Real-time assistance

CPPGroup Plc
Annual Report & Accounts 2021

Welcome to CPP Group

Technology has changed the way we work, travel, consume and communicate, and people's lives are busier, more complex and lived at a faster pace than ever before.

With this change comes a profound need to provide safe, easy to use technological solutions which protect and improve people's daily lives and wellbeing.

Purpose

To reduce the disruptions of everyday life for people around the world through our real-time technology solutions.

We deliver on our purpose through our user-centric assistance products that provide effective, targeted resolutions to customers of major brands and financial institutions at the time and place they are needed, making CPP and our partners indispensable in everyday life.

Read more on **pages 2 and 9**

Offer

We create commercial value and consumer loyalty through a range of ancillary products and services that make millions of lives easier and better protected.

Financial

Our actions will deliver long-term, sustainable profitable growth and improved returns for shareholders.

Strategy

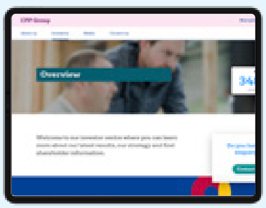
Responsiveness: A relentless focus on partner and end customer needs.

Innovation and experience: Leverage our technology platform to deliver a global plug-and-play white label solutions for our partners, providing market-leading real-time assistance experiences and a growing portfolio of assistance solutions.

Focus: Developing our value-driving markets, exiting from low growth legacy markets and distributing our technology solutions globally.

Transform: Investment in our people and simplified structure across the Group.

Read more on **page 11**



Read more about CPP Group on our website **corporate.cppgroup.com**

A resilient performance

Financial highlights

Although our business and the businesses of our partners have been impacted by COVID-19, our Company has been resilient and our performance has been robust due to our actions over the last two years to simplify and strengthen CPP.

Revenue

£143.6m

+5%

21	£143.6m
20	£136.5m
19	£133.4m

Revenue from Ongoing Operations

£134.8m

+8%

21	£134.8m
20	£125.5m
19	£118.9m

EBITDA[1]

£7.5m

+29%

21	£7.5m
20	£5.8m
19	£4.5m

Profit before tax

£4.2m

+374%

21	£4.2m
20	£0.9m
19	£0.6m

Dividend

12.5p

-50%

21	12.5p
20	25.0p
19	0p

Net funds

£16.4m

+7%

21	£16.4m
20	£15.3m
19	£14.9m

1. 2021 EBITDA includes a one-time benefit of £1.1 million from the release of a commission provision in the UK.

All figures are from continuing operations only with 2019 and 2020 comparatives restated to treat Germany and China as discontinued operations. Refer to note 2 on page 51.

APM glossary on **page 86**

Group overview

Strategic report

Corporate governance

Financial statements

We are a technology-driven assistance company

CPP Group is a technology-driven assistance company that creates embedded and ancillary real-time assistance products and resolution services that reduce disruption to everyday life for millions of people across the world, at the time and place they are needed.

Our solutions smooth out life across six product categories:

My Travel

Real-time automated solutions if consumers' flights are cancelled, delayed or if their luggage is lost.

Parametric Flight Disruption
Parametric Lost Luggage

My Digital life

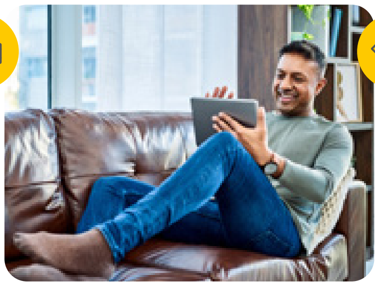
Safeguarding consumers' online identities through the monitoring of personal data breaches, combined with practical, specialist support and protecting businesses from cyber risk through a range of online solutions.

OwlDetect
Identity Protection
Personal Cyber Insurance
Mobile Payments Protection

My Tech

Keeping consumers connected through theft and damage insurance for phone and gadgets, whilst providing real-time protection through anti-virus software and repair or replacement services in the event of loss, theft or damage.

Phone and Gadget Insurance



My Home

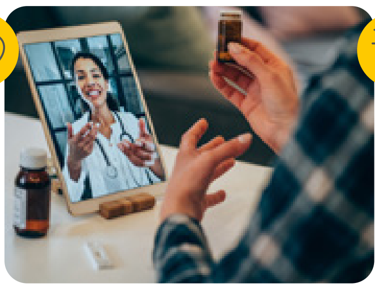
Helping consumers look after their homes through preventative maintenance services, extended warranties for appliances, home emergency assistance, combined with entertainment features.

Extended Warranty
Home Emergency

My Health

Utilising technology to care for consumers' health through quick access to health check assessments, online doctor consultations and discounted medical, pharmacy and dentistry services, and supported with life and critical illness insurance.

LivCare and mobile doctor services



My Finances

Immediate assistance and financial protection to protect payment cards and mobile banking.

Card Protection

We run our business across three core operations in India, Turkey and UK & ROW. Each operation is headed by a local CEO to ensure alignment to local market trends and consumer/partner needs.

India
Revenues from 2021

£119.3m

2020: £108.4m

India is the Group's largest and fastest growing business, driving the Group's near-term growth. The market offers organic growth through the expansion of existing partnerships with credit card providers and non-banking financial companies, and increased digital distribution and servicing to attract new partnerships.

Our Business Process Management (BPM) business, Globiva, in which we hold a 51% interest, offers growth opportunities through increased capacity and continued development of technology-based services.

Turkey
Revenues from 2021

£3.6m

2020: £3.8m

A strong multi-partner, multi-product business with a growing reputation for award-winning, local partner innovation and cyber protection products – helping us to retain long-standing partnerships with our insurer and banking partners and win multiple new contracts in 2021 to deliver a strong trading performance despite economic headwinds.

UK and ROW
Revenues from 2021

£20.7m

2020: £24.3m

Our UK and European markets operate well-established Card and Identity Protection books of business providing strong cash flows. The markets are focused on driving value through product enhancements and high-quality customer service.

Managed from the UK and Ireland we operate a technology-led product and service business delivering real-time resolution assistance services for partners worldwide through our Blink Parametric platform. This provides a scalable, technology-led service with existing distribution partnerships and strong growth potential in Canada, North America, LATAM, Asia and Europe.

Our partners

We work with over 70 major brand and financial institutions to distribute our real-time assistance products and services to their end customers.

Positioning the Group for profitable growth

"In spite of the challenges to the business of a second year of disruption brought about by the COVID-19 pandemic, I am pleased to report that the Group continued with important initiatives to refocus its operations, both domestically and in its key overseas markets of India and Turkey. Additionally, the Group made progress in streamlining its operations, exiting from underperforming geographies and closing down unprofitable products."

David Morrison
Chairman

Streamlining operations
During the year the Group shut down its loss-making operation in Malaysia, disposed of its legacy German Card Protection business and restructured its EU operation. After the reporting period, the Group has also announced the winding down of its operations in Bangladesh and its UK MGA business, and the disposal of the Chinese operations, all of which were considered unable to deliver profitable growth in the foreseeable future. Additionally, detailed plans have been developed for the migration of the Group's remaining legacy operations into a single, standalone business unit, which, once completed, should facilitate a more profitable and disciplined run-off of the Group's UK and non-UK back books.

Refocusing our business
The business is now organised along geographic lines with in-country CEOs for India, Turkey and our UK-based, parametric-technology business, each of whom have prime responsibility for delivering growth in their regions. Furthermore, the Group is in the process of developing a new IT platform which will facilitate new product development and delivery throughout the Group. The platform will initially launch in India in late 2022 with plans to roll-out across other markets in the Group in 2023 and 2024. This will ultimately lead to cost reductions as legacy systems are decommissioned.

Financial results
Despite continued COVID-19 headwinds and the strengthening of sterling relative to other currencies in which the Group operates, the Group delivered growth over the prior year. Group revenues from continuing operations increased by 5% to £143.6 million, whilst EBITDA from continuing operations increased by £1.7 million to £7.5 million, inclusive of a one-time benefit from the release of a third party commission provision relating to the Group's legacy card and identity products. Our balance sheet shows net cash of £22.3 million (2020: £21.9 million), which will allow the Group to fund further investment in its technology platform and, if appropriate, to fund acquisitions.

People
Unsurprisingly our top priority in 2021 has been to support our colleagues, not just in terms of creating COVID-safe office and home-working conditions, but also to sustain their overall wellbeing. We actively seek their engagement and participation, and the achievements of the past year are a testament to their hard work and dedication. On behalf of the Board, I offer my thanks to them.

Board changes
We were pleased to announce on 1 December 2021 the appointment of Jeremy Miller as an independent Non-Executive Director, succeeding Timothy Elliott, who stepped down from the Board at the end of November 2021. Mark Hamlin also retired from the Board at the end of November and stood down as Chairman of Globiva, in which the Group holds a 51% shareholding, at the end of December. Mark and Tim had been on the Board since 2016 and 2017 respectively and I would like to thank them both for their years of service to the Group. It is our objective to add one additional independent Non-Executive Director to the Board during the current year, who will, ideally, have specific operational experience in that part of the insurance and assistance sectors in which the Group operates.

Early in the year, Justine Shaw, Head of Culture and HR, left the Group, with her responsibilities being distributed to existing members of the management team, and, in particular, Paula Cartwright, who was promoted to lead our HR function. In October 2021, Oliver Laird, our CFO, resigned from the business. We were pleased to be able to announce in December the appointment of Simon Pyper to succeed him. Simon brings with him many years of experience, both as CFO and CEO, of growth companies in the services sector.

Subsequent to the financial year end, Jason Walsh (announced on 8 February 2022) stood down as Chief Executive Officer, after six years in the role and 20 years of service to the Group. I would like to thank Jason for his many years of service and the contribution he has made. He took the reins as Chief Executive Officer of the Group at a difficult time, after several years of financial and regulatory challenges had almost brought it to its knees and he leaves a stable organisation with considerable potential for growth.

Jason has been succeeded as CEO by Simon Pyper and the Group announced, on 8 February 2022, the appointment of David Bowling, an internal candidate with ten years' service to the Group, as Chief Financial Officer. I have utmost confidence that both Simon and David will make a substantial contribution to the success of the Group in the next few years, and I congratulate them on their appointments.

Extensive Board and senior personnel changes in a short period are inevitably unsettling for all stakeholders in the Company, but particularly the members of the management team. I would particularly like to recognise the commitment and fortitude of all those members of the team who have participated in and enabled these changes to take place in a committed and professional manner.

I would also like to add my specific thanks to Deepak Matai, who leads our largest operating entity in India, and his colleagues, who have been able to deliver strong growth in spite of the impact of COVID-19 in his country, as well as to Selnur Guzel, whose management of our business in Turkey, along with her team, has been even more forceful than the hurricane-force economic and currency turbulence in which she and her colleagues have had to operate.

Outlook and dividend
In our pre-close trading update of 19 January 2022, we reset the Group's earnings expectations for the current financial year, reflecting in part, the delayed benefits and additional costs brought about by the revision to the scope and consequent implementation timetable for the Group's new IT platform.

Along with revising the Group's earnings expectations we are resetting our dividend guidance. The revised guidance on dividends will better reflect the Group's earnings expectations, cash requirements and prospects. Consequently, the Board is pleased to announce a final dividend of 7.5 pence per share giving a full year dividend of 12.5 pence (2020: 25.0 pence).

The proposed final dividend will be paid on 17 May 2022 to shareholders on the register at the close of business on 19 April 2022. The ex-dividend date will be on 14 April 2022.

Whilst it is always disappointing to re-set market expectations, the business continues to make good progress and is, I believe, notwithstanding heightened levels of uncertainty globally as a result of the tragic events in the Ukraine, increasingly well positioned for profitable and sustainable growth.

David Morrison
Non-Executive Chairman
28 March 2022

Building a technology-driven assistance company

"

A second year of challenges created by COVID-19 has obliged our customers, our partners and our people to adapt, often at pace, to the ever changing and often disrupted circumstances in which they live, work and conduct business."

Simon Pyper
Chief Executive Officer

Our Company's performance has been remarkably resilient, thanks to the efforts of our people and the demonstrable value of what we do for our customers and partners.

While revenues were impacted by COVID-19 and associated Government imposed restrictions, particularly in our key Indian market, our performance exceeded our own expectations and I am pleased to report that revenues from continuing operations grew by 5%, and on a constant currency basis by 11%, to £143.6 million (2020 restated: £136.5 million). Additionally, the actions commenced in 2020 and 2021 to streamline the business, exit unprofitable markets and reduce costs, in combination with the one-time commission provision release in the UK, led to an improvement in EBITDA from continuing operations of 29% to £7.5 million (2020 restated: £5.8 million) for the year.

We have also had a positive year in terms of client retention and business development and have increased our customer base from 11.3 million to 11.4 million and whilst our renewal rate has reduced to 63.6% (2020 restated: 68.5%) this is principally due to market mix with the renewal base further shifting towards India and Turkey.

A refocused business
We have over the past year re-organised our operating business and management structures to reflect how we see and manage the business. We start 2022 with a leaner organisational structure, one which is designed to meet the expectations of our growing client base. The new structure reflects our geographic bias, our strategic intent to grow our technology business Blink, and to exit from the predominately European low growth, regulatory-intensive markets where declining customer numbers with a relatively fixed cost base are eroding margin.

A resilient financial performance
Group revenue grew by 5% on a reported basis and by 11% on a constant currency basis. Ongoing revenues, which exclude revenues relating to our Restricted Operations (legacy UK back books), grew by 8% on a reported basis and by 14% on a constant currency basis. Group EBITDA grew by 29% to £7.5 million.

India: revenue £119.3 million (2020: £108.4 million) and EBITDA £7.8 million (2020: £7.7 million)

India is the Group's largest operating business, generating 83% of total revenues. The business performed well, despite a circa 7% weakening of the Indian rupee over the year, with absolute revenue growth for 2021 of +10% (constant currency +17%). EBITDA growth was subdued due to reduced sales efficiency associated with COVID-19, with some modest margin erosion due to local regulatory changes.

There are two constituent businesses:

1. CPP India: Reported 2021 +7% to £109.0 million (2020: £101.6 million), constant currency growth of +14%. CPP India works closely with its business partners to drive value by growing customer loyalty through the design and delivery of simple and innovative products which fit seamlessly into the everyday life of consumers; and
2. Globiva: Reported 2021 +51% to £10.3 million (2020: £6.8 million), constant currency growth of +57%. Globiva is 51% owned by the Group and is one of India's fastest growing BPM companies providing outsourced customer relationship management, back-office functionality and automated human resource services to a growing roll of clients.

Turkey: revenue £3.6 million (2020: £3.8 million) and EBITDA £0.9 million (2020: £0.9 million)

CPP Turkey is, in many respects, the most developed and most balanced of our businesses, with a broad and well-established partnership base coupled with a diverse mix of revenues. Despite difficult economic conditions our Turkish business delivered the highest EBITDA margin and achieved revenue and EBITDA growth, on a constant currency basis, of +28% and +53% respectively.

Blink: revenue £0.3 million (2020: £0.2 million) and EBITDA loss £0.2 million (2020: £1.3 million loss)

Blink (CPP Innovation Limited) is a technology and software platform focused on providing innovative insurance solutions for the global travel sector. Blink has also designed and deployed a parametric business interruption solution and has an active product pipeline to enter other sectors. Blink leverages CPP's technology platforms to deliver bespoke plug-and-play 'white label' solutions for our partners, typically travel insurance providers.

Legacy and Restricted Operations: revenue £20.4 million (2020: £24.1 million) and EBITDA £3.4 million (2020: £3.5 million)

Our 'legacy and restricted' business comprises our UK and European operations which have historically focused on the Group's legacy Card and Identity Protection products. The UK business continues to operate under a variation of permissions with the FCA which does not permit new sales, however, moreover the market for these products is in decline, which coupled with ongoing regulatory scrutiny and a high fixed cost base, means that these books of business will reach an inflexion point in future years where they will be unprofitable to maintain.

Central costs: £4.2 million (2020: £4.7 million)

Central costs before appropriate recharge to business units are £10.4 million (2020: £11.6 million) of which £4.0 million relates to the cost of the Group's IT operations. The majority of the IT costs, which are recharged to the Group's operating businesses, represent costs associated with maintaining regulatory compliant, consumer data, in multiple geographies.

The Group is developing a new IT platform which is expected, once deployed, to deliver significant efficiencies from late 2024.

Whilst IT costs have remained flat, other central costs have decreased by 17% compared to the prior year.

Strategic priorities
Fundamentally, we are a business which provides products and solutions which assist and protect the daily lives, be it online or real world, of millions of customers of major brands and financial institutions.

Our strategy must reflect the regulatory, economic and market nuances of the geographies in which we operate. Consequently, and save for our new IT platform and the introduction of our Blink proposition, there are few other scale benefits to be had, as all our products and services are, to some degree, bespoke. However, the lack of scale benefits does not equate to a lack of opportunity.

Our key strategic priorities are to simplify our business, to reduce costs and to build a platform which focuses on innovation in each of our key geographies and organic growth which may be supported, where appropriate, by acquisitions and strategic investments. We have a clear approach for growing our Indian and Turkish businesses and to wind down our legacy and restricted operations in a disciplined and profitable manner. We also intend to invest and grow our Blink business and to build and implement a new Group-wide IT platform, both of which should provide some scale efficiencies over the medium-term.

As, over time, we manage down our legacy and restricted operations we are, save for Blink, in need of a coherent long-term strategy for our UK and European markets. Whilst we have yet to set a definitive plan for these markets our initial conclusions suggest a move away from the traditional consumer focused products of the Group, which are highly regulated and carry a high overhead requirement. We are instead considering a move toward either a technology-led strategy, or a move into the business-to-business sector, which has more attractive economics and is less regulated, or both.

Whichever strategy we pursue for our important UK and European markets, implementation will require careful planning, will leverage our current infrastructure, and, where appropriate, will include acquisitions.

1. India
Our growth will be organic led, with a focus on developing multi-product strategic partnerships across the financial services and technology sectors. We will focus on:

1. Introducing higher margin products which augment our partners proposition, and which generate repeatable ancillary revenues.
2. Implementing our new technology platform, which will widen the range of mobile-first and digital sales channels which we can serve and, moreover, open access to new partner channels and new customer segments.

Even though we have experienced high growth over the past few years, we remain confident of further profitable growth over the long-term.

