

# Embark Group Limited

## Annual Report and Accounts **2025**

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**COMPANY INFORMATION****Board of Directors**

C J G Moulder (Interim Chair)

C Barua\*  
D J Brumpton  
W L D Chalmers  
K A Cooper  
M H Cuhls  
P G McNamara  
S T Nyahasha\*  
G E Schumacher  
M H Trussell

\* denotes Executive Director

**Company Secretary**

K V Raman

**Independent Auditors**

Deloitte LLP  
1 New Street Square  
London  
EC4A 3HQ

**Registered Office**

33 Old Broad Street  
London  
EC2N 1HZ

**Company Registration Number**

03578067

## STRATEGIC REPORT

The Directors present their Strategic Report on Embark Group Limited (the 'Company') for the year ended 31 December 2025. The Company is limited by shares.

The Company is a subsidiary of Scottish Widows Group Limited (SWG) 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.

Whilst the Company itself is not regulated, it interacts with the Financial Conduct Authority (FCA) in its capacity as the parent company of a regulated "investment firm group".

### Result for the year

The profit before tax for the year ending 31 December 2025 was £6,971k (2024: £5,024k) with total revenue of £10,000k (2024: £18,000k). Net assets of the Company at 31 December 2025 were £429,309k (2024: £422,315k). The decrease in revenue is due to decreased dividend income received from subsidiaries, however profit has increased due to a decrease in impairment costs.

### Economic Environment

The UK economy proved resilient to global challenges in 2025. Although elevated inflation and pay growth resulted in slower interest rate cuts than in the US and Eurozone, real-wages grew and households' spending growth rose. Low private sector indebtedness and high household savings provide resilience and capacity for improving growth.

Our strategy and business model position us well in both constructive and more challenging economic environments. Our transformation allied to our strong customer franchise captures opportunity by effectively meeting evolving customer needs and demands, diversifying income streams, and with greater efficiency.

### 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, SWG launched its initial climate action plan that set 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 investing strategies. The original target was achieved at the end of 2024. At year-end 2025, £81.3bn is invested in climate aware investment strategies. This is a significant rise from what has already been achieved, driven by the launch of the new workplace proposition, Scottish Widows Lifetime Investment, which includes a higher proportion of climate aware Environmental Social & Governance (ESG)-tilted investment strategies. In 2025, SWG published an updated Transition Plan that outlines how climate strategy is being advanced to deliver good outcomes for customers. SWG remains committed to the ambition of achieving net zero across the investment portfolio by 2050, with the interim target of halving the carbon footprint by 2030 (relative to a 2019 baseline). The Plan shifts focus from portfolio decarbonisation towards enabling real-world emissions reduction and delivering resilient, responsible investment outcomes for customers. Further information can be found in the Scottish Widows Transition Plan.

The Company is supportive of the Task Force on Climate-Related Financial Disclosures (TCFD) framework and related regulatory expectations and has been included within the Lloyds Banking Group Sustainability Report. The Report is available on the Lloyds Banking Group website at [www.lloydsbankinggroup.com/investors/financial-downloads.html](http://www.lloydsbankinggroup.com/investors/financial-downloads.html).

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

**STRATEGIC REPORT (continued)**

**Key performance indicators (KPIs)**

The key financial performance indicators for the Company are revenue, profit before tax and net assets. 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 17, as shown by the note reference.

*Financial risks*

<b>Principal Risk</b>	<b>Note reference</b>	<b>Description</b>
Credit risk	17(a)	Credit risk is the risk that parties with whom we contract, 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	17(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.
Liquidity risk	17(d)	External rates are outwith the Company's control, so mitigation is via having sufficient financial reserves to recover reduced earnings. 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*

<b>Principal Risk</b>	<b>Description</b>
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.  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.
Climate risk	The Group defines Climate Risk as the risk from the impacts of climate change and the transition to net zero ('inbound risk'), or a result of the Group's response to tackling climate change and supporting the transition to net zero ('outbound risk').

