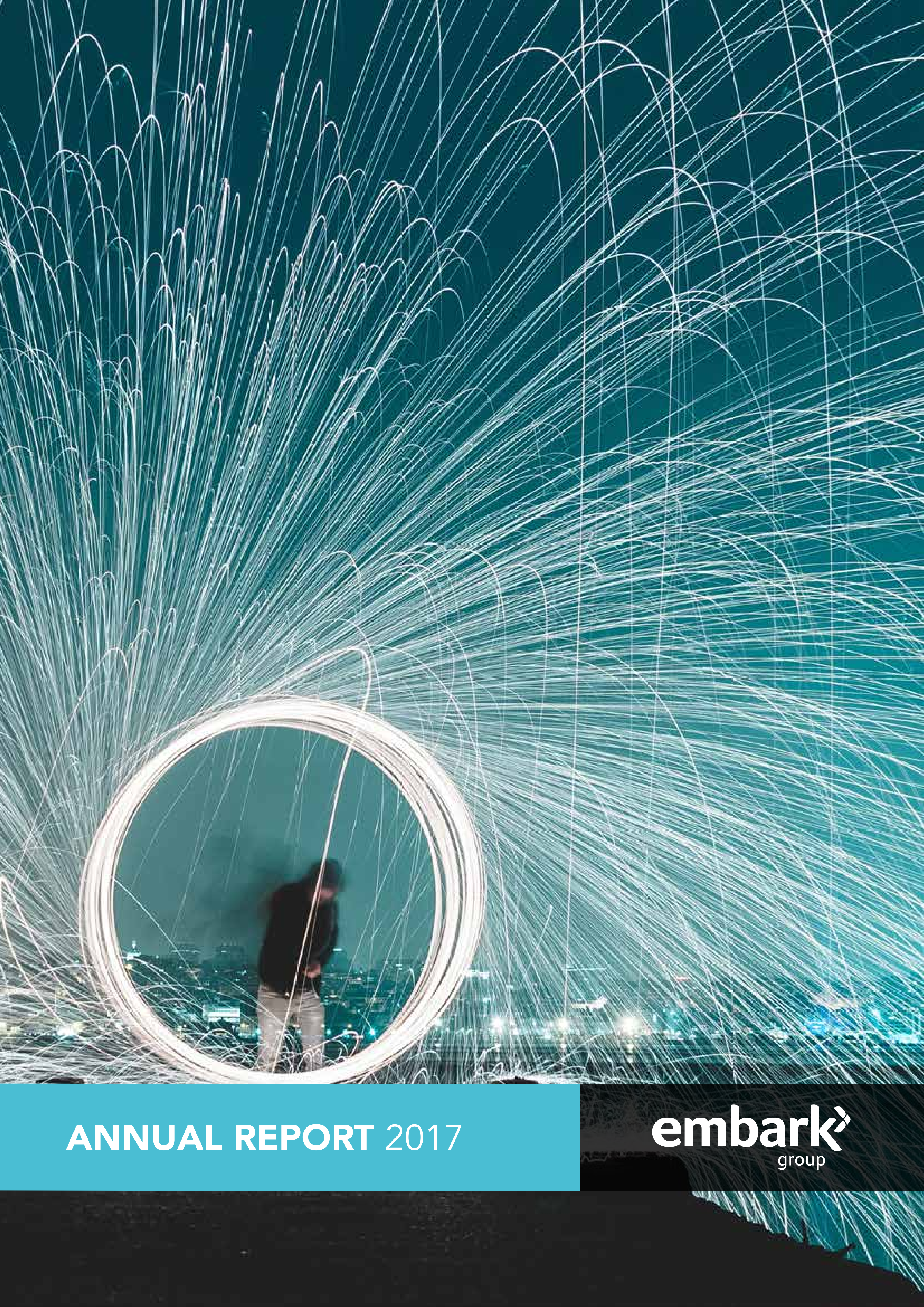


ANNUAL REPORT 2017

embark group

CONTENTS

COMPANY INFORMATION

CURRENT DIRECTORS

David Etherington, Non-Executive Chairman

Phil Smith, Chief Executive Officer

Vincent Cambonie, Chief Financial Officer

Rupert Ruvigny, Non-Executive Director

Mark Skinner, Non-Executive Director

David White, Non-Executive Director

Richard Wohanka, Non-Executive Director

COMPANY SECRETARY

Afshan Rathore

REGISTERED NUMBER

03578067

REGISTERED OFFICE

5th Floor

100 Cannon Street

London

EC4N 6EU

AUDITOR

KPMG LLP

1 Sovereign Square

Sovereign Street

Leeds

LS1 4DA

CORPORATE LAWYER & ADVISER

Burges Salmon LLP

One Glass Wharf

Bristol

BS2 0ZX

PUBLIC RELATIONS & COMMUNICATION ADVISER

Four Broadgate

20 St Thomas Street

London

SE1 9BF

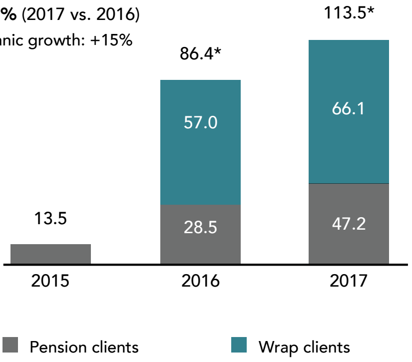
OPERATIONAL AND FINANCIAL HIGHLIGHTS

CLIENT VOLUME

113.5k

+31% (2017 vs. 2016)

organic growth: +15%



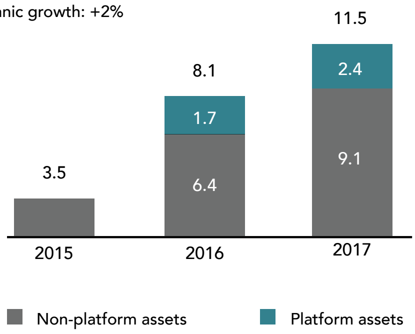
* Also includes 0.9k in 2016 and 0.2k in 2017 of advised clients/corporate employee benefits

ASSETS UNDER ADMINISTRATION

£11.5bn

+42% (2017 vs. 2016)

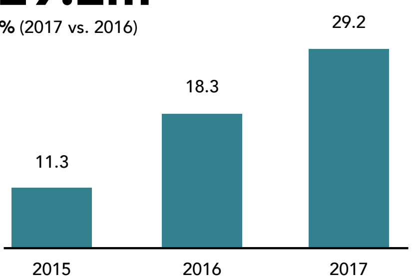
organic growth: +2%



REVENUES

£29.2m

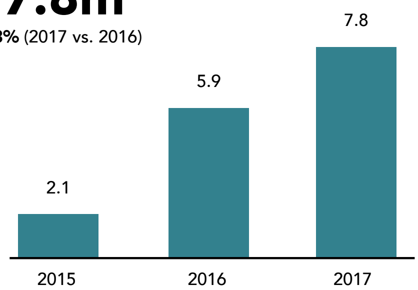
+59% (2017 vs. 2016)



NET ASSETS

£7.8m

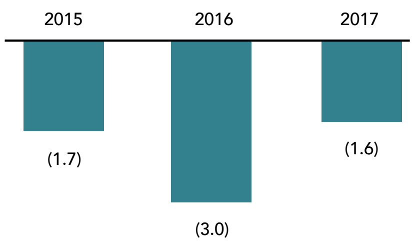
+33% (2017 vs. 2016)



RESULT FOR THE YEAR

£(1.6)m

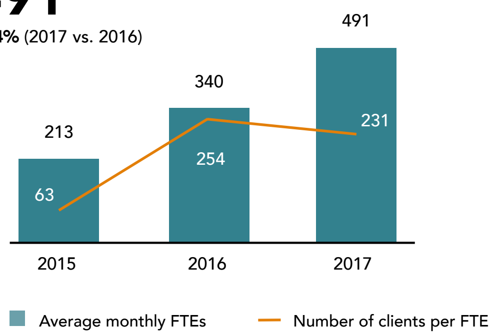
+48% (2017 vs. 2016)



AVERAGE MONTHLY FTEs

491

+44% (2017 vs. 2016)



	Client volume 2017	Total scheme no. 2017	Scheme no. acquired (sold) 2017	Net new scheme no. 2017	Total scheme no. 2016	Net change
SIPP	36,407	34,978	15,303	1,395	18,280	91.3%
Family Pension Trust	2,331	854	-	21	833	2.5%
SSAS	8,134	4,203	380	(180)	4,003	5.0%
ISA/GIA	66,441	66,441	-	9,457	56,984	16.6%
Advised Clients	-	-	(638)	(138)	776	N/A
Corporate Employee Benefits	218	218	111	(13)	120	81.7%
TOTAL	**113,531**	**106,694**	**15,156**	**10,542**	**80,996**	**31.7%**

STRATEGIC REPORT

STATEMENT OF OUR CHAIRMAN

David Etherington
Non-Executive Chairman
Embark Group Limited

"In the last two years Embark Group has transitioned from being a paper based provider of specialist pensions to Independent Financial Advisers (IFAs), to being a digitally-led provider of retirement and investment services through multiple distribution channels."

I am delighted to be able to report to our primary shareholders, colleagues, and external stakeholders, another year of positive change in the shape, scale and forward prospects for Embark Group ("the Group"). For the second year in succession we have seen a material 'step change' in our business, keeping us firmly on track to achieve our medium-term ambition of being a leading independent retirement solutions provider in the UK.

We continue to see positive tailwinds across our chosen markets into the long-term. At the same time, we see the barriers to entry and the importance of scale limiting new entrants in our space. I believe it is becoming ever clearer that the 'winning' propositions in our sector will continue to centre on digital agility, operating scale, diversified distribution and most importantly, exceptional staff.

In keeping with recent reporting cycles, I believe we have been active and successful participants in the UK consolidation picture. In early 2017 we successfully completed a material transaction in the form of our acquisition of EBS Management PLC, subsequently re-named EBS Pensions Limited, from Charles Stanley PLC, through which c.£2.8bn of assets and c.15,000 clients joined our portfolio. Central to the transaction were ongoing distribution agreements with both Charles Stanley and BestInvest, which have proved to be great growth engines across 2017.

Adding to this, at the very end of year was a complex transaction with Mazars LLP, a global professional services provider, whereby we exited the financial advice market through the sale of Rowanmoor Consultancy Limited, and simultaneously entered into a strategic partnership to participate in the employee benefits and workplace savings sector with Mazars LLP. I believe this strategic transaction de-risks us from the advice space, allowing us to focus on the provision of services to that market, and gives us good access to what we believe will be one of the most important markets of the next 10 years through the leading provider of services to the UK SME market.

Whilst the UK offers us a multitude of inorganic opportunities going forward, our clear emphasis in the near term is organic expansion, maximising the return from our technology investment over the last few years and driving profitability into the Group.

To this end, it has become most pleasing to be able to report the notable increase in organic business growth that we are beginning to see. Our net client growth across 2017, excluding clients acquired or sold, was 12.3%, which was a major step forward over recent years and just the start for this business as its new distribution relationships start to come on stream. Following corporate sales activities in 2017, 2018 will see us bring on several direct to customer ("D2C") providers and Banking partners, for which I believe will bring considerable distribution horse power to our customer offering.

Furthermore, following additional financial investments in our technology platform, in December we brought to market what I believe to be a 'game changing' wrap platform capability under the Embark brand. Our positioning as a market disruptor had positive reactions and will be a major vehicle in our organic growth going forward.

Equally pleasing has been the focus of our management and staff on two critical things: delivering exceptional consumer outcomes and managing down our risk profile. These are both highly topical areas in our sector and things where I believe we rightly stand out from our peers.

With the continuation of progress at the current rate, the Board are looking forward to 2018 with very high expectations for the Group.

David Etherington
Non-Executive Chairman
29 June 2018

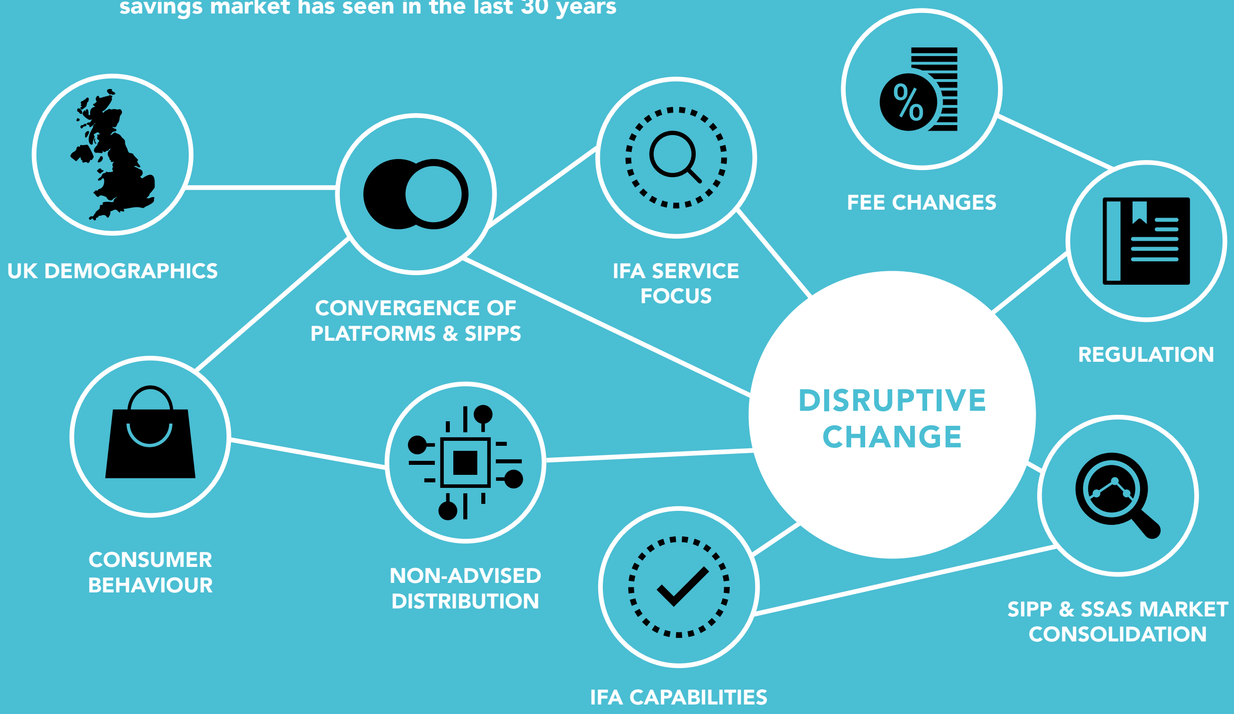
STRATEGIC REPORT

LONG-TERM GROUP STRATEGY

The Embark Group was formed in 2013 with a ten year strategic vision to build a leading independent digital retirement platform in the UK that combined the technology strengths of the Wrap Platform market, with the deep Pensions expertise of the traditional SIPP and SSAS players. We saw then, and continue to see now, a range of disruptive factors and positive economic tailwinds which made this strategy executable and within the capabilities of a small private company.