Strategic priorities continued

2. Turkey

We will have an organic led strategy focused on entrenching relationships and winning new partners in the mobile, digital and financial services sectors. We will continue to innovate and deliver services and products which improve the day-to-day lives of consumers whilst improving revenues for both our partners and the Group.

At the same time, acquisitions to accelerate growth are becoming more attractive, as they would provide both a natural exchange rate hedge and, moreover, accelerate client acquisition.

3. Blink

Blink is our newest business, with similar attributes to a start-up software business. Leveraging the Group's existing product set, Blink is focused on delivering differentiated 'white label', technology-led services for insurance companies operating in the Travel and Digital sectors.

We will focus on organic growth led by additional account management and technology headcount. In the longer-term, we will develop new products and solutions for other digital intensive sectors.

4. Legacy and Restricted Operations (UK & Europe)

CPP's original strategy was one of volume, based on selling as many of the Group's products, such as Card Protection and Identity Protection in multiple geographies. As regulatory frameworks tightened, and consumer buying patterns changed, the demand and margin associated with our more traditional products started to decline. Our approach is to manage the decline in a disciplined and profitable manner.

5. Technology

We are developing a new digital cloud-based IT platform which we expect to start rolling out in India towards the final quarter of 2022. Group-wide implementation is expected to complete during 2024. The new platform, once fully operational, will allow the Group to lower costs, improve efficiencies in each geography and, moreover, accelerate the development and introduction of new and complementary products and services.

Specifically, the new platform is a hybrid, flexible and cloud-first approach to managing our product proposition, CRM, and subscription platforms. Utilising technologies which are both scalable and adaptive, the new platform can be re-deployed to any market and hosted in multiple countries to meet strict data residency requirements. Moreover, the platform draws on the strengths of Amazon Web Services to provide a secure, scalable and redundancy-free global infrastructure that enables the business to 'Plug & Play' third party solutions without affecting the core platform.

People

I want to thank all my CPP colleagues for their dedication, hard work and commitment while simultaneously responding and adapting to the effects of a global pandemic. It is a measure of the quality of our people that our entire business pivoted seamlessly to home-working with no interruption to the support we give our partners and customers.

We look forward with cautious optimism to a gradual return to normal working patterns over the course of 2022.

Outlook

I have only been involved in the business for a short while, but my initial impressions are unreservedly positive. We have excellent businesses in India and Turkey where we expect further strong underlying growth. We are building what I believe to be a compelling proposition for the travel sector with our embryonic Blink platform and are exiting underperforming operations both in the UK and abroad. As if this were not enough, we are developing and will later this year start to introduce our new, digital cloud-based IT platform. We are, as we exit from the UK MGA and as the renewal book continues to run-down, in need of a clear and executable strategy for the UK, and this is something that the Board and I will address during 2022.

We are now focused on optimising the allocation of our human, intellectual and financial capital to where we can better achieve commercial advantage and attractive returns. To that end, and post the reporting period, we further simplified the Group through the exit from our underperforming China, Bangladesh, and UK MGA operations. Additionally, the Board is evaluating the change management programme, introduced by the previous management team, to ensure that the various projects are consistent with the Group's new direction of travel and moreover, that the benefits assumed are realisable.

At the time of writing the Group is in discussions with its largest partner, Bajaj Finance Limited, to early renew and extend current arrangements. While there is likely to be some commercial trade-off between securing higher volume (revenue) and pricing we will have stronger visibility over a substantial amount of forward revenue.

I am determined to re-energise CPP, to simplify its business model and to improve outcomes for all stakeholders, and in particular for our shareholders.

Simon Pyper
Chief Executive
28 March 2022

Our strategic priorities

Organic growth

India
Turkey
Blink

Acquisitive growth

Turkey
UK and Europe
Blink

New IT platform

India
Turkey
UK and Europe
Blink

Capturing market opportunity through technology, people and partnerships

CPP builds products and solutions which provide assistance and protection to consumers in their everyday lives, be it online or real world.

We provide assistance and protection solutions

Digital
Protecting consumers and businesses from cyber risks. Assisting customers through preventative anti-virus software, personal data monitoring, alerts and practical support if sensitive data is compromised.

Real world
Protecting consumers' wellbeing through the provision of accessible health services. Assisting with the inconveniences at home and on the move through appliance warranties & maintenance services, payment card cancellation, lost or damaged phones and gadget insurance, and real-time access to cash or airport lounges in the event of flight delays/lost luggage.

We do this leveraging key resources

Technology
Investments in technology platforms to drive product development, operational leverage and efficiencies.

Data
Utilising customer data analytics and large global data sets to drive targeted product innovation, delivery and distribution.

Partnerships
Our business is structured to develop deep understanding of our partners, markets and end customer needs.

Financials
A strong cash position (£22.3 million) to fund our capacity for reinvestment to secure long-term value for shareholders.

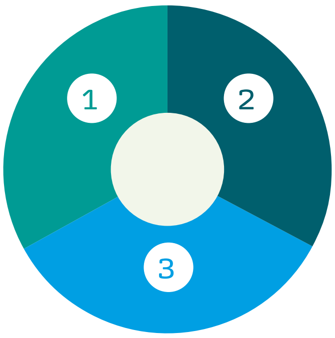
Colleagues
Investments in the development of a learning culture to engage the best people right across the business.

To support our core activities

1. Distribution and relationships
Products and services are embedded or sold as an ancillary offering at relevant points in the partner customer journey. We operate flexible commercial structures and fully-managed, white label customer experiences.

2. Bundled services
We create bespoke products, insurance and services to augment local partners' propositions to fit their commercial models and customer needs. We do this through CPP developed products, third party services and joint ventures.

3. Technology services
We develop white label, plug and play solutions from our Blink Parametric platform and transfer them across multiple markets in a low resource, systematic and replicable way, driving margin expansion.



Generating revenue through

High recurring customer annuity revenue
Customers pay monthly or annual premiums to CPP and we pay commission to our partners.

Recurring partner revenue
Partners pay recurring monthly fees to include our services into their core product on an embedded basis.

Fixed-term revenue
One-time, one or three-year, revenue streams from ancillary products that operate under a fixed term.

Delivering value for customers and partners

Partners
- Delivering innovation, loyalty, additional revenue and profit.
- API/tech-led delivery enables seamless integration, differentiation and speed to market.
- Event-based, automated claims processing to improve usage.

>70
active partners

Customers
- Swift, affordable and transparent assistance products.
- Instant claims processing and payments.
- Disruptions to customer lives are managed with little impact.

11.4m
customers protected (live base number)

Building sustainable shareholder value

Strong customer and retail growth

We have established, well managed businesses in India and Turkey which have sustained strong customer and revenue growth for a number of years. Our customer numbers have increased to 11.4 million in 2021 and we continue to grow our partner base, further increasing opportunities.

Partnerships with leading global businesses

We create products that bring our partners ancillary revenue streams, profit and enhanced customer loyalty; as well as delivering highly valued services to their customers.

Increased profits

Our strong partnerships have seen profits grow in recent years which will continue through deepening existing relationships and successful product diversification. In addition, the work undertaken to simplify the Group, including exit of loss-making markets, enables the Group to focus its resources on growth markets from a lower cost base.

Increasing cash generation

A strong cash position at the end of 2021 of £22.3 million is supported by the growing businesses in India and Turkey and profitable returns from the legacy renewal books in the UK and Europe. This places CPP in a strong position to support strategic initiatives and maintain a focus on returns to shareholders.

Effective tax rate

As previously guided, our effective tax rate is reducing following actions to exit loss-making operations and ongoing control of the central cost base. This demonstrates that the overall tax burden compared to returns is falling and allows for a sustainable covered dividend policy.

Strong capital allocation

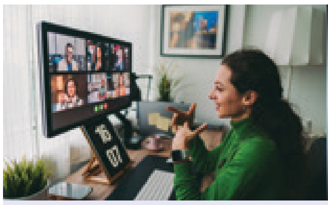
The Group has a strong balance sheet. Our capital allocation strategy balances the financial health of the business, the ability to fund strategic initiatives for growth and deliver sustainable returns to shareholders.

How we'll deliver value for all stakeholders

We have a clear goal: to become the leading provider of technology-driven assistance products that are delivered when and where people need them.

Strategic pillars

To deliver on this goal we will continue the development of the Group strategy to simplify our business, drive organic growth, hunt for acquisitions and strategic investments, reduce costs and build a platform which focuses on growth and innovation.



Responsiveness

A relentless focus on end customer and partner needs.

Innovation and experience

Leverage our technology platform to deliver a global plug and play, white label solution for our Partners.

Focus

Developing our value-driving markets, exiting from low growth legacy markets and distributing our technology solutions globally.

Transform

Investment in our people and simplified structure across the Group.

Priorities

- Deliver new technology platform for our Indian business.
- Grow our India business through widening distribution routes and higher margin products.
- Grow our Blink Parametric business globally.
- Grow our Turkish business through organic activity and acquisitions.
- Grow our UK and European market through an acquisition route.
- Simplify and wind down our Legacy business migrating from legacy technology.
- Investment in our people and re-setting the culture.

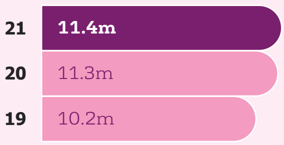
Desired outcomes

- Simpler business to manage – clear focus on growth not legacy.
- Reduction of the cost of technology across the Group.
- Strong revenue growth with higher margins.
- Balanced growth for the business, de-risking dependency on India.
- Value adding acquisitions to accelerate growth.
- Reduction in our regulatory burden.
- Re-set culture in line with the refocused strategy to accelerate growth and execute technology delivery.

Measuring our progress

Live policies

11.4m +1%

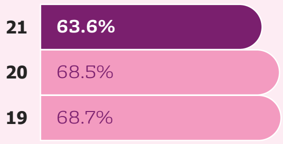


Measure
The total number of active policies that provide continuing cover or services to policyholders.

Performance
The live policy base has increased by 1% in the year due to 30% growth in customer numbers in Turkey and 1% growth in India. This has been offset by the continued reduction in the size of our UK and European renewal books. The rate of customer growth has slowed in comparison to previous periods as one-time policy sales in India begin to level out year on year.

Annual renewal rate

63.6% -4.9%

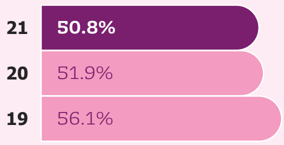


Measure
The net amount of annual retail policies remaining on book after the scheduled renewal date, as a proportion of those available to renew.

Performance
The annual renewal rate for 2021 has decreased by 4.9 percentage points. The reduced rate reflects the negative mix impact from a greater weighting towards our Indian and Turkish books which typically renew at lower rates than our diminishing legacy renewal books along with a rate reduction in the UK following further changes in the renewal process for vulnerable customer groups.

Cost/income ratio

50.8% -1.1%



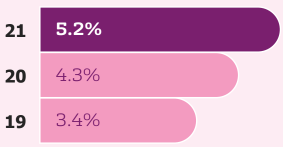
Measure
Cost of sales (excluding commission) and administrative expenses[1] as a percentage of revenue.

Performance
Our cost/income ratio has decreased 1.1 percentage points year on year.
The improvement is due to the mix benefit of growth in India which has a comparatively low cost base (excluding commissions) and a reduction in central costs.

1. Cost of sales (excluding commission) and administrative expenses (excluding depreciation, amortisation and exceptional items) as a proportion of revenue.

EBITDA margin

5.2% +0.9%

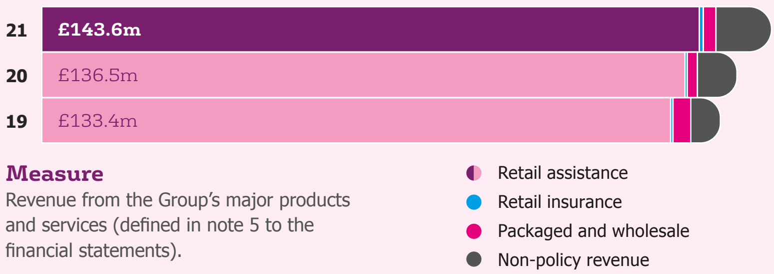


Measure
EBITDA as a percentage of revenue.

Performance
Our EBITDA margin has increased by 1.0 percentage points year on year with the benefit from a one-time commission release in the UK and reducing central costs being partly offset by reducing efficiency in the UK legacy business. Excluding the UK commission release EBITDA margin would be broadly flat at 4.4%.

Revenue from major products

£143.6m +5%



Measure
Revenue from the Group's major products and services (defined in note 5 to the financial statements).

Performance
Revenue from retail assistance policies has increased by 2% year on year due to growth in India which has been partly offset by the continued decline in the renewal books in our traditional UK and European markets. Non-policy revenue has increased by 54% reflecting a strong recovery in Globiva after a COVID-19 impacted prior year and growth in claims handling services in the UK.

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All KPI comparative information for 2019 and 2020 has been restated to remove Germany and China which are discontinued operations.

Refocusing the business

"The Group has continued to make solid financial progress in 2021 in the face of continued disruption in our markets from the pandemic as we refocus its resources on the key markets which provide the best opportunity for sustainable growth. As expected, this has improved profitable performance and reduced the cash draw on the business."

David Bowling
Chief Financial Officer

This strategy has led to the sale of our legacy German Card Protection business and the exit from the Chinese market which completed in January 2022. As a result, these businesses are presented as discontinued operations with this review focusing on the performance of the Group's continuing operations.

Continuing operations	2021 £'m	2020 (restated)[1] £'m
Revenue	**143.6**	136.5
Gross profit	**32.9**	34.1
EBITDA[2]	**7.5**	5.8
Operating profit	**2.9**	2.3
Profit before tax	**4.2**	0.9
Taxation	**(3.7)**	(3.4)
Profit/(loss) for the year	**0.5**	(2.5)
Basic earnings/(loss) per share (pence)	**0.85**	(30.21)
Cash generated by operations[3]	**7.4**	6.2
Dividends (pence)[4]	**12.5**	25.0

1. Restated to reflect Germany and China as discontinued operations.
2. Excluding depreciation, amortisation and exceptional items.
3. Includes cash generated from continuing and discontinued operations.
4. Interim dividend paid and final dividend proposed.

Group revenue has increased by 5% (11% constant currency) to £143.6 million (2020 restated: £136.5 million) with the growth continuing to be driven by our Indian market. EBITDA has also improved to £7.5 million (2020 restated: £5.8 million) which is a 29% (54% constant currency) increase. The EBITDA improvement reflects the benefit of restructuring initiatives to reduce our geographical footprint or streamline operations to focus resources on the markets with the strongest prospects along with careful control of the central cost base. EBITDA includes a one-time benefit of £1.1 million from the release of a commission provision in the UK. Excluding this factor, EBITDA would have been £6.4 million, which is 9% higher than in 2020.

Gross profit has reduced by 4% (1% constant currency increase) to £32.9 million (2020 restated: £34.1 million). This results in a reduction in the gross profit margin to 22.9% (2020 restated: 25.0%) reflecting the continued growth in our Indian business which has higher costs of acquisition associated with sales than the UK and EU renewal books it is replacing. In addition, whilst gross profit in India is increasing this is at a lower margin year on year as an increasing share of revenue and customer growth comes from lower margin product variants. Gross profit has also benefitted from the £1.1 million commission provision release in the UK and therefore would have been 7% lower than the prior year at £31.8 million at a margin of 22.1% without it. We expect our gross profit margins to continue to reduce in the medium-term whilst growth is predominantly driven by India and the legacy renewal books diminish. Longer-term margin improvement will be driven by product diversification in India and growth in technology-led product and distribution.

Revenue growth

5%

Full year dividend

12.5 pence

We are pleased that EBITDA has increased to £7.5 million (2020 restated: £5.8 million) which reflects the one-time £1.1 million benefit from the commission provision release alongside a reduction in the cost base with administrative expenses, before depreciation and exceptional items, reducing by 10% in the year. The reducing cost base demonstrates the expected savings from restructuring exercises across the Group to address loss-making operations and available operational efficiencies.

Depreciation and amortisation charges have decreased marginally to £3.0 million (2020 restated: £3.2 million). The Group's amortisation charges are expected to increase in the medium term as the new technology platform is launched in India during Q4 2022 and Globiva increases its operational capacity to facilitate growth.

Exceptional items charged to operating profit total £1.6 million (2020: £0.4 million) as the Group continues to focus its resources on its key markets. Restructuring activities in the year have included the realisation of operational efficiencies in Spain, new business activities being halted in Mexico, the closure of Malaysia and a reduction in central Board costs. In addition, Blink, the parametric platform, was brought under central management.

The growth in EBITDA, in conjunction with the exceptional items and depreciation charges, results in operating profit increasing by 27% to £2.9 million (2020 restated: £2.3 million).

Other gains and losses comprise a gain of £1.5 million (2020: £1.3 million loss) which reflects a fair value gain on our investment in KYND. In December 2021, following a funding round by KYND, our holding was diluted to 14.7% (2020: 20.0%), consequently we no longer recognise the investment as a joint venture and have ceased equity accounting. Our reduced share of the holding in KYND has a fair value of £1.9 million which is in excess of the £1.4 million invested by the Group to date. Due to the one-off nature this gain has been treated as an exceptional item outside of operating profit.

As a result, the Group's profit before tax was £4.2 million (2020 restated: £0.9 million) and we have a profit after tax of £0.5 million (2020 restated: £2.5 million loss).

Tax

The tax charge from continuing operations was £3.7 million (2020 restated: £3.4 million) which constitutes an effective tax rate (ETR) of 88% (2020 restated: 386%). The ETR is impacted by withholding taxes arising on dividend repatriations of £1.2 million (2020: £0.8 million) as cash increasingly generated in our overseas markets is repatriated to the UK.

The local tax rates applying to our profitable countries which are higher than the UK corporate income tax of 19% is also a contributor to the high ETR. India, the most profitable of our markets, has a local tax rate of 25.2%. In total, the tax charge includes £2.0 million of Indian tax (2020: £1.7 million). The tax rates in Turkey, Spain and Italy are also higher than the UK statutory rate which adversely impacts our ETR.

Whilst the ETR is high, the overarching trend is a reduction in ETR as savings from operational efficiencies, market exits and restructuring exercises are reducing the number of loss-making entities in the Group.

