,589k). The decrease in revenue and increase in loss before tax are driven by a decrease in Assets under Management ("AUM") across the period.

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.

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, supporting the UK's transition to net zero through lending, investments, products and services.

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 is supportive of the Task Force on Climate-Related Financial Disclosures (TCFD) framework and related regulatory expectations. Since the 2023 year-end, the Company has been included within the Lloyds Banking Group Sustainability Report. This report is available on the Lloyds Banking Group website at www.lloydsbankinggroup.com/investors/esg-information

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, profit or loss before tax and AUM. Financial performance indicators are also presented throughout these financial statements and summarised below.

The total value of AUM of the company for the year ended 31 December 2024 amounted to £480m (2023: £594m). The lower AUM value reflects both challenging financial market conditions and an increase in the level of client redemptions over the reporting period.

Outlook

In February 2025, the Company retired as authorised corporate director of the Horizon Funds and this was transferred to Scottish Widows Unit Trust Managers Limited, a fellow subsidiary of Scottish Widows Group Limited.

There are plans to transfer the Adviser Centre business to another group entity, after which the process to wind up the Company will commence. The Directors intend to liquidate the Company following the settlement of the remaining net assets.

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 15, as shown by the note reference.

Financial risks

Principal Risk	Note reference	Description
Credit risk	15(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	15(b)	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	15(c)	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 client related activity and the payment of shareholder expenses. Liquidity risk is mitigated by applying the Liquidity Risk Policy, which includes controls to maintain liquidity at necessary levels.
Capital risk	15(d)	Capital risk is defined as the risk that an insufficient quantity or quality of capital is held to meet regulatory requirements or to support business strategy, an inefficient level of capital is held or that capital is inefficiently deployed across the Company. The Company's objectives when managing capital are to ensure that sufficient capital is available to safeguard the Company's ability to continue as a going concern so that it can continue to provide a return to the shareholder. Capital risk is managed via the Capital Risk policy, which includes tools and governance to monitor and allocate capital accordingly.

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'), 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 wholly owned subsidiary of Embark Group Limited. Embark Group Limited is a subsidiary of Scottish Widows Group, forming part of the Insurance, Pensions & Investments ("IP&I") division 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 had 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 Scottish Widows Group ("SWG"). Stakeholder engagement takes place throughout the Company and the Board engages directly and indirectly with its stakeholders. The Board also undertook an annual review of its governance arrangements. 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.

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:

- Initiation of a significant strategic project to drive better outcomes for customers, and;
- the effectiveness of the different customer engagement and distribution channels to do business with the Company.

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.

Investment Performance

The Board of the Company is responsible for the strategy of investing customer assets and delegates responsibility to the ACD Committee to focus on the management of investments through review of fund performance and asset allocation. To improve the prospect of better client outcomes, the Company conducted a restricted RFP process for the investment management mandate of the Horizon Funds. As a result of the robust RFP process, the Investment Management for the Horizon Fund range was transferred from Columbia Threadneedle Asset Management Limited to BlackRock as of March 2024.

Shareholder

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 Company's Board and the Board of Scottish Widows Group is supported by a Scottish Widows Group director serving as a Non-executive Director on the Company's Board from August 2024. The Board of the Company also submit a Chair Report to the Board of Scottish Widows Group following Board meetings.

Strategic Report (continued)

Communities and the environment

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. Further information on Lloyds Banking Group's initiatives can be found in the Strategic Report of Lloyds Banking Group's 2024 Annual Report and Accounts available on its website.

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, at https://www.lloydsbankinggroup.com/investors/annual-report.html.

The Company's Board delegates responsibility to the ACD Committee for the implementation of the Company's strategy, including oversight and support for its Environmental, Social & Governance (ESG) strategy and public disclosures.

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 regulated by the Financial Conduct Authority (FCA). The Company continually engages with regulators and to ensure the Company supports and delivers in line with current and developing regulation and legislation. Liaison with regulators is an ongoing priority. In addition, individual Directors have in the ordinary course of business continuing discussions with regulators on various matters within the regulatory agenda.