The last five years have seen technology, consumer behaviour, consumer knowledge, pension legislation, regulatory change and capital market performance come together to create the circumstances for success for a strategy such as ours. This has enabled the implementation of such a strategic approach and has allowed us to out-perform our initial target which was to reach >£5bn of assets by year-end 2017, and delivering expected run-rate profitability by the end of 2018, at a Group level.

We are in a period of the most distruptive change the UK non-bank savings market has seen in the last 30 years



LONG RANGE TRENDS

On entering this market we have seen an acceleration in the macro trends we identified pre investment in 2012, namely

UK DEMOGRAPHIC

- From annuity to drawdown
- Higher £/£ savings ratios
- Shifts from traditional pensions to SIPPs

FEE CHANGES

- Major fee changes in the value chain
- Legacy platforms and SIPP businesses suffering with greater risk
- Regulatory capital charges are having an impact

CONSUMER BEHAVIOUR

- Digital purchasing of financial services
- Awareness of the critical nature of pensions
- Comfort with self-investment
- Focus on longevity and value

IFA SERVICE FOCUS

- Less open architecture
- Higher TER sensitivity
- Risk and digital integration with partners is key

CONVERGENCE OF PLATFORMS & SIPPS

- Platforms not built for the now central SIPP proposition + SIPP firms have underinvested in technology = commercial opportunity

NON-ADVISED DISTRIBUTION

- Material growth in this area
- Technology, Artificial Intelligence and behavioural tools are enabling millennial investors

REGULATION

- Driving toward scale players across value chain
- Risk integration is becoming central
- Appetite for 'riskier' asset types dropping rapidly
- PI cover harder to find

IFA CAPABILITIES

- Continued expansion of Networks and consolidating Nationals
- Split between Independent and Restricted (vertically integrated businesses)
- Major change in pricing mechanics

SIPP & SSAS MARKET CONSOLIDATION

- Regulation pushing the need for scale
- Technology investment a must, requiring scale
- Generational loss of SIPP market pioneers
- Complexity increasing
- Margins tighter
- Capital requirements are forcing exit

We believe we have established our position as a market leader in the SSAS sector, are in the top five in the SIPP sector, well positioned against our sector peers and have early signs of solid traction as new entrants into the Wrap market.

Over the next five years we intend to leverage our disruptive position in the Wrap sector and combine this with our workplace offering to ensure that we are fully participative in all of the major distribution channels for retirement savings in the UK. We will opportunistically look at non-UK/Offshore capabilities, however we have no active agenda to enter this space or 'own branded' retail distribution within the forward planning period.

We will continue to look opportunistically at inorganic expansion options, but with an increasingly high 'bar' of requirements for us to deploy capital in this way, our current preference is to invest our capital and energies in consumer innovation, enhancing consumer outcomes and achieving the highest staff engagement levels amongst our industry peers.

OUR MULTI-CHANNEL STRATEGY IS SUMMARISED AS FOLLOWS:

INNOVATE

To innovatively build scale in the long-term workplace savings market, leading the way with a workplace Wrap service that integrates digital benefits, engagement and well-being.

RESEARCH & CONSULT

To build an in-house investment research and consultancy capability that can be leveraged through our products and services or as a standalone proposition for the IFA market.

ENGAGE

To build the most technically competent, engaged workforce in our sector.

ACQUIRE

To acquire specialist pension capabilities across SIPP, SSAS, (Q)ROPS and workplace, with scale in each line of activity, creating a deeply specialist retirement savings business at our core.

CHAMPION

To be market champions for governance, regulation and the delivery of safe consumer outcomes.

DISTRIBUTE

To build a multi-channel, multiservice capability that can leverage retirement services across the IFA, Retail Banking, Robo and D2C execution channels in the UK and offshore. IFA distribution remains our core long-term channel in the UK.

DISRUPT

To build a low cost, disruptive full investment savings Wrap platform in partnership with a leading technology and outsourced service provider, bringing together price, efficiency and complex SIPP excellence in the one offering.

Over the next five years we fully expect to see a continuation of these drivers of disruption and opportunity, and believe that having created the foundations of the Embark Group, we are strategically well placed to drive organic growth safely through our multi-channel strategy, and to deliver our ten-year plan with a business that is >£20bn in scale, has a predominantly annualised revenue base and is generating strong cash-flow for its investors alongside continued investment in the future.

STATEMENT

OF OUR CHIEF EXECUTIVE OFFICER

Phil Smith
Chief Executive Officer
Embark Group Limited

"Nearly five years in, as we come to the end of phase 1 of the Embark project, I believe we have established ourselves as major players in the Small Self-Administered Schemes (SSAS), Self-Invested Personal Pensions (SIPP) and Wrap Platform markets of the UK with client assets of £11.5bn and c.114k consumer clients."

As we exit 2017, we enter 2018 in acceleration mode as a business, I believe very well positioned to take advantage of the continuing macro trends that surround us in the UK market. Over the last twenty-four months we think we have clearly demonstrated our ability to identify and complete strategic inorganic transactions, to deliver integration synergies, and to organically generate new distribution partnerships. We strongly believe the value of these will begin to show clearly in our underlying financial performance in the coming years. The performance of our more material acquisitions have all been at or above target in 2017, with continued expectations to be so in 2018.

In our last report to shareholders, the Executive Team set ourselves the targets of hitting £11.7bn of Assets under Administration ("AuA"), and 110k consumer clients, by the end of 2017. I am delighted to report that we finished the year at £11.5bn (£11.8bn had we retained the Rowanmoor Consultancy Limited book sold to Mazars) and c.114k consumer clients. These represent a 42% and 31% growth rate year-on-year respectively, demonstrating our continued rapid growth as a business.

Our activities in the latter part of the year have seen us enter long-term organic distribution contracts in the direct to customer ("D2C") space with a major UK high-street Banking Group, Moneyfarm, Scalable Capital, and Wealthsimple. These join Nutmeg, Willis Owen, BestInvest and Charles Stanley Direct in our D2C partner stable and will come online in the first half of 2018. All are proven players as asset gatherers. We aim to add a similar number and scale of new partners in 2018, further adding to our distribution reach.

In terms of our bottom line, whilst we set out to achieve a 'break-even plus' performance in 2017, we tactically traded this for the opportunity to further invest in long-term growth both organically (in technology and people) and inorganically through our M&A activities, and to accelerate the achievement of cost synergy accretion.

Our underlying recurring revenues have increased materially from £18.3m to £29.2m (an increase of 59%) across the reporting year. We do however, report a significant but controlled consolidated loss from operations of £4.1m (2016: £3.3m) for the reporting period.

The capital and cash performance of the business continue to improve, and we have seen recognition of this through significant upgrades in our AKG financial strength ratings across each of our major brands in 2017. I believe we continue to operate to a superior capital efficiency performance for our shareholders.

Turning back to the external markets in which we participate, we believe the UK SIPP and SSAS markets will continue to grow at a solid pace in 2018, and across the medium to long term based on the reported views of all of the leading external commentators. Based on a synthesis of these, we see a range of growth areas for member-directed pension schemes, with net Compound Annual Growth Rates (CAGR) of over 12-14% p.a. across the SIPP market. We think mainstream platform and D2C SIPPs remain the main driver of this growth, and accordingly these are areas where Embark Group has sought material exposure in its own distribution mix.

Group SIPP, SSAS and Fully Bespoke SIPPs will grow in our view, but at a significantly more modest rate within the CAGR range of 2-3%. We believe this is largely driven by attention being focused on the delivery of digital solutions to the normal client base of these products by the IFA sector, and a general reduction in the appetite for complex solutions at a time of UK SME Corporate uncertainty with Brexit, Interest Rates and other factors leaving owner managed business somewhat on the sidelines for the moment.

We are convinced platformed 'Wrap' assets will continue to see strong medium-term growth, within the CAGR range of 8-10%, largely driven by pension assets migrating from other vehicles into SIPPs. Therefore, to succeed in this sector, platform participants need to provide an exceptional SIPP offering.

We continue to see the combination of higher capital requirements and levels of regulation triggering further consolidation in the SIPP and SSAS market, thus reducing competition and limiting propositions, and leaving ourselves, James Hay and Curtis Banks as the key market players with scale and propositional breadth. Equally, we see barriers to entry becoming ever higher in the platform market of which we are now a very active participant, and further consolidation of the Life Sector owned players reducing the number of active participants in a sector which I believe has very considerable asset migration activities forecast in the medium term. These factors play well to our combined organic and inorganic growth model, which is focused on these sectors.

I fully expect the market will increasingly look towards scale players that offer both a full range of pension wrappers, and ability to provide 'white label' engineering to larger distributors. This market also wants safety and sustainability, what I believe to be the very core constructs of the Embark Group. Accordingly, I believe we are exceptionally well positioned to continue our recent pace of growth looking forward over the next 3 to 5 years.

In that context, through organic expansion, I would anticipate the Embark Group to comfortably hit >£15bn of AuA within the next three years of trading, driven by a balanced mix of services and distribution channels.

Whilst the risk environment for specialist retirement providers grows in complexity, driven by a very clear shift in the role of players like ourselves from being just a facilitating administrator to a material fiduciary, we continue to see a reduction in our risk exposure as a Group. This follows on from our multi-year transformation program where we have invested heavily in technology, people and competence.

As an Executive Team we are excited by the prospects for our business going forward.

Phil Smith
Chief Executive Officer
29 June 2018

STATEMENT

OF OUR CHIEF FINANCIAL OFFICER

Vincent Cambonie
Chief Financial Officer
Embark Group Limited

CORPORATE DEVELOPMENTS

Embark Group Limited ("the Group") continued to implement phase 2 of its long-term strategy during 2017, namely the creation of >£10bn scale pension and wrap administration business based around its FNZ powered proprietary platform through acquisitions and organic growth.

Each transaction was targeted to provide one or more of the following:

- Material scale synergies
- Propositional market leadership
- Product and services extension
- Accretive near-term shareholder value

STRATEGIC TRANSACTION TIMELINE

During the year the Group completed the following strategic transactions and developments to this aim:

29 MARCH 2017
The Adviser Centre Limited acquired the assets of DISCUS, an online business established to provide content, analysis and insight into the outsourced investment market, particularly discretionary propositions.

31 MAY 2017
Embark Group Limited acquired 100% of the share capital of EBS Management PLC (subsequently renamed EBS Pensions Limited), including wholly-owned subsidiaries Alpha Trustees Limited, EBS Pensioner Trustees Limited and EBS Self-Administered Personal Pension Plan Trustees Limited, from Charles Stanley PLC. All entities will be retained as subsidiaries and will continue to operate independently.

24 OCTOBER 2017

Embark Investment Services Limited launched the Embark Platform.

29 DECEMBER 2017

Embark Group Limited enacted three simultaneous transactions with Mazars LLP:

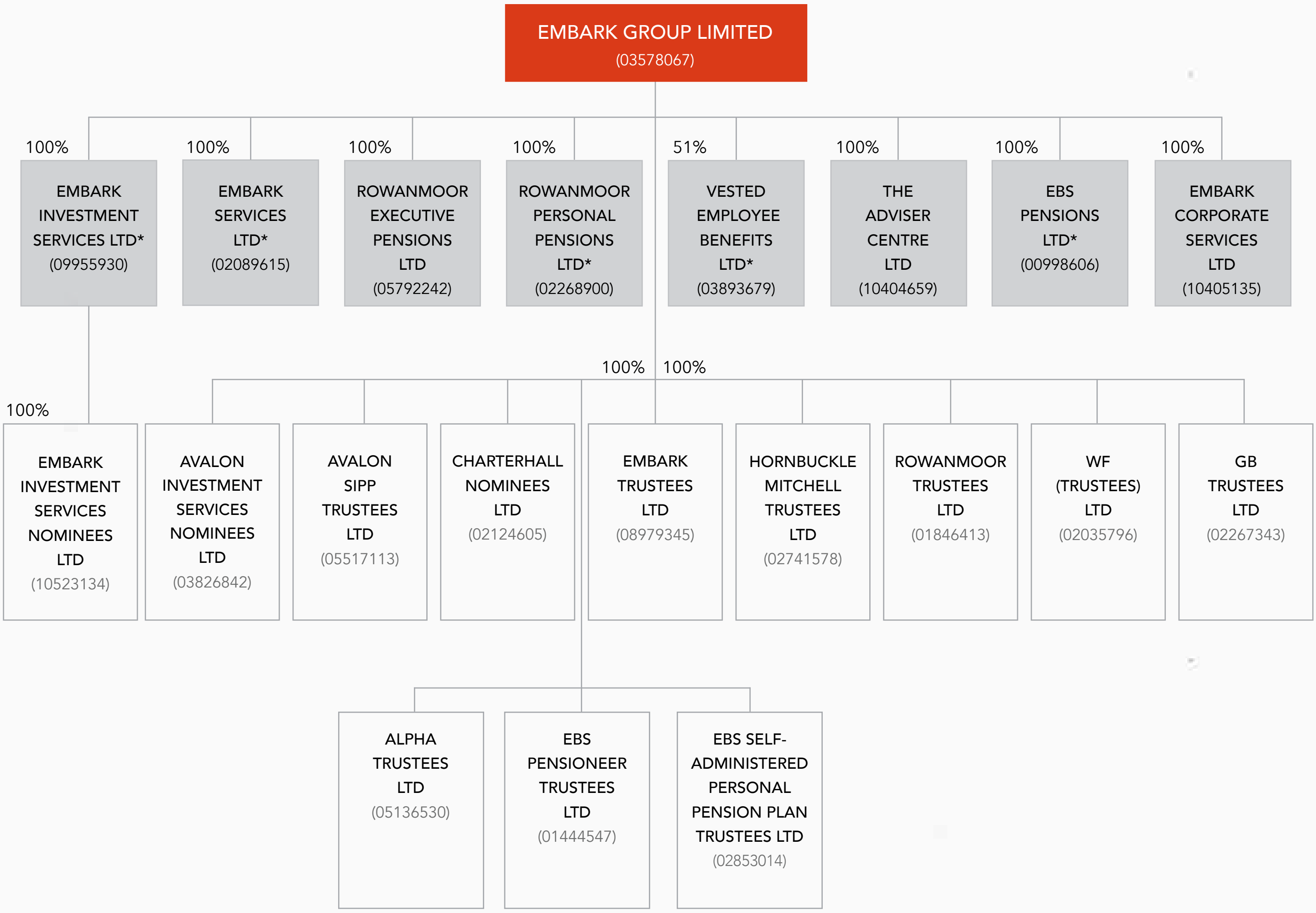
- The sale of the employee benefits activities of Rowanmoor Consultancy Limited to Mazars Employee Benefits Limited
- The sale of Rowanmoor Consultancy Limited to Mazars Financial Planning Limited
- The acquisition of a controlling interest (51%) of Mazars Employee Benefits Limited. Subsequently, on 10 January 2018, Mazars Employee Benefits Limited was renamed Vested Employee Benefits Limited.