## STRATEGIC REPORT (continued)

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

This section is our Section 172(1) statement for the purposes of the Companies Act 2006 (the Act), describing how the directors have had regard to the matters set out in section 172(1) (a) to (f) of the Act when performing their duty to promote the success of the Company under section 172.

Further detail on stakeholder interaction is contained within the directors' Report on pages 9 to 11. The directors remain mindful in all their deliberations of the long-term consequences of their decisions, as well as the importance of Scottish Widows maintaining a reputation for high standards of business conduct and the Board engaging with, and taking account of the views of, its key stakeholders, including customers, shareholders, colleagues, regulators and the government, suppliers, communities and the environment.

As a subsidiary of Lloyds Banking Group plc, Embark Group Limited follows many of Lloyds Banking Group's processes and practices, which are referred to in this statement where relevant.

#### **Decision 1 - Customer Focused Strategy**

##### Board Considerations:

The Group's customer-centric approach underpins its strategic ambitions. The Board remains committed to understanding and addressing customer needs, ensuring these priorities are central to decision-making.

##### Board Initiatives:

- February – the Board approved the Scottish Widows Lifetime Investment as the new workplace pension default, reflecting customer feedback. Later in the year the Board supported offering an integrated Long-Term Asset Fund to give workplace pension customers access to private market investments.
- June – the Board looked in depth at its strategic vision to create Britain's most distinctive retirement proposition, including innovation via the Customer Waterfront.
- October – the Board announced the acquisition of Schroders Personal Wealth, to create a seamless end-to-end wealth proposition under one brand.

##### Future Focus:

The Board will continue to place customers at the heart of its decisions, focusing on how the Group can best support them and enhance their overall experience.

#### **Decision 2 - Consumer Duty**

##### Board Considerations:

Throughout 2025, the Board has monitored the embedding of Consumer Duty requirements to deliver good customer outcomes for customers in line with the Group's customer-centric strategy.

##### Board Initiatives:

- Management Information (MI) – Consumer Duty MI has significantly evolved over the past 12 months, enabling the creation of a comprehensive MI dashboard which supports regular deep dives into specific topics or themes.
- June 2025 – the Board approved an assessment confirming that the Company is delivering good customer outcomes in line with Consumer Duty.

##### Future Focus:

The Board recognises that compliance with Consumer Duty will continue to embed. Progress updates will be provided in 2026, with regular customer engagement remaining a key priority.

#### **Decision 3 - Operational Resilience**

##### Board Considerations:

The Board considers operational resilience and sound risk management to be fundamental for customers and to the strength of the Company and its long-term success.

##### Board Initiatives:

- July – the Board approved the bi-annual Operational Resilience Self-Assessment and to move to an annual Self-Assessment in line with the Lloyds Banking Group process.
- October – a majority of the Independent Directors received a deep dive on Group Operational Resilience & Third-Party Risk Management to enable them to continue to provide effective challenge and assurance on operational resilience.

##### Future focus:

The Board will continue to monitor operational resilience capabilities in 2026 and will maintain focus on response, recovery and remediation plans until 2027.

## STRATEGIC REPORT (continued)

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

#### Stakeholder Engagement

The Board recognises the vital importance of engaging with all its stakeholders.

The Company's Board has a programme of engagement meetings with colleagues (Engagement Programme) within certain of its Board meeting programmes, as a way for non-executive directors to hear directly from colleagues and other experts with insight into key stakeholder considerations and gain insights beyond formal meetings.

The Engagement Programme was designed to help the directors better understand the important issues for our customers and colleagues, the role the Company plays in supporting them and how the Group is performing in this respect, helping to inform the directors' decision making.

A number of activities took place under the Engagement Programme, to provide Independent Non-executive Directors with first-hand insight, which included meetings with customer-facing colleagues and those taking part in diversity initiatives.

#### Customers

The Company's customer-centric approach means the Board has an ongoing commitment to understanding and addressing customer needs, which remains central to achieving the Company's strategic ambitions.