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.

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.

Strategic Report (continued)

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 Company.

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

Signed by:
Barry MacLennan
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B J C MacLennan
Director
For and on behalf of the Board of Directors
25 April 2025

EMBARK INVESTMENTS LIMITED

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 loss after taxation for the year ended 31 December 2024 was £1,504k (2023: £215k). 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:

B J C MacLennan	
D M H Skinner	
G E Schumacher	(Appointed 23 August 2024)
J Lowe	(Resigned 22 August 2024)
G E Hutchison	(Resigned 10 December 2024)
C J Wood	(Resigned 31 March 2025)

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

Following the Company retiring as authorised corporate director and transfer of the Adviser Centre business, the process to wind up the Company will commence. As the Directors intend to liquidate the Company following the settlement of the remaining net assets, they have prepared the financial statements on a basis other than going concern. The effect of this is explained in the accounting policies, note 1.

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 15 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

In February 2025, the Company retired as authorised corporate director of the Horizon Funds and this was transferred to Scottish Widows Unit Trust Managers Limited, a fellow subsidiary of Scottish Widows Group Limited.

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:

Signed by:
Barry MacLennan
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B J C MacLennan
Director
For and on behalf of the Board of Directors
25 April 2025

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

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Embark Investments 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 loss 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;
- the material accounting policy information; and
- the related notes 1 to 18.

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.

Emphasis of matter – Financial statements prepared other than on a going concern basis
We draw attention to note 1 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

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 INVESTMENTS 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 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 FCA regulatory permissions including Client Assets, GDPR, Bribery Act and Financial Services and Markets Act 2000.

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 performing the above, we identified the greatest potential for fraud in revenue recognition is in relation to the rate applied in calculating the investment management fees. This represents the largest revenue stream. 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. Further to this, we collaborated with the Deloitte Analytics and Modelling ("A&M") team to perform a recalculation of 100% of these fees earned by the entity. We have performed detailed testing over the key inputs to this recalculation, specifically the rates and the assets under management ("AuM") to assess the completeness and accuracy of these inputs.

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, internal audit and in-house 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, reviewing correspondence with the Financial Conduct Authority (FCA) and reviewing internal audit reports.

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 INVESTMENTS 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 ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
25 April 2025

Statement of Comprehensive Income
For the year ended 31 December 2024

	Notes	2024 £'000	2023 £'000
Revenue	3	4,952	5,589
Administrative expenses		(6,843)	(5,793)
Loss before tax		(1,891)	(204)
Taxation	7	387	(11)
Total comprehensive loss for the year		(1,504)	(215)

All results are derived from discontinued 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 loss for the year.

The notes on pages 19 to 30 form an integral part of the financial statements.

Statement of Financial Position
At 31 December 2024

	Notes	2024 £'000	2023 £'000
Non-current assets			
Deferred tax assets	8	–	81
		–	81
Current assets			
Trade and other receivables	9	374	1,308
Current tax assets		468	94
Cash and cash equivalents	10	2,636	3,748
		3,478	5,150
Total assets		3,478	5,231
Current liabilities			
Trade and other payables	11	(1,104)	(1,353)
Total Liabilities		(1,104)	(1,353)
Net current assets		2,374	3,797
Net assets		2,374	3,878
Equity			
Share capital	12	2,000	2,000
Revaluation reserve		(1)	(1)
Retained earnings		375	1,879
Total equity		2,374	3,878

Registered No. 03383730

The notes on pages 19 to 30 form an integral part of the financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 25 April 2025. They were signed on its behalf by:

Signed by:
Barry MacLennan
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B J C MacLennan
Director

EMBARK INVESTMENTS LIMITED

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

	Share capital £'000	Revaluation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2023	2,000	(1)	2,094	4,093
Total comprehensive loss for the year	–	–	(215)	(215)
Balance at 31 December 2023	2,000	(1)	1,879	3,878
Total comprehensive loss for the year	–	–	(1,504)	(1,504)
Balance at 31 December 2024	2,000	(1)	375	2,374