For Embark Group Limited, these transactions and internal transfers formed part of its strategy to become one of the leading independent retirement solutions providers in the United Kingdom.

We see ongoing opportunities for the Group inorganically as we move into 2018, however our forward intentions will be opportunistic and focused on transactions which bring scale and organic distribution. Therefore, we see 2018 as a year of integration and organic development.

EMBARK GROUP LEGAL STRUCTURE

As at 31 March 2018, the Group legal structure was as follows:



Holding company | Trading entity | Non-trading entity | * FCA regulated entity

FINANCIAL
PERFORMANCE

REVENUE

Operational revenues amounted to £29.2m in 2017, reflecting a 59% increase compared to the previous year. This increase is due to a combination of strong organic growth, transactions completed during 2017 and the full year effect of the transactions completed in the year ended 31 December 2016. The transactions completed in 2016 were:

- The acquisition of the trade and assets of Avalon Investment Services Limited on 25 February 2016;
- The acquisition of Rowanmoor Group Plc and its subsidiaries on 15 July 2016;
- The acquisition of the trading assets and activities of The Adviser Centre from City Financial Investment Company Limited on 7 October 2016; and
- The acquisition of the trading assets and activities of Scopic Research on 9 December 2016.

The contribution from these transactions accounted for £17.9m of the operational revenue for the year ended 31 December 2017 (2016: £8.4m). Overall, the high proportion of recurring annual revenue versus activity-based revenue remained relatively stable at 80.2%, thus giving the Group an important level of predictability and reducing its volatility to market movements.

OPERATING EXPENSES

Administrative expenses increased 54.2% to £33.3m (2016: £21.6m). Staff costs remain the largest expense category, increasing by 84.4% to £22.5 million (2016: £12.2m) with the average number of staff rising to 491 (2016: 340) reflecting the impact of the acquisitions undertaken during the last two years, the resource requirements linked to the platform development and the continued investment in our people.

Non-staff costs amounted to £10.8m (2016: £9.4m), an increase of 14.9%, the increase largely driven by non-recurring and/or development costs. For the year ended 31 December 2017, these principally comprise:

- Platform development costs split between revenue expenditure and capital expenditure. Revenue expenditure charged to the Consolidated Statement of Comprehensive Income in 2017 was £2.0m (2016: £1.1m), capital expenditure recorded on the Consolidated Statement of Financial Position in 2017 was £nil (2016: £1.0m). Combined total investment in the Group's core technology platform therefore amounted to £2.0m in 2017 (2016: £2.1m). This leads to cumulative investment spend, both revenue and capital, over the last four financial years of £8.6m. The capital investment results in a £0.8m (2016: £0.9m) amortisation charge to the Consolidated Statement of Comprehensive Income.
- Acquisition costs of £0.5m (2016: £0.4m) were expensed in accordance with IFRS 3 Business Combinations;
- Restructuring and remediation costs of £0.1m (2016: £nil) following acquisitions of Embark Investment Services Limited.

The platform investment spend qualifies for R&D tax relief and, during 2017, claims in relation to spend dating back to 2015 and 2016 years were processed. Both claims were accepted by HMRC and settled respectively in October and December 2017 for a total amount of £1.1m, credited through the Tax line in the Consolidated Statement of Comprehensive Income.

The resulting net loss from operations for the year ended 31 December 2017 was £4.1m (2016: £3.3m). Excluding non-recurring and development costs noted above, the loss for the year amounted to £1.5m, compared to £1.8m in 2016.

CAPITAL AND LIQUIDITY

The Group's financial position has improved during 2017, with net assets totalling £7.8m as at 31 December 2017 (2016: £5.9m). With regard to liquidity, the closing cash balance was £3.9m at year-end (2016: £2.5m), an increase of 56% primarily due to a short working capital cycle, the cash received from R&D tax credits and the proceeds from the divestment of Rowanmoor Consultancy Limited.

We believe the cash surplus at year end ensures the Group has a significant liquidity buffer and funds available to continue to invest in the business. The Group also maintains a regulatory surplus at all times. All the regulated entities of the Group maintained surplus regulatory capital throughout the year.

I believe the Group enters 2018 in a strong financial position and am excited by its future prospects.

Vincent Cambonie
Chief Financial Officer
29 June 2018

RISK FACTORS
AND MANAGEMENT

PRINCIPAL RISKS AND UNCERTAINTIES

The Board is committed to a continual process of improvement and embedding of the risk management framework throughout the Group. This ensures that all Group entities identify both existing and emerging risks and continue to develop appropriate mitigation strategies.

The Directors believe there are several potential risks to the Group that could hinder the successful implementation of their strategy. These risks may arise from internal and external events, acts and omissions. The Directors are proactive in identifying, assessing and managing all risks facing the business, including the likelihood of each risk materialising in the short or longer term.

Given the nature of activities undertaken by the Embark Group, the Directors believe the principal risks and uncertainties the Group faces are:

- Dependence on key personnel
- Regulatory risk and regulatory changes
- Conduct risk
- Liquidity risk
- Bank counterparty risk
- Operational risk
- Third party risk
- Online security risk
- Business continuity risk
- Financial crime
- Financial risk

The risks to the Group have been fully assessed and mitigated to every extent possible and a full risk register is maintained. The principal and the approach taken by the Group to mitigate their potential impact are set out below;

DEPENDENCE ON KEY PERSONNEL

The Group's future success is dependent on the continued services and performance of its Executive Directors and senior management and its ability to continue to attract and retain highly skilled and qualified personnel.

To minimise this risk the Group seeks to recruit and maintain high quality experienced staff by offering market competitive packages. These packages are enhanced by the addition of share-based incentives and reward schemes for key personnel. In addition, the Group offers structured training and works with staff to ensure there is a favourable work environment that attracts and retains staff.

REGULATORY RISK AND REGULATORY CHANGES

The Group operates in a highly regulated and technical industry. The Group's operations are subject to authorisation from the Financial Conduct Authority ("FCA"), and supervision from bodies such as HMRC and The Pensions Regulator. The risk is that one of the companies within the Group does not comply with the relevant requirements and standards of the regulatory framework or there is a change in accepted industry practice which could lead to past liabilities. Regulatory risk also includes the risk of having the 'licence to operate' withdrawn by the regulator, or having conditions applied that adversely impact the Group.

A strong compliance policy and a technical team is in place and responsible for ensuring all new rules and regulations, as well as changes in industry practice are captured, interpreted and cascaded across business areas so appropriate action can be taken to ensure compliance with relevant rules and regulations. The Group Board is supported by the Risk and Compliance Committee which is chaired by a Non-Executive Director of the Group where all existing and new risks are reported and scrutinised.

CONDUCT RISK

The risk that the fair treatment of customers is not central to the Group's corporate culture leading to significant customer detriment.

The Group continues to focus on enhancements to its risk management framework in relation to the identification, monitoring and mitigation of risks of poor customer outcomes and to its product management process to reduce the potential for customer detriment. Training is given to all staff to ensure that the customer is always at the centre of the Group's activities. Appropriate management information is available to identify potential areas of weakness so that corrective action can be taken. The Group Board is supported by the Customer Outcomes Committee which is chaired by a Non-Executive Director of the Group where all customer outcome management information is reviewed and challenged.

LIQUIDITY RISK

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

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

BANK COUNTERPARTY RISK

The risk that a banking partner could fail resulting in the loss of either customer or Group assets.

The Group only uses banks with strong credit ratings. In addition client deposits are spread across multiple banks and regular reviews of the banking partner's financial strength are undertaken as part of the Group's treasury policy.

OPERATIONAL RISK

The Group requires complex and extensive IT systems to run its business. Delays in any modifications to its systems or a failure of existing systems could lead to business disruption with an adverse impact on the Group. There is an ongoing focus in the Group to enhance and develop software systems.

To minimise this risk the Group continually evaluates and updates current systems, and implements new or enhanced systems where considered necessary. A full risk assessment is carried out before significant changes to systems are enacted. Business continuity is assured by thorough full back up of data and comprehensive data recovery procedures being in place.

THIRD PARTY RISK

The Group relies on a variety of third party service providers and outsourcers to administer parts of its trading activity. This represents a risk should a third party supplier fail to provide the required service or support.

The Group maintains a strong relationship with key suppliers and monitors their performance to ensure their continued commitment to provide the required service.

ONLINE SECURITY RISK

The Group's software and systems are at risk from computer viruses, and other breaches of cyber security. While the Group takes the security of its computer systems very seriously computer viruses or breaches of cyber security may cause the Group's systems to suffer delays or other service interruptions and result in claims against the Group.

To minimise this risk the Group carries out extensive testing of all computer systems on a regular basis to ensure security is maintained and also makes use of the latest technology and software to ensure there is appropriate cyber security in place.

BUSINESS CONTINUITY RISK

There is a risk of disruption to the Group's business in the event of a loss of access to any of the Group's properties, the event of a catastrophic systems failure, fire, flood, acts of terrorism and other similar events.

Being a multi-site organisation reduces the risk should access to any of the Group's properties occur. Each office has in place a Business Continuity Plan setting out the action that would be taken in the event of an incident that would impact on the firm's ability to continue to provide a service to our customers, this includes arrangements for staff working off site and the recovery of IT systems.

FINANCIAL CRIME RISK

There is a risk that a firm may be used to further money laundering, financial crime and terrorism financing.

The Group has in place systems and controls to mitigate against the misappropriation of client assets arising from both internal and external fraud as well as money laundering.

FINANCIAL RISK

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

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

P Smith

Phil Smith
Chief Executive Officer
29 June 2018

OUR BOARD
OF DIRECTORS

DAVID ETHERINGTON
NON-EXECUTIVE CHAIRMAN

David has had a highly distinguished career in Financial Services. David is the sole Non-Executive Director for the Group's five primary operating subsidiaries and chairs the Group Board. He is also a Group Board Director of The Simply Biz Group Plc which recently listed on AIM. During his executive career he has held several Group Executive positions. David spearheaded the corporate transformation of Zurich UK Life from 2003 to 2012 and delivered Zurich's retail and corporate platforms. He held multiple Zurich Board Directorships and chaired several Board sub-committees including the Investment Committee. His career started with the NatWest Group plc. In 1998, he moved to help build CLS Bank. Thereafter, he held senior executive positions with bolero.net and Unum.

David has a degree in Business Administration, a post graduate NatWest Group sponsored MBA with Distinction.

PHIL SMITH
CHIEF EXECUTIVE OFFICER

With special expertise in business transformation, Phil brings with him 25 years of global experience across wealth management, asset management, brokerage, insurance and management consulting. Before joining Embark Group in 2013, Phil was Managing Director and Global Management Committee member at Barclays Wealth where he played a key role in the inception and development of the global infrastructure of this business line for Barclays Plc. Phil's previous roles include Managing Director (Finance, Strategy & HR) at Fortis Investments, the global asset manager of the Fortis Group. He has also held Director-level roles at Arthur Andersen, Prudential M&G and Prudential Corporation Asia. During this time, he built up extensive experience of M&A, joint venture partnerships and greenfield business development across Asia, EMEA and the Americas. Externally, Phil is Non-Executive Chairman of BE-IQ Limited, a leading digital behavioural finance business.

Phil holds a first-class degree in Industrial & Business Systems and a post graduate Masters in Strategic Human Resource Management.

VINCENT CAMBONIE
CHIEF FINANCIAL OFFICER

Vincent's career spans 25 years' working in global financial institutions, most recently as Managing Director and Group Chief Financial Officer at BNP Paribas Investment Partners. He has extensive international experience having held various senior finance positions at Merrill Lynch in their Paris, London and New York offices, Instinet Corporation and Fortis Investments before joining BNP Paribas Investment Partners. During his career Vincent has gained valuable skills in performance management and business strategy, including various M&A and partnership activities.

Vincent holds a Master of Philosophy in Economics, Applied Mathematics and Econometrics.

RUPERT RUVIGNY

NON-EXECUTIVE DIRECTOR

Rupert has specialised in investment management and regulation. Currently he is a partner of Brompton Asset Management Group and sits on the Investment Committee of an Oxford college. He was Chief Operating Officer and Compliance Director of New Star Asset Management Group from its inception. Previously he was Deputy Chairman of PricewaterhouseCoopers' financial services regulatory practice. After qualifying as a Chartered Accountant in 1984, he was made a partner of Price Waterhouse in 1992. He was seconded to IMRO, the then regulator of Investment Managers, as the Director of Monitoring and Investigations.