Examples of Board engagement included site visits to customer operation teams including demonstration of the customer service platform and call listening;

- Customer service vision – the Board reviewed the future strategy across technology, people, and processes, with a strong focus on digital adoption and tailored support for vulnerable customers, including observing the system in action;
- Digital Apps – the Board debated enhancements with management to prioritise scalability and security;
- Customer service performance – was monitored across in-house teams and third-party partners via the Risk Oversight Committee (ROC), which also reviewed customer-related risks and metrics to identify improvement opportunities;
- Trustpilot scores – were tracked as a key measure for strengthening customer trust;
- Consumer Duty – the Board received regular updates (including via ROC) on management's progress and how the Board's obligations were being met.

#### Shareholders

The Company is a wholly owned subsidiary of Lloyds Banking Group.

The Shareholder seeks a financial return on its investment, delivered through dividends.

Any dividend paid during the year is disclosed in the Directors' Report.

As a wholly owned subsidiary, the Board ensures that the Company's strategy, priorities, processes, and practices are aligned, where appropriate, with those of its Shareholder, recognising the Shareholder's interests at all times.

Examples of Board engagement included:

- Shareholder director – one Lloyds Banking Group director also serves as a non-executive director on the Company's Board; and
- Joint strategy session and Audit & Risk Forum – directors participated in a joint session with the Boards of Lloyds Banking Group and of the Company's fellow Lloyds Banking Group subsidiary, Lloyds Bank Corporate Markets plc.

#### Colleagues

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

However, the Board, both directly and through its People Committee, actively considers matters affecting colleagues that are relevant to the Company, particularly in fulfilling its responsibilities under the Social pillar of its ESG strategy.

Examples of Board engagement included:

- Property – reviewing the impact on colleagues of changes to the Group's Edinburgh property estate;
- People metrics – assessing metrics across diversity, absence, and hybrid working;
- Colleague survey – challenging management on the results of the 2025 colleague survey and cultural priorities;
- Talent and succession – actively reviews the health of the leadership bench and preparation for future readiness; and
- Engagement Programme – including site visits to meet colleagues supporting customers. The Board also met women leaders identified for intensive career development via the Women Into Leadership programme, giving the Group's non-executive directors the opportunity to listen to feedback and share their own career journeys to inspire and support aspiring women colleagues.

## STRATEGIC REPORT (continued)

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

#### Communities and the Environment

The Scottish Widows Board is the ultimate authorisation body for matters which concern the operation of Scottish Widows' business and is responsible for approving the Scottish Widows Transition Plan and Insurance, Pensions and Investments' strategic response to ESG matters.

Further details are available in the Strategic Report of the Scottish Widows 2025 Annual Report and Accounts on the Scottish Widows' website.

#### Regulators and the government

Certain of the Company's subsidiaries are regulated by the Financial Conduct Authority (FCA). The Company continually engages with regulators 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.

Regulatory agenda – directors maintained ongoing dialogue with regulators on various matters within the regulatory agenda as part of normal business activity.

#### 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 overseeing external supplier relationships.

Examples of Board engagement included:

- Supplier performance – the Board oversees management's effectiveness in managing supplier performance and relationships, including third-party customer servicing arrangements;
- Lloyds Banking Group's Sourcing and Supply Chain Management Policy – and ensuring this was applied in a manner appropriate for the Company, while ensuring that significant supplier contracts received Board approval; and
- Supplier compliance – suppliers must comply with Lloyds Banking Group's Supplier Code of Responsibility, available on the Lloyds Banking Group website.

#### 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.

The Company's day-to-day management of modern slavery and human rights is supported and coordinated by the Lloyds Banking Group Human Rights Manager, who is part of the Lloyds Banking Group Sustainable Business function, and is guided by a cross divisional working group, the Modern Slavery and Human Rights Working Group.

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.

#### Diversity

In line with Lloyds Banking Group strategy and activity to maximise the potential of people, its goal is to ensure inclusion is at the heart of everything it does.

Further details of Lloyds Banking Group's diversity targets are set out in its Annual Report and Accounts available on its website.