The notes on the following pages 19 to 30 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 used in operating activities	13	(1,112)	(1,739)
Investing activities			
Net cash from investing activities		–	–
Financing activities			
Net cash from financing activities		–	–
Net decrease in cash and cash equivalents		(1,112)	(1,739)
Cash and cash equivalents at beginning of year		3,748	5,487
Cash and cash equivalents at end of year	10	2,636	3,748

All cash flows are derived from discontinued operations.

The notes on the following pages 19 to 30 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

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.

Going concern

Following the Company retiring as authorised corporate director and transfer of the Adviser Centre business, the process to wind up the Company will commence. As the Directors intend to liquidate the Company following the settlement of the remaining net assets, they have prepared the financial statements on a basis other than going concern.

The valuation of the assets & liabilities shown on the Statement of Financial Position have been considered and their carrying value is appropriate. There are no changes required to the preparation of the financial statements as a result of adopting a basis other than going concern.

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.

Profit/Loss from operations

Profit/Loss from operations 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:

- Investment management fees are charged monthly based on assets held under managemental which are calculated daily based on the net asset values of each share class in the underlying funds and the percentage annual management charge stated in the fund prospectus. Investment management fees are recognised over time based on the input method, net of VAT.
- Investment due diligence fees are charged monthly to other Embark Group subsidiaries based on arm's length intra-group service level agreement. Investment due diligence fees are recognised over time based on the input method, net of VAT.
- Investment consulting services are charged annually based on the contractual agreement with the customer. Investment consulting services are recognised over time based on the input method, net of VAT.

Expense recognition

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

EMBARK INVESTMENTS LIMITED
Notes to the financial statements

1. Accounting policies (continued)

Taxation, including deferred income taxes (continued)

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.

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.

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.

1. Accounting policies (continued)

Financial instruments (continued)

(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.

2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the Statement of Financial Position date and the reported revenue and expenses during the reporting year.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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:

Determining deferred income under IFRS 15 (accounting judgement)

Management have applied judgement when determining the way in which performance obligations for delivery of investment consulting services to customers are satisfied over time. These judgements are a fundamental element in dictating the way in which revenue is released to the Statement of Comprehensive Income. When building these judgements management have assessed all available data and resources to ensure the judgements accurately reflect the delivery of service-related performance obligations.

3. Revenue

(i) Disaggregation of revenue

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

	2024 £'000	2023 £'000
Investment management fees	3,755	4,614
Investment consulting services	950	832
Investment due diligence	247	143
Rendering of services, in the UK	4,952	5,589

Turnover arises entirely in the UK.

Timing of transfer of goods or services:

	2024 £'000	2023 £'000
Products and services transferred at a point in time	–	–
Products and services transferred over time	4,952	5,589
	4,952	5,589

(ii) Contract balances

The following table provides information about opening and closing receivables, contract assets and contract liabilities from contracts with customers.

	Notes	31 December 2024 £'000	31 December 2023 £'000
Receivables	9	103	586
Contract liabilities		386	396

The contract liabilities primarily relate to the advance consideration received from customers for the rendering of services over an annual period. The amount of revenue recognised in current period that was included in the contract liability balance at the beginning of the period was £396k.