RICHARD WOHANKA

NON-EXECUTIVE DIRECTOR

Richard is the largest shareholder of Embark Group and has more than 40 years' experience in financial services, specifically asset management. He previously held Chief Executive Officer roles at Union Bancaire Privée (UBP) Asset Management, Fortis Investments, West LB Asset Management, Baring Asset Management and Paribas Asset Management. He is the Chairman of the Nuclear Liabilities Fund, as well as of Old Mutual Global Investors. He sits on the Boards of BTG, Pershing Square Holdings, Scottish Widows and UBP (Japan). He is also a trustee of the James Neill pension fund.

MARK SKINNER

NON-EXECUTIVE DIRECTOR

Mark is a sales and marketing professional with a strong background in the distribution of investment products and services to the UK intermediary market. He has held executive positions with New Star Asset Management, Barings, Norwich Union and Save & Prosper. Mark also holds several Non-Executive and advisory roles across several industry sectors in the UK.

DAVID WHITE

NON-EXECUTIVE DIRECTOR

With more than 25 years' experience in financial services, David specialises in the retirement market, in particular self-administration schemes. He took the helm as Hornbuckle's Managing Director in 2008 and has been responsible for the strategy and development that underpinned the Group's growth from a small regional player to a leading UK SIPP and SSAS provider.

REPORT
OF OUR DIRECTORS

The Directors have pleasure in presenting their annual report for the year ended 31 December 2017.

As set out more fully in ‘accounting policies’ within the ‘notes to the consolidated financial statements’ this annual report for the Group has been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the EU.

BUSINESS REVIEW

A review of the Group for the year ending 31 December 2017 is set out in the Chairman’s Statement, the Chief Executive Officer’s Statement and the Chief Financial Officer’s Statement.

PRINCIPAL ACTIVITIES

The principal activity of the Group continues to be that of the provision of pension administration services primarily for Self-Invested Personal Pension schemes (“SIPPs”) and Small Self-Administered Pension Schemes (“SSASs”) through various different distribution channels.

There have been no significant changes to the principal activities of the Group throughout the year. The Directors are not aware of any planned major changes in the Group’s activities in the next year.

RESULTS FOR THE YEAR AND DIVIDENDS

The key financial performance indicators for the Group are revenue and profit/loss before tax. Financial performance indicators are presented throughout these consolidated financial statements and summarised below. The key non-financial performance indicators are client numbers and assets under administration. These are presented in the Financial Highlights section on page 5.

The loss after taxation for the year ended 31 December 2017 was £1.6m (2016: £3.0m). The Directors do not recommend the payment of a dividend (2016: £nil).

SIGNIFICANT EVENTS

3 JANUARY 2017

Rowanmoor Group Limited was renamed Rowanmoor Executive Pensions Limited.

29 MARCH 2017

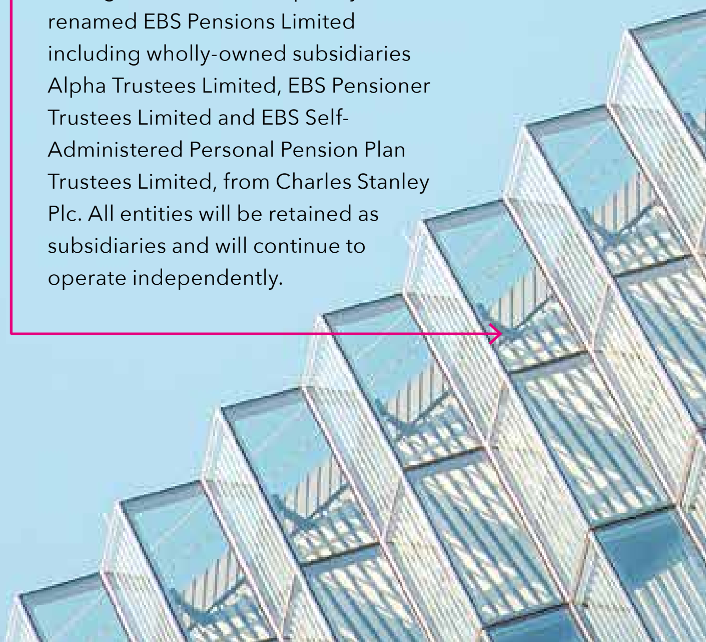
The Adviser Centre Limited acquired the assets of DISCUS, an online business established to provide content, analysis and insight into the outsourced investment market, particularly discretionary propositions.

5 MAY 2017

Embark Group Limited changed the address of its registered office to 5th floor, 100 Cannon Street, London EC4N 6EU.

31 MAY 2017

Embark Group Limited acquired 100% of the share capital of EBS Management Plc (subsequently renamed EBS Pensions Limited including wholly-owned subsidiaries Alpha Trustees Limited, EBS Pensioner Trustees Limited and EBS Self-Administered Personal Pension Plan Trustees Limited, from Charles Stanley Plc. All entities will be retained as subsidiaries and will continue to operate independently.



24 OCTOBER 2017
Embark Investment Services Limited launched the Embark Platform.

29 DECEMBER 2017

Embark Group Limited enacted three simultaneous transactions with Mazars LLP:

- The sale of the employee benefits activities of Rowanmoor Consultancy Limited to Mazars Employee Benefits Limited;
- The sale of Rowanmoor Consultancy Limited to Mazars Financial Planning Limited;
- The acquisition of a controlling interest (51%) of Mazars Employee Benefits Limited. Subsequently, on 10 January 2018, Mazars Employee Benefits Limited was renamed Vested Employee Benefits Limited.

DIRECTORS AND PROFESSIONAL ADVISERS

DIRECTORS

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

D Etherington	(Appointed Non-Executive Chairman 14 February 2018)
P Smith	
D White	
R Wohanka	
R Ruvigny	(Appointed 30 January 2017)
M Skinner	(Appointed 30 January 2017)
V Cambonie	(Appointed 3 October 2017)
N Webber	(Appointed 30 January 2017, resigned 30 November 2017)

COMPANY SECRETARY

A Rathore	(Appointed 19 May 2017)
V Cambonie	(Resigned 19 May 2017)

LEGAL ADVISERS

Burgess Salmon LLP, One Glass Warf, Bristol, BS2 0ZX

REGISTERED OFFICE

5th floor, 100 Cannon Street, London, EC4N 6EU

SUBSTANTIAL SHAREHOLDING

As at 31 December 2017, holdings of shares greater than 10% were held by the following:

Capital structure	No. shares	Holding (%)
Richard Wohanka	201,958	49.41%
Executive Management	59,789	13.97%
Allison Carter	56,740	13.25%
New Star Investment Trust	54,471	12.72%

INDEMNITY

The Group has in accordance with section 310(3) of the Companies Act 2006 purchased and maintained throughout the period Directors' and Officers' liability insurance in respect of itself or its Directors and Officers, and indemnified the Directors and Officers against any liability incurred by them in defending proceedings in which:

- Judgement is given in their favour; or
- They are acquitted in connection with an action for negligence, default, breach of duty or breach of trust in connection with the affairs of the Group.

No cover exists in the event Directors or Officers are found to have acted fraudulently or dishonestly. The cover in place has qualifying indemnity cover totalling £5.0m for the period ended 31 December 2017.

EMPLOYEES

It is the Group's policy that employees are kept informed of business performance including quarterly presentations by the senior management team and regular departmental and team meetings. Employee surveys are carried out to ascertain the views of employees which can be taken into account when making decisions that affect their interests. Involvement is encouraged through an employee suggestion scheme.

The Group is committed to employment policies which follow best practice, based on equal opportunities for all employees. The Group aims for its workforce to reflect the diverse communities in which it operates and recognise that diversity is a key part of a responsible business strategy and also supports a strong customer experience. The Group gives full and fair consideration to all applications for employment.

Applications for employment by disabled persons are always fully considered bearing in mind the abilities of the applicant concerned. In the event of employees becoming disabled every effort is made to ensure their employment within the Group continues and that appropriate training and support is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

FINANCIAL RISK MANAGEMENT

The Group's financial risk management is based upon sound economic objectives and good corporate practice. The Board has overall responsibility for risk management and internal control. The Group seeks to manage financial risk, to ensure sufficient liquidity is available to meet the identifiable needs of the Group and to invest cash assets safely and profitably. If required, short term flexibility is achieved through the use of bank facilities. The Group does not undertake any trading activity in financial instruments. All activities are transacted in Sterling. The Group does not engage in any hedging activities.

The Group and a certain number of its subsidiaries are supervised in the UK by the Financial Conduct Authority ("FCA"). The Group must comply with the regulatory capital requirements set by the FCA and manages its regulatory capital through continuous review of the capital requirements of the Group and its regulated subsidiaries, which are monitored by the Group's management and reported monthly to the Board.

Details of the Group's financial risk management objectives are given in note 23.

GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the report on pages 5 to 19. The financial position of the Group, its cash flows, liquidity and financial position have been reviewed by the Directors for the next 12 months.

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

SUBSEQUENT EVENTS

There were no post balance sheet events for disclosure in this report.

POLITICAL AND CHARITABLE DONATIONS

Political and charitable donations during the year were £nil (2016: £nil).

DISCLOSURE OF INFORMATION TO THE AUDITOR

In the case of each person who was a Director at the time this report was approved:

- so far as that Director was aware there was no relevant available information of which the Group and Parent Company's auditor is unaware; and
- that Director had taken all steps that the Director ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Group and Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

AUDITORS

The Auditors, KPMG LLP, have indicated their willingness to continue in office and a resolution seeking to reappoint them will be proposed to the Board.

DIRECTORS' RESPONSIBILITIES IN RESPECT TO THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law they have elected to prepare both the Group and the Parent Company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and the Group and enable them to ensure that their financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Parent Company and the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Phil Smith
Chief Executive Officer
29 June 2018

CORPORATE
GOVERNANCE REPORT

The Embark Group Board ("the Board") is committed to achieving high standards of corporate governance, integrity and business ethics. In addition to the Board's of the subsidiary companies meeting on a quarterly basis, the Embark Group Board holds monthly calls and meets formally at least four times a year at appropriate times in the reporting and audit cycle and otherwise as required.

The Board is responsible for the governance of the business and carries out the following duties:

CONSUMER OUTCOMES ENABLEMENT

- Ensuring that Group companies each have a culture that is centric to achieving suitable consumer outcomes.
- Ensuring that responsibilities in relation to Treating Consumers Fairly (TCF) are in place and evidenced.
- Ensuring that each Group company has a clear understanding of their fiduciary responsibilities and a governance structure which enables them to meet those responsibilities.

FINANCIAL REPORTING AND CONTROLS

- Approval of the annual budget, forecasts and monthly management statements.
- Approval of the annual report and consolidated financial statements, including the corporate governance statement.
- Approval of any significant changes in accounting policies or practices.

STRATEGY AND MANAGEMENT OVERSIGHT

- Responsibility for the overall leadership of the Group and setting the Group's values and standards.
- Approval of the Group's strategic aims and objectives.
- Approval of the annual operating and capital expenditure budgets and any material changes to them.

BOARD MEMBERSHIP AND OTHER APPOINTMENTS

- Ensuring adequate succession planning for the Board and senior management as well as the appointment, reappointments or removal of the external auditor.

STRUCTURE AND CAPITAL

- Changes relating to the Group's capital structure including reduction of capital, share issues (except under employee share plans), share buy backs including the use of treasury shares.
- Major changes to the Group's corporate structure, including, but not limited to acquisitions and disposals of businesses or assets which are material relative to the size of the Group (taking into account initial and deferred consideration).
- Changes to the Group's management and control structure.

REMUNERATION

- Determining the remuneration policy for the executive management team and other senior executives.
- Ensuring that an appropriately meritocratic and affordable compensation and benefits framework exists and is being operated effectively by management across all functions and levels of staff.
- Ensuring that appropriate controls are in force surrounding compensation decisions, including consideration of FCA regulatory requirements.

INTERNAL CONTROLS

- Ensuring maintenance of a sound system of internal controls and risk management.

CONTRACTS

- Approval of major capital projects as well as contracts which are material strategically or by reason of size entered into by the Group and/or its subsidiaries.

In addition, the Board has sub-committees to provide corporate governance and these also meet formally on a quarterly basis. These sub-committees comprise of Non-Executive Directors with Executive Directors in attendance as required. Each of the sub-committees are governed by terms of reference that have been approved by the Board. An overview of these sub-committees is as follows:

AUDIT COMMITTEE

The Audit Committee is chaired by Rupert Ruvigny with David White and Mark Skinner as the other Non-Executive Director members of the Committee. The Audit Committee meets four times a year.

The key duties of the Audit Committee are:

- To monitor the integrity of the financial statements of the Group, including its annual report and consolidated financial statements and any other formal communication relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain.
- To keep under review the adequacy and effectiveness of the Group's internal financial controls.
- To review the adequacy and security of the Group's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up actions.
- Consider and make recommendations to the Board in relation to the appointment, re-appointment and removal of the Group's external auditors. The committee will also meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage.

RISK AND REGULATORY COMPLIANCE COMMITTEE

The Risk and Regulatory Compliance Committee is chaired by David Etherington with David White as the other Non-Executive Director member of the Committee. The Risk and Compliance Committee has met four times during the year under review.

The key duties of the Risk and Regulatory Compliance Committee are:

- Recommend to the Board the Group's strategy and policy for risk management, and monitor its adoption throughout the Group. Furthermore, to maintain a statement of risk appetite at all times for the direction of Executive Management.
- Keep under review the effectiveness of the Group's internal controls and risk management systems.
- Review the processes and procedures for ensuring that all business risks are properly identified and appropriate systems of monitoring and control are in place under the six FCA risk categories. This includes, but is not limited to, reviewing the following procedures:
  - Identify business risks and controlling their financial impact.
  - Minimise, preventing or detecting fraud.
  - Reporting of issues and any actions taken to rectify such issues.
  - Ensure compliance with regulatory and legal requirements.
  - Monitor the operational effectiveness of policies and systems.
  - Receive and review management information and make recommendations for change as and when appropriate.
  - Consider material breaches of the agreed risk limits whether caused by control weakness or breakdown, dishonesty, fraud or negligence and ensure management action is commensurate to the breach reported.