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Cash balance

£22.3m

Adjusted ETR

	2021		
	Reported – continuing operations £'m	**Exceptional items and one-offs[1] £'m**	**Adjusted £'m**
Profit before tax	**4.2**	**(0.9)**	**3.3**
Tax	**3.7**	**0.2**	**3.9**
ETR	**88%**	**(18)%**	**119%**

	2020		
	Reported – continuing operations £'m	**Exceptional items[1] £'m**	**Adjusted £'m**
PBT	0.9	1.7	2.5
Tax	3.4	—	3.4
ETR	386%	—	135%

1. Comprises exceptional items of £0.2 million (2020: £1.7 million) and one-time benefit from the commission provision release in the UK of £1.1 million (2020: £nil). Further detail of exceptional items is provided in note 6 on page 60.

The exceptional items and one-offs in the year have increased profit by £0.9 million whilst there has been a reduction in tax of £0.2 million. Without the exceptional items and one-offs, the Group's ETR would increase to 119% (2020 restated: 135%).

As the UK statutory rate of tax increases to 25% on 1 April 2023, the ETR is expected to become closer aligned to the UK statutory tax rate as the difference between the UK and the tax rates in the overseas territories in which we make profits align. But, the ETR will remain higher in future years as we provide for withholding taxes on overseas distributions and continue to generate losses in developing markets against which we are not able to recognise deferred tax assets.

Overall, we expect a progressive reduction in our ETR as our loss-making operations reduce, distributions from overseas countries stabilise and volatility arising from one-off charges declines.

Dividend

Last year we were pleased to confirm the recommencement of a dividend. The Board remains committed to providing sustainable returns to shareholders at a level that reflects the Group's cash requirements and progress.

As a result, the Directors have proposed a final dividend of 7.5 pence per ordinary share giving a full year dividend of 12.5 pence (2020: 25.0 pence). The proposed final dividend is subject to approval by shareholders at the AGM and is expected to be paid on 17 May 2022 to all shareholders on the Register of Members on 19 April 2022 with the ex-dividend date being 14 April 2022.

Discontinued operations,

The Group has classified its German and Chinese businesses as discontinued in the current year (see note 15 on page 66). The total profit after tax from discontinued operations of £2.5 million comprises £3.3 million profit in relation to Germany and £0.8 million loss from China.

	2021 £'m	2020 £'m
Revenue	**2.5**	4.7
EBITDA	**0.3**	1.3
Operating (loss)/profit	**(0.2)**	1.0
(Loss)/profit after tax	**(0.1)**	0.9
Profit on disposal	**2.6**	—
Profit for the year	**2.5**	0.9
Net liabilities held for sale	**(0.1)**	—

On 17 May 2021, the Group completed the sale of its German business for a final cash consideration of £2.4 million to Deutsche Schutzbriefgesellschaft GmbH (Mehrwerk). The proceeds, together with costs associated with the disposal and the carrying value of net liabilities on disposal, generated a profit on disposal of £2.7 million. Germany also generated trading profits after tax of £0.6 million up to the disposal date (2020: £1.5 million for a full year of trading).

Our China business was held for sale at the balance sheet date with the transaction subsequently completing on 27 January 2022 with T-Link Holdings Limited (T-Link) for a nominal consideration of HK$1. The terms of the transaction included a working capital cash injection of £0.5 million immediately prior to completion. The Group expects that the transaction together with trading losses will generate a profit of approximately £0.6 million in 2022. China contributed trading losses of £0.8 million (2020: £0.6 million) in the 2021 financial year.

Cash flow and net funds

	2021 £'m	2020 £'m
EBITDA	**7.7**	7.2
Exceptional items[1]	**(1.6)**	(0.3)
Non-cash items	**0.1**	1.5
Working capital movements	**1.2**	(2.2)
Cash generated by operations	**7.4**	6.2
Tax	**(2.8)**	(3.0)
Operating cash flow	**4.6**	3.2
Capital expenditure (including intangibles)	**(1.9)**	(1.8)
Lease repayments	**(1.5)**	(1.7)
Net proceeds from disposals[2]	**2.3**	0.3
Net finance revenues	**0.1**	0.4
Dividends	**(2.6)**	—
Costs of refinancing	**—**	(0.1)
Net movement in cash[3]	**1.0**	0.3
Net funds[4]	**16.4**	15.3

1. Exceptional items represent cash costs relating to restructuring.
2. Net proceeds from the disposal comprises cash proceeds from disposal of £2.4 million (2020: £0.3 million) less cash disposed with business of £0.1 million (2020: £nil).
3. Excluding the effect of exchange rates.
4. Net funds comprise cash and cash equivalents of £22.4 million (2020: £21.9 million) and a borrowing asset of £nil (2020: £0.1 million) less lease liabilities of £6.0 million (2020: £6.7 million).

The net funds position has increased to £16.4 million (2020: £15.3 million), which includes cash of £22.4 million (2020: £21.9 million). The Group has generated additional cash of £0.5 million in the year with increasing cash generated by operations and cash proceeds from the sale of Germany being largely offset by dividend payments, one-time restructuring costs and adverse foreign exchange movements.

Cash generated by operations has increased to £7.4 million (2020: £6.2 million) reflecting a working capital benefit mainly driven by India. Tax paid has remained broadly stable at £2.8 million (2020: £3.0 million) which is a combination of taxes payable on profits in our markets and withholding taxes on overseas dividends to the UK.

Proceeds from disposal relate to the net £2.3 million received on the sale of Germany. The proceeds have been more than offset by the reintroduction of the dividend with £2.6 million paid in the year in the form of a 2020 final dividend and 2021 interim dividend.

As the Group's growth has shifted to overseas markets, a material amount of the cash balance is generated in India and Turkey along with cash generated by the EU renewal books. These markets are profitable which enables repatriation of funds to the UK. There are tax costs associated with returning these funds to the UK with our blended cost being approximately 10%. As a result of accounting recognition principles, cash generated in India exceeds the profits generated and available to distribute and therefore cash planning continues to be important. This, along with our regulatory requirements in the UK, results in £1.5 million (2020: £2.1 million) cash not being immediately available to the Group, albeit the Indian funds are fully available for use by the Indian business.

The Group has a £5.0 million revolving credit facility (RCF) which is in place until August 2023. The RCF is not currently drawn.

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Events after the balance sheet date

The Group completed the sale of China on 27 January 2022 with T-Link.

The Group is in the process of remodelling its operating structure as a greater focus is placed on the distribution of technology-led propositions into the UK and Europe. These technology-led solutions will lead to a simplified UK-based operating model. This in conjunction with a smaller geographic footprint has led to a restructuring process commencing in the UK, which will see a redundancy programme in 2022. Exceptional restructuring costs in 2022 are expected to be in the range £0.2 million to £0.3 million which is anticipated to generate annualised savings of approximately £1.0 million.

Foreign exchange

The sustained strengthening of sterling through 2021 has led to exchange rate movements continuing to work against the Group. The primary impacts on our results have been in our Indian and Turkish businesses where exchange rates have depreciated by approximately 7% and 37% (2020: 6% and 29%) respectively over the year. This has adversely impacted reported results when comparing to the prior year. We are pleased to observe that the volatile Turkish lira, led by economic policy, seems to have stabilised in recent weeks and we continue to manage as much as possible against a devaluation of surplus cash balances in the market.

The reported results compared to 2020 include the following adverse foreign exchange movements: £7.4 million (2020 restated: £6.8 million) within revenue; and £0.9 million (2020 restated: £0.6 million) at an EBITDA level.

Segmental performance

REVENUE	2021 £'m	2020 (restated)[1] £'m	Change	Constant currency change
Ongoing Operations				
India	**119.3**	108.4	10%	17%
Turkey	**3.6**	3.8	(5)%	28%
Blink	**0.3**	0.2	84%	88%
UK & Rest of World[2]	**11.6**	13.1	(11)%	(8)%
Total Ongoing Operations	**134.8**	125.5	8%	14%
Restricted Operations	**8.8**	11.0	(21)%	(22)%
Group revenue	**143.6**	136.5	5%	11%

EBITDA	2021 £'m	2020 (restated)[1] £'m	Change	Constant currency change
Ongoing Operations				
India	**7.8**	7.7	2%	11%
Turkey	**0.9**	0.9	(4)%	53%
Blink	**(0.2)**	(1.3)	80%	80%
UK & Rest of World[2]	**0.2**	(0.3)	188%	171%
Total Ongoing Operations	**8.7**	7.0	27%	43%
Restricted Operations	**3.2**	3.8	(14)%	(14)%
Central Functions	**(4.2)**	(4.7)	11%	11%
Segmental EBITDA	**7.7**	6.1	26%	50%
Share of loss in joint venture	**(0.2)**	(0.3)	28%	28%
Group EBITDA	**7.5**	5.8	29%	54%

1. Restated to reflect Germany and China as discontinued operations.
2. UK & Rest of World comprises UK, Spain, Italy, Portugal, Mexico, Bangladesh, Malaysia and Southeast Asia (2020 only).

All percentage change figures in the segmental operating report below are stated on a constant currency basis to eliminate the effects of foreign exchange to enable better year on year comparison.

Ongoing Operations (94% of Group revenue)

Revenue increased by 14% to £134.8 million (2020 restated: £125.5 million) and EBITDA increased to £8.7 million (2020 restated: £7.0 million). The growth and improvement in EBITDA performance in our Ongoing Operations segment continues to be an important demonstration of the necessary shift from our naturally declining legacy businesses to the key growth markets in the Group.

Our Indian business, which includes Globiva, has had another strong year and continues to drive the growth in this segment with revenue increasing by 17% to £119.3 million (2020: £108.4 million). COVID-19 continued to cause some disruption particularly during the well documented second wave in Q2 which the business was able to withstand well following the learnings of 2020. The growth has been fuelled by our relationship with Bajaj with a strong increase in FoneSafe (mobile phone protection product) and LivPlus (life assistance, health and wellness product). In Q4, the Indian regulator introduced the requirement for second factor authentication on recurring credit card transactions. It has taken time for our banking partners to understand their position on this change and to agree the sales and renewal processes for Card Protection with CPP. We expect this additional regulatory requirement to impact our renewal rate in 2022. The new IT platform is progressing to plan and is expected to go live in Q4 2022. This IT platform will be transformational for both the Indian business, and the Group as a whole, in providing additional operating efficiencies and improved digital capability.

Globiva was not greatly impacted by the second wave of COVID-19 which is testament to the stronger operating model that it has implemented since the initial outbreak of the pandemic. Revenue in Globiva has grown 57% to £10.3 million (2020: £6.8 million) with EBITDA similarly showing strong progress at £2.5 million (2020: £1.3 million). This performance has been built on expansion of its partner base with over ten new partners onboarded during the year. Globiva is one of India's fastest growing BPMs and we will continue to support the business to realise the full potential.

Turkey has had another extremely strong year at a local currency level growing revenue by 28% and EBITDA by 53%. This has been achieved through growth in our partnerships with Turkiye Sigorta and AkBank as the relationships have deepened over time. Turkey continues to be a key market for the Group and a great example of the success that comes from a multi-partner, multi-product approach. Unfortunately, on a reported basis this excellent local performance has been completely negated by the ongoing devaluation in the Turkish lira with reported revenue 5% lower in the year and EBITDA down 4%.

India revenue

£119.3m +17%

Blink has increased revenues by 88% to £0.3 million (2020: £0.2 million) and reduced losses to £0.2 million (2020: £1.3 million). Blink's progress was severely hampered by the impact the pandemic had on the travel industry and whilst that sector is still far behind pre-pandemic levels there has been an increase in travel in 2021. This improving trend in conjunction with greater digital demand, will place Blink in a strong position to capitalise on its opportunity. In addition, Blink has added a further two products to its portfolio in the year: Lost Luggage, which will complement travel delay; and Blink Interruption, which enhances business interruption claims processes and is currently in pilot phase with a global insurer. The business has been brought under central management which has both focused the sales effort leading to an acceleration in pipeline conversion along with a streamlining of costs.

In other markets, the UK has increased revenues by 39% and reduced EBITDA losses by 21%, albeit this progress was at a slower pace than expected, in part due to market sentiment following UK lockdowns in Q1 2021. In addition, a major motor ancillary partner which accounted for approximately 48% of revenue in the year, decided to take its offering in-house and therefore this business will not recur in 2022. The renewal books in Spain, Italy and Portugal have been well managed and performed in line with expectations. Sustainable new business progress through the traditional distribution channels has continued to be difficult in both Spain and Italy.

Restricted Operations (6% of Group revenue)

Revenue decreased by 22% to £8.8 million (2020: £11.0 million) reflecting the natural decline in the historic renewal books of Card Protection Plan Limited (CPPL) and Homecare Insurance Limited (HIL) and the closure of Malaysia which had become uneconomic to maintain. The UK is now the only operation remaining in this segment. EBITDA fell by 14% to £3.2 million (2020: £3.8 million) which reflects the lost profit from the revenue decline partly offset by a one-time benefit of £1.1 million from the release of a commission provision. Excluding the commission provision, EBITDA would have been £2.1 million which is a reduction of 44% (2020: 42%). The underlying margin in the UK book is falling due to a relatively fixed cost base to service the remaining customer book and high IT costs associated with the legacy platform. The Group expects to commence work on migrating the UK back book from its legacy platforms to a UK-version of the new India platform in late 2023 or early 2024 with completion during 2024. Implementation of the new platform will enable legacy systems to be decommissioned which will unlock significant savings in IT running costs for both the UK and the Group.

UK renewal rates have reduced to 67.6% (2020: 81.3%) due to the planned changes in the renewal process for an additional number of vulnerable customers and a switch in collections provider. We continue to prioritise the best outcomes and experience for our customers. Renewal rates are expected to stabilise and improve in 2022 as the vulnerable customer impact will reduce in subsequent renewal cycles.

David Bowling
Chief Financial Officer
28 March 2022

The value of CPP in society

CPP Group recognises our role in serving society and our communities – knowing that our success is linked to the progress of the people, partners and communities we serve.

The focus on wider Environmental, Social and Governance factors continues to evolve rapidly, with increasing interest from a wide range of stakeholders including our colleagues, partners, customers and investors. Our intention is to enhance the integration of these issues within our strategic priorities and business model to deliver a positive societal impact that generates long-term returns for all stakeholders.

We believe that by focusing on our corporate purpose and developing products and services that minimise disruption to daily life we can make a positive impact and play a meaningful role in societal progress and the protection of consumers and their communities.

CPP contributes to our communities through the promotion of financial and social equality. Whilst we are on the initial journey of formalising our ESG strategy activity, our approach will be informed through four core areas of commitment:

- Building consumer resilience and protection – one of the most tangible ways we can positively impact society is through the benefits our products offer in terms of resilience and protection (refer to page 2 for our product benefits). We will work with partners to develop future products and services that boost protection for consumers that protect them from adverse material impacts.
- Contribute towards equality and inclusivity in our communities – improve the prosperity of our communities through training, job creation and the partnering of small and large companies that assist with product provision, whilst strengthening investments in businesses to increase our target audience. We will support our communities through voluntary work and fundraising.
- Empowering our colleagues to do more – promote and nurture an environment to create conditions for diversity, inclusion and wellbeing, enabling talent attraction and retention.
- Being a responsible business – quantify and reduce the impact of energy and resources used by our operations on the environment, as well as ensuring our strategic partners comply with all applicable laws, regulations and standards within the markets in which they operate.

Progress so far

Our culture and colleagues are critical to the success of CPP Group and we want our business to be one where our people have equal opportunities and are valued as individuals. We are focused on promoting the wellbeing of our colleagues and we operate an intranet portal with discussion groups and comprehensive resources on various aspects of wellbeing including mental, physical, social, financial and digital health. We develop colleagues through a range of global initiatives and celebrate them through our recognition programmes.

To further develop our approach to Diversity & Inclusion and promote a working environment that stimulates creativity, collaboration and inclusivity we produce a Gender pay gap report and conduct the CPP Group Global Conversation – a Group-wide initiative where colleagues are invited to discuss themes of open-mindedness and diversity of thought. Our ESG strategy roadmap will further develop objectives and initiatives that focus on gender, multi-generational, multi-cultural, LGBT+ and disability.

We encourage colleagues to get involved in charitable events in their communities, and support their causes through a charitable matching policy, charitable donations through our payroll, as well as communicating colleague led activity throughout the organisation using our intranet. At the Group level we partner with the Leeds Community Foundation to support social initiatives in our community.

Whilst our business model of creating assistance products and services that are sold through partners is significantly lower consumption than most other industries, we nonetheless recognise that we have our part to play in reducing carbon emissions in all our communities. We pro-actively manage office-based consumption through renewable energy sources in our Leeds office, energy saving modes for lighting, and lower energy consumption laptops and workstations throughout the Group and we seek to minimise the impact on the environment by limiting travel of our people through the adoption of hybrid working guidelines.

Progressing our ESG position

We will recognise the Sustainable Development Goals (SDGs) and are committed to play our part and work in partnership with our stakeholders to support the delivery of the Goals. We will be progressing our ESG position, in line with the SDGs of relevance to CPP, further in 2022 through four key stages of work conducted over a six-month period:

Scoping

We will define the ambition and objectives of our ESG strategy further through internal interviews, stakeholder discussions/workshops and surveys. We have conducted a peer review of industry frameworks and reporting guidelines and we will engage with key stakeholders to understand the key issues facing the business and our sector.

Development

We have commenced a materiality assessment which will complete in Q2 2022. This will be reviewed each year in order to assess progress and remain aligned with evolving stakeholder expectations and to ensure it reflects feedback from ongoing stakeholder engagement. This will aid us in the development of our ESG roadmap throughout 2022 as we identify and assess ESG issues that could affect our business and will aid our understanding of the topics that matter most to stakeholders to guide our future sustainability strategy and reporting.

Assessment and monitoring

We recognise that markets and stakeholders need clear, relevant and consistent information alongside appropriate governance, with Board oversight, and in line with developing our ESG strategy roadmap we will focus on developing metrics as defined by relevant industry frameworks that track our progress and enhance disclosure and transparency.

Implementation

We will form an ESG steering committee with the core responsibility of developing and coordinating projects and proposals for ESG integration in the business. The committee will also be responsible for understanding and monitoring how our business practices are sustainable in environmental and social terms, as well as being well governed. The committee will be attended by members of the Executive Management Committee and supported by our Board.