Significant changes in the contract assets and the contract liabilities balances during the period are as follows:

2024	Contract liabilities £'000
Revenue recognised that was included in the contract liability balance at the beginning of the period	(396)
Increases due to cash received, excluding amounts recognised as revenue during the period	386
	(10)

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
Staff costs (see note 6)	1,785	1,821

EMBARK INVESTMENTS LIMITED
Notes to the financial statements

5. Auditor's remuneration

	2024 £'000	2023 £'000
Fees payable to the Company's auditor		
Audit of these financial statements	72	72
Audit-related assurance services	73	73
	145	145

6. Staff costs

The average monthly number of employees (including executive Directors) employed by the Company was:

	2024 No.	2023 No.
Management	–	6
Non-management	–	8
	–	14

Aggregate remuneration comprised:

	2024 £'000	2023 £'000
Wages and salaries	1,305	1,436
Social security costs	168	177
Other pension costs	291	194
Share based compensation costs	21	14
	1,785	1,821

With effect from 1 May 2023 the Company's staff were transferred to another Lloyds Banking Group entity therefore the above employee numbers for the prior period relate to the period to 30 April 2023. The Company had no direct employees after this date. Aggregate remuneration reflects the full year cost and includes amounts recharged from another Lloyds Banking Group entity from 1 May 2023.

7. Taxation

a) Analysis of tax credit/(expense) for the year

	2024 £'000	2023 £'000
UK corporation tax		
- Current tax on taxable profit/loss for the year	468	49
- Adjustments in respect of prior years	–	(52)
Current tax credit/(expense)	468	(3)
UK deferred tax		
- Origination and reversal of timing differences	(81)	(1)
- Adjustments in respect of prior years	–	(7)
Deferred tax expense	(81)	(8)
Tax credit/(expense)	387	(11)

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

7. Taxation (continued)

b) Factors affecting the tax credit/(expense) for the year

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

	2024 £'000	2023 £'000
Loss before tax:	(1,891)	(204)
Tax credit thereon at UK corporation tax rate of 25% (2023: 23.5%)	473	48
Factors affecting credit/expense:		
- Disallowed items	(5)	–
- Adjustments in respect of prior years	–	(59)
- Temporary differences not recognised	(81)	–
Tax credit/(expense) on profit/loss on ordinary activities	387	(11)
Effective rate	20.45%	5.39%

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. Deferred tax assets

The movement in the deferred tax asset is as follows:

	2024 £'000	2023 £'000
Brought forward	81	89
Expense for the year	(81)	(8)
Balance at 31 December	–	81

The deferred tax expense in the period comprises the following temporary differences

	2024 £'000	2023 £'000
Other temporary differences	(81)	(8)
Total deferred tax expense	(81)	(8)

The deferred tax asset is made up as follows:

	2024 £'000	2023 £'000
Other temporary differences	–	81
Total deferred tax asset	–	81

A deferred tax asset of £81k relating to trading losses has not been recognised on the basis that the Company has insufficient forecast taxable profits to recover the asset in future periods. Subject to some conditions trading losses can be carried forward indefinitely against future taxable profits.

EMBARK INVESTMENTS LIMITED
Notes to the financial statements

9. Trade and other receivables

	2024 £'000	2023 £'000
Trade receivables	103	586
Other debtors	169	198
Prepayments	41	48
Other tax and social security	24	–
Amounts owed from Group Companies	37	476
	374	1,308

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 receivables. Amounts owed from Group Companies are repayable on demand.

Trade receivables and other debtors are non-interest bearing and are generally due on receipt of invoice or initial recognition of the debtor. Trade receivables that are neither past due nor impaired are considered by the Directors to be credit worthy on the basis that they have been subject to the Company credit check procedures.

As at 31 December 2024 trade receivables and other debtors of £103k were past due (2023: £180k) but not impaired for the Company. The ageing analysis of these receivables is as follows:

	2024 £'000	2023 £'000
Up to 3 months past due	62	150
3 to 6 months past due	41	30
Over 6 months past due	–	–
	103	180

Expected credit loss assessment

The Company uses an allowance matrix to measure the ECLs of trade receivables and other debtors due from individual customers, which comprise a large number of small balances. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and other debtors as at 31 December 2024.

31 December 2024	Weighted-average loss rate	Gross carrying amount £'000	Loss allowance £'000	Credit-impaired
< 9 months past due	0.00%	103	–	No
9 – 12 months past due	0.00%	–	–	No
> 12 months past due	0.00%	–	–	Yes
		103	–	

The following table provides information about the exposure to credit risk and ECLs for trade receivables and other debtors as at 31 December 2023.