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  
19 March 2026

## 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 2025 was £6,994k (2024: £17,628k). The Directors do not recommend the payment of an interim dividend (2024: £nil).

### Directors

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

C Barua	
D J Brumpton	(Appointed 2 February 2026)
W L D Chalmers	
K A Cooper	
M H Cuhls	
P G McNamara	
C J G Moulder	
S T Nyahasha	
G E Schumacher	
M H Trussell	(Appointed 7 July 2025)
D L Davis	(Resigned 18 March 2025)
J K Harris	(Resigned 4 June 2025)
J S Wheway	(Resigned 31 October 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**

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 from the date of this report, 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 17 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 (2024: £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 2025 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.

**DIRECTORS' REPORT (continued)****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.

Deloitte LLP are deemed to be re-appointed as auditor under section 487(2) of the Companies Act 2006.

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  
19 March 2026

## 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 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards; a
- 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 19.

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

As explained more fully in the statement of 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.

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

### 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### 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 its 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 frameworks 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 performing the above, we identified the greatest potential for fraud is in relation to management's impairment assessment of the investments in subsidiaries. Our audit approach included understanding and testing the design and implementation of the key controls relating to management forecasting. We challenged management's identification and evaluation of impairment assessments, we challenged the Value in Use ("ViU") calculations, assessing key assumptions and inputs such as performance forecasts, discount factors and long-term growth rates.

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 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 and reviewing internal audit reports.

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

**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  
19 March 2026

**Statement of Comprehensive Income**

For the year ended 31 December 2025

	Notes	2025 £'000	2024 £'000
Revenue	3	10,000	18,000
Administrative expenses		(97)	(125)
Impairment of investments in subsidiaries	9	(2,932)	(12,833)
<b>Operating profit</b>		6,971	5,042
Net investment expense	6	–	(18)
<b>Profit before tax</b>		6,971	5,024
Tax credit	7	23	12,604
<b>Total comprehensive profit for the year</b>		6,994	17,628

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 30 form an integral part of the financial statements.

**Statement of Financial Position**

At 31 December 2025

	Notes	2025 £'000	2024 £'000
<b>Non-current assets</b>			
Property, plant and equipment	8	–	70
Investment in subsidiaries	9	365,379	358,311
Deferred tax asset	10	9,637	9,637
		375,016	368,018
<b>Current assets</b>			
Trade and other receivables	11	36,517	40,849
Current tax asset	7	23	194
Cash and cash equivalents	12	17,831	13,477
		54,371	54,520
<b>Total assets</b>		429,387	422,538
<b>Current liabilities</b>			
Trade and other payables	13	(78)	(126)
Lease liabilities	16	–	(97)
<b>Total liabilities</b>		(78)	(223)
<b>Net current assets</b>		54,293	54,297
<b>Net assets</b>		429,309	422,315
<b>Equity</b>			
Share capital	14	–	2,420
Share premium		–	471,865
Retained earnings/(losses)		429,309	(51,970)
<b>Total equity</b>		429,309	422,315

Registered No. 03578067

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 19 March 2026. They were signed on its behalf by:


S T Nyahasha  
Director

**Statement of Changes in Equity**

For the year ended 31 December 2025

	Share capital £'000	Share premium £'000	Retained (losses)/ea rnings £'000	Total equity £'000
<b>Balance at 1 January 2024</b>	2,420	471,865	(69,598)	404,687
Total comprehensive income for the year	–	–	17,628	17,628
<b>Balance at 31 December 2024</b>	2,420	471,865	(51,970)	422,315
Reduction of share capital	(2,420)	(471,865)	474,285	–
Total comprehensive income for the year	–	–	6,994	6,994
<b>Balance at 31 December 2025</b>	–	–	429,309	429,309

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 2025

	Notes	2025 £'000	2024 £'000
Net cash from operating activities	15	14,451	19,630
<b>Investing activities</b>			
Payment for investment in shares in subsidiaries		(10,000)	(14,000)
Net cash used in investing activities		(10,000)	(14,000)
<b>Financing activities</b>			
Payment of lease liabilities		(97)	(291)
Net cash used in financing activities		(97)	(291)
Net increase in cash and cash equivalents		4,354	5,339
Cash and cash equivalents at beginning of year		13,477	8,138
<b>Cash and cash equivalents at end of year</b>	12	<b>17,831</b>	<b>13,477</b>

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

## Notes to 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 United Kingdom adopted international accounting standards 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 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.