Our ESG programme will be an evolving process and we expect to provide further detail on our long-term objectives and priorities under each of the E, S and G dimensions. This will be supported through enhanced reporting, which will be further articulated following the materiality assessment, in the latter part of 2022, as we continue to develop our approach, goals and measures that enhance our understanding of what drives our sustainability and have a positive societal impact in the years to come.

Managing key risks

This report explains the risk oversight arrangements we operate within the Group along with an overview of what we believe are the principal risks facing the Group.

The Board devotes a section of its standing agenda to the oversight of the Group's risk position, dedicating time to consideration of the most significant emerging and current risks along with assessing and challenging management's mitigation plans. During the year the Board has considered many areas of risk and has given particular focus to discussions on:

- **People risk** – the knowledge and skill of our colleagues is central to achieving the Group's strategic ambitions. The Board has given consideration to people risk throughout the year, with particular focus on the impact of the pandemic and competitive recruitment markets in many territories that we operate.
- **Regulatory change in India** – the Board has given consideration to the developments in the Reserve Bank of India (RBI) regulations and Data Regulations within India and their actual and potential future impact on the Indian operations.
- **Technology development** – the development of a new Indian IT platform is a significant strategic project for the Group, as such the Board has maintained oversight of progress and risks arising from the development.

Risk management framework

The Group has a formal structure for the identification and management of risk which is in use across all business units. Reflecting the significant variations in risk environment within the countries that CPP operates, each country is responsible for setting its own risk appetite and managing its risks, with challenge and assurance oversight from Group control functions and independent review by Internal Audit.

Individual countries are responsible for the collation and reporting of risks and controls assurance on a quarterly basis through both a risk and controls self-assessment and an assurance dashboard. Collation is supported and challenged by the Group's central Risk function, with the Group Internal Audit function providing independent monitoring and reporting into the Group's Audit Committee.

Risk environment

The Group operates in multiple countries and as such is impacted by significant events in each country along with their macro-economic environments. The year has seen significant inflation and turbulence in the Turkish lira and although our operation in Turkey has continued to thrive through their strategy of diversification of product and distribution channels, the impact of foreign exchange rates on returns from the Turkish business have been closely monitored.

Most of the Group's markets continued to be impacted by COVID-19 throughout 2021 with various levels of government restrictions and lockdowns implemented to reduce the spread of the virus. The Group has continued to withstand the impacts of this, both commercially and operationally. The impact on colleagues has been closely monitored throughout the year including consideration of operational resilience, key person dependencies along with impacts on morale and colleague wellbeing.

Principal risks and uncertainties

Overview	Detail	Mitigation	Status
1. Business risk			
Business Risk is the risk posed by changes in the external environment in which the Group operates, which could damage the success of the business.	The Group is exposed to multiple potential sources of business risk including revenue volatility due to factors such as macro-economic conditions or market restrictions (including the impact of pandemic and regulatory change), reliance on significant business partners, structural inefficiencies or competition from new market entrants or innovative service propositions.	The Group addresses these risks through the Strategic and Business Planning processes. Business Plans are formed for all Group entities and reviewed, challenged and monitored by both Executive Management and the Board.	Stable

Increase   Stable   Improving

Principal risks and uncertainties continued

Overview	Detail	Mitigation	Status
2. Operational risk			
Operational risk is the risk of financial loss, as a result of inadequate or failed internal processes, systems or human error. It is considered in many forms, most notably in 2021 the Group focused on:			
Change risk			
	The Group continues to have an ambitious change programme which includes substantial technical development. The execution of technical change has significant risks attached to it which are being closely monitored.	All major projects have an appropriate governance structure including Steering Groups and Group Risk oversight with regular reporting to the Group's Executive Management Committee and Board.	Increase
People risk			
	People risk has been a focus for individual countries and the Board throughout the year. The impact of the pandemic on resource levels, morale and colleague wellbeing, along with the competitive recruitment markets seen in many of the territories as local restrictions have been lifted, have been closely monitored. The buoyant market for technical roles, both in the UK and India, is also being closely monitored.	The Group has a Pandemic Committee that continues to focus on the wellbeing of colleagues. Along with this the Group has sought to geographically spread its technical resource to help reduce the pressures of a single market.	Increase
Information technology risk			
The Group is investing in a significant level of technology development focusing on both providing future facing technology to support an excellent level of customer service for the current product base, along with enabling increased innovative and technology-led product development within the Group. Technology solutions represent a corner stone in effective Group operations and we will continue to invest to mitigate risks in this area. Particular areas of risk focus include:	**Cyber risk** Cyber risk incorporates a wide array of potential threats to Group businesses. These can include network or perimeter threats or a breach of online controls. These risks have been magnified during the pandemic with increases seen in phishing activity.	Controls to mitigate cyber-attacks are in place and managed by specialist colleagues with challenge and oversight by the risk team; this remains an ever evolving area of risk which is closely monitored.	Increase
	Business resilience Ensuring ongoing resilience of systems. The Group's operations utilise complex IT architecture made up of multiple systems managed across multiple countries and supported by a combination of internal and external technology teams.	Ongoing monitoring of systems resilience is in place along with disaster recovery planning and testing on a regular basis.	Stable

Increase Stable Improving

Overview	Detail	Mitigation	Status
3. Regulatory risk			
The risk of failure to comply with the regulation and legislation governing any of our Group businesses.			
Regulatory landscape			
	The Group places significant focus on compliance with the regulation and legislation governing our business activities across all territories to help ensure strong customer outcomes in all our activities. We continue to see an increase in regulatory scope, focus and activity in many geographies. Most notably in 2021, the RBI introduced new consumer protection regulation in India.	Horizon scanning for key regulatory change is in place across the Group with regular updates to the Board on key regulatory changes and where appropriate change plans to ensure ongoing compliance.	Stable
Data governance			
	Data governance also remains a key area of focus, GDPR regulations are well established in European entities and Turkey with further work expected in relation to the Indian Data Bill in 2022. As noted above the increase in potential cyber risk directly links to increased data risks around the Group.	Where relevant the Group complies with PCI standards and is certified annually along with the ongoing internal challenge around data governance and information security controls.	Stable
4. Reputational risk			
Reputational risk is the risk to earnings resultant from negative market, or public opinion.	Reputational risk in effect arises through the poor management of risks generally. The consequences would have a significant adverse effect on the Group's future prospects.	The Board is responsible for overseeing that reputational risk is adequately managed across all Group entities through oversight of the risk management framework, which includes quarterly assessments and challenge of all risk areas across the Group.	Improving

Increase Stable Improving

> "The Group has a formal structure for the identification and management of risk which is in use across all business units."

Maintaining stakeholder relationships

The Directors fully understand their responsibilities under section 172 of the Companies Act to promote the success of the Company, having regard to:

- the likely consequences of any decision in the long-term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company in maintaining a reputation for high standards of business conduct; and
- the need to act fairly between all members of the Company. The Board has identified our key stakeholders which are set out below, along with details of the forms of engagement undertaken by the Board.

Our shareholders

Why they matter to us

As well as being providers of capital, our shareholders provide valuable insight into the market and the impact of our strategy, which are key to enabling us to grow and invest in the future success of the business.

Types of engagement

- AGM.
- Annual Report & Accounts, half yearly trading results, notices of general meetings.
- Stock exchange announcements and press releases.
- Investors' section of the Group's website.

How the Board engages

- CEO and CFO meetings with major shareholders and retail investors to outline performance and future direction of the business.
- CEO feedback to the Board on shareholder interactions.
- Non-Independent Non-Executive Director intermediation with respective sponsoring shareholders.

How consideration for them influenced the Board's decision making

A nominee Director of each of the two major shareholders are members of the Board. The AGM continues to be a key means of communication with our shareholders. Although unable to hold an 'in person' AGM again in 2021 due to COVID-19 restrictions, shareholders were given the opportunity to ask questions via our website in advance of the meeting and were encouraged to vote via an online portal.

Our business partners

Why they matter to us

The long-term sustainability of our business depends on building and maintaining long lasting mutually beneficial relationships with our partners.

Types of engagement

- Commercial discussions.
- Face to face meetings (where possible).
- Press releases.
- Communications such as Annual Report & Accounts, half yearly trading results, trading updates, RNS Reach announcements and investor fact sheets.

How the Board engages

- Although the ability to travel to the Group's territories was limited again in 2021, the Board retains oversight through regular communications between the executive team and in-country management and their feedback to the Board as a whole. Further details of our focus on partner needs is given on page 9.

How consideration for them influenced the Board's decision making

The Board continues to place significant emphasis on our assurance framework, which has been developed further during the year, ensuring that strong standards are applied throughout the Group, thus enabling us to give assurance of regulatory compliance and strong business processes to our business partners and, ultimately, to build a strong, sustainable business for our shareholders.

Our colleagues

Why they matter to us

Our colleagues continue to be our most valuable resource, being key to the continuing success and growth of our business.

Types of engagement

Maintaining colleague wellbeing and morale remained a major focus for the business in 2021, with all our territories impacted by the global pandemic and most colleagues continuing to work from home at some point during the year. With this in mind the following activities took place to support our colleagues:

- All colleagues across the Group invited to join fortnightly and monthly video calls with the Group CEO.
- Group intranet expanded to include a 'Stay Well' section to help colleagues with their wellbeing.
- Periodic global conversations, known as 'Real Life Connect', open to all colleagues, with a member of the senior leadership team in attendance, to exchange views on Open-mindedness within CPP.
- Team based coaching was undertaken for CPP UK to unify the culture across the UK business.
- The Accelerant Programme ran remotely with 23 colleagues from across the Group taking part.
- Long Service celebrations were held again across the Group for colleagues reaching 10, 15 and 20 years of service.
- Greater visibility of the Board members was encouraged which gave colleagues the ability to meet the Chairman informally.

How the Board engages

- Continued investment in cultural development.
- The Board receives regular reports from the Group HR Director on colleague engagement and cultural matters.
- The CEO has reported to the Board throughout the year on the ongoing impact of COVID-19 from a colleague and overall business perspective.

How consideration for them influenced the Board's decision making

The introduction of Hybrid Working and supporting toolkits to enable CPP get the best for both colleagues and the business, was developed in collaboration with colleagues.

The Strategic Report section on pages 2 to 25 of this Annual Report has been reviewed and approved by the Board of Directors on 28 March 2022.

Simon Pyper
Chief Executive Officer

Leadership for a sustainable future

David Morrison A R N
Chairman

Appointment
Appointed as Non-Independent Non-Executive Director in November 2020, and as Chairman in February 2021.

Experience
David has spent the majority of his career in private equity, starting with 3i plc, before spending 13 years with Abingworth Management, predominantly with responsibility for investment activity in the United States. In 1998 he started Prospect Investment Management, which was responsible for making and managing early-stage investments on behalf of a small group of investors. Notable holdings included PayPoint plc and Venture Production plc, both of which became FTSE 250 companies whilst Prospect's clients were shareholders.

External appointments
David remains a Director of various private companies.

Skills brought to the Board
Strategy and investment expertise.

Simon Pyper
Chief Executive Officer

Appointment
Appointed as CFO in January 2022 and as CEO in February 2022.

Experience
Simon was formerly the Chief Executive Officer and Chief Financial Officer of digital marketing group Be Heard Group plc. Prior to this, he was Chief Financial Officer of AIM listed GlobalData plc for ten years. During his tenure, Simon oversaw its admission to AIM and facilitated its acquisition led growth strategy. He has also held various financial and commercial positions with Musgrave UK and the Arcadia Group. Simon is a member of the Chartered Institute of Management Accountants and holds an MBA from Henley Management College.

External appointments
Simon is a Director of Gresham House Strategic plc and Innovaderma plc.

Skills brought to the Board
Sector and financial expertise.

David Bowling
Chief Financial Officer

Appointment
March 2022.

Experience
A qualified Chartered Accountant, David has been with CPP Group for over ten years undertaking a number of senior roles within the Group Finance function, most recently as Group Finance Director. Prior to CPP he was Group Accountant for Barchester Healthcare Limited.

External appointments
None.

Skills brought to the Board
Finance and sector expertise.

Simon Thompson A R N
Non-Independent Non-Executive Director

Appointment
June 2020.

Experience
Simon held senior positions in investment banks before becoming Managing Director at Barclays Global Investors. He was chair of London Stock Exchange's Institutional Investor Group and the Investment Association's Dealing Committee. He was a partner of hedge fund, Millgate Capital, before moving to Legal & General Investment Management as COO.

External appointments
Simon currently holds roles as a Citizens Advice trustee, school governor and local charity chair alongside his work as a mentor and board adviser.

Skills brought to the Board
Strategy and investment expertise.

Jeremy Miller A R N
Independent Non-Executive Director

Appointment
December 2021.

Experience
Jeremy who is a qualified Chartered Accountant, working with KPMG early in his career, has over 30 years' investment banking experience working for leading financial services firms. He has held senior roles at Dresdner Kleinwort Wassertein, James Capel and most recently as London Chief Operating Officer with Centerview Partners.

External appointments
Jeremy remains a Non-Executive Director of This Land, Cenkos Securities and Non-Executive Chairman of the National Merchant Buying Society.

Skills brought to the Board
Expertise in advising on strategic, compliance and governance matters.

Sarah Atherton
General Counsel & Company Secretary

Appointment
January 2021.

Experience
A qualified solicitor, Sarah joined CPP's in-house legal team in 2010 from Walker Morris LLP. Initially working for the Group's UK businesses, Sarah later moved into Group legal roles, most recently taking up the role of General Counsel and Company Secretary.

External appointments
None.

Skills brought to the Board
Legal and company administration.

Key
- A Audit Committee
- R Remuneration Committee
- N Nomination Committee
- Chair of Committee

Chairman's introduction

On behalf of the Board I am pleased to present our Corporate Governance Report for the year ended 31 December 2021.

As your Chairman, I am responsible for ensuring that the Board operates within a sound governance framework that underpins the Group's ability to achieve its strategic goals.

The Board has adopted and complies with the Quoted Companies Alliance Corporate Governance Code (the QCA Code) which remains well suited to the Group, at its current stage of development.

The ten principles of the QCA Code are addressed below with an outline of how the Group complies with each principle, and any departures from the Code.

David Morrison
Chairman

Principle 1: Establish a strategy and business model which promote long-term value for shareholders

A full description of our business model and strategy are given on pages 9 and 11. Key challenges to their execution are detailed under 'Risk management and principal risks' on pages 21 to 23.

Principle 2: Seek to understand and meet shareholder needs and expectations

The Board is committed to maintaining good relationships with shareholders. The Chairman is responsible for ensuring that appropriate channels of communication are established between the Executive Directors and shareholders, ensuring that the views of shareholders are made known to the Board.

The Annual General Meeting (AGM) provides the Board with an opportunity to meet and communicate directly with private investors.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for longer-term success

Our business model seeks to add value to the wider community, with particular reference to:

- our business partners;
- our shareholders;
- our customers; and
- our colleagues.

Details of how we seek to create value for each of these stakeholders are given in the business model on page 9.

An outline of how the Directors have discharged their duties in accordance with section 172(1) of the Companies Act 2006 can be found on pages 24 and 25.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

Until March 2021, the Company had a dedicated Risk & Compliance Committee responsible for identifying and overseeing key risks and the resources available to manage them. Those matters previously considered by the Risk & Compliance Committee are now dealt with directly by the Board.

The Group's risk framework enables risks to be identified, measured, managed, monitored and reported consistently and objectively. A full description of the Group's risk management framework and principal risks is given on pages 21 to 23.

Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chair

The Board believes that the balance between Non-Executive Directors and Executive Directors reflects the changing needs of the business and allows the Board to exercise objectivity of decision making and proper control of the Group's business. Within that the Board maintains a balance of independent and non-independent Non-Executive Directors. It is the Group's intention to appoint an additional independent Non-Executive Director in 2022.

On joining the Board, Non-Executive Directors receive a formal appointment letter, which identifies the estimated time commitment expected of them. The average anticipated time commitment is two days per month, although the nature of the role makes it impossible to be specific. Directors understand that they may be required to devote additional time in respect of preparation time and ad hoc matters that may arise from time to time. A potential Director candidate is required to disclose all significant outside commitments prior to appointment and any future external appointments must be approved in advance by the Chairman.

The number of meetings attended by each Director during 2021 is given on page 31.

Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Board considers itself diverse in terms of the background, experience and personal qualities each individual member brings to the Board, and recognises the benefits that greater diversity at the most senior levels of the Group may bring.

Details of the experience and skills of each of the Directors are given on pages 26 and 27.

The Board receives at its meetings detailed reports from senior management on the performance of the Group and other information as necessary. Regular updates are provided on relevant legal and regulatory, corporate governance and financial reporting developments.

All Directors have access to the advice and services of the Company Secretary and the Board also obtains advice from professional advisers as and when required.

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

In 2018, the Board undertook an externally facilitated questionnaire based Board evaluation, conducted by BP&E Global, following which certain changes were implemented. Given the relatively small number of recommendations arising from that review, the Board has not conducted a further formal effectiveness review. It was the Board's intention to undertake a review in 2021, however this was postponed as a result of Board changes. A new Nomination Committee was established in December 2021 which will consider this as part of its remit.

Principle 8: Promote a corporate culture that is based on ethical values and behaviours

Our business distributes products through long-term partnership arrangements. Quality of approach and a high level of integrity are essential for sustainable success and, having made good progress in fundamentally changing the organisation, we recognise the need to ensure we have the right people in the right place and in the right roles.

The Board continues to invest in a dedicated programme to address, formulate and implement an open, honest and authentic culture that extends consistently throughout the Group. Further information may be found on page 19.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision making by the Board

Papers for Board and Committee meetings are circulated in advance of meetings, including to any Director who is unable to attend. Each member of the Board has access to all information relating to the Group and to the advice and services of the Company Secretary, along with external advice at the expense of the Group, should they need it.

Details of our governance framework is given on page 30.

The following departures from the QCA Code should be noted. Membership of the Remuneration Committee includes a non-independent Non-Executive Director, and currently has a temporary non-independent Non-Executive Chair. The Audit Committee's membership also temporarily includes an additional non-independent Non-Executive Director. Given the relatively small size of the Board and recent changes to the Board, the Directors consider these departures to be necessary.

