

Embark Services Limited

Annual Report and Accounts **2025**

Member of Lloyds Banking Group

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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

02089815

STRATEGIC REPORT

The Directors present their Strategic Report on Embark Services 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 is a pension scheme administrator which acts as operator to Self-Invested Personal Pensions (SIPPs). There have been no changes to the principal activities of the Company throughout the year.

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

Result for the year

The loss before tax for the year ending 31 December 2025 was £2,851k (2024: profit before tax of £475k) with total revenue of £8,600k (2024: £7,793k). The increased loss before tax was a result of increased operating expenses incurred in the year.

As at 31 December 2025, the Company had calculated liquid capital of £6,504k (2024: £6,752k), surplus regulatory capital of £4,406k (2024: £4,783k) giving a capital ratio of 310% (2024: 343%). The Company calculates its regulatory capital monthly under the rules prescribed by the FCA and formally reports this to the FCA quarterly.

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.

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.

STRATEGIC REPORT (continued)

Key performance indicators (KPIs)

The key financial performance indicators for the Company are revenue and profit before tax. Financial performance indicators are presented throughout these financial statements. The key non-financial performance indicator is client numbers, presented below.

The number of clients served by Embark Services Limited as at 31 December 2025 and 2024 through SIPPs and Small Self-Administered Schemes ("SSASs") are set out below:

Account Numbers at Year End	2025	Net Change	2024
SIPP	51,540	7,541	43,999
Group SIPP	670	(16)	686
SSAS	201	(26)	227
Total	52,411	7,499	44,912

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 14, as shown by the note reference.

Financial risks

Principal Risk	Note reference	Description
Credit risk	14(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	14(b) (c)	Market risk is the risk that the Company's capital or earnings profile is affected by adverse market rates. Of particular importance to the Company are equity risk and interest rate risk. External rates are outwith the Company's control, so mitigation is via having sufficient financial reserves to recover reduced earnings.
Liquidity risk	14(d)	Liquidity risk is the risk that the Company does not have sufficient financial resources to meet its commitments as they fall due, or can only secure them at excessive cost. The Company is exposed to liquidity risk from client related trading 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	14(e)	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. 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 Services Limited follows many of Lloyds Banking Group's processes and practices, which are referred to in this statement where relevant.

The three key Board decisions outlined in this section (Customer-focused strategy, Consumer Duty and Operational resilience) illustrate how the Board is engaged in key decisions.

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.

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)

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.

Board Initiatives:

- 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;
- Trustpilot scores – were tracked as a key measure for strengthening customer trust; and
- Consumer Duty – the Board received regular updates (including via the Risk Oversight Committee (ROC)) on management's progress and how the Board's obligations were being met.
- Embark Investment Pathways – the integration of Embark's Governance Advisory Arrangement into the Scottish Widows Independent Governance Committee.

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; and
- Colleague survey – challenging management on the results of the 2025 colleague survey and cultural priorities.

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

The Company is 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.

STRATEGIC REPORT (continued)**Section 172(1) Statement and Statement of Engagement with Other Stakeholders (continued)****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 subsidiary of Embark Group Limited, 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 2025 was £2,110k (2024: £81k). The Directors do not recommend the payment of a 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 14 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

Further information about subsequent events can be found in note 17.

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 SERVICES LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Embark Services 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 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; and
- the related notes 1 to 17.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of 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 SERVICES 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. 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 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 Financial Conduct Authority (FCA) regulatory permissions, GDPR, Bribery Act and Financial Services and Markets Act 2000.

We discussed among the audit engagement team, including component audit teams and 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 in relation to the fee rates applied in calculating the pension administration fees being inaccurate. We have obtained an understanding of the key controls for revenue reporting and subsequently tested the design and implementation of the key controls identified. We worked with our Analytics and Modelling specialist to perform a combination of recalculation and detailed testing of fees earned. We tested the completeness and accuracy of the key inputs to this recalculation.

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, reviewing correspondence with the 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMBARK SERVICES LIMITED (Continued)**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	8,600	7,793
Administrative expenses		(10,299)	(7,123)
Impairment loss on trade receivables	8	(1,220)	(257)
Operating (loss)/profit		(2,919)	413
Net investment income	5	68	62
(Loss)/Profit before tax		(2,851)	475
Tax credit/(expense)	6	741	(556)
Total comprehensive loss for the year		(2,110)	(81)

All results are derived from continuing operations.