The International Accounting Standards Board (IASB) has issued an amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates, effective 1 January 2025. This amendment has not had a significant impact on the Company.

#### 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 changes from receivables and liabilities. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated. Interest received or paid is classed as investing cash flows.

#### Future Accounting Developments

There are a number of new accounting pronouncements issued by the IASB with an effective date of 1 January 2027, including IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1 Presentation of Financial Statements. While many of the existing requirements of IAS 1 Presentation of Financial Statements are retained, IFRS 18 Presentation and Disclosure in Financial Statements introduces additional disclosure obligations in relation to the structure of the income statement, management-defined performance measures, and the aggregation and disaggregation of financial information. IFRS 18 will have no impact on the Company's net profit as it impacts neither recognition nor measurement. The new standard will impact the presentation of the Company's results as it requires that operating, investing and financing activities are presented separately. There will also be a change in the Group's cash flow statement as IFRS 18 requires that the first line of the cash flow statement is operating profit rather than profit before tax.

IFRS 19 Subsidiaries without Public Accountability: Disclosures is being assessed and is not expected to have a significant impact on the Company. IFRS 19 has yet to be endorsed for use in the UK.

The IASB has issued its annual improvements and a number of amendments to the IFRS Accounting Standards effective 1 January 2026, including Amendments to IFRS 9 Financial Instruments and Amendments to IFRS 7 Financial Instruments Disclosures. These improvements 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.

## Notes to the financial statements

### 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.

## Notes to the financial statements

### 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.

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**Notes to the financial statements****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. The recoverable amount is measured at the higher of value in use and fair value less costs of disposal. Estimates used for value in use calculations include discount factors and growth rates. The recoverable amount of the Company's investments in subsidiaries are measured as value in use for operating entities and net asset value for entities in wind-down, as applicable. The estimate is inherently uncertain because it is sensitive to the discount rate and growth assumptions for operating entities, and to wind-down execution assumptions for wind-down entities. Refer to note 9 for further details on sensitivities.

No other critical accounting judgements have been identified.

## Notes to the financial statements

### 3. Revenue

#### (i) Disaggregation of revenue

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

	2025 £'000	2024 £'000
Dividend income	10,000	18,000
	10,000	18,000

Turnover arises entirely in the UK.

### 4. Operating expenses

	2025 £'000	2024 £'000
Depreciation of Property, Plant and Equipment (note 8)	70	280
Impairment of investments in subsidiaries (note 9)	2,932	12,833

### 5. Auditor's remuneration

	2025 £'000	2024 £'000
<b>Fees payable to the Company's auditor</b>		
Audit of these financial statements	48	46
	48	46

### 6. Net investment expense

	2025 £'000	2024 £'000
Interest payable on lease liabilities (note 16)	–	(18)
	–	(18)

## Notes to the financial statements

### 7. Taxation

#### a) Analysis of tax credit for the year

	2025 £'000	2024 £'000
<b>UK corporation tax</b>		
- Current tax on taxable profit for the year	23	194
- Adjustments in respect of prior years	–	2,773
Current tax credit	23	2,967
<b>UK deferred tax</b>		
- Origination and reversal of temporary differences	–	(159)
- Adjustments in respect of prior years	–	9,796
Deferred tax credit	–	9,637
Tax credit	23	12,604

Corporation tax is calculated at a rate of 25% (2024: 25%) of the taxable profit for the year.