REMUNERATION COMMITTEE

The Remuneration Committee is chaired by Mark Skinner with David Etherington, David White and Richard Wohanka as the other Non-Executive Director members of the Committee. The Committee has met four times during the year under review.

The key duties of the Remuneration Committee are:

- Determine and agree with the Board the framework or broad policy for the remuneration of the Group's Chairman, Chief Executive, the Executive Directors, the Company Secretary and such other members of the executive management as it is designated to consider.
- In determining such policy, consider all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code and associated guidance. The objective of such policy shall be to ensure that members of the executive management of the Group are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Group. Furthermore, to ensure appropriate overlays are implemented to any incentive scheme regarding risk control, treating customers fairly and product miss-selling.
- To review the ongoing appropriateness and relevance of the overall remuneration policy and compensation structure.
- When setting the remuneration policy for Directors, to review and have regard to the remuneration trends across the industry.
- Obtain reliable, up to date information about remuneration in other companies. To help it fulfil its obligations the committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary, within any budgetary restraints imposed by the Board.
- Approve the design of, and determine targets for, any performance related pay schemes operated by the Group and approve the total annual payments made under such schemes.
- Review the design of all share incentive plans (or other incentive plans short or long) for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to Executive Directors, Company Secretary and other designated senior executives and the performance targets to be used.
- Determine the policy for, and scope of, pension arrangements for each Executive Director and other designated senior executives.
- Ensure that contractual terms on termination and any payments made are fair to the individual and the Group, that failure is not rewarded and that the duty to mitigate loss is fully recognised.
- Oversee any major changes in employee benefits structures throughout the Group or its holdings.

CUSTOMER OUTCOMES COMMITTEE

The Customer Outcomes Committee is chaired by David White with David Etherington, Mark Skinner and Richard Wohanka as the other Non-Executive Director members of the Committee. The Committee has met four times during the year under review. The Committee oversees the development, embedding and maintenance of an effective Customer Conduct culture across the Group to forward the Group's goal of securing positive outcomes for customers and making recommendations to the Board as appropriate.

The key duties of the Customer Outcomes Committee are:

- Ensuring the most appropriate management information is in place in order to assess performance of the business against delivery of defined customer outcomes. Ongoing consideration is given to the appropriateness of these outcomes given the changing internal and external risk environment.
- Challenging any aspect of the way in which the Group treats its customers and the products and services it provides, including product design, sales and distribution processes, after-sales service, transparency of fees and protection of customer data, in order to have visibility as to whether the Group is delivering the right outcomes to customers.
- Establishing and maintaining a "Values and Ethics" position for the business that sits aligned to stakeholder's interests, the regulatory and fiduciary responsibilities of the business, and its position in the social fabric of its environment. All customers and stakeholder activities will be benchmarked to this position, holding equal validity to that of the shareholders appetite for risk.
- Monitoring the continuous development of the Group's corporate maturity where high regulatory and market standards have been set with regards to how all employees engage with customers and put customer outcomes at the forefront of all operational activity.

KEY EMPLOYMENT
MATTERS

GENDER PAY

Due to recent changes in legislation requiring businesses with over 250 full time employees to report on gender pay demographics, the Group has taken the voluntary step to report its position as a Group to the various statutory bodies. The Directors are absolutely confident that there is no inherent gender bias in the approach taken to employee compensation.

STAFF ATTRITION

The administrative nature of many of the Group's activities gives rise in normal market circumstances to significant staff turnover, particularly in the junior grade positions. Based on our active demographics and the market in which we operate, our benchmark turnover expectation is 14% group wide in any given calendar year. In 2017 the Group continued its recent trends of significantly lower natural turnover, with 2.1% voluntary attrition during the year. The Directors anticipate this will return closer to market norms in future years.

	2017	2016
Voluntary annualised attrition	2.1%	21.0%

ABILITY TO RECRUIT

As the Embark Group has developed over recent years it has seen a material improvement in the ability to acquire talent from competitors and from outside of its chosen sectors. The Directors believe the employee value proposition is strong relative to the Group's peers, however they also plan further enhancements to the workplace benefits and savings offerings during 2018 to further enhance this.

STAFF PERFORMANCE MANAGEMENT

All employees of the Group are managed through SMART objectives relative to their role, but with common emphasis on customer service and customer outcomes, process and data integrity, risk management, regulatory compliance and productivity. The Directors are comfortable in the Group's ability to manage and assess performance, leading to a normalised 'bell curve' of performance ratings, and that has now been fully established throughout all parts of the Group.

STAFF PROGRESSION

It is Group policy to ensure that in any key role, individuals appointed have fully rounded competence and potential, whilst clearly having a preference to provide career progression from within and across the Group. The Directors are pleased to report that over 60% of senior opportunities in 2017 were filled by internal high potential individuals and believe this is a healthy ratio for a fast growing and progressive meritocracy like the Embark Group.

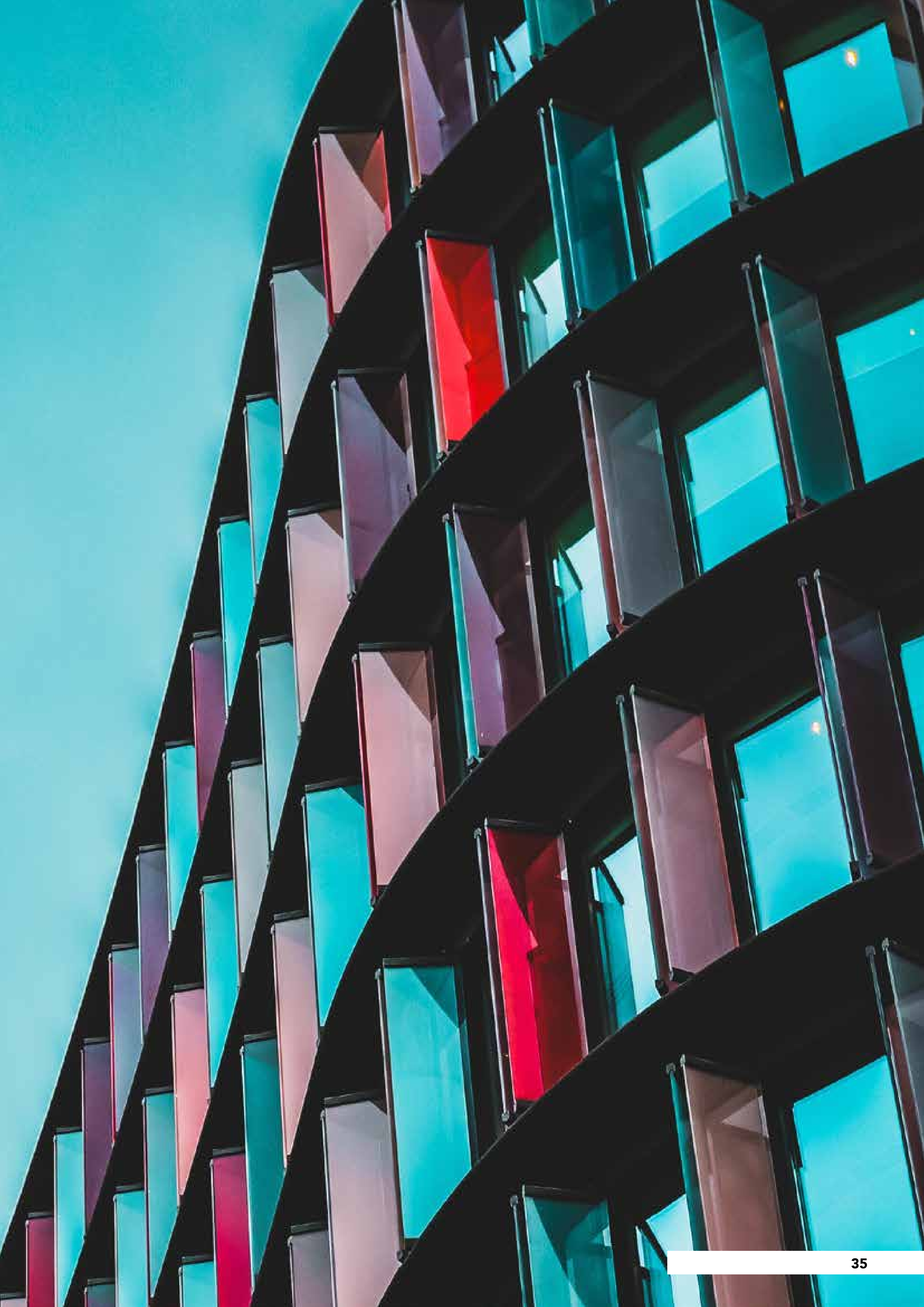
FIXED PAY GROWTH

On a like for like basis when considering staff with over one year of service, the Group have continued to simultaneously demonstrate cost constraint whilst remaining market competitive in its chosen sectors of activity. Average pay growth in 2017 was 1.7%, following a similar movement in 2016. This is below RPI and average wage growth in the UK. The Directors see a similar position in 2018 and no immediate payroll pressures hitting the Group in the medium term.

	2017	2016
Average salary increase	1.7%	2.7%
Employees receiving an increase (%)	36%	84%

INCENTIVE COMPENSATION

Due to the reported financial loss in the year, cash based incentive payments have been muted at £0.2m representing 0.9% of fixed payroll. This continues to leave the business 'under geared' against its target variable compensation level of 10-15% (against current FTE demographics). Due to the competitive fixed compensation packages already afforded to colleagues, this has prevented competitive retention issues in the main. For key executives and high potential individuals the Group has continued to expand its progress performance contingent equity programs, with c.23.0% of the business held by active employees (directly or through options) across 25 people. The Group aims to continue to adapt the balance of its compensation between fixed, variable cash and equity options in 2018.




AM 9 40

INDEPENDENT

AUDITOR'S REPORT TO THE MEMBERS OF EMBARK GROUP LIMITED

OPINION

We have audited the financial statements of Embark Group Limited ("the Company") for the year ended 31 December 2017 which comprise the Consolidated Statement of Comprehensive Income, the Company and Consolidated Statement of Changes in Equity, the Company and Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2017 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

GOING CONCERN

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

STRATEGIC REPORT AND DIRECTORS' REPORT

The Directors are responsible for the Strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

DIRECTORS' RESPONSIBILITIES

As explained more fully in their statement set out on page 22, the Directors are responsible for:

- the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at **www.frc.org.uk/auditorsresponsibilities**.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

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.

Alain de Braekeleer (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

3 July 2018

INCOME STATEMENT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £'000	2016 £'000
Revenue	3	29,174	18,338
Administrative expenses		(33,314)	(21,604)
Loss from operations	4	(4,140)	(3,266)
Net finance expense	8	(325)	(230)
Profit on sale of subsidiary	2	1,882	-
Loss before tax		(2,643)	(3,496)
Tax	9	1,059	457
Total comprehensive loss for the year		**(1,584)**	**(3,039)**

The notes on pages 44 to 66 form an integral part of these consolidated financial statements.

EQUITY CHANGES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital contribution reserve £'000	Retained earnings £'000	Minority interest £'000	Total equity £'000
Balance at 31 December 2015	**189**	**674**	**14**	**258**	**985**	-	**2,120**
Total comprehensive loss for the year	-	-	-	-	(3,039)	-	(3,039)
Issue of shares	156	6,611	-	-	-	-	6,767
Equity-settled share based payment transactions	-	-	-	41	-	-	41
Balance at 31 December 2016	**345**	**7,285**	**14**	**299**	**(2,054)**	-	**5,889**
Total comprehensive loss for the year	-	-	-	-	(1,584)	-	(1,584)
Issue of shares	64	3,186	-	-	-	-	3,250
Equity-settled share based payment transactions	-	-	-	102	-	-	102
Minority interest on acquisition	-	-	-	-	-	155	155
Balance at 31 December 2017	**409**	**10,471**	**14**	**401**	**(3,638)**	**155**	**7,812**

The notes on pages 44 to 66 form an integral part of these consolidated financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital contribution reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 31 December 2015	**189**	**674**	**14**	**258**	**5**	**1,140**
Total comprehensive loss for the year	-	-	-	-	(1,004)	(1,004)
Issue of shares	156	6,611	-	-	-	6,767
Equity-settled share based payment transactions	-	-	-	41	-	41
Balance at 31 December 2016	**345**	**7,285**	**14**	**299**	**(999)**	**6,944**
Total comprehensive loss for the year	-	-	-	-	(601)	(601)
Issue of shares	64	3,186	-	-	-	3,250
Equity-settled share based payment transactions	-	-	-	102	-	102
Balance at 31 December 2017	**409**	**10,471**	**14**	**401**	**(1,600)**	**9,695**

The notes on pages 44 to 66 form an integral part of these financial statements.