The Company has no other items of comprehensive income and as such the total comprehensive loss 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 2025

	Notes	2025 £'000	2024 £'000
Non-current assets			
Deferred tax asset	7	5,328	5,329
		5,328	5,329
Current assets			
Trade and other receivables	8	6,976	4,527
Current tax asset	6	742	–
Cash and cash equivalents	9	6,882	18,748
		14,600	23,275
Total assets		19,928	28,604
Current liabilities			
Trade and other payables	10	(5,408)	(4,896)
Provisions	11	(3,197)	(10,241)
Current tax liability	6	–	(34)
Total liabilities		(8,605)	(15,171)
Net current assets		5,995	8,104
Net assets		11,323	13,433
Equity			
Share capital	12	34,897	34,897
Retained losses		(23,574)	(21,464)
Total equity		11,323	13,433

Registered No. 02089815

Retained losses of the Company includes loss for the year of £2,110k (2024: £81k).

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	Retained losses £'000	Total equity £'000
Balance at 1 January 2024	34,897	(21,383)	13,514
Total comprehensive loss for the year	–	(81)	(81)
Balance at 31 December 2024	34,897	(21,464)	13,433
Total comprehensive loss for the year	–	(2,110)	(2,110)
Balance at 31 December 2025	34,897	(23,574)	11,323

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 used in operating activities	13	(11,934)	(11,928)
Investing activities			
Net interest received	5	68	62
Net cash from investing activities		68	62
Financing activities			
Net cash from financing activities		–	–
Net decrease in cash and cash equivalents		(11,866)	(11,866)
Cash and cash equivalents at beginning of year		18,748	30,614
Cash and cash equivalents at end of year	9	6,882	18,748

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.

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.

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.

Notes to the financial statements**1. Accounting policies (continued)****Revenue recognition**

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue in line with the provision of the service to the customer over the duration of the contract. Revenue recognition for the Company's principal activities is described below:

- Routine activity fees are recognised at a point in time on completion of the specified activity, net of VAT.
- Transaction fees are recognised at a point in time as the service is provided, net of VAT.
- Annual fees are settled up front, deferred on the Statement of Financial Position and recognised over time in line with the provision of the service, net of VAT.
- Interest received on cash balances that is in excess of that payable to customers is retained by the Company and is included within revenue, calculated and recognised on an accruals basis.

Payment terms for activity, transaction and annual fees are 30 days.

The Company has an arrangement whereby all relevant operational costs of servicing the book are outsourced to a third party and charge a service fee back to the Company. The service fee is calculated as a percentage of the assets administered in the Company's products and charged on a monthly basis. This means that costs are expected to be broadly equal in each month of the period. As costs cannot be determined in advance, associated revenue is recognised on a straight-line basis across the year as a reasonable approximation of how costs are expected to be incurred.

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.

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.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

The expense relating to any provision is presented in the income statement net of any reimbursement in other operating expenses. Detailed disclosures are provided in note 11.

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.

Notes to the financial statements

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.

Allowances for non-recoverability of trade receivables (source of estimation uncertainty)

An allowance for non-recoverability of trade receivables is made where, in the opinion of the Directors, trade receivables are not recoverable at their book value. Any trade receivables where it is felt that recovery of the debt is uncertain are provided against as per the Group policy. Trade receivables are stated net of related allowances for non-recoverable debts.

The Directors consider that the carrying amount of loans and receivables, after taking account of related allowances, approximates to their fair value.

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's credit check procedures.

The key assumption in the allowance for non-recoverability of trade receivables is the weighted average loss rate disclosed in note 8. Sensitivity analysis on the key assumption has been performed. A 10% increase in the weighted average loss rate for receivables greater than 9 months old would result in an increase in the loss allowance of £190k (2024: £102k).

Customer redress provision (source of estimation uncertainty)

The Company holds a provision for open remediation cases where it has identified a present obligation and payment is likely. A number of key judgements have been applied in determining the amount of the provision including the methodology for grouping cases for the calculation of average outcomes and the period over which the average cost of completed complaints is analysed. Grouping cases using an alternative methodology could result in a change in the provision recognised of +/- £50k.

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
Rendering of services, in the UK	8,600	7,793

All revenue arises from the Company's principal activity and represents fees charged and associated revenue earned on the single class of business being pension administration services. Turnover arises entirely in the UK.

Timing of transfer of goods or services:

	2025 £'000	2024 £'000
Products and services transferred at a point in time	526	668
Products and services transferred over time	8,074	7,125
	8,600	7,793

(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 2025 £'000	31 December 2024 £'000
Receivables	8	1,618	1,432
Contract liabilities	10	2,183	2,327

The contract liabilities primarily relate to the advance consideration received from customers for the rendering of services over an annual period. Deferred income is presented in note 10.