Principle 10: Communicate how the Company is governed and is performing by maintaining dialogue with shareholders and other relevant stakeholders

The Company maintains a corporate website (https://international.cppgroup.com) which complies with AIM Rule 26 and contains a range of information of interest to institutional and private investors, including the Group's annual and half yearly reports, trading statements and all regulatory announcements relating to the Group.

As soon as practicable after the conclusion of any general meeting, the voting results are released through a regulatory information service (RIS) with a copy of the announcement posted on the Company's website at https://international.cppgroup.com/investors/stock-info/

All historical Annual Reports, Company circulars and notices of general meetings are available on the Company's website at https://international.cppgroup.com/investors/shareholder-info/

Our governance framework

Our Board

As at the date of this report the Board comprises five Directors – the Chairman (Non-Independent), two Executive Directors, one Independent Non-Executive Director and one Non-Independent Non-Executive Director.

See **pages 26 and 27**

Membership at 31 December 2021
As at 31 December 2021, the Board comprised four Directors – the Chairman, one Executive Director, one Independent Non-Executive Director and one Non-Independent Non-Executive Director.

Meetings held in 2021
Eight

Key matters reserved for the Board
- responsibility for the overall leadership of the Group and setting the Group's values and standards;
- approval of the Group's long-term ambitions, objectives and commercial strategy;
- material changes to the Group's corporate structure, including any acquisitions or disposals;
- ensuring maintenance of a sound system of internal control and risk management;
- approval of annual and half year results and trading updates;
- approval of the annual financial budget;
- approval of the dividend policy; and
- material capital investments.

The full schedule of matters reserved to the Board is available on the Company's website, https://international.cppgroup.com

Audit Committee

Key objectives
To assist the Board in discharging its duties and responsibilities for financial reporting and internal financial control.

Membership at 31 December 2021
- Jeremy Miller (Chairman)
- Simon Thompson
- David Morrison (appointed as a member on a temporary basis with effect from December 2021)

Meetings held in 2021
Seven

Read about our Audit Committee on **pages 32 and 33**

Remuneration Committee

Key objectives
Recommend to the Board the remuneration of the Chairman, Executive Directors, Company Secretary and senior management.

Membership at 31 December 2021
- Simon Thompson (Interim Chairman with effect from 17 January 2022)
- David Morrison (appointed as a member on a temporary basis with effect from December 2021)
- Jeremy Miller

Meetings held in 2021
Four

Read about our Remuneration Committee on **pages 34 to 36**

Directors' attendance at Board and Committee meetings in 2021

	Board	Audit Committee	Remuneration Committee	Attendance
David Morrison	●●●●●●●●	●	●	100%
Jason Walsh	●●●●●●●●	—	—	100%
Oliver Laird	●●●●	—	—	67%
Justine Shaw	●●	—	—	100%
Mark Hamlin	●●●●●●	●●●●●●	●●●	100%
Tim Elliott	●●●●●●	●●●●●●	●●●	100%
Simon Thompson	●●●●●●●●	●●●●●●●	●●●●	100%
Jeremy Miller	●	●	●	100%

Roles and responsibilities

Chairman
The Chairman, David Morrison, is responsible for the leadership of the Board and setting its agenda, ensuring that the Board as a whole plays a full and constructive part in the determination and development of the Group's strategy and overall commercial objectives.

Chief Executive Officer
The Chief Executive Officer, Simon Pyper, oversees the management of the business and, supported by his executive team, is responsible for the day-to-day running of the business. He is accountable to the Board for the Group's operational and financial performance.

Board Committees
The Audit Committee, the Remuneration Committee and the Nomination Committee are standing Committees of the Board. Written terms of reference of these Committees, including their objectives and the authority delegated to them by the Board, are available upon request from the Company Secretary or via the Company's website at https://international.cppgroup.com. Terms of reference are reviewed annually by the relevant Committee and approved by the Board.

The Company Secretary acts as secretary to all Board Committees; Committees also have access to independent expert advice, if required.

Internal control and compliance
The Board and the Audit Committee receive regular reports on compliance with Group policies and procedures. The Board, and the Audit Committee on its behalf, confirm that, through discharging their responsibilities under their terms of reference, they have reviewed the effectiveness of the Group's system of internal controls and are able to confirm that necessary actions have been or are being taken to remedy any failings or weaknesses identified.

Full details of the Group's system of internal control and its relationship to the corporate governance structure are contained in the risk management and principal risks section of this report on pages 21 to 23.

Conflicts of interest
The Company Secretary keeps a record of any actual or potential conflict of interest declared by the Directors. Directors are required to declare any specific conflicts that arise from each Board agenda and a Director would be expected to refrain from voting on any matter that represented an actual or potential conflict of interest.

> "The Committee fully recognises its role in protecting the interests of shareholders and other stakeholders having responsibility for monitoring the integrity of published financial information."

Jeremy Miller
Chairman of the Audit Committee

Other members
David Morrison
Simon Thompson

On behalf of the Audit Committee, I am pleased to present the Audit Committee Report for the year ended 31 December 2021.

The Audit Committee Report sets out details of its composition, responsibilities and an overview of the work undertaken by the Committee during the year.

Meetings and membership

Although only Committee members are entitled to attend meetings, the entire Board is invited and typically attends. Others attend by invitation of the Committee Chairman. During the year the External Auditor, the Group Finance Director and the Group Director of Audit, Risk and Assurance attended meetings to report to the Committee and provide clarification and explanations where appropriate. Details of attendance at the Committee can be found on page 31.

Each Committee member is considered to possess recent and relevant financial experience and the Board is satisfied that the Committee, as a whole, has sufficient experience and competence relevant to the Group's business.

Main activities during the year

The Committee fully recognises its role in protecting the interests of shareholders and other stakeholders having responsibility for monitoring the integrity of published financial information, including the review of significant financial judgements; reviewing the selection and appointment of the External Auditor and the effectiveness of the external audit process; and monitoring performance of the internal audit function in assessing the Group's internal control and risk management systems.

In 2021, the main activities of the Committee were:

Key accounting items

The Committee has received management papers providing regular updates on the development of the Group's key accounting approaches during the year including revenue recognition, incentive scheme accounting, discontinued operations and capital maintenance.

Financial statements

The Committee reviewed and discussed financial disclosures made in the annual results announcement, the Annual Report & Accounts and the Half Year Report, together with any related management letters, letters of representation and reports from the External Auditor.

Key financial reporting and accounting issues

The primary area of judgement considered by the Committee in relation to the 2021 financial statements and how it was addressed by management is shown below:

Area of judgement	Management action
Revenue recognition	The Committee has received detailed updates from senior management in relation to the revenue recognition approach across the Group during the year. Revenue recognition matters considered included the impact of changes in benefit features to the Card Protection product in India and a change in contractual structure to the Identity Protection product in the UK. The Committee has concluded that revenue recognition continues to be dealt with appropriately.

The Committee also received various materials supporting statements on risk management, internal controls and long-term viability, which along with consideration of the accuracy, integrity and consistency of the messages conveyed within the Annual Report & Accounts have enabled the Committee to recommend the document to the Board as a fair, balanced and understandable reflection of the Group's position.

External Auditor

The Committee has primary responsibility for overseeing the relationship with the External Auditor and approves the External Auditor's engagement letter, audit fee and audit and client services plan (including the planned levels of materiality). The External Auditor attends meetings as appropriate and meets at least annually with the Committee without Executive Management present. The Chairman of the Committee also meets privately with the External Auditor on a regular basis.

The Committee receives regular detailed reports from the External Auditor, including a formal written report dealing with the audit objectives, the Auditor's qualifications, expertise and resource, the effectiveness of the audit process, the procedures and policies for maintaining independence and compliance with the ethical standards issued by the Financial Reporting Council. After completing a robust tender process in line with best practice, the Committee has recommended that PKF Littlejohn LLP (PKF) be appointed as External Auditor at the forthcoming AGM.

External Auditor's independence, objectivity and effectiveness

Fees paid to the External Auditor are shown in note 7 to the consolidated financial statements. The External Auditor may provide non-audit services from time to time. The Committee keeps under review the level of non-audit fees as a proportion of the total fees paid to PKF and is satisfied that any non-audit work that has been carried out during the year is appropriate.

The following controls are in place to ensure that the External Auditor's objectivity and independence are safeguarded:

- a policy on the use of the External Auditor for non-audit work has been agreed by the Committee. This ensures that work would usually only be awarded when, by virtue of the External Auditor's knowledge, skills or experience, the External Auditor is clearly to be preferred over alternative suppliers;
- the Committee receives and reviews each year an analysis of any non-audit work awarded to the External Auditor over the financial period; and
- the Committee receives each year a report from the External Auditor outlining any matters that it considers bear on its independence and which need to be disclosed to the Audit Committee.

Internal Audit

The Committee approves the annual Internal Audit Plan, monitors progress against this plan and receives reports after each audit performed. Progress against actions identified in these reports is monitored by the Committee. In addition, the Committee receives and reviews all instances of whistleblowing in the business.

The Committee has assessed the resources available to the Internal Audit department to complete its remit and has approved the continued use of co-sourced resource within the India business for 2022; this resource will support with both large-scale operational audits in India as well as providing increased technical input into the oversight of the development of India's new IT platform.

The Internal Audit function uses a risk-based approach to provide assurance across all Group companies and functional areas. The Internal Audit Plan is regularly reviewed to ensure that it reflects change and business development across the Group. The 2021 Internal Audit Plan continued to be affected by COVID-19, both in terms of execution of audits, which continued to be predominantly completed remotely, and in relation to the risk areas covered. Adjustments to the Internal Audit Plan were agreed by the Committee to ensure the most appropriate coverage for the Group. As the pandemic situation continues to stabilise there is an expectation of increased onsite audit work in 2022, although contingencies for remote working remain in place in the event of further waves of COVID-19.

The ambitious change agenda of the Group was also reflected in the focus of Internal Audit Plan, with a notable proportion of the team's time devoted to change initiatives including the development of the new IT platform in India, which represents a strategic IT development for the Group.

The appointment and removal of the Group Head of Audit, Risk and Assurance is the responsibility of the Committee. The Internal Audit department continues to have unrestricted access to all Group documentation, premises, functions and employees, as required. The Group Head of Audit, Risk and Assurance has direct access to the Board and the Audit Committee and is jointly accountable to the Audit Committee Chairman and Group CEO.

Committee effectiveness

During the year, the Committee carried out an effectiveness review based around the completion of a gap analysis against best practice. No significant issues were identified.

Jeremy Miller
Chairman of the Audit Committee
28 March 2022

Simon Thompson
Interim Chairman of the Remuneration Committee

Other members
David Morrison
Jeremy Miller

"The Committee is responsible for recommending to the Board the remuneration of the Chairman, Executive Directors, Company Secretary and senior management."

On behalf of the Remuneration Committee, I am pleased to present the Directors' Remuneration Report (the Remuneration Report) for the year ended 31 December 2021.

The Remuneration Report sets out details of the Remuneration Committee, including its composition and responsibilities, the Group's executive remuneration policy and details of Directors' remuneration for the year under review.

As an AIM-listed company, CPP is not required to prepare the Remuneration Report in accordance with the Directors' Remuneration Report Regulations 2002 or the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (together, the Regulations). We do, however, support the principles of the Regulations and seek to follow them to the extent that they are relevant to CPP as an AIM-listed company.

Role and responsibilities of the Remuneration Committee

The Committee is responsible for recommending to the Board the remuneration of the Chairman, Executive Directors, Company Secretary and senior management. The remuneration of Non-Executive Directors is a matter for the Chairman and the executive members of the Board. The Committee also recommends and monitors the level and structure of remuneration for senior management.

Activities during the year

The main activities of the Committee during the year under review and up to the date of this report were:

- reviewing long-term incentive plans;
- reviewing short-term incentive plans;
- strategy for year end salary reviews;
- agreeing terms for senior appointments and exits; and
- review of Group Remuneration Policy.

Advisers to the Remuneration Committee

The Committee received advice over the year from independent remuneration consultants OIS Consulting Limited (OIS), which provided no other services to the Company. Fees paid to OIS during the year totalled £87,600.

The Committee also receives advice and support from the Group HR Director, the Group CEO, the Group CFO and the Company Secretary.

No other advisers have provided significant services to the Committee in the year.

Remuneration policy

The executive remuneration policy is designed to ensure that the remuneration of Executive Directors and the senior management team is sufficient to recruit, retain and motivate high-quality individuals, whilst increasing the sustainable value of the business. The Committee reviews the remuneration policy from time to time, taking whatever action it considers necessary to ensure that remuneration is aligned with the overall strategic objectives of the Group.

In accordance with its terms of reference, in considering executive pay, the Committee has regard to levels of remuneration and terms and conditions across the Company, especially when determining annual salary increases. The Committee receives information about pay and conditions across the Group and, except in exceptional circumstances, executives receive the same percentage increase as other employees in the country in which they operate.

Executive Directors' remuneration

In the year under review, the Executive Directors' total remuneration package comprised:

- fixed pay, including base salary, pension contributions, car allowance and an allowance to spend on a range of benefits available within the Group's flexible benefits scheme; and
- variable pay, comprising bonus opportunity and participation in the Group's long-term incentive plans.

Service contracts and letters of appointment

The Executive Directors have service contracts that are subject to six months' notice by either party.

Non-Executive Directors receive written letters of appointment and their appointments are subject to one month's notice.

Copies of Directors' service contracts and letters of appointment are available for inspection by shareholders at the Group's registered office.

Directors' remuneration (audited information)

The remuneration of the Executive and Non-Executive Directors serving during the year was as follows:

	Base salary/ fees £'000 2021	Taxable benefits[10] £'000 2021	Bonus[9] £'000 2021	Pension £'000 2021	Total £'000 2021	Total £'000 2020
Executive Directors						
Jason Walsh[1]	**277**	**53**	**92**	**41**	**463**	573
Oliver Laird[2]	**171**	**36**	**65**	**17**	**289**	391
Justine Shaw[3]	**154**	**12**	**46**	**6**	**218**	371
Non-Executive Directors						
David Morrison	**106**	—	—	—	**106**	8
Mark Hamlin[4]	**83**	—	—	—	**83**	90
Tim Elliott[5]	**83**	—	—	—	**83**	90
Simon Thompson	**60**	—	—	—	**60**	34
Jeremy Miller[6]	**5**	—	—	—	**5**	—
Sir Richard Lapthorne[7]	**13**	—	—	—	**13**	160
Nick Cooper[8]	**15**	—	—	—	**15**	90

1. Jason Walsh resigned as CEO on 7 February 2022.
2. Oliver Laird resigned as CFO on 31 October 2021.
3. Justine Shaw resigned as People & Culture Director on 16 April 2021. The base salary includes £97,000 payment in lieu of notice. In addition to the information above a further settlement payment of £97,000 was paid in the year.
4. Mark Hamlin resigned as Senior Independent Director on 30 November 2021. During the year the Company made a contribution of £71,000 (2020: £73,000) towards Mark's fees for the position of Chairman of the Globiva Board from which he resigned on 31 December 2021. See note 38 on page 85.
5. Tim Elliott resigned as Non-Executive Director on 30 November 2021.
6. Jeremy Miller was appointed as Non-Executive Director on 1 December 2021.
7. Sir Richard Lapthorne resigned as Chairman on 31 January 2021.
8. Nick Cooper resigned as Non-Executive Director on 28 February 2021.
9. Bonus figures relate to payments made in 2021 under the Dividend Matching Plan.
10. Taxable benefits relate to a combined total of flexible benefits and car allowance.

Simon Pyper and David Bowling were both appointed subsequent to the financial year end and are therefore not included in the Directors' remuneration table for 2021.

Bonuses

Executive Director and senior management bonus awards are linked to both Group financial performance and the achievement of pre-agreed events, thus ensuring that Directors' pay is aligned to the Group's strategic priorities.

Share incentives

Details of awards held, granted and exercised by the current Directors in the Group's share plans are detailed below:

Director	Balance held at 1 January 2021	Number of share options granted in year	Number of share options exercised in year	Number of share options lapsed in year	Balance held at 31 December 2021
Jason Walsh	151,605	—	22,482	23,872	**105,251**

Current share plans

2016 Long Term Incentive Plan (2016 LTIP)

This plan was introduced in January 2016, when options were awarded to Executive Directors and certain members of the senior management team. Further awards have been made in 2017, 2018 and 2019. Options will vest, subject to the achievement of specified performance conditions, on the third anniversary of the date of grant, and will expire on the tenth anniversary of grant. The three-year vesting period for the 2018 awards completed in the year and following an assessment of the performance conditions the awards vested at a level of 48.5%.

Clawback and malus provisions apply to awards made under this plan.

Long Term Incentive Plans

There are two cash-based incentive plans in place that were introduced in 2020 to replace the 2016 LTIP, they were designed to reward executives only if and when shareholders receive payments (in the form of ordinary or special dividends). The principle underlying these plans is that shareholders should receive at least 90% of any value distributed.

- The Realisation Proceeds Plan (RPP) covers any events over the ten years from its introduction which results in special dividend payments to shareholders (for example, following the partial or full sale of a business unit). If the event produces a gain for CPP (compared to a baseline value established at the end of 2020) and some or all of the proceeds are distributed then 10% of the distributed gain will be paid to participants. Individuals were granted awards of units in the RPP equivalent to 80% of the maximum available, leaving flexibility for the Committee to award the remaining 20% of the units in future.
- The Dividend Matching Plan (DMP) is an annual plan which provides a bonus pool equivalent to 10% of any ordinary dividends declared within that year. Individuals are awarded a share of the potential pool at the beginning of the year and any payments are made at the same time as dividends are paid to shareholders.

Legacy share plans

Matching Share Plan (MSP)

Under the MSP, which was introduced in June 2015, the then Executive Directors and certain members of the senior management team were given the opportunity to purchase shares for consideration of 3 pence per share (the Investment Shares). The price of 3 pence per share reflected that paid by the external investors at the time of the share placing in February 2015. For each Investment Share purchased, options over three Matching Shares were awarded. The options have an exercise price of £1 following the share consolidation in May 2020. No performance conditions were attached to these options which have now vested in full. No further awards will be made under the MSP.

Clawback and malus provisions apply to awards made under the MSP.

2010 Restricted Stock Plan (RSP)

The RSP was a non-performance-based share plan aimed at incentivising the second tier of management across the Group and Executive Directors were not eligible to participate. Employment was the only condition attached to this plan. All awards made under the plan are fully vested, as of May 2021 all shares have lapsed or been exercised.