FINANCIAL POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2017

	Notes	31 December 2017 £'000	31 December 2016 £'000
Non-current assets			
Intangible assets	10	9,792	8,393
Property, plant and equipment	11	541	468
Deferred tax asset	15	809	789
		11,142	**9,650**
Current assets			
Trade and other receivables	13	7,140	4,718
Cash and cash equivalents	14	3,888	2,474
		11,028	**7,192**
Total assets		**22,170**	**16,842**
Current liabilities			
Trade and other payables	16	(10,272)	(7,203)
Non-current liabilities	17	(4,086)	(3,750)
Total liabilities		**(14,358)**	**(10,953)**
Net assets		**7,812**	**5,889**
Equity			
Capital and reserves			
Share capital	18	409	345
Share premium		10,471	7,285
Capital redemption reserve		14	14
Capital contribution reserve	19	401	299
Retained earnings	19	(3,638)	(2,054)
Minority interest		155	-
Total equity		**7,812**	**5,889**

Registered No. 03578067
The notes on pages 44 to 66 form an integral part of these consolidated financial statements.
The consolidated financial statements were approved by the Board of Directors and authorised for issue on 29 June 2018.
They were signed on its behalf by:

Phil Smith
Chief Executive Officer

FINANCIAL POSITION

COMPANY STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	31 December 2017 £'000	31 December 2016 £'000
Non-current assets			
Investments	12	20,251	15,312
Deferred tax asset	15	72	-
		20,323	**15,312**
Current assets			
Trade and other receivables	13	1,470	447
Cash and cash equivalents	14	2,116	273
		3,586	**720**
Total assets		**23,909**	**16,032**
Current liabilities			
Trade and other payables	16	(10,128)	(5,338)
Non-current liabilities	**17**	**(4,086)**	**(3,750)**
Total liabilities		**(14,214)**	**(9,088)**
Net assets		**9,695**	**6,944**
Equity			
Capital and reserves			
Share capital	18	409	345
Share premium		10,471	7,285
Capital redemption reserve		14	14
Capital contribution reserve	19	401	299
Retained earnings	19	(1,600)	(999)
Total equity		**9,695**	**6,944**

Registered No. 03578067
The notes on pages 44 to 66 form an integral part of these financial statements.
The financial statements were approved by the Board of Directors and authorised for issue on 29 June 2018.
They were signed on its behalf by:

Phil Smith
Chief Executive Officer

CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £'000	2016 £'000
Net cash (outflow) from operating activities	**20**	**(632)**	**(1,969)**
Investing activities			
Interest received		43	53
Interest paid		(368)	(283)
Payment to acquire property, plant and equipment		(218)	(750)
Payments to acquire subsidiaries		(2,406)	(7,426)
Proceeds from disposal of subsidiaries		1,976	-
Cash acquired on acquisition		-	2,855
Net cash used in investing activities		**(973)**	**(5,551)**
Financing activities			
Issue of share capital	18	64	156
Increase in share premium	18	3,186	6,611
Net Loan (payment)/receipt		(231)	2,000
Net cash inflow from financing activities		**3,019**	**8,767**
Net increase in cash and cash equivalents		1,414	1,247
Cash and cash equivalents at beginning of year		2,474	1,227
Cash and cash equivalents at end of year	**14**	**3,888**	**2,474**

The notes on pages 44 to 66 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

GENERAL INFORMATION

Embark Group Limited (the 'Company') is a Company limited by shares and incorporated and domiciled in the UK. The Company and its subsidiaries together comprise the 'Group'.

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

BASIS OF PREPARATION

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union applied in accordance with the provisions of the Companies Act 2006.

The consolidated financial statements are prepared on a going concern basis, as the Directors are satisfied that the Group and the Company have resources to continue in business for the foreseeable future.

In preparing the Parent Company financial statements here together with the Group financial statements, The Company has taken advantage of the exemption in section 408(3) of the Companies Act 2006 not to present its individual Statement of Comprehensive Income and related notes that form part of these financial statements.

The consolidated financial statements and the parent Company financial statements have been prepared under the historical cost convention. Both have been prepared in pounds sterling, which is the functional currency of the Group. Monetary amounts in these financial statements are rounded to the nearest £'000.

STATEMENT OF CASH FLOWS

The consolidated statement of cash flows shows the changes in cash and cash equivalents arising during the year from operating activities, investing activities and financing activities.

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

NEW STANDARDS AND INTERPRETATIONS

At the date of authorisation of the consolidated financial statements the following accounting standards were in issue but not yet effective and have not been adopted early in these consolidated financial statements and are considered by management to have some impact on the Group:

- IFRS 9 'Financial Instruments' could change the classification and measurement of financial assets and the timing and extent of credit provisioning. The Company is currently reviewing the impact of IFRS 9.
- IFRS 15 'Revenue from Contracts with Customers' could change how and when revenue is recognised from contracts with customers. The Group is currently reviewing the impact of IFRS 15.
- IFRS 16 'Leases' provides guidance on the classification, recognition and measurement of leases to help to provide useful information to the users of consolidated financial statements. IFRS 16 requires contracts that IAS 17 classifies as operating leases to be brought onto the consolidated statement of financial position, using the finance lease approach already applied under IAS 17. The new standard will replace IAS 17 "Leases" and is effective for annual periods beginning on or after 1 January 2019 unless adopted early. The Group is currently reviewing the impact of IFRS 16.

Other than to expand certain disclosures within the consolidated financial statements, the Directors do not expect the adoption of the other proposed amendments to accounting standards and interpretations not listed above to have a material impact on the consolidated financial statements of the Group in future periods.

BASIS OF CONSOLIDATION

The Group applies the acquisition method to account for business combinations. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control is achieved where the Group is exposed, or has rights, to variable returns from its involvement with its investee entity and has the ability to affect these returns through its power over the investee entity.

Where necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

SEGMENTAL REPORTING

IFRS 8 requires operating segments to be identified on the basis of internal reports and components of the Group which are regularly reviewed by the Chief Operating Decision Maker to allocate resources to segments and to assess their performance. For this purpose, the Chief Operating Decision Maker is the Board of Directors.

The Board considers the results of the Group as a whole when assessing the performance of the Group and allocating resources. Accordingly, the Group has a single operating segment. The Group operates solely within the UK and, as such, no geographical analysis is required. The Group is not reliant on any one single customer.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of consolidated 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 consolidated statement of financial position date and the reported revenue and expenses during the reporting year.

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

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

Allowances for non-recoverability of trade receivables

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 in full 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 Group's credit check procedures.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill has been allocated. In assessing the value in use, the estimated future cash flows expected to arise from the cash-generating unit are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to that asset.

The key assumptions used in respect of value in use calculations are those regarding growth rates and anticipated changes to revenues and costs during the year covered by the calculations, based upon management's expectations. Sensitivity analysis is performed on key assumptions to ascertain the impact of a moderate change and to ensure appropriate values are used in the calculation.

Acquisition and business combinations

When an acquisition arises the Group is required under IFRS to calculate the Purchase Price Allocation ("PPA"). The PPA requires companies to report the fair value of assets and liabilities acquired and it establishes useful lives for identified assets. The identification and valuation of the assets and liabilities acquired involves estimation and judgement when determining whether the recognition criteria are met.

Subjectivity is involved in calculating the PPA and the resulting allocation of any premium paid above the fair value of net assets acquired between intangible assets and goodwill. Key assumptions used in the calculation of Intangible assets arising on acquisition include the discount rate, growth rates and periods over which the Group expect to yield benefits from the acquisition. Sensitivity analysis is performed on key assumptions to ascertain the impact of a moderate change and to ensure appropriate values are used in the calculation.

LOSS FROM OPERATIONS

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

REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activity. Revenue also includes interest income on cash deposits earned in the ordinary course of the Group's activity. Revenue is shown net of value added tax ("VAT"), returns, rebates and discounts.

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

- Routine activity fees are recognised as incurred, net of VAT.
- Initial set up and transaction fees are recognised as incurred, net of VAT.
- Annual fees are deferred on the balance sheet and released to the consolidated statement of comprehensive income in line with the provision of the service, net of VAT.
- Interest received on cash balances that is in excess of that payable to clients is retained by the Group and is included within revenue, calculated and recognised on an accruals basis.

PENSIONS AND OTHER POST-RETIREMENT BENEFITS

The pension costs charged in the consolidated financial statements represent the contributions payable by the Group during the year into a defined contribution pension scheme.

GOODWILL

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and is not larger than a segment based on the Group's reporting format determined in accordance with IFRS 8 Operating Segments.

If a cash generating unit was to be sold, the difference between the selling price and the net assets and amortised goodwill would be recognised in the consolidated statement of other comprehensive income. Where the Group reorganises its reporting structure in a way that changes the composition of one or more cash-generating units to which goodwill has been allocated, the goodwill is reallocated to the units affected.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the estimated recoverable amount of the cash-generating unit or group of cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognised immediately as an expense and cannot subsequently be reversed.

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:

Leasehold improvements	5 years
Computer equipment	3 years
Furniture and equipment	5 years

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.

INTANGIBLE ASSETS

Purchased intangible assets and costs directly associated with the development of systems are capitalised as intangible assets where there is an identifiable asset controlled by the Group that will generate future economic benefits in accordance with IAS 38.

Costs to establish feasibility or to maintain existing performance are recognised as an expense. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised over their useful economic life as follows:

Internally generated software	Reducing balance over 7 years
Client portfolios	Straight line over 20 years
Brand	Straight line over 5 years

All intangible assets are reviewed annually for impairment. Furthermore the amortisation method for an intangible asset is reviewed annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as a change in accounting estimate of the Company/Group.

FINANCIAL ASSETS

The Group's financial assets comprise trade and other receivables and cash and cash equivalents.

Trade and other receivables are measured at fair value. Debtors are recognised to the extent that the Directors believe there is a realistic expectation of their recoverability. In the circumstances that such recoverability becomes doubtful, a provision is set aside to reflect the realisable value of the debts. Any provision against trade receivables is recognised in the consolidated statement of comprehensive income.

Cash and cash equivalents comprise balances including cash and non-restricted balances with central banks, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and short term investments in securities that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

INCOME TAX

Current Income Tax

Current income tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Where the Group has tax losses that can be relieved only by carried-forward against taxable profits of future periods, a deductible temporary difference arises. Those losses carried forward are set off against deferred tax liabilities carried in the consolidated statement of financial position.

Deferred Income Tax

Deferred income tax is recognised in respect of temporary timing differences arising between the tax basis of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of the consolidated statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal differences arise from trading losses, depreciation of property, plant and equipment and relief on research and development expenditure.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used and deferred tax liabilities are provided on taxable temporary differences. Deferred tax assets and liabilities are reviewed at each reporting date and are reduced to the extent that it's no longer probable that the related tax benefit will be realised or the deferred tax liability settled.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and where the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle on a net basis.

FINANCIAL LIABILITIES

Trade and other payables are measured at amortised cost.

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the point proceeds are received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans are initially recorded at fair value and then measured at amortised cost. Borrowing costs are recognised as an expense when incurred.

IMPAIRMENT OF FINANCIAL ASSETS

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's carrying value, or cash generating unit's fair value less cost to sell and its value in use, and is determined for an individual asset.

When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money, and the risks specific to the asset. In determining fair value less cost to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples and other available fair value indicators.

SHARE CAPITAL

Incremental external costs directly attributable to the issue of new shares, other than on a business combination, are deducted from equity net of any related income taxes.

OPERATING LEASES

The leases entered into by the Group are operating leases. The total payments made under operating leases are charged to other operating expenses in the consolidated statement of comprehensive income on a straight line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

EMPLOYEE BENEFITS

The Group operates a defined contribution pension scheme. The Group pays contributions to employees' individual pension plans on a contractual basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an expense when they fall due.

SHARE BASED PAYMENTS

Embark Group Limited, the ultimate parent undertaking, operates long term incentive arrangements in which Group employees have participated. These long term incentives include share based employee compensation arrangements. The cost of share-based employee compensation arrangements, whereby employees receive remuneration in the form of shares or share options, is recognised as an employee benefit expense in the consolidated statement of comprehensive income in the year to which the award relates.

The cost of the incentive scheme is based on the fair value of awards on the date of grant. The total expense to be apportioned over the vesting period of the benefit is determined by reference to the fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The assumptions underlying the number of awards expected to vest are subsequently adjusted for the effects of non-market-based vesting to reflect the conditions prevailing at the balance sheet date. Fair value is measured by the use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of the non-transferability, exercise restrictions and behavioural considerations.

The total expense is charged to the consolidated statement of comprehensive income with the associated credit taken to a share option reserve in equity. At the end of the vesting period, upon lapse or forfeit if earlier, this credit is transferred to retained earnings from the share option reserve.

2. BUSINESS COMBINATIONS

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 - Business Combinations ("IFRS3") are recognised at their fair value at the acquisition date, except that of deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements that are recognised and measured in accordance with IAS12 - Income Taxes and IAS 19 - Employee Benefits respectively.

IFRS 3 allows a measurement period of up to one year after acquisition to reflect any new information obtained about facts and circumstances that were made available to the Group at the acquisition date. Transaction costs incurred during the course of each acquisition have been expensed and are included in administrative expenses in the consolidated statement of comprehensive income and operating cash flows in the consolidated statement of cash flows in the period in which they were incurred.

Acquisition of EBS Pensions Limited (formerly EBS Management PLC) by Embark Group Limited

On 31 May 2017, Embark Group Limited acquired 100% of the share capital of EBS Management Plc, subsequently renamed EBS Pensions Limited on 3 July 2017, including wholly-owned subsidiaries Alpha Trustees Limited, EBS Pensioner Trustees Limited and EBS Self-Administered Personal Pension Plan Trustees Limited, from Charles Stanley. All entities will be retained as subsidiaries and will continue to operate independently.

The acquisition enlarged the portfolio of clients and the overall assets under administration across the Group, whilst also bringing two key client contracts to the Group. The strategic aim is to continue to grow this portfolio of clients as key relationships within the Group. The acquisition has been accounted for using the acquisition method. The fair value of the identifiable assets and liabilities of EBS Pensions Limited were measured at book value, as the assets were current short term debtors. As at the date of acquisition the assets were:

	Value on acquisition £'000s	Fair value adjustments £'000s	Fair value on acquisition £'000s
Trade receivables	387	(387)	-
Other receivables	441	-	441
Cash and cash equivalents	2,787	-	2,787
Current assets	**3,615**	**(387)**	**3,228**
Trade and other payables	(1,188)	-	(1,188)
Accruals and deferred income	(557)	-	(557)
Current liabilities	**(1,745)**	**-**	**(1,745)**
Net assets	**1,870**	**(387)**	**1,483**

	£'000s
Total identifiable net assets at fair value	1,483
Identifiable intangible	1,908
Goodwill	401
Total acquisition cost	**3,792**
Analysed as follows:	
Initial cash consideration	2,011
Present value of fixed deferred consideration	913
Present value of contingent deferred consideration	868
Total acquisition costs	**3,792**
Cash inflow in 2017	
Initial cash consideration paid	(2,011)
Cash acquired	2,787
Acquisition costs - legal	(187)
Net cash inflows in 2017	**589**

The goodwill that arose on acquisition is linked to the assembled workforce of the acquiree and their proven key client relationship management skills, synergies from combining the acquiree's net assets with those of the acquirer and the enhanced market share of the Group gained through the acquisition.