#### b) Factors affecting the tax credit for the year

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

	2025 £'000	2024 £'000
Profit before tax:	6,971	5,024
Tax expense thereon at UK corporation tax rate of 25% (2024: 25%)	(1,743)	(1,256)
Factors affecting credit/expense:		
- Disallowed items	(734)	(3,208)
- Adjustments in respect of prior years	–	12,568
- Non-taxable items	2,500	4,500
Tax credit on profit on ordinary activities	23	12,604
Effective rate	0.33%	250.88%

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
<b>Cost</b>	
At 1 January 2025	1,401
Disposals	(1,401)
At 31 December 2025	–
<b>Depreciation</b>	
At 1 January 2025	1,331
Charge for the year	70
Disposals	(1,401)
At 31 December 2025	–
<b>Net book value</b>	
At 31 December 2025	–
At 31 December 2024	70

## Notes to the financial statements

### 9. Investment in subsidiaries

	2025 £'000	2024 £'000
<b>Cost</b>		
At 1 January	409,593	395,593
Investment in shares in Embark Investment Services Limited	10,000	14,000
At 31 December	419,593	409,593
<b>Impairment</b>		
At 1 January	51,282	38,449
Impairment of investment in Sterling ISA Managers Limited	1,277	10,360
Impairment of investment in Embark Investments Limited	1,655	2,473
At 31 December	54,214	51,282
<b>Net book value</b>		
At 31 December	365,379	358,311

The recoverable amount of the Company's investments in subsidiaries are measured as value in use for operating entities and net asset value for entities in wind-down, as applicable. The applicable discount rate used for 2025 is 8.25% (2024: 10.5%) and long-term growth rate of 2% (2024: 3.5%). This has been applied to distributable profits in line with the approved business plan. Growth assumptions and forecasts are also key assumptions utilised in production of these estimates of distributable profits.

A 1% increase in discount rate would result in a £110m change to value in use and a 1% reduction in the growth rate applied would result in a £88m change to value in use. Under these scenarios no impairment in subsidiaries would be required.

The recoverable amount of the Company's investments in Sterling ISA Managers Limited and Embark Investments Limited is assessed using net asset value as a proxy for fair value, based on management's estimate of the ultimate cash proceeds expected to be recovered from the wind-down of both investments.

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.

## Notes to the financial statements

### 9. Investment in subsidiaries (continued)

As at 31 December 2025 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
Embarc 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
Embarc Trustees Limited*	33 Old Broad Street, London, United Kingdom, EC2N 1HZ	England	Independent Trustee	Ordinary	100
Embarc 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
Embarc 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
Embarc 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 Pensioner 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
Embarc 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
Embarc 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

## Notes to the financial statements

### 10. Deferred tax asset

The movement in the deferred tax asset is as follows:

	2025 £'000	2024 £'000
Brought forward	9,637	–
Credit for the year	–	9,637
Balance at 31 December	9,637	9,637

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

	2025 £'000	2024 £'000
Other temporary differences	–	9,637
Total deferred tax credit	–	9,637

The deferred tax asset comprises:

	2025 £'000	2024 £'000
Other temporary differences	9,637	9,637
Total deferred tax asset	9,637	9,637

At the balance sheet date, a deferred tax asset of £9,637k has been recognised (2024:£9,637k) based on the expectation that the company will be able to benefit from group relief with connected companies.

### 11. Trade and other receivables

	2025 £'000	2024 £'000
Other debtors	17	–
Other tax and social security	–	142
Amounts owed from Group Companies	36,500	40,707
	36,517	40,849

Of the total, £nil (2024: £nil) is due 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.

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

### 12. Cash and cash equivalents

	2025 £'000	2024 £'000
Cash at bank and in hand	17,831	13,477

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

	2025 £'000	2024 £'000
Trade payables	–	41
Accruals	78	85
	78	126

Of the above total, £nil (2024: £nil) is expected to be settled more than one year after the reporting date.

No interest is charged on trade and other payables.