Shareholder dilution

In line with the ABI guidelines, the rules of the current incentive schemes provide that commitments to issue new shares or reissue treasury shares, when aggregated with awards under all of the Company's other schemes, must not exceed 10% of the issued ordinary share capital in any rolling ten-year period commencing on admission of the Group's shares to AIM.

Newly issued shares are currently used to satisfy the exercise of all employee and executive equity-settled options.

Directors' shareholdings

The Directors who were in post at the end of the year under review held the following beneficial interests in the Company's ordinary shares:

	Ordinary shares held at 31 December 2021	Ordinary shares held at 31 December 2020	Interests in unexercised shares under incentive plans
Jason Walsh	**92,227**	69,745	105,251

Simon Thompson
Interim Chairman of the Remuneration Committee
28 March 2022

Directors' Report

The Directors present their Annual Report and audited financial statements of the Group for the year ended 31 December 2021.

Principal activities

The principal activity of the Group is the provision of assistance products. Further information on the Group's business can be found in the following sections of the Annual Report, which are incorporated by reference into this report:

- the Strategic Report on pages 2 to 25;
- the Corporate Governance Report on pages 28 to 31;
- the Report of the Audit Committee on pages 32 and 33; and
- the Directors' Remuneration Report on pages 34 to 36.

Directors

The Directors who served throughout the year and to the date of this report are shown in the table below.

David Morrison	Chairman	
Simon Pyper	Chief Executive Officer	(appointed 1 January 2022)
David Bowling	Chief Financial Officer	(appointed 7 March 2022)
Jason Walsh	Chief Executive Officer	(resigned 7 February 2022)
Oliver Laird	Chief Financial Officer	(resigned 31 October 2021)
Justine Shaw	People & Culture Director	(resigned 16 April 2021)
Mark Hamlin	Senior Independent Director	(resigned 30 November 2021)
Tim Elliott	Non-Executive Director	(resigned 30 November 2021)
Simon Thompson	Non-Independent Non-Executive Director	
Jeremy Miller	Independent Non-Executive Director	(appointed 1 December 2021)
Sir Richard Lapthorne	Chairman	(resigned 31 January 2021)
Nick Cooper	Non-Executive Director	(resigned 28 February 2021)

Under the Company's Articles of Association any Director who has been a Director at each of the preceding two AGMs and who was not appointed or reappointed by the Company in general meeting at, or since, either such meeting shall retire by rotation. Accordingly, Simon Pyper, David Bowling and Jeremy Miller will seek election at the forthcoming AGM.

Brief biographical details for each Director are set out on pages 26 and 27. Details of Committee memberships are set out in the Corporate Governance Report on page 30.

Details of Directors' beneficial interests in and options over the Company's shares are set out in the Directors' Remuneration Report on pages 34 to 36.

Dividends

The Directors recommend a final dividend of 7.5 pence per ordinary share to be paid on 17 May 2022 to ordinary shareholders on the register on 19 April 2022. A final dividend of 25 pence per share was paid for the year ended 31 December 2020. An interim dividend of 5 pence per share was paid in September following announcement of the half year results for the period ended 30 June 2021.

Insurance

The Company has appropriate insurance cover in place in respect of any potential litigation against Directors.

Events after the balance sheet date

The Group has completed the sale of its business in China and has commenced a redundancy programme in the UK. Refer to note 39 on page 85 for further details.

Annual General Meeting

The AGM of the Company is to be held on 3 May 2022. The notice of the AGM and an explanation of any non-routine business are set out in the circular accompanying this Annual Report or on the Company's website at https://international.cppgroup.com

The notice of the meeting specifies deadlines for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be proposed at the meeting.

Change of control provisions

Some agreements to which the Company or its subsidiaries are a party may be at risk of termination by counterparties in certain restricted circumstances in the event of a change of control of the Company. The Directors are not aware of any agreements between the Company and its Directors or employees that provide for compensation for loss of office or employment that occurs because of a takeover bid.

Capital structure

Details of the issued share capital, together with movements in the Company's issued share capital for the period, can be found in note 34 on page 81.

The Company's capital comprises ordinary shares of £1 each, which carry no right to fixed income. Each fully paid share carries the right to one vote at a general meeting of the Company.

Details of the Group's employee share schemes are set out in note 35 on pages 82 and 83.

Business relationships

The Board is fully aware that the long-term sustainability of our business depends on building and maintaining long lasting mutually beneficial relationships with our partners. With a B2B2C operating model, insights and requests from business partners in terms of product and marketing strategies are key to the Board's focus and development in these areas. The Group CEO and CFO often meet with prospective and existing business partners, reporting back to the Board on the results of those meetings.

Substantial shareholdings

On 31 December 2021, the Company had been notified, in accordance with the Disclosure and Transparency Rules of the FCA, of the notifiable interests in the ordinary share capital of the Company set out in the table below. As far as the Directors are aware, as at 31 December 2021 no person had a beneficial interest in 3% or more of the voting share capital except for the following:

Name	Ordinary shares	%
Funds managed by Phoenix Asset Management Partners Limited	3,168,096	35.87%
Milton Magna Limited (a company controlled by Mr Hamish Ogston)	2,641,443	29.90%
Mr Hamish Ogston	963,317	10.91%
Schroders plc	889,852	10.07%

Mr Hamish Ogston holds a beneficial interest in 40.81% of the issued shares of the Company. Under the terms of a relationship agreement between Mr Ogston and the Company dated 22 December 2014 and effective from the Company's admission to AIM, for so long as Mr Ogston and any person or corporate body connected to him (a Controlling Shareholder) holds, in aggregate, 30% or more of the ordinary shares or the voting rights attaching to the shares, Mr Ogston shall not and shall procure that each Controlling Shareholder shall not:

- vote in favour of or propose any resolution to amend the Articles of Association which would be contrary to the principle of the independence of the Company from the shareholder or any of the Controlling Shareholders;
- take any action which precludes any member of the Group from carrying on its business independently of Mr Ogston or any Controlling Shareholder; or
- take any action (or omit to take any action) to prejudice the Company's status as a company admitted to AIM or its suitability for admission to AIM or the Company's compliance with the AIM Rules, other than in the circumstances of a takeover or merger of the Company.

Going concern

In reaching their view on the preparation of the Group's financial statements on a going concern basis, the Directors are required to consider whether the Group can continue in operational existence for a period of at least 12 months from the date of this report.

The Group has a formalised process of budgeting, reporting and review along with procedures to forecast its profitability and cash flows. The plans provide information to the Directors which are used to ensure the adequacy of resources available for the Group to meet its business objectives, both in the short-term and in relation to its strategic priorities. The Group's revenue, profit and cash flow forecasts are subject to robust downside stress testing which involves modelling the impact of a combination of plausible adverse scenarios focused on crystallisation of the Group's key operational risks. The assessment considers the Group's modelling of the ongoing risks associated with COVID-19. This is done to identify risks to liquidity and covenant compliance and enable management to formulate appropriate and timely mitigation strategies. The Group's operations do not have a material direct exposure to the conflict in the Ukraine.

Taking the analysis into consideration, the Directors are satisfied that the Group has the necessary resources to continue in operational existence for a period of at least 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Employees

The Group is committed to employment policies that provide equality of opportunity to all employees based only on their relevant skills and capabilities and that ensure no employee or applicant is treated unfairly on any grounds including: ethnic origin; religion; gender; sexual orientation; or disability.

Every possible support will be offered to any employee who becomes disabled during the course of their employment, with reasonable adjustments made wherever possible.

The Group communicates with employees by means of regular business updates, monthly CEO calls and weekly CEO blogs on the intranet.

Anti-bribery and corruption

The Group is committed to ensuring that it has effective processes and procedures in place to counter the risk of bribery and corruption. A formal anti-bribery policy is in place and appropriate training is provided according to the level of risk attached to a role.

Modern Slavery Act

The Group has a zero-tolerance approach to modern slavery and will not knowingly support or deal with any business involved in slavery and/or human trafficking. Our Modern Slavery Policy reflects our commitment to maintaining ethical practices in all of our supply chains and across our business. The steps taken to help manage the risks outlined by the legislation are detailed in our modern slavery statement published annually on our website https://international.cppgroup.com/modern-slavery-statement

Streamlined Energy and Carbon Reporting (SECR)

None of the Group's UK-based entities individually or collectively meet the mandatory requirements of the new SECR regulations in the UK. The Group actively considers how it can best minimise the environmental footprint its global operations create, however, it has opted to not voluntarily apply the SECR reporting guidance in the current year.

Auditor

Each person who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make him/herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

During the year ended 31 December 2021, PKF Littlejohn LLP have been engaged as Auditor of the Company in place of Deloitte LLP. Accordingly, a resolution to appoint PKF Littlejohn LLP will be proposed at the AGM.

By order of the Board

Sarah Atherton
General Counsel & Company Secretary
28 March 2022

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report & Accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the consolidated financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and UK-adopted International Accounting Standards (UK IAS) and have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the accounts until they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing the consolidated financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in UK IAS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

In preparing the Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the Financial Reporting Standard 101 'Reduced Disclosure Framework' has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the Company financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit/loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Simon Pyper
Chief Executive Officer
28 March 2022

David Bowling
Chief Financial Officer
28 March 2022

Independent Auditor's Report
To the members of CPPGroup Plc

Opinion
We have audited the financial statements of CPPGroup Plc (the parent company) and its subsidiaries (the Group) for the year ended 31 December 2021 which comprise the consolidated statement of comprehensive income, the consolidated income statement, the consolidated and parent company statements of financial position, the consolidated and parent company statements of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards. The Financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

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 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom generally accepted accounting practice; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Our evaluation of the Directors' assessment of the Group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- a comparison of actual results for the year to past budgets to assess the forecasting ability/accuracy of management;
- reviewing the two-year plan prepared by management for the period, providing challenge to key assumptions and reviewing the reasonableness of the following:
  - significant movements in forecasted cash flows and evaluating the reasoning for the changes;
  - accuracy of the two-year plan forecasts by comparing the forecasts to historical trends and performance; and
  - substantiating the forecasts' inputs with supporting documentation;
- review of the parent company and its subsidiaries' correspondence with regulators up to the date of signing our audit report;
- review of the financial statements disclosures for the year ended 31 December 2021 and its supporting documents;
- evaluation of the Directors' going concern assessment, including the impacts of the COVID-19 pandemic and the actions that management can take in the event that there are further restrictions or lockdowns;

Conclusions relating to going concern continued

- assessment of the risks faced by the Group and the parent company, which includes:
  - credit risk, liquidity risk, currency risk, funding risk and capital risk (including minimum solvency capital requirements);
  - operational resilience and business continuity plans;
  - ability to continually provide services to customers;
  - compliance with regulations; and
  - maintaining appropriate oversight and control over the Group's significant international components; and
- reviewing post-year end RNS announcements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or parent company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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

Our application of materiality

The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures. The materiality applied to the Group financial statements was £1.46 million based on 1% of revenue. We based the materiality on revenue because we consider this to be the most relevant performance indicator of the Group and is a significant driver of profit or loss for the year.

The performance materiality was £1.02 million. We set performance materiality at 70% of overall financial statement materiality to reflect the risk associated with the judgemental and key areas of management estimation within the financial statements.

The materiality applied to the parent company financial statements was £158,000 based on 5% of profit before tax, as there is no revenue recorded in the holding company. The performance materiality was £110,600. For each component in the scope of our Group audit, we allocated a materiality that was less than our overall Group materiality. As a group which is in the process of growing its product revenue streams, component materiality was set with reference to either revenue or profit before tax.

We agreed with those charged with governance that we would report all differences identified during the course of our audit in excess of £73,000.

No significant changes have come to light through the audit fieldwork which has caused us to revise our materiality figure.

Our approach to the audit

In designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular we looked at areas involving significant accounting estimates and judgements by the Directors and considered future events that are inherently uncertain. We have identified Revenue recognition as significant risk and key audit matter during the year – details relating to key audit matters are provided in the following section of our report. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud. Of all the 32 components of the Group, a full scope audit was performed on the complete financial information of 12 components, and for the components not considered significant, we performed a limited scope review which consisted of analytical review procedures, together with substantive testing as appropriate on Group audit risk areas applicable to those components based on their relative size, risks in the business and our knowledge of the entity appropriate to respond to the risk of material misstatement.

Of all the 32 reporting components of the Group, 3 significant components are located outside United Kingdom and audited by PKF network firm operating under our instruction and the audits of the remaining components were performed in Leeds, conducted by PKF Littlejohn LLP, using a team with specific experience of auditing companies operating in the insurance sector and publicly listed entities.

The Senior Statutory Auditor interacted regularly with the component audit teams during all stages of the audit and was responsible for the scope and direction of the audit process. This, in conjunction with additional procedures performed, gave us appropriate evidence for our opinion on the Group and parent company financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our scope addressed this matter
Revenue recognition (Refer note 4)	
Under ISA (UK) 240 there is a rebuttable presumption that revenue recognition is a fraud risk. IFRS 15 *Revenue from Contracts with Customers* requires that the Group, for each of its material revenue streams, identify the individual performance obligations owed to its customers, against which revenue is allocated and recognised. Due to the nature of the Group's products, most notably in the Indian market, which involve the provision of different services over varying periods of time, the recognition of revenue is complex and involves the application of management judgement when identifying specific performance obligations. The key judgements applied include the identification of, and allocation of revenue between, different performance obligations, particularly in India where revenue growth is fastest and most complex. Management judgement is also applied when determining the costs associated with discharging the Group's various performance obligations, used as the basis for the revenue allocation calculations performed. We consider that there is significant audit risk in relation to: • the appropriateness and compliance of the Group's revenue recognition policies under IFRS 15 for new and existing products; and • the accuracy of revenue allocation calculations performed across the Group, most notably in India in light of local regulatory changes in the period, and the accuracy and completeness of underlying cost data upon which it is based.	We have carried out the following procedures: • documented our understanding of the internal control environment in operation for the significant income streams and undertaken walkthroughs across all material revenue streams to gain assurance that the key controls within these processes have been operating in the period under audit; • assessed the design and tested the operating effectiveness of controls relating to the collation and apportionment of costs used in the revenue recognition calculations in the Group material territories. We have also focused our controls testing in India on the accuracy of revenue recording; • we have focused our controls testing at group on the governance oversight over the revenue recognition policies applied in each territory, as well as the consideration and challenge provided over the revenue allocation mechanisms adopted; • obtained and agreed a sample of costs incurred to supporting information to assess the accuracy and completeness of revenue allocation calculations performed in the Group material territories; • tested a sample of revenue transactions recorded on either side of the year end to gain assurance over cut-off risk; • reviewed any legal opinions / correspondence and challenged management's classification of their products where appropriate; • used data analytics to perform analytical procedures and performed substantive tests of detail in order to audit the underlying revenue balances in India, the UK, Spain and Turkey; • reviewed intra-group revenue and ensured transactions are eliminated correctly on consolidation, along with any intra-group profits; and • reviewed any post-year end revenue credit adjustments to ensure that these credits are recorded in the correct period and these adjustments are valid postings.

Other information
The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the Group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the Group and the parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research and the application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the Group and the Company in this regard to be those arising from the Companies Act 2006, FCA Handbook, Solvency II, AIM rules, GDPR, Employment Law, Health and Safety Law, Anti-bribery and Money Laundering Regulations and the Quoted Companies Alliance Corporate Governance Code. Local laws and regulations in India, Spain, Ireland, Turkey and other locations where the Group operates, were also considered.
- There was regular interaction with the component Auditors during all stages of the audit, including procedures designed to identify non-compliance with laws and regulations, including fraud.

Auditor's responsibilities for the audit of the financial statements continued

- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the Group or the Company with those laws and regulations. These procedures included, but were not limited to:
  - discussions with management regarding potential non-compliance;
  - review of legal and professional fees to understand the nature of the costs and the existence of any non-compliance with laws and regulations; and
  - review of minutes of meetings of those charged with governance, regulatory correspondence and RNS announcements.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the potential for management bias was identified in relation to the revenue recognition policy of the Group and, as noted above, we addressed this by challenging the assumptions and judgements made by management when auditing that critical accounting judgement.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business and review of bank statements during the year to identify any large and unusual transactions where the business rationale is not clear.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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

Martin Watson (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
3rd Floor, One Park Row, Leeds, United Kingdom
28 March 2022

Consolidated income statement
For the year ended 31 December 2021

	Note	2021 £'000	2020 (restated*) £'000
Continuing operations			
Revenue	5	**143,625**	136,464
Cost of sales		**(110,708)**	(102,317)
Gross profit		**32,917**	34,147
Administrative expenses		**(29,827)**	(31,597)
Share of loss of joint venture	21	**(189)**	(264)
Operating profit		**2,901**	2,286
Analysed as:			
EBITDA	5	**7,524**	5,838
Depreciation and amortisation		**(2,995)**	(3,196)
Exceptional items	6	**(1,628)**	(356)
Investment revenues	10	**223**	412
Finance costs	11	**(358)**	(512)
Other gains and losses	6	**1,459**	(1,294)
Profit before taxation		**4,225**	892
Taxation	12	**(3,707)**	(3,441)
Profit/(loss) for the year from continuing operations		**518**	(2,549)
Discontinued operations			
Profit for the year from discontinued operations	15	**2,490**	952
Profit/(loss) for the year		**3,008**	(1,597)
Attributable to:			
Equity holders of the Company		**2,565**	(1,680)
Non-controlling interests		**443**	83
		3,008	(1,597)

		Pence	Pence (restated*)
Basic earnings/(loss) per share			
Continuing operations	14	**0.85**	(30.21)
Discontinued operations	14	**28.31**	10.93
		29.16	(19.28)

		Pence	Pence (restated*)
Diluted earnings/(loss) per share			
Continuing operations	14	**0.83**	(30.21)
Discontinued operations	14	**27.60**	10.93
		28.43	(19.28)

* Restated to reflect Germany and China as discontinued operations. See note 2.