Contingent deferred consideration is payable based on the ongoing revenue performance of the acquired portfolio based on revenue performance levels contracted as part of the purchase agreement. The two £500k elements of contingent deferred consideration, with a carrying value of £868k at year end, have been assessed for likelihood of payment and are both deemed likely to be paid in full, as such they are both reflected immediately as part of the capitalised investment in subsidiary undertaking balance. Deferred consideration payments are subject to discounting when deriving the present value for reporting on the Company and Group statements of financial position.

The amount of revenue since the acquisition date included in the consolidated statement of comprehensive income for the reporting period was £1,755k. The revenue of the combined entity for the current reporting period had the acquisition date been as at 1 January 2017 would have been £3,214k.

Acquisition of Vested Employee Benefits Limited (Formerly Mazars Employee Benefits Limited) and linked sale of Rowanmoor Consultancy Limited

On 29 December 2017, Embark Group Limited entered simultaneous transactions with Mazars LLP:

- The sale of Rowanmoor Consultancy Limited (“RCL”) to Mazars Financial Planning Limited;
- The acquisition of a controlling interest (51%) of Mazars Employee Benefits Limited, subsequently renamed Vested Employee Benefits Limited (“VEBL”).

The purpose of the sale of RCL was to divest a loss making element of the Group that was not a key part of its future strategic direction, whilst allowing the Group to realise the value of its investment, releasing cash to support the Group’s liquidity position and enabling the ongoing investment in core pension products.

The purpose of the acquisition of a controlling interest in VEBL was to support the strategic ambition of the Group to embed an employee benefits offering as part of its portfolio and through partnership with Mazars, the ability to leverage corporate networks to grow this offering under a joint arrangement. The acquisition of VEBL has been accounted for using the acquisition method. The fair value of the identifiable assets and liabilities of VEBL were measured at book value, as the assets were current short term debtors. As at the date of acquisition the assets were:

	Value on acquisition £’000s	Fair value adjustments £’000s	Fair value on acquisition £’000s
Fixed assets	101	-	101
Non-current assets	**101**	**-**	**101**
Trade receivables	373	-	373
Other receivables	12	-	12
Cash and cash equivalents	-	-	-
Current assets	**385**	**-**	**385**
Trade and other payables	(18)	-	(18)
Accruals and deffered income	(157)	-	(157)
Current liabilities	**(175)**	**-**	**(175)**
Net assets	**311**	**-**	**311**

	£’000s
Total identifiable net assets at fair value	311
Minority holding	(155)
Total acquisition cost	**156**

Analysed as follows		£'000s
Initial cash consideration		-
Fair value of assets contributed to the joint arrangement		156
Total acquisition costs		**156**
Cash outflow in 2017		
Initial cash consideration paid		-
Cash acquired		-
Acquisition costs - legal		(125)
Net cash inflows in 2017	**-**	**(125)**

No Goodwill or intangible asset was created on acquisition. Consideration comprised £1 and the injection of £156k of net assets. There was no deferred consideration. The amounts of revenue since the acquisition date included in the consolidated statement of comprehensive income for the reporting period was £nilk.

The sale of RCL realised a gain. The gain on sale has been derived as the net of the consideration received less the carrying value of the investment on the Company's statement of financial position plus the carrying value of net assets attributable to RCL.

The trading performance and associated results of RCL have been consolidated into the results of the Embark Group up to the point of disposal. The revenue attributable to this discontinued activity is disclosed in note 3. A summary of the transaction is as follows:

	Company £'000s	Group £'000s
Profit on sale of Rowanmoor Consultancy Limited	679	1,822
Total profit on sale of Rowanmoor Consultancy Limited	**679**	**1,822**
Analysed as follows:		
Initial cash consideration	1,890	1,890
Fair value of assets retained by Embark Group	156	156
Less:		
Carrying value of investment	(1,367)	(224)
Total gain on sale recognised in Statement of Comprehensive Income	**679**	**1,822**
Cash inflow in 2017		
Initial cash consideration received		1,890
Acquisition costs - legal		(125)
Net cash inflows in 2017		**1,765**

3. REVENUE

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

	2017 £'000	2016 £'000
Rendering of services in the UK	**29,174**	**18,338**

This is broken down by segment as follows:

	2017 £'000	2016 £'000
Continuing operations		
Pension administration services	24,189	9,975
Investment consultancy services	542	-
Employee benefits consultancy	580	-
Acquired revenue		
Pension administration services	1,755	7,159
Investment consultancy services	-	75
Financial planning activity	-	869
Employee benefits consulting	-	260
Discontinued operations		
Financial planning activity	2,108	-
Total	**29,174**	**18,338**

4. LOSS FROM OPERATIONS

Loss from operations of the Group has been arrived at after charging:

	2017 £'000	2016 £'000
Depreciation of property, plant and equipment	244	247
Loss on disposal of property, plant and equipment	2	-
Amortisation of intangible assets	910	970
Operating lease rentals	468	189
Staff costs	22,490	12,206

5. AUDITORS' REMUNERATION

	2017 £'000	2016 £'000
Fees payable to the Group's auditors		
Statutory audit of the Group's consolidated financial statements	28	25
Statutory audit of financial statements of subsidiaries of the Company	141	52
Audit-related assurance services	93	90
Taxation compliance services	28	12
Other services	-	54
Total	**290**	**233**

6. STAFF COSTS

The average monthly number of employees (including Executive Directors) employed in the Group was:

	2017 £'000	2016 £'000
Management	48	29
Non-Management	443	311
Total	**491**	**340**

Their aggregate remuneration comprised:

	2017 £'000	2016 £'000
Wages and salaries	19,286	10,416
Social security costs	1,827	1,060
Other pension costs	1,275	689
Share based compensation costs	102	41
Total	**22,490**	**12,206**

7. DIRECTORS' EMOLUMENTS

The Directors' aggregate emoluments in respect of qualifying services were:

	2017 £'000	2016 £'000
Salaries and fees	726	275
Pension contributions	9	3
Benefits	11	2
Total	**746**	**280**

The emoluments of all Embark Group Limited Directors are paid by Embark Corporate Services Limited, a wholly owned subsidiary of the Company.

Emoluments of highest paid Director:

	2017 £'000	2016 £'000
Salary and fees	242	180
Pension contributions	4	3
Benefits	11	2
Total	**257**	**185**

8. FINANCE INCOME AND EXPENSE

	2017 £'000	2016 £'000
Interest on bank deposits	47	53
Interest payable and similar charges on bank deposits	(372)	(283)
Total	**(325)**	**(230)**

9. TAX

Analysis of tax charge for the year:

	2017 £'000	2016 £'000
Current tax		
UK corporation tax at 19.25% (2016: 20.00%)	35	14
Adjustments in respect of prior years	(1,079)	(46)
Tax settled through Group losses	(35)	-
Total current tax (Credit)	**(1,079)**	**(32)**
Deferred tax		
Origination and reversal of timing differences	(270)	(419)
Adjustments in respect of prior year	290	(22)
Effect of tax rate change on opening balance	-	16
Total deferred tax charge/(credit) (note 15)	**20**	**(425)**
Total current tax (credit)	**(1,059)**	**(457)**

The effective tax rate for the year is greater than (2016: less than) the standard rate of corporation tax in the UK of 19.25% (31 December 2016: 20.00%). This is explained below:

	2017 £'000	2016 £'000
Loss before tax	(2,643)	(3,496)
Tax at the UK corporation tax rate of 19.25% (2016: 20.00%)	(509)	(699)
Expenses not deductible for tax purposes	103	73
Disallowable revenue	(135)	-
Losses carried forwards	-	12
Adjustments in relation to share scheme	6	-
Adjustments to tax charge in respect of prior years	(1,098)	(57)
Adjustments to tax charge in respect of prior years - deferred tax	325	-
Adjust closing deferred tax to average rate of 17.00%	37	-
Deferred tax not recognised	53	122
Intangible asset difference	267	-
Other adjustments	(108)	92
Total tax (credit)	**(1,059)**	**(457)**

The adjustment in respect of prior years' includes funds received from successful R&D tax credit claims filed during the year.

10. INTANGIBLE ASSETS

	Software £'000	Client portfolios £'000	Brand £'000	Goodwill £'000	Total £'000
Cost					
At 1 January 2017	4,511	999	244	4,612	10,366
Acquisition through business combination	-	1,908	-	401	2,309
Additions	-	-	-	-	-
Transfers	-	-	21	(21)	-
At 31 December 2017	**4,511**	**2,907**	**265**	**4,992**	**12,675**
Amortisation					
At 1 January 2017	1,932	21	20	-	1,973
Charge for the year	753	103	54	-	910
At 31 December 2017	**2,685**	**124**	**74**	**-**	**2,883**
Net book value					
At 31 December 2017	**1,826**	**2,783**	**191**	**4,992**	**9,792**
At 31 December 2016	**2,579**	**978**	**224**	**4,612**	**8,393**

Software represents the development costs of the Group's bespoke administration and trading platform. The Directors believe this technology will be one of the key technology platforms used throughout the Group for the foreseeable future. Internally generated software is amortised on a reducing balance basis based on a 7 year life.

Client portfolios represent individual client portfolios acquired through business combinations and are amortised over 20 years on a straight line basis.

Brand represents the fair value attributed to brands acquired through business combinations and are amortised over 5 years on a straight line basis.

Goodwill consists of a combination of acquired Goodwill and that arising on consolidation through business combinations.

The Company tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The recoverable amount is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and selling costs in the period. Sensitivity analysis is performed on key assumptions to ascertain the impact of a moderate change and to ensure appropriate values are used in the calculation.

Management are confident the value in use for these cash generating units exceeds the carrying value of goodwill, as such no impairment is recognised.

The Company did not hold any intangible assets as at 31 December 2017 or 31 December 2016.

11. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold improvements £'000	Computer equipment £'000	Furniture and equipment £'000	Total £'000
Cost				
At 1 January 2017	155	1,518	1,068	2,741
Acquisition through business combinations	-	-	101	101
Additions	7	50	161	218
Disposal	-	-	(123)	(123)
At 31 December 2017	**162**	**1,568**	**1,207**	**2,937**
Depreciation				
At 1 January 2017	98	1,416	759	2,273
Charge for the year	14	87	143	244
Disposals	-	-	(121)	(121)
At 31 December 2017	**112**	**1,503**	**781**	**2,396**
Net book value				
At 31 December 2017	**50**	**65**	**426**	**541**
At 31 December 2016	**57**	**102**	**309**	**468**

The company did not hold any property, plant and equipment as at 31 December 2017 or 31 December 2016.

12. INVESTMENT IN SUBSIDIARIES

Movements in investments in Group undertakings were as follows:

Cost and net book value	2017 £'000	2016 £'000
At 1 January 2017	**15,312**	**4,899**
Investment in Shares in Embark Services Limited	-	1,200
Investment in Shares in Rowanmoor Executive Pensions Limited	-	7,205
Investment in Shares in Embark Investment Services Limited	1,906	300
Investment in Rowanmoor Personal Pensions Limited	-	625
Investment in Rowanmoor Consultancy Limited	350	1,017
Investment in Rowanmoor Trustees Limited	-	14
Investment in GB Trustees Limited	-	11
Investment in EBS Pensions Limited	3,792	-
Investment in Vested Employee Benefits Limited	156	-
Disposal of Rowanmoor Consultancy Limited	(1,367)	-
Charge relating to share based payments	102	41
At 31 December 2017	**20,251**	**15,312**

In the opinion of the Directors, the aggregate value of the Company's investment in subsidiary undertakings is not less than the current carrying value on the consolidated statement of financial position.

The Group holds 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 and shares held
Embark Services Limited	Tyman House, 42 Regent Road, Leicester, LE1 6YJ	England	Pension Administration	Ordinary	100
Hornbuckle Mitchell Trustees Limited	Tyman House, 42 Regent Road, Leicester, LE1 6YJ	England	Independent Trustee	Ordinary	100
Embark Trustees Limited	Tyman House, 42 Regent Road, Leicester, LE1 6YJ	England	Independent Trustee	Ordinary	100
Embark Investment Services Limited	Tyman House, 42 Regent Road, Leicester, LE1 6YJ	England	Pension Administration	Ordinary	100
Charterhall Nominees Limited	Tyman House, 42 Regent Road, Leicester, LE1 6YJ	England	Independent Trustee	Ordinary	100
Embark Investment Services Nominees Limited	Tyman House, 42 Regent Road, Leicester, LE1 6YJ	England	Independent Trustee	Ordinary	100
Avalon SIPP Trustees Limited	The Old Chapel, Long Street, Tetbury, GL8 8AA	England	Independent Trustee	Ordinary	100
Avalon Investment Services (Nominees) Limited	The Old Chapel, Long Street, Tetbury, GL8 8AA	England	Independent Trustee	Ordinary	100
WF (Trustees) Limited	Rowanmoor House, 46-50 Castle Street, Sailsbury, SP1 3TS	England	Independent Trustee	Ordinary	100
GB Trustees Limited	Rowanmoor House, 46-50 Castle Street, Sailsbury, SP1 3TS	England	Independent Trustee	Ordinary	100
Rowanmoor Executive Pensions Limited	Rowanmoor House, 46-50 Castle Street, Salisbury, Wiltshire, SP1 3TS	England	Pension Administration	Ordinary	100
Rowanmoor Personal Pensions Limited	Rowanmoor House, 46-50 Castle Street, Salisbury, Wiltshire, SP1 3TS	England	Pension Administration	Ordinary	100
Rowanmoor Trustees Limited	Rowanmoor House, 46-50 Castle Street, Salisbury, Wiltshire, SP1 3TS	England	Independent Trustee	Ordinary	100
The Adviser Centre Limited	5th Floor, 100 Cannon Street, London, England, EC4N 6EU	England	Investment Due Diligence	Ordinary	100
Embark Corporate Services Limited	5th Floor, 100 Cannon Street, London, England, EC4N 6EU	England	Corporate Administration	Ordinary	100
EBS Pensions Limited	5th Floor, 100 Cannon Street, London, England, EC4N 6EU	England	Pension Administration	Ordinary	100
Alpha Trustees Limited	5th Floor, 100 Cannon Street, London, England, EC4N 6EU	England	Independent Trustee	Ordinary	100
EBS Pensioneer Trustees Limited	5th Floor, 100 Cannon Street, London, England, EC4N 6EU	England	Independent Trustee	Ordinary	100
EBS Self-Administered Personal Pension Plan Trustees Limited	5th Floor, 100 Cannon Street, London, England, EC4N 6EU	England	Independent Trustee	Ordinary	100
Vested Employee Benefits Limited	5th Floor, 100 Cannon Street, London, England, EC4N 6EU	England	Employee Benefits Consultancy	Ordinary	51

All of the subsidiary companies have been included in these consolidated financial statements. There are no restrictions on the ability of the parent or the subsidiaries to transfer cash or other assets to or from other entities in the Group. There are no guarantees or other requirements that may restrict dividends and other capital distributions being paid, or loans and advances being made or repaid, to (or from) other entities within the Group.