31 December 2023	Weighted-average loss rate	Gross carrying amount £'000	Loss allowance £'000	Credit-impaired
< 9 months past due	0.00%	586	–	No
9 – 12 months past due	0.00%	–	–	No
> 12 months past due	0.00%	–	–	Yes
		586	–	

Loss rates are based on actual historic credit loss experience. These rates are multiplied by scalar factors to reflect current economic conditions and the Company's view of economic conditions over the expected lives of the receivables.

The majority of the Company's customers are individuals or counterparties not issued ratings by credit ratings agencies, therefore customer credit ratings have not been disclosed.

The movement in the provision for impairment of receivables was as follows:

	2024 £'000	2023 £'000
At 1 January	–	–
Write-offs in the year	–	–
Increase for the year	–	–
At 31 December	–	–

10. Cash and cash equivalents

	2024 £'000	2023 £'000
Cash at bank and in hand	2,636	3,748

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.

11. Trade and other payables

	2024 £'000	2023 £'000
Trade payables	32	51
Accruals	491	884
Deferred income	386	396
Other tax and social security	–	11
Amounts owed to Group Companies	195	11
	1,104	1,353

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. Amounts owed to Group Companies are repayable on demand.

Deferred income relates to income charged to clients in advance of the period to which the service relates. The related income charged to clients does not become repayable if a contract is terminated before its due date.

12. Share capital

	2024 £'000	2023 £'000
Issued and fully paid:		
2,000,002 (2023: 2,000,002) voting ordinary 'A' shares of £1 each	2,000	2,000
	2,000	2,000

13. Notes to the Statement of Cash Flows

	2024 £'000	2023 £'000
Operating loss	(1,891)	(204)
Operating cash flows before movements in working capital	(1,891)	(204)
Decrease/(increase) in receivables	934	(796)
(Decrease) in payables	(249)	(739)
Tax received	94	–
Cash used in operations	(1,112)	(1,739)
Net cash used in operating activities	(1,112)	(1,739)

14. Share-based compensation

The profit of the Company is stated after charging an amount of £21k (2023: £14k) in respect of services received by the Company which have been settled by way of equity-settled share-based payment arrangements.

All staff providing services to the Company are employed by a fellow subsidiary of the ultimate parent undertaking, Lloyds Bank Group Plc, in whose shares settlement is made. The amount charged is recharged on a proportionate basis from the employing entity. Details of the share-based payment schemes within the Group are included on an aggregated basis in the Lloyds Banking Group Plc consolidated financial statements.

15. 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 9.

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	2,636	3,748
Trade & other receivables	374	1,308
	3,010	5,056

(b) Market risk

Market risk is the risk that changes in market prices, such as the Horizon fund management charge receivable is based on the value of AUM, this will be impacted by movements in the financial markets. This is inherent in the business in which the company operates and the Directors accept this risk.

The Directors recognise the possible consequences arising from the ongoing Ukraine conflict and have considered the possible economic impacts due to fluctuations in the market.

The Horizon portfolios are built to adapt to changing markets with a long-term focus. Risk profiles are established around long-term expected volatility, rather than day to day market shifts.

The Directors believe that, by staying the course and not disinvesting when markets are volatile, Financial Advisers and Retail Clients are more likely to benefit from the long-term investment opportunities the funds encapsulate. The Company, as the ACD, continues to monitor the situation on an ongoing basis, undertaking quarterly capital and solvency assessments.

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 balance is optimised.

15. Financial risk management (continued)

(c) 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	32	491	51	884
Carrying value of liabilities	32	491	51	884

(d) Capital risk management (unaudited)

Capital is held by the Company to protect its customers, cover its inherent risks, provide a cushion for stress events and to support its business strategy. In assessing the adequacy of its capital resources, the Company considers its risk appetite, the material risks to which it is exposed, and the appropriate strategies required to manage those risks.