Consolidated statement of comprehensive income
For the year ended 31 December 2021

	2021 £'000	2020 £'000
Profit/(loss) for the year	**3,008**	(1,597)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(695)**	(809)
Exchange differences reclassified on disposal of foreign operations	**(4)**	1,294
Other comprehensive (expense)/income for the year net of taxation	**(699)**	485
Total comprehensive income/(expense) for the year	**2,309**	(1,112)
Attributable to:		
Equity holders of the Company	**1,867**	(1,145)
Non-controlling interests	**442**	33
	2,309	(1,112)

Balance sheets
As at 31 December 2021

	Note	Consolidated 2021 £'000	Consolidated 2020 £'000	Company 2021 £'000	Company 2020 £'000
Non-current assets					
Goodwill	16	**540**	612	**—**	—
Other intangible assets	17	**3,603**	3,741	**—**	—
Property, plant and equipment	18	**1,335**	1,670	**—**	—
Right-of-use assets	19	**5,109**	6,097	**—**	—
Investments	20	**—**	—	**15,770**	15,545
Equity investment	21	**1,889**	—	**—**	—
Investment in joint venture	21	**—**	450	**—**	—
Deferred tax assets	32	**396**	858	**57**	48
Contract assets	24	**564**	426	**—**	—
		13,436	13,854	**15,827**	15,593
Current assets					
Insurance assets	22	**—**	46	**—**	—
Inventories	23	**102**	145	**—**	—
Contract assets	24	**4,020**	4,853	**—**	—
Trade and other receivables	25	**13,605**	16,379	**81,941**	79,314
Cash and cash equivalents	26	**22,319**	21,856	**5,368**	12,433
		40,046	43,279	**87,309**	91,747
Assets classified as held for sale	15	**478**	—	**—**	—
		40,524	43,279	**87,309**	91,747
Total assets		**53,960**	57,133	**103,136**	107,340
Current liabilities					
Insurance liabilities	27	**(82)**	(935)	**—**	—
Income tax liabilities		**(1,362)**	(974)	**—**	—
Trade and other payables	28	**(19,462)**	(20,387)	**(15,275)**	(15,615)
Lease liabilities	29	**(937)**	(882)	**—**	—
Contract liabilities	24	**(9,190)**	(10,889)	**—**	—
		(31,033)	(34,067)	**(15,275)**	(15,615)
Liabilities classified as held for sale	15	**(550)**	—	**—**	—
		(31,583)	(34,067)	**(15,275)**	(15,615)
Net current assets		**8,941**	9,212	**72,034**	76,132
Non-current liabilities					
Borrowings	30	**58**	98	**—**	—
Deferred tax liabilities	32	**(927)**	(579)	**(47)**	—
Lease liabilities	29	**(4,936)**	(5,756)	**—**	—
Contract liabilities	24	**(1,200)**	(1,094)	**—**	—
		(7,005)	(7,331)	**(47)**	—
Total liabilities		**(38,588)**	(41,398)	**(15,322)**	(15,615)
Net assets		**15,372**	15,735	**87,814**	91,725
Equity					
Share capital	34	**24,243**	24,153	**24,243**	24,153
Share premium account		**45,225**	45,225	**45,225**	45,225
Merger reserve		**(100,399)**	(100,399)	**—**	—
Translation reserve		**136**	834	**—**	—
ESOP reserve		**17,418**	17,490	**10,792**	10,864
Retained earnings		**27,202**	27,327	**7,554**	11,483
Equity attributable to equity holders of the Company		**13,825**	14,630	**87,814**	91,725
Non-controlling interests	36	**1,547**	1,105	**—**	—
Total equity		**15,372**	15,735	**87,814**	91,725

The notes on pages 51 to 85 form an integral part of these financial statements.

The Company reported a loss for the financial year ended 31 December 2021 of £1,239,000 (2020: £10,676,000 profit).

Approved by the Board of Directors and authorised for issue on 28 March 2022 and signed on its behalf by:

Simon Pyper
Chief Executive Officer

David Bowling
Chief Financial Officer

Company registration number: 07151159

Consolidated statement of changes in equity
For the year ended 31 December 2021

	Note	Share capital £'000	Share premium account £'000	Merger reserve £'000	Translation reserve £'000	ESOP reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
At 1 January 2020		24,056	45,225	(100,399)	299	16,999	28,928	15,108	884	15,992
Loss for the year		—	—	—	—	—	(1,680)	(1,680)	83	(1,597)
Other comprehensive income for the year		—	—	—	535	—	—	535	(50)	485
Total comprehensive expense for the year		—	—	—	535	—	(1,680)	(1,145)	33	(1,112)
Equity-settled share-based payment charge	35	—	—	—	—	491	—	491	—	491
Deferred tax on intangible asset	12	—	—	—	—	—	58	58	—	58
Exercise of share options		97	—	—	—	—	(97)	—	—	—
Movement in non-controlling interests	36	—	—	—	—	—	118	118	188	306
At 31 December 2020		24,153	45,225	(100,399)	834	17,490	27,327	14,630	1,105	15,735
Profit for the year		**—**	**—**	**—**	**—**	**—**	**2,565**	**2,565**	**443**	**3,008**
Other comprehensive expense for the year		**—**	**—**	**—**	**(698)**	**—**	**—**	**(698)**	**(1)**	**(699)**
Total comprehensive income for the year		**—**	**—**	**—**	**(698)**	**—**	**2,565**	**1,867**	**442**	**2,309**
Equity-settled share-based payment credit	35	**—**	**—**	**—**	**—**	**(72)**	**—**	**(72)**	**—**	**(72)**
Exercise of share options	34	**90**	**—**	**—**	**—**	**—**	**(70)**	**20**	**—**	**20**
Deferred tax on share options	12	**—**	**—**	**—**	**—**	**—**	**9**	**9**	**—**	**9**
Dividends paid	13	**—**	**—**	**—**	**—**	**—**	**(2,629)**	**(2,629)**	**—**	**(2,629)**
At 31 December 2021		**24,243**	**45,225**	**(100,399)**	**136**	**17,418**	**27,202**	**13,825**	**1,547**	**15,372**

Company statement of changes in equity
For the year ended 31 December 2021

	Note	Share capital £'000	Share premium account £'000	ESOP reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2020		24,056	45,225	10,373	904	80,558
Profit and total comprehensive income for the year	1	—	—	—	10,676	10,676
Equity-settled share-based payment charge	35	—	—	491	—	491
Exercise of share options		97	—	—	(97)	—
At 31 December 2020		24,153	45,225	10,864	11,483	91,725
Loss and total comprehensive expense for the year	1	**—**	**—**	**—**	**(1,239)**	**(1,239)**
Equity-settled share-based payment credit	35	**—**	**—**	**(72)**	**—**	**(72)**
Exercise of share options	34	**90**	**—**	**—**	**(70)**	**20**
Deferred tax on share options	12	**—**	**—**	**—**	**9**	**9**
Dividends paid	13	**—**	**—**	**—**	**(2,629)**	**(2,629)**
At 31 December 2021		**24,243**	**45,225**	**10,792**	**7,554**	**87,814**

Consolidated cash flow statement
For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Net cash from operating activities	37	**4,562**	3,162
Investing activities			
Interest received		**224**	410
Purchases of property, plant and equipment	18	**(525)**	(356)
Purchases of intangible assets	17	**(1,370)**	(1,408)
Cash consideration in respect of sale of discontinued operations	15	**2,366**	—
Cash disposed of with discontinued operations		**(112)**	—
Receipts from net investment lease assets		**—**	117
Net cash from/(used in) from investing activities		**583**	(1,237)
Financing activities			
Dividends paid	13	**(2,629)**	—
Costs of refinancing the bank facility		**—**	(110)
Repayment of the lease liabilities		**(1,507)**	(1,783)
Proceeds on disposal of partial interest in a subsidiary	36	**—**	329
Interest paid		**(76)**	(60)
Issue of ordinary share capital		**20**	—
Net cash used in financing activities		**(4,192)**	(1,624)
Net increase in cash and cash equivalents		**953**	301
Effect of foreign exchange rate changes		**(400)**	(402)
Cash and cash equivalents at 1 January		**21,856**	21,957
Cash and cash equivalents at 31 December	26	**22,409**	21,856

	Note	2021 £'000	2020 £'000
Analysed as:			
Continuing operations		**22,319**	21,856
Discontinued operations	15	**90**	—
		22,409	21,856

Notes to the financial statements

1. General information

CPPGroup Plc (the Company) is a public company limited by shares incorporated in England and Wales under the Companies Act 2006 and domiciled in the United Kingdom. Its registered office is 6 East Parade, Leeds LS1 2AD. The Group comprises CPPGroup Plc and its subsidiaries. The Group's principal activity during the year was the provision of assistance products.

The consolidated and Company financial statements are presented in pounds sterling, the functional currency of the Company. All financial information is rounded to the nearest thousand (£'000) except where otherwise indicated. Foreign operations are included in accordance with the policies set out in note 3.

The Company has taken advantage of the exemption in the Companies Act 2006, section 408, not to present its own income statement. The Company reported a loss after tax for the year of £1,239,000 (2020: £10,676,000 profit) which included dividends received from subsidiary undertakings of £nil (2020: £14,000,000).

2. Adoption of new Standards

New Standards adopted

The following Standards and Interpretations have become effective and have been adopted in these financial statements. The IFRS 16 practical expedient is effective for periods beginning on or after 1 June 2020 and was early adopted by the Group in the prior year. No other Standards or Interpretations have been adopted early in these financial statements.

Standard/Interpretation	Subject
IFRS 9/IAS 39/IFRS 7/IFRS 4/IFRS 16	Interest rate benchmark reform

Standards not yet applied

At the date of authorisation of these financial statements, the following relevant Standards and Interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

Standard/Interpretation	Subject	Period first applies (year ended)
IAS 1	Presentation of financial statements	31 December 2023
IAS 8	Definition of accounting estimates	31 December 2023
IFRS 17	Insurance contracts	31 December 2023

The Group has yet to quantify the impact of these new Standards but does not expect them to have a material impact on the Group in future periods.

3. Significant accounting policies

Basis of preparation

These consolidated financial statements on pages 45 to 85 present the performance of the Group for the year ended 31 December 2021. The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and UK-adopted International Accounting Standards (UK IASs). The consolidated financial statements have been prepared under the historical cost basis.

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council (FRC). Accordingly, the financial statements have been prepared in accordance with FRS 101 Reduced Disclosure Framework as issued by the FRC incorporating the Amendments to FRS 101 issued by the FRC in July 2015 and July 2016. The Company financial statements have also been prepared under the historical cost basis.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available in relation to Standards not yet effective, presentation of a cash flow statement, share-based payments and related party transactions.

Restatement of disclosures

On 17 May 2021, the Group completed the sale of its 100% shareholding in CPP Creating Profitable Partnerships GmbH (Germany).

As at 31 December 2021, the Board was committed to the disposal of CPP Asia Limited and its wholly owned subsidiary CPP Technology Services (Shanghai) Co. Ltd (together, China). A sale process was well underway as at the balance sheet date which subsequently completed on 27 January 2022.

In accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, Germany and China have been classified as discontinued within these financial statements. Accordingly, the comparative consolidated income statement information and appropriate disclosure notes have been restated and China has also been classified as held for sale as at 31 December 2021. See note 15 for further details.

Going concern

The Board of Directors has, at the time of approving the consolidated financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for a period of at least 12 months from the date of this report. The assessment considers the Group's modelling of the ongoing risks associated with COVID-19. Accordingly they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements. Further details of the Directors' assessment is set out in the Directors' Report on page 38.

Basis of consolidation

The consolidated financial statements include the results, cash flows, assets and liabilities of the Company and the entities under its control. Control is achieved when the Company has power over the investee; is exposed or has rights to variable return from its involvement with the investee; and has the ability to use its power to affect its returns.

3. Significant accounting policies continued

Basis of consolidation continued

Subsidiary undertakings are all entities over which the Group has the power to govern the financial and operating policies. The power to govern is also achieved when the Group is exposed to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. This power is generally accompanied by the Group having a shareholding of more than one-half of the voting rights. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal. Adjustments are made, where necessary, to the financial statements of subsidiaries to bring their accounting policies into line with Group policies. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Exceptional items

Items which are exceptional and within operating profit, being material in terms of size and/or nature, are presented separately from underlying business performance in the consolidated income statement. The separate reporting of exceptional items contained within operating profit helps provide an indication of the Group's underlying business performance. Items which are in other gains or losses and exceptional from their size or nature are identified in the exceptional note.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event; it is probable that the Group will be required to settle that obligation; and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Share-based payments

The Group's current share plan under which it has issued share options is the 2016 Long Term Incentive Plan (2016 LTIP). Costs in relation to the 2016 LTIP are disclosed within administrative expenses.

The Group has an additional share-based payment scheme in the form of a Realisation Proceeds Plan (RPP). This scheme is treated as cash or equity-settled dependent upon the distributable proceeds resulting from a realisation event. The RPP scheme has been issued to certain employees and vests once a realisation event occurs. At the date at which the realisation event occurs the fair value of the award will be assessed and recognised through the income statement. The awards will be settled immediately following the realisation event with no such vesting period occurring and no subsequent measurement required.

The Group has issued share options to certain of its employees through legacy share plans which consist of the Matching Share Plan (MSP) and the Restricted Stock Plan (RSP). There are no costs recognised in relation to these plans in the consolidated income statement. Options under these plans have vested and remain available for exercise.

Share options are treated as equity-settled if the Group has the ability to determine whether to settle exercises in cash or by the issue of shares. Share options are measured at fair value at the date of grant, based on the Group's estimate of shares that will eventually vest, and adjusted for the effect of non-market-based vesting conditions each year. Non-market vesting conditions include a change in control of the Group and are considered by the Directors at each year end. The fair value of equity-settled share-based payments is expensed in the consolidated income statement on a straight line basis over the vesting period, with a corresponding increase in equity, subject to adjustment for forfeited options.

Where the terms of an equity-settled award are modified, the cost based on the original award terms continues to be recognised over the remainder of the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the fair value of the original award and the fair value of the modified award, both as measured on the date of modification. No reduction is recognised if the difference is negative.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

The fair value of share options is measured by use of the Black Scholes option pricing model and the Monte Carlo simulation model.

Revenue recognition

Retail assistance revenue

The Group provides a range of assistance products and services that may be insurance backed as well as including a bundle of assistance and other services. Revenue attributable to the Group's assistance products is comprised of the prices paid by customers for the assistance products net of any cancellations, sales taxes and underwriting fees dependent on the terms of the arrangement.

Revenue is recognised either immediately on inception of a policy or over the duration of the policy where there are ongoing obligations to fulfil with a customer. The Group's performance obligations typically include a combination of intermediary services, claims handling, policy administration services and providing access to a range of relevant assistance benefits. This allocation of revenue is determined by each product and its features and is calculated on a cost plus margin basis. Revenue recognised on inception relates to the Group's role as intermediary in the policy sale and immediate delivery of certain features. Revenue recognised over the life of the policy relates to the administration process and ongoing services where obligations exist to provide future services, such as claims handling. The proportion of recognition on inception and over a period of time varies across the Group's suite of products dependent on the services performed and product features included. Provisions for cancellations are made at the time revenue is recorded and are deducted from revenue.

3. Significant accounting policies continued

Revenue recognition continued

Retail assistance revenue continued

For certain other of the Group's assistance products, there are no introduction fees. In these arrangements, revenue is comprised of the subscriptions received from members, net of underwriting fees and exclusive of any sales taxes. These subscriptions are recognised over the duration of the service provided.

Wholesale policies

Wholesale revenue is generally comprised of fees billed directly to business partners, exclusive of any sales taxes, and is recognised as those fees are earned.

Non-policy revenue

Non-policy revenue is comprised of fees billed directly to customers or business partners for services provided under separate non-policy based arrangements. Such revenue is recognised, exclusive of any sales taxes, as those fees are earned.

Contract assets

The Group recognises contract assets in the consolidated balance sheet. Contract assets represent deferred income and costs that are incremental to obtaining a customer contract, typically commission costs. Contract assets are recognised in the consolidated income statement in line with the profile of the associated revenue within the relevant customer contract. These assets have been classified as either current or non-current reflecting the period in which they are expected to be recognised through the consolidated income statement.

Contract liabilities

The Group recognises contract liabilities in the consolidated balance sheet. Contract liabilities represent deferred income and have been classified as current or non-current, reflecting the period in which future performance obligations are expected to be satisfied and when the liability is to be recognised in the consolidated income statement.

Insurance revenue

Insurance contracts are those contracts that transfer significant insurance risk at the inception of the contract. Insurance risk is transferred when the Group agrees to compensate a policyholder if a specified uncertain future event (other than a change in a financial variable) adversely affects the policyholder.

Revenue attributable to the Group's insurance contracts comprises premiums paid by customers and is exclusive of any sales taxes and similar duties. Premiums from insurance policies are recognised as revenue on a straight line basis over the life of the policy.

Provisions for unearned premiums are made, representing the part of gross premiums written that is estimated to be earned in the following or subsequent financial periods, on a straight line basis for each policy. The provision for unearned premiums is recorded under insurance liabilities on the consolidated balance sheet.

Acquisition costs are amortised over the life of the average policy. Acquisition costs which are expensed in the following or subsequent accounting periods are recorded in the balance sheet as deferred acquisition costs and include a proportionate allowance for commissions and post-sale set up costs incurred in respect of unearned premiums not amortised at the balance sheet date.

Insurance claims provisions

Claims incurred comprise the Group's claims payments and internal settlement expenses during the period, together with the movement in the Group's provision for outstanding claims over the period, including an estimate for claims incurred but not reported. Differences between the estimated cost and subsequent settlement of claims are recognised in the consolidated income statement in the year in which they are settled.

Investments in subsidiaries

Investments in subsidiaries in the Company balance sheet are stated at cost less accumulated impairment losses. Investments are periodically reviewed for impairment by comparing the carrying value to value in use.

Business combinations

The acquisitions of subsidiaries are accounted for using the acquisition method. The consideration transferred for acquisition of a subsidiary 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 acquired business. The acquired identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business Combinations* are measured at their fair value at the acquisition date. Acquisition-related costs are expensed as incurred.

Joint arrangements

Under IFRS 11 *Joint Arrangements*, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Investments in joint ventures are accounted for using the equity method of accounting after being recognised initially at cost on the consolidated balance sheet. The investment is subsequently adjusted to recognise the Group's share of post-acquisition profits or losses and the Group's share of profit or loss is recognised in the consolidated income statement. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

The carrying amount of equity-accounted investments is tested for impairment in accordance with Group policy. Joint arrangements are de-recognised when a significant influence can no longer be demonstrated, in accordance with IAS 28 Investments in Associates and Joint Ventures.