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 £'000	**2016 £'000**	**2017 £'000**	**2016 £'000**
Trade receivables	3,303	2,544	-	-
Other debtors	2,990	1,399	943	246
Prepayments	847	657	-	-
Corporation tax debtor	-	118	-	72
Amounts owed from Group companies	-	-	527	129
Total	**7,140**	**4,718**	**1,470**	**447**

An allowance for non-recoverability of trade receivables has been 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 in full as per the policy. Trade receivables are stated net of related allowances for non-recoverable debts.

"Trade and other receivables" and "Cash and cash equivalents" constitute the financial assets within the category "Loans and receivables" as defined by IAS 39. The Directors consider that the carrying amount of loans and receivables, after taking account of related allowances, approximates to their fair value.

Trade receivables are non-interest bearing and generally have a 30 day term. 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.

As at 31 December 2017 trade receivables of £2,235k (2016: £1,243k) were past due but not impaired for the Group. The ageing analysis of these trade receivables is as follows:

	Group		Company	
	2017 £'000	**2016 £'000**	**2017 £'000**	**2016 £'000**
Up to 3 months past due	1,289	635	-	-
3 to 6 months past due	404	325	-	-
Over 6 months past due	542	283	-	-
Total	**2,235**	**1,243**	**-**	**-**

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

	Group		Company	
	2017 £'000	**2016 £'000**	**2017 £'000**	**2016 £'000**
At 1 January	747	411	-	-
Acquired/(disposed) during the year	(16)	151	-	-
Charge/(credit) for the year	77	185	-	-
At 31 December	**808**	**747**	**-**	**-**

14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Cash at bank and in hand	3,888	2,474	2,116	273
Total	**3,888**	**2,474**	**2,116**	**273**

The Directors consider that the carrying amount of these assets approximates to their fair value. The credit risk on liquid funds is limited because the counter-parties are large, established UK banks with a minimum 'A' credit rating.

15. DEFERRED TAX

Deferred tax assets recognised by the Group and Company and the movements thereon during the current and prior reporting periods are as follows:

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
At 1 January	789	240	-	-
Balance transferred in on acquisition	-	124	-	-
Net credit to profit (Note 9)	20	425	72	-
At 31 December	**809**	**789**	**72**	**-**

The deferred tax asset/(liability) is made up as follows:

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Accelerated capital allowances	(296)	(110)	-	-
Short term temporary differences	41	126	-	-
Tax losses carried forward	1,064	773	72	-
At 31 December	**809**	**789**	**72**	**-**

Deferred tax assets are recognised only to the extent that realisation of the related tax benefit is probable. Deferred tax assets are recognised at the rate at which they are expected to reverse being 17%.

As at 31 December 2017 the Group has deferred tax assets not recognised on the consolidated statement of financial position of £170k (2016: £146k) which relate to losses incurred.

16. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Trade payables	935	313	-	-
Other payables	-	355	-	-
Bank loans	1,269	1,000	1,269	1,000
Accruals and deferred income	5,413	4,420	511	123
Other tax and social security	1,710	1,115	(11)	(35)
Amounts owed to Group Companies	-	-	7,414	4,250
Fixed deferred consideration	500	-	500	-
Contingent deferred consideration	445	-	445	-
Total	**10,272**	**7,203**	**10,128**	**5,338**

The Directors consider that the carrying amount of trade and other payables approximates to their fair value. No interest is charged on trade and other payables.

Trade payables, other payables and accruals constitute financial liabilities measured at amortised cost as defined by IAS 39.

17. NON-CURRENT LIABILITIES

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Bank loans	750	1,750	750	1,750
Loan notes (Note 25)	2,000	2,000	2,000	2,000
Unsecured term loan (Note 25)	500	-	500	-
Fixed deferred consideration	418	-	418	-
Contingent deferred consideration	418	-	418	-
Total	**4,086**	**3,750**	**4,086**	**3,750**

On 11 July 2016, the Group secured a £3,000,000 loan from Barclays Bank Plc. It is repayable in 12 quarterly instalments after the first drawdown date of 12 July 2016. The rate of interest is variable and is based on LIBOR plus 5%.

On 15 July 2016, loan notes were issued by the Company for £2,000,000. These are repayable on the 15 July 2019 with interest of 10% being paid annually on the anniversary date of the first drawdown.

On 28 April 2017, an unsecured term loan facility was entered by the Company for £500,000 with shareholders. This facility is repayable on 21 June 2019 with interest of 4.85%.

18. SHARE CAPITAL

Group and Company	2017 £'000	2016 £'000
Issued and fully paid:		
A ordinary shares of £1 each	-	-
C ordinary shares of £1 each	369	309
D ordinary shares of £1 each	23	19
E ordinary shares of £1 each	17	17
Total	**409**	**345**

During the year the Company issued 64k £1 ordinary shares (2016: 156k £1 ordinary shares) for a consideration of £3,250k (2016: £6,767k).

19. RETAINED EARNINGS

	Group		Company	
	Capital contribution reserve £'000	Retained earnings £'000	Capital contribution reserve £'000	Retained earnings £'000
Balance at 1 January 2017	299	(2,054)	299	(999)
Gain/(loss) for the year	-	(1,584)	-	(601)
Charge in relation to Share based payments	102	-	102	-
Balance at 31 December 2017	**401**	**(3,638)**	**401**	**(1,600)**

20. NOTES TO THE STATEMENT OF CASH FLOWS

Group and Company	2017 £'000	2016 £'000
Loss from operations	(3,081)	(3,266)
Adjustments for:		
Movement in provisions	-	701
Depreciation on property, plant and equipment	244	247
Amortisation of intangible assets	910	970
Profit on disposal of property, plant and equipment	-	3
Operating cash (outflows) before movements in working capital	**(1,927)**	**(1,345)**
(Increase) in receivables	(2,421)	(1,221)
Increase in payables	3,634	981
Increase in capital contribution reserve relating to share based payments	102	41
(Increase) in deferred tax asset	(20)	(425)
Cash generated by operations	**1,295**	**(624)**
Net cash outflow from operating activities	**(632)**	**(1,969)**

21. RETIREMENT BENEFIT SCHEMES

The Group operates a defined contribution pension scheme which is open to all staff, operated by Standard Life.

An amount of £1,275k (2016: £689k) was recognised as an expense for defined contribution plans. The amount is included in staff costs in the consolidated statement of comprehensive income.

22. OPERATING LEASE COMMITMENTS

At 31 December, the lease arrangements in respect of property, plant and equipment for which the payments extend over a number of years were as follows:

	2017 £'000	2016 £'000
Due:		
Within 1 year	539	550
Within 2 to 5 years	1,273	1,321
After 5 years	702	511
Total	**2,514**	**2,382**

23. FINANCIAL RISK MANAGEMENT

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

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

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

Credit risk

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

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

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

A summary of the current position on Group receivables is included in the trade and receivables note.

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

	2017 £'000	2016 £'000
Cash and cash equivalents	3,888	2,474
Trade and other receivables	7,140	4,718
Total	**11,028**	**7,192**

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

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

The Group has interest bearing assets and liabilities on its consolidated statement of financial position. These assets include cash and borrowings and loans which earn or charge interest at a variable rate. The Board ensure that the surplus cash is transferred to a higher interest rate deposit account when it is not immediately required for operations within the Group.

Given the size and complexity of the Group, 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.

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

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

- Building a business that is cash generative.
- Maintaining at all times a stock of liquid assets that are of sufficient quality and quantity so as to be able to withstand the Group'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 Group's financial liabilities, all of which are measured at amortised cost:

	At 31 December 2017			At 31 December 2016		
	Trade payables £'000	Accruals and other £'000	Loans £'000	Trade payables £'000	Accruals and other £'000	Loans £'000
< 6 months	935	8,150	769	313	5,890	500
6 to 12 months	-	-	500	-	-	500
> 12 months	-	836	3,250	-	-	3,750
Carrying value of liabilities	**935**	**8,986**	**4,519**	**313**	**5,890**	**4,750**

Capital risk management
Capital is held by the Group 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 Group considers its risk appetite, the material risks to which it is exposed and the appropriate strategies required to manage those risks.

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

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

The Group 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.

24. SHARE BASED PAYMENTS

Embark Group Limited, the ultimate parent undertaking, operates long term incentive arrangements in which Group employees have participated. These long term incentives include share based employee compensation arrangements. The cost of share-based employee compensation arrangements, whereby employees receive remuneration in the form of shares or share options, is recognised as an employee benefit expense in the consolidated statement of comprehensive income in the year to which the award relates.

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. It is measured at grant date and spread over the period which is expected to pass before the employees become unconditionally entitled to the shares. The total expense is charged to the consolidated statement of comprehensive income with the associated credit taken to a share option reserve in equity. At the end of the vesting period, upon lapse or forfeit if earlier, this credit is transferred to retained earnings from the share option reserve.

The cost of the incentive scheme is based on the fair value of awards on the date of grant. The value is arrived at using an option pricing model taking into account the terms and conditions upon which the options were granted. No options have yet vested.

The terms and conditions of grants are as follows:

Grant date	Employees	Granted by	Accounting method	Number of instruments	Vesting conditions	Expiry date
5th April 2011	Key staff	Embark Group Limited	Equity	14,400	Sale or listing of business	5th April 2021 or 40 days after sale or listing
26th June 2015	Key staff	Embark Group Limited	Equity	11,000	Sale or listing of business	5th April 2021 or 40 days after sale or listing
5th April 2016	Key staff	Embark Group Limited	Equity	30,609	Sale or listing of business	5th April 2021 or 40 days after sale or listing
5th April 2017	Key staff	Embark Group Limited	Equity	32,250	Sale or listing of business	7 years of vesting

The number and weighted average exercise price of share options is as follows:

	2011		2015		Equity Incentive Plan		2017	
	Share options no.	Weighted average exercise price (£)	Share options no.	Weighted average exercise price (£)	Share options no.	Weighted average exercise price (£)	Share options no.	Weighted average exercise price (£)
Outstanding at the beginning of the year	597	8.87	5,750	14.35	30,527	14.35	-	-
Exercised during the year	-	8.87	-	14.35	(13,582)	14.35	-	5.63
Lapsed during the year	-	8.87	(4,500)	14.35	(1,588)	14.35	(3,500)	5.63
Granted during the year	-	8.87	-	14.35	-	14.35	32,250	5.63
Outstanding at the end of the year	597	8.87	1,250	14.35	15,357	14.35	28,750	5.63

During the year 13,582 options were exercised within the Equity Incentive Plan. The net expense recognised in the year arising from equity settled share based payments is £102,352 (2016: £41,968).

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The fair value of the services received is measured using a Black-Scholes model. Measurement inputs and assumptions applied in determining the fair value of the share options are as follows:

	2011	2015	EIP	2017
Share price at grant date	£8.87	£14.35	£14.35	£44.76
Exercise price	£8.87	£14.35	£14.35	£59.68
Expected volatility	32.00%	32.00%	32.00%	30.70%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%
Risk free interest rate	1.60%	1.60%	1.60%	1.60%
Expected option life to excercise	3 years	3 years	3 years	3 years
Estimated vesting period	3 years	3 years	3 years	3 years
Fair value per option	£1.94	£1.00	£1.00	£1.00

The expected life of the options is based on the Directors' review of the market situation and their expectations regarding a future sale of the Group. The expected volatility reflects the assumption that historical volatility is indicative of future trends, which may not be the case. The expected volatility used in calculations is the average of the historical volatilities for a range of similar companies where data is available. As the Company is a private Company and its shares are not quoted on any recognised Stock Exchange, no reference price exists for the share price at the date of exercise of the options.

25. RELATED PARTY TRANSACTIONS

Company and Group related party transactions:
The Group paid commercial rents totalling £156k (2016: £156k) for premises in Leicester and Holmes Chapel. These premises are owned by a combined pension scheme in which a Director has a significant interest.

On 15 July 2016, loan notes were issued by the Company for £2,000,000 to shareholders. These are repayable on 15 July 2019 with interest of 10% being paid annually on the anniversary date of the first drawdown.

On 28 April 2017, an unsecured term loan facility was entered into by the Company for £500,000 with shareholders. This facility is repayable on 21 June 2019 with interest of 4.85%.

Company related party transactions:
Related party balances as at the year-end were as follows:

	TACL £'000	ESL £'000	EISL £'000	REPL £'000	EBS £'000	ECSL £'000	Total £'000s
As at December 2017							
Due from subsidiary undertakings	33	494	-	-	-	-	527
Due to subsidiary undertakings	-	-	(865)	(4,926)	(1,246)	(377)	(7,414)
As at December 2016							
Due from subsidiary undertakings	-	-	129	-	-	-	129
Due to subsidiary undertakings	-	(1,332)	-	(2,918)	-	-	(4,250)

Balances relate to intercompany loans that are repayable on demand and are therefore held as current liabilities or current assets. No other transactions occurred between related parties, excluding those disclosed above.

26. COMPANY RESULTS

Embark Group Limited reported a loss during the year of £601k (2016: £1,004k loss).

Embark Group Limited
5th Floor, 100 Cannon Street, London EC4N 6EU // embarkgroup.co.uk

Embark Group Limited is a company incorporated in England and Wales and is the holding vehicle for all companies in the Group. Company Registration number: 03578067 AR17 08/18