The amount of revenue recognised in current period that was included in the contract liability balance at the beginning of the period was £2,327k.

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

2025	Contract liabilities £'000
Revenue recognised that was included in the contract liability balance at the beginning of the period	(2,327)
Increases due to cash received, excluding amounts recognised as revenue during the period	2,183
	(144)

All of the Company's contracts have an expected duration of one year or less and the Company therefore applies the practical expedients in IFRS 15.63 and 15.121 and does not adjust the promised amount of consideration for the effects of a significant financing component or disclose information about its remaining performance obligation.

Notes to the financial statements

4. Auditor's remuneration

	2025 £'000	2024 £'000
Fees payable to the Company's auditor		
Audit of these financial statements	193	197
Audit-related assurance services	26	26
	219	223

5. Net investment income

	2025 £'000	2024 £'000
Interest on bank deposits	68	62
	68	62

6. Taxation

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

	2025 £'000	2024 £'000
UK corporation tax		
- Current tax on taxable (loss)/profit for the year	742	(34)
- Adjustments in respect of prior years	-	1,399
Current tax credit	742	1,365
UK deferred tax		
- Origination and reversal of timing differences	(1)	(35)
- Adjustments in respect of prior years	-	(1,886)
Deferred tax expense	(1)	(1,921)
Tax credit/(expense)	741	(556)

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

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

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

	2025 £'000	2024 £'000
(Loss)/Profit before tax:	(2,851)	475
Tax credit/(expense) thereon at UK corporation tax rate of 25% (2024: 25%)	713	(119)
Factors affecting credit/expense:		
- Non-taxable items	28	50
- Adjustments in respect of prior years	-	(487)
Tax credit/(expense) on profit/loss on ordinary activities	741	(556)
Effective rate	25.98%	117.00%

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.

Notes to the financial statements

7. Deferred tax asset

The movement in the deferred tax asset is as follows:

	2025 £'000	2024 £'000
Brought forward	5,329	7,250
Expense for the year	(1)	(1,921)
Balance at 31 December	5,328	5,329

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

	2025 £'000	2024 £'000
Accelerated capital allowances	(1)	(1)
Other temporary differences	–	(1,920)
	(1)	(1,921)

The deferred tax asset is made up as follows:

	2025 £'000	2024 £'000
Accelerated capital allowances	6	7
Other temporary differences	5,322	5,322
Total deferred tax asset	5,328	5,329

At the balance sheet date, a deferred tax asset of £5,322k has been recognised (2024: £5,322k) based on the expectation that the company will be able to benefit from group relief with connected companies.

8. Trade and other receivables

	2025 £'000	2024 £'000
Trade receivables	1,618	1,432
Other debtors	4,948	3,051
Amounts owed from Group Companies	410	44
	6,976	4,527

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

Trade receivables 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 2025 trade receivables and other debtors of £1,787k were past due (2024: £1,592k) but not impaired for the Company. The ageing analysis of these receivables is as follows:

	2025 £'000	2024 £'000
Up to 3 months past due	794	505
3 to 6 months past due	339	175
Over 6 months past due	654	912
	1,787	1,592

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 2025.

	Weighted- average loss rate	Gross carrying amount £'000	Loss allowance £'000	Credit- impaired
< 9 months past due	26.17%	2,109	(552)	No
9 – 12 months past due	75.40%	244	(184)	No
> 12 months past due	85.22%	2,009	(1,712)	Yes
		4,362	(2,448)	

Notes to the financial statements

8. Trade and other receivables (continued)

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

	Weighted- average loss rate	Gross carrying amount £'000	Loss allowance £'000	Credit- impaired
< 9 months past due	20.17%	1,046	(211)	No
9 – 12 months past due	37.86%	243	(92)	No
> 12 months past due	60.42%	1,531	(925)	Yes
		2,820	(1,228)	

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:

	2025 £'000	2024 £'000
At 1 January	1,228	970
Write-offs in the year	–	1
Increase for the year	1,220	257
At 31 December	2,448	1,228

9. Cash and cash equivalents

	2025 £'000	2024 £'000
Cash at bank and in hand	6,882	18,748

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.

10. Trade and other payables

	2025 £'000	2024 £'000
Bank overdraft	687	434
Trade payables	–	3
Accruals	950	576
Deferred income	2,183	2,327
Other tax and social security	447	593
Amounts owed to Group Companies	1,141	963
	5,408	4,896

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. Amounts owed to Group Companies are repayable on demand.