3. Significant accounting policies continued

Equity investments

Equity investments are initially recognised at fair value, in accordance with IFRS 9. They are revalued at reporting dates and an election has been made that the fair value gains or losses are recognised in other comprehensive income. This is due to the non-current nature of the equity investment and the Group's intention to hold this as a long-term investment. The Group's equity investment represents its shareholding in KYND Limited on a fully diluted basis.

In the year, there has been a one-off gain on the dilution of the Group's shareholding in KYND, which has resulted in the derecognition of KYND as a joint venture and the recognition of KYND as an equity investment. This has been recognised as other gains and losses in the consolidated income statement.

Non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries that is not held by the Group and is presented within equity on the consolidated balance sheet, separately from the Company's equity holdings. The Group recognises any non-controlling interest in acquired entities on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised at cost and is subsequently measured at cost less any accumulated impairment losses.

Goodwill is not subject to amortisation but is tested for impairment annually.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Impairment of goodwill

For the purpose of impairment testing, goodwill is allocated to cash generating units (CGUs). If the recoverable amount of a CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit. An impairment loss for goodwill is not reversed in a subsequent period.

Intangible assets

Externally acquired software

Externally acquired software is measured at purchase cost and is amortised on a straight line basis over its estimated useful life of four to five years.

Internally generated software

Internally generated intangible assets arising from the Group's software development programmes are recognised from the point at which the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally generated software is amortised on a straight line basis over its estimated useful life of four to five years.

Intangible assets arising from business combinations

Intangible assets arising from business combinations are initially stated at their fair values and amortised over their useful economic lives as follows:

- Business partner relationships: in line with the relevant projected revenues.

Property, plant and equipment

Property, plant and equipment are shown at purchase cost, net of accumulated depreciation.

Depreciation is provided at rates calculated to write off the costs, less estimated residual value, of each asset over its expected useful life as follows:

Computer systems:	4–5 years straight line
Furniture and equipment:	4 years straight line
Leasehold improvements:	Over the shorter of the life of the lease and the useful economic life of the asset

Impairment of intangible assets and property, plant and equipment

Annually the Group reviews the carrying amounts of both its intangible assets and property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted at 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 assets for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit may be increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash generating unit in prior years.

3. Significant accounting policies continued

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank deposits with a term from inception of three months or less, less bank overdrafts where there is a right to offset. Bank overdrafts are presented as current liabilities to the extent that there is no right to offset with cash balances in the same currency.

Assets and liabilities classified as held for sale and discontinued operations

Assets and liabilities are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and the sale is highly probable. Assets and liabilities classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell. They are not depreciated or amortised from the point they are recognised as held for sale.

Operations are classified as discontinued when they are either disposed or are part of a single co-ordinated plan to dispose, and represent a major line of business or geographical area of operation. Discontinued operations include all income and expenses relating to the discontinued operations, including exceptional items, taxation, profit or loss on disposal and costs to sell.

Leases

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group's leases include properties, equipment and motor vehicles. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and low value assets. For these leases, the Group recognises the lease payments as an expense through the consolidated income statement on a straight line basis over the term of the lease.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments, discounted by using the relevant incremental borrowing rate available to the Group in each territory where a lease is held. Lease liabilities include the net present value of the following: lease payments; fixed payments, including any incentives; variable lease payments; and amounts payable under residual value guarantees.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated income statement over the lease period providing a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets

Right-of-use assets are measured at cost comprising the following: the amount of the initial measurement of lease liability and any lease payments made at or before the commencement date; less any lease incentives received, any initial direct costs and final committed restoration costs.

The right-of-use asset is depreciated on a straight line basis over the shorter of the asset's useful life and the lease term.

Variable lease payments

When a lease includes terms that change the future lease payments, such as index-linked reviews, the lease liability (and related right-of-use asset) is remeasured based on the revised future lease payments at the date on which the revision is triggered.

Extension and termination options

A number of the Group's lease arrangements include extension and termination options. These terms are used to maximise operational flexibility in respect of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated), considering historical trends and circumstances of the lease arrangement.

The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession applying IFRS 16 as if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

b) any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and

c) there is no substantive change to other terms and conditions of the lease.

Taxation

Taxation on the profit or loss for the year comprises both current and deferred tax as well as adjustments in respect of prior years. Taxation is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the tax is also included within equity. Current tax is the expected tax payable on the taxable income for the year using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full, using the liability method, on all taxable and deductible temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiary undertakings except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

3. Significant accounting policies continued

Taxation continued

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Group/Company intends to settle its current tax assets and liabilities on a net basis.

Pension costs

Pension costs represent contributions made by the Group to defined contribution pension schemes. These are expensed as incurred.

Foreign currencies

In preparing the financial information of the individual entities that comprise the Group, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences are classified as equity and transferred to the Group's translation reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

On disposal of foreign operations, the cumulative amount of exchange differences previously recognised directly in equity for that foreign operation are transferred to the consolidated income statement as part of the profit or loss on disposal.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument. These are derecognised when the contractual provisions have ceased or substantially all of the risks and rewards have been transferred.

Financial assets

Trade receivables, loans, other receivables or cash and cash equivalents that have fixed or determinable payments that are not quoted in an active market are initially recorded at fair value and subsequently at amortised cost using the effective interest method, less allowance for any estimated irrecoverable amounts.

Investments in debt instruments are initially measured at fair value, including transaction costs directly attributable to the acquisition of the financial asset. Financial assets held at fair value through profit and loss are initially recognised at fair value and transaction costs are expensed.

Where debt instruments are designated as 'fair value through profit and loss', gains and losses arising from changes in fair value are included in the income statement for the period. For debt instruments designated as 'fair value through other comprehensive income' gains or losses arising from changes in fair value are recognised in other comprehensive income.

Equity instruments

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 are measured at fair value with gains or losses recognised through the other comprehensive income.

Classification

Financial assets are classified at level 1 to 3 depending on if they are quoted instruments (level 1), have observable inputs (level 2) or have unobservable inputs (level 3).

Financial liabilities

Financial liabilities, including borrowings, are initially measured at the proceeds received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of consolidated financial statements in accordance with IFRS requires the use of assumptions, estimates and judgements that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results in the future may differ from those reported.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Critical judgements

Revenue recognition

The Group recognises revenue either immediately on inception of a policy or over the duration of a policy where there are ongoing obligations to fulfil to a customer. Certain of the Group's contractual structures relating to product features require judgement in determining whether the Group carries an obligation to the customer over the term of the policy or if the exposure to that obligation has been transferred to a third party on inception. This judgement determines when the Group has completed the performance obligation to the customer and can recognise revenue.

The Group allocates revenue on a cost plus margin basis. The cost base may vary over time as product features are enhanced, suppliers are changed or underlying costs move. Judgement is applied in determining if the resulting changes to the cost base represent a temporary or permanent adjustment in the allocation of revenue to performance obligations. If a change is considered temporary, or within a materiality threshold, revenue recognition principles are not amended to aid consistency.

4. Critical accounting judgements and key sources of estimation uncertainty continued

Critical judgements continued

Classification of exceptional items

Exceptional items are those items that are required to be separately disclosed by virtue of their size or incidence or have been separately disclosed on the income statement in order to improve a reader's understanding of the financial statements. Consideration of what should be included as exceptional requires judgement to be applied. Exceptional items are considered to be those which are material and outside of the normal operating practice of the Group.

Assumptions and estimation uncertainties

Current tax

The Group operates in countries with complex tax regulations, where filed tax positions may remain open to challenge by local tax authorities for several years. Corporation taxes are recognised by assessment of the specific tax law and likelihood of settlement. Where the Group has uncertain tax treatments it has recognised appropriate provisions reflecting the expected value calculated by the sum of the probability-weighted amounts in a range of possible outcomes.

Changes to the Group's assessment of uncertain tax treatments would be reflected through the consolidated income statement.

5. Segmental analysis

IFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Directors to allocate resources to the segments and to assess their performance. The Group's operating segments are:

- Ongoing Operations: India, Turkey, Spain, Portugal, Italy, Mexico, Malaysia, the UK, Bangladesh and Blink. These businesses have no regulatory restrictions on new sales activity. These markets represent a combination of businesses in which we continue to invest and drive new opportunities as well as ones that have been strategically assessed and wound down or exited.
- Restricted Operations: historic renewal books of our UK regulated entities; CPPL, including its overseas branch in Malaysia; and HIL. As a result of regulatory restrictions we are not permitted to undertake new sales in these businesses.
- Central Functions: central cost base required to provide expertise and operate a listed group. Central Functions is stated after the recharge of certain central costs that are appropriate to transfer to both Ongoing Operations and Restricted Operations for statutory purposes.

As at 31 December 2021, the German and Chinese operations were reclassified as discontinued, having previously been part of Ongoing Operations; accordingly, the comparatives have been restated.

Segment revenue and performance for the current and comparative periods are presented below:

	Ongoing Operations 2021 £'000	Restricted Operations 2021 £'000	Central Functions 2021 £'000	Total 2021 £'000
Year ended 31 December 2021				
Continuing operations				
Revenue – external sales	134,837	8,788	—	143,625
Cost of sales	(110,044)	(664)	—	(110,708)
Gross profit	24,793	8,124	—	32,917
Administrative expenses excluding depreciation, amortisation and exceptional items	(16,146)	(4,866)	(4,192)	(25,204)
Segmental EBITDA	8,647	3,258	(4,192)	7,713
Share of loss of joint venture				(189)
EBITDA				7,524
Depreciation and amortisation				(2,995)
Exceptional items (note 6)				(1,628)
Operating profit				2,901
Investment revenues				223
Finance costs				(358)
Other gains and losses (note 6)				1,459
Profit before taxation				4,225
Taxation				(3,707)
Profit for the year from continuing operations				518
Discontinued operations				
Profit for the year from discontinued operations				2,490
Profit for the year				3,008

5. Segmental analysis continued

	Ongoing Operations 2020 (restated*) £'000	Restricted Operations 2020 £'000	Central Functions 2020 (restated*) £'000	Total 2020 (restated*) £'000
Year ended 31 December 2020				
Continuing operations				
Revenue – external sales	125,396	11,068	—	136,464
Cost of sales	(100,942)	(1,375)	—	(102,317)
Gross profit	24,454	9,693	—	34,147
Administrative expenses excluding depreciation, amortisation and exceptional items	(17,454)	(5,887)	(4,704)	(28,045)
Segmental EBITDA	7,000	3,806	(4,704)	6,102
Share of loss of joint venture				(264)
EBITDA				5,838
Depreciation and amortisation				(3,196)
Exceptional items (note 6)				(356)
Operating profit				2,286
Investment revenues				412
Finance costs				(512)
Other gains and losses (note 6)				(1,294)
Profit before taxation				892
Taxation				(3,441)
Loss for the year from continuing operations				(2,549)
Discontinued operations				
Profit for the year from discontinued operations				952
Loss for the year				(1,597)

* Restated to reflect Germany and China as discontinued operations. See note 2.

Segment assets

	2021 £'000	2020 (restated*) £'000
Ongoing Operations	**36,947**	40,677
Restricted Operations	**7,392**	7,564
Central Functions	**6,318**	5,113
Total segment assets	**50,657**	53,354
Unallocated assets	**2,825**	1,920
Assets relating to discontinued operations	**478**	1,859
Consolidated total assets	**53,960**	57,133

* Restated to reflect Germany and China as discontinued operations. See note 2.

Goodwill, deferred tax, equity investment and investment in joint venture are not allocated to segments.

5. Segmental analysis continued

Capital expenditure

	Intangible assets		Property, plant and equipment		Right-of-use assets	
	2021 £'000	2020 £'000	2021 £'000	2020 (restated*) £'000	2021 £'000	2020 (restated*) £'000
Continuing operations						
Ongoing Operations	**979**	1,055	**512**	254	**493**	1,565
Restricted Operations	**344**	352	**5**	18	**—**	—
Central Functions	**47**	1	**8**	83	**6**	523
Additions from continuing operations	**1,370**	1,408	**525**	355	**499**	2,088
Discontinued operations						
Additions from discontinued operations	**—**	—	**—**	1	**250**	3
Consolidated total additions	**1,370**	1,408	**525**	356	**749**	2,091

* Restated to reflect Germany and China as discontinued operations. See note 2.

Revenues from major products

	2021 £'000	2020 (restated*) £'000
Continuing operations		
Retail assistance policies	**128,982**	126,531
Retail insurance policies	**—**	85
Wholesale policies	**2,705**	2,549
Non-policy revenue	**11,938**	7,299
Revenue from continuing operations	**143,625**	136,464
Discontinued operations		
Retail assistance policies	**2,152**	4,491
Wholesale policies	**312**	189
Revenue from discontinued operations	**2,464**	4,680
Total revenue	**146,089**	141,144

* Restated to reflect Germany and China as discontinued operations. See note 2.

Major product streams are disclosed on the basis monitored by senior management. For the purpose of this product analysis, 'retail assistance policies' are those which may be insurance backed but contain a bundle of assistance and other benefits; 'retail insurance policies' are those which protect against a single insurance risk; 'wholesale policies' are those which are provided by business partners to their customers in relation to an ongoing product or service which is provided for a specified period of time; and 'non-policy revenue' is that which is not in connection with providing an ongoing service to policyholders for a specified period of time. The Group derives its revenue from contracts with customers for the transfer of goods and services which is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8.

Disclosures in notes 8, 22 and 27 regarding accounting for insurance contracts provide information relating to all contracts within the scope of IFRS 4 and therefore include both retail insurance policies and the insurance components of retail assistance and wholesale policies.

Timing of revenue recognition

The Group derives revenue from the transfer of goods and services over time and at a point in time as follows:

	2021 £'000	2020 (restated*) £'000
Continuing operations		
At a point in time	**126,606**	116,296
Over time	**17,019**	20,168
Revenue from continuing operations	**143,625**	136,464
Discontinued operations		
At a point in time	**1,496**	1,606
Over time	**968**	3,074
Revenue from discontinued operations	**2,464**	4,680
Total revenue	**146,089**	141,144

* Restated to reflect Germany and China as discontinued operations. See note 2.

5. Segmental analysis continued

Geographical information

The Group operates across a wide number of territories, of which India, the UK and Spain are considered individually material. Revenue from external customers and non-current assets (excluding equity investment, investment in joint venture and deferred tax) by geographical location is detailed below:

	External revenues		Non-current assets	
	2021 £'000	2020 (restated*) £'000	2021 £'000	2020 (restated*) £'000
Geographical location for continuing operations				
India	**119,273**	108,406	**7,721**	8,071
UK	**10,750**	12,082	**1,585**	2,062
Spain	**6,341**	7,538	**323**	256
Turkey	**3,568**	3,768	**249**	370
Other	**3,693**	4,670	**1,273**	1,423
Total for continuing operations	**143,625**	136,464	**11,151**	12,182
Discontinued operations	**2,464**	4,680	**—**	364
	146,089	141,144	**11,151**	12,546

* Restated to reflect Germany and China as discontinued operations. See note 2.

Information about major customers

Revenue from the customers of one business partner in the Group's Ongoing Operations segment represented approximately £84,159,000 (2020: £73,739,000) of the Group's total revenue.

6. Exceptional items

Exceptional items included in the table below detail all exceptional items, which are included in operating profit, other gains and losses and discontinued operations, as well as the associated taxation.

	Note	2021 £'000	2020 £'000
Continuing operations			
Exceptional items included within operating profit			
Restructuring costs	7	**1,628**	161
Impairment of goodwill	16	**—**	880
Customer redress and associated costs	7	**—**	(685)
Exceptional charge included in operating profit		**1,628**	356
Exceptional items included within other gains and losses			
Other gains and losses – gain on reclassification of investment		**(1,459)**	—
Other gains and losses – foreign exchange reclassification		**—**	1,294
Exceptional (gain)/charge included in other gains and losses		**(1,459)**	1,294
Total exceptional charge included in profit before tax		**169**	1,650
Tax on exceptional items		**(171)**	—
Exceptional (gain)/charge after tax for continuing operations	14	**(2)**	1,650
Discontinued operations			
Exceptional gain from discontinued operations	14,15	**(2,399)**	—
		(2,401)	1,650

Restructuring costs of £1,628,000 relate to the Group's commitment to focus on the areas of the business that have the strongest prospects for delivering sustainable and profitable medium to long-term growth. This has included redundancy programmes in Spain, Blink and Mexico, as well as closure of the Malaysian operation and head office operational restructuring. The prior year restructuring of £161,000 related to redundancy costs and onerous leases associated with the closure of the Southeast Asia operation.

Other gains and losses in the year reflect the gain on reclassification of the investment in KYND Limited (KYND) from a joint venture to an equity investment of £1,459,000 (2020: £nil). This is following a dilution of the Group's shareholding, after additional investment into KYND from BGF Investment Management Limited (BGF). As a result, the investment no longer meets the criteria to be held as a joint venture and is reclassified as an equity investment and held at fair value (see note 21). In the prior year, the foreign exchange reclassification of £1,294,000 related to a reclassification of cumulative foreign translation adjustments on the closure of the overseas branches in Hong Kong and Italy.

7. Profit for the year

	Note	Continuing operations 2021 £'000	Continuing operations 2020 (restated*) £'000	Discontinued operations 2021 £'000	Discontinued operations 2020 (restated*) £'000	Total 2021 £'000	Total 2020 £'000
Loss for the year has been arrived at after charging/(crediting):							
Operating lease charges	19	**103**	254	**2**	2	**105**	256
Net foreign exchange gains	11	**(278)**	(147)	**(107)**	(102)	**(385)**	(249)
Depreciation of property, plant and equipment	18	**703**	883	**13**	29	**716**	912
Depreciation of right-of-use assets	19	**1,150**	1,389	**90**	82	**1,240**	1,471
Amortisation of intangible assets	17	**973**	880	**182**	191	**1,155**	1,071
Impairment of goodwill	16	**—**	880	**—**	—	**—**	880
Impairment of right-of-use assets	19	**—**	41	**48**	—	**48**	41
Impairment of intangible assets	17	**169**	—	**7**	—	**176**	—
Impairment of property