**Notes to the financial statements**

**14. Share capital**

	2025 £'000	2024 £'000
<b>Issued and fully paid:</b>		
1 (2024: 2,413,897) voting ordinary 'A' shares of £1 each	–	2,414
Nil (2024: 6,457) voting ordinary 'A' shares of £1 each	–	6
	–	2,420

**15. Notes to the Statement of Cash Flows**

	2025 £'000	2024 £'000
Operating profit	6,971	5,042
Adjustments for:		
Depreciation on property, plant and equipment	70	280
Impairment of investments in subsidiaries	2,932	12,833
Operating cash flows before movements in working capital	9,973	18,155
Decrease/(Increase) in receivables	4,332	(440)
(Decrease) in payables	(48)	(1,060)
Tax received	194	2,975
Cash from operations	14,451	19,630
Net cash from operating activities	14,451	19,630

**16. 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
<b>2025</b>	
Balance at 1 January	71
Depreciation charge for the year	(70)
Derecognition of right-of-use assets	(1)
Balance at 31 December	–

*Lease liabilities*

	2025 £'000	2024 £'000
<b>Maturity analysis – contractual undiscounted cash flows</b>		
Less than one year	–	97
Total undiscounted lease liabilities at 31 December	–	97

	2025 £'000	2024 £'000
<b>Lease liabilities included in the statement of financial position</b>		
Current	–	97
	–	97

*Amounts recognised in profit or loss*

	2025 £'000	2024 £'000
<b>Leases under IFRS 16</b>		
Interest on lease liabilities	–	(18)

**Notes to the financial statements**

**17. Risk management**

The Company's is exposed to financial risks through it's financial instruments, primarily comprising; cash and cash equivalents, trade payables and trade receivables. 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 manages its risks in accordance with the Group Risk Policies and Board approved risk appetite. The main financial risks arising from the Company's financial instruments are credit risk, market risk, interest risk and liquidity 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.

Credit risk is mitigated by:

- Limiting the amount of exposure to any one party;
- Only dealing with creditworthy counterparties;

A summary of the current position on Company receivables is included in note 11.

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:

	<b>2025</b> <b>£'000</b>	<b>2024</b> <b>£'000</b>
Cash and cash equivalents	17,831	13,477
Trade & other receivables	36,517	40,849
	<b>54,348</b>	<b>54,326</b>

*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.

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.

*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.

Liquidity risk is mitigated by:

- 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:

	<b>At 31 December 2025</b>		<b>At 31 December 2024</b>	
	<b>Trade payables</b> <b>£'000</b>	<b>Other Payables</b> <b>£'000</b>	<b>Trade payables</b> <b>£'000</b>	<b>Other Payables</b> <b>£'000</b>
< 6 months	–	78	41	85
Carrying value of liabilities	–	78	41	85

## Notes to the financial statements

### 18. 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

	2025 £'000	2024 £'000
Short-term employee benefits	122	104
Post-employment benefits	2	2
Share-based payments	37	20
	161	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 £40k (2024: £96k).

There were no retirement benefits accruing to Directors (2024: nil) under defined benefit pension schemes. 1 Director (2024: no Directors) are paying into a defined contribution scheme. There were no contributions paid to a pension scheme for qualifying services (2024: 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 £20k (202: £18k). During the year, no Directors exercised share options (2024: no Director) and 2 Directors received qualifying service shares under long term incentive schemes (2024: 2). Movements in share options are as follows:

	2025 £'000	2024 £'000
<b>Outstanding at 1 January</b>	14	–
Outstanding balance of directors newly appointed in the period	325	1
Granted	145	27
Vested	(90)	(12)
Forfeited	(3)	(1)
Outstanding balance of directors resigned in the period	(94)	(1)
<b>Outstanding at 31 December</b>	297	14

Detail regarding the highest paid Director is as follows:

	2025 £'000	2024 £'000
Apportioned aggregate emoluments	19	66
Apportioned share-based payments	18	15

### 19. 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.

Scottish Widows Group Limited has taken advantage of the provisions of the Companies Act 2006 and has not produced consolidated financial statements.

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](http://www.lloydsbankinggroup.com).