The Company objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, continuity of service to customers and maintain an optimal capital structure to reduce the cost of capital.

The Company defines capital as being share capital plus reserves. The Company is subject to externally imposed capital requirements from the Financial Conduct Authority. These are reported monthly to the Board. The Company has complied with all the relevant rules and requirements throughout the year.

The Company prepares regular reports on the current and forecasted levels of capital, as well as the results of stress scenarios, to the Board and executive leadership team (Chaired by the Chief Executive Officer). The key assumptions and risk drivers used to create the stress tests are regularly monitored and reported.

The table below sets out the regulatory capital requirements and the required capital held at 31 December in each year.

	2024 £'000	**2023 £'000**
Regulatory capital held	3,798	4,011
Regulatory capital requirement	1,194	1,863

16. Related party transactions

During the year the following related party transactions were entered into with other Group subsidiaries:

With effect from 1 May 2023 the Company's staff were transferred to another Lloyds Banking Group entity. Aggregate remuneration recharged to the Company from this date was as follows:

	2024 £'000	2023 £'000
Wages and salaries	1,305	792
Social security costs	168	102
Other pension costs	291	169
Share based compensation costs	21	14
	1,785	1,077

The average headcount recharged for the period was 15 (2023: 15).

The Company has been charged by its fellow subsidiary, Embark Corporate Services Limited, £1,758k (2023: £612k) for central shared services. The Company has charged its fellow subsidiary, Embark Corporate Services Limited, £20k (2023: £20k) for investment governance services in respect of Retirement Pathways oversight. At the year-end there was a balance owing to Embark Corporate Services Limited of £195k (2023: £454k).

The Company has charged its fellow subsidiary, EBS Pensions Limited, £86k (2023: £50k) for investment due diligence services. At the year-end there was a balance owing from EBS Pensions Limited of £7k (2023: £4k).

The Company has charged its fellow subsidiary, Embark Investment Services Limited, £12k (2023: £7k) for investment due diligence services and £202k (2023: £101k) for investment governance services in respect of the Sterling Fund Panel. At the year-end there was a balance owing from Embark Investment Services Limited of £18k (2023: £11k).

The Company has charged its fellow subsidiary, Embark Services Limited, £148k (2023: £86k) for investment due diligence services. At the year-end there was a balance owing from Embark Services Limited of £12k (2023: £7k).

The Company has charged its fellow subsidiary, Sterling ISA Managers Limited, £nil (2023: £26k) for investment governance services and Advance platform services in respect of fund management. At the year-end there was a balance owing from Sterling ISA Managers Limited of £nil (2023: £nil).

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	698	508
Post-employment benefits	52	28
Share-based payments	11	–
	761	536

Included in short term employee benefits is the aggregate amount of emoluments paid to or receivable by Directors in respect of qualifying services of £699k (2023: £536k).

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.

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16. Related party transactions (continued)

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 £11k (2023: £nil). During the year, no Directors exercised share options (2023: no Director) and no 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	2	–
Granted	1	–
Exercised	(1)	–
Forfeited	–	–
Outstanding balance of directors resigned in the period	–	–
Outstanding at 31 December	1	–

Detail regarding the highest paid Director is as follows:

	2024 £'000	2023 £'000
Apportioned aggregate emoluments	266	268
Apportioned share-based payments	4	–

17. Parent undertaking and controlling party

The Company's immediate parent undertaking is Embark Group Limited, a company incorporated in England and Wales. The Registered Office Address of Embark Group Limited is 33 Old Broad Street, London, United Kingdom EC2N 1HZ.

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.

18. Subsequent events

In February 2025, the Company retired as authorised corporate director of the Horizon Funds and this was transferred to Scottish Widows Unit Trust Managers Limited, a fellow subsidiary of Scottish Widows Group Limited, and as such the associated revenue and expenses during the year have been treated as discontinued operations.