Notes to the financial statements

11. Provisions

Provisions are recognised for present obligations arising as the consequence of past events where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, which can be reliably estimated.

The Company held the following provisions at the year-end date:

	Customer Redress Provision £'000	NSI Redress Provision £'000	Property Remediation Provision £'000	Total £'000
Balance at 1 January 2025	525	7,826	1,890	10,241
Charged to the Income Statement	724	3,592	1,424	5,740
Used during the year	(163)	(11,418)	(1,203)	(12,784)
Closing provision at 31 December 2025	1,086	–	2,111	3,197
Non-current, to be utilised in more than one year	–	–	–	–
Current – to be utilised within one year	1,086	–	2,111	3,197
Closing provision at 31 December 2025	1,086	–	2,111	3,197

Customer redress provision

The Company holds a provision for open remediation cases where it has identified a present obligation and payment is likely. Payments are due either directly to clients to remediate errors or to relevant legal or regulatory bodies in respect of charges levied on the Company. The outstanding issues are expected to be agreed in 2026.

NSI redress provision

A review of the wider pensions book was conducted to determine whether there were any historical business patterns in respect of non-standard investments which required to customer remediation. The review completed in early 2025 with all redress settled. The amount charged to the income statement in the year reflects additional redress costs incurred in settling the provision.

Property remediation provision

The Company has undertaken a project to review the commercial property book within client pensions schemes, assess the risk profile attaching to it, and evaluate the extent to which this can be reduced or managed. The project considered any areas of risk related to external parties and whether any steps need to be taken to put right any issues identified. The programme remains active and a provision of £2.1m has been recognised in respect of the expected cost to the Company of settling charges levied by HMRC. The provision is expected to be settled in 2026.

The Company expects to be able to recover the majority of the charges levied by HMRC under its client terms and conditions and an asset of £1.3m has been recognised within other debtors (note 8) in respect of the best estimate of recoveries at the balance sheet date. This debtor is subject to changes in member liquid asset holdings and member settlement of HMRC charges.

12. Share capital

	2025 £'000	2024 £'000
Issued and fully paid:		
34,897,000 (2024: 34,897,000) voting ordinary 'A' shares of £1 each	34,897	34,897
	34,897	34,897

13. Notes to the Statement of Cash Flows

	2025 £'000	2024 £'000
Operating (loss)/profit	(2,919)	413
Adjustments for:		
Movement in provisions	(5,824)	(14,047)
Operating cash flows before movements in working capital	(8,743)	(13,634)
(Increase)/Decrease in receivables	(3,669)	1,097
Increase/(Decrease) in payables	512	(693)
Tax (paid)/received	(34)	1,302
Cash used in operations	(11,934)	(11,928)
Net cash used in operating activities	(11,934)	(11,928)

Notes to the financial statements

14. 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 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 rate risk, liquidity 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.

Credit Risk is mitigated by:

- 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 8.

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:

	2025 £'000	2024 £'000
Cash and cash equivalents	6,882	18,748
Trade & other receivables	6,976	4,527
	13,858	23,275

(b) Market risk

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

(c) Interest rate risk

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

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

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

Notes to the financial statements

14. Risk management (continued)

(d) Liquidity risk

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

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:

	At 31 December 2025		At 31 December 2024	
	Trade payables £'000	Other Payables £'000	Trade payables £'000	Other Payables £'000
< 6 months	–	2,538	3	2,132
Carrying value of liabilities	–	2,538	3	2,132

(e) 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.

	2025 £'000	2024 £'000
Regulatory capital held	6,504	6,752
Regulatory capital requirement	2,098	1,969

15. Related party transactions

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

The Company has been charged by its fellow subsidiary, Embark Corporate Services Limited, £4,115k (2024: £3,377k) for central shared services. At the year-end there was a balance owing to Embark Corporate Services Limited of £1,141k (2024: £814k).

The Company has been charged by its fellow subsidiary, Embark Investments Limited, £12k (2024: £148k) for investment due diligence services. At the year-end there was a balance owing to Embark Investments Limited of £nil (2024: £12k).

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:

Notes to the financial statements

15. Related party transactions (continued)

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 (2024: £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
Outstanding at 1 January	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)
Outstanding at 31 December	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

16. 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.

Emark 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.

17. Subsequent events

In February 2026 the Company accepted an insurance reimbursement offer of £2.95m in relation to amounts paid to clients under the NSI redress project (see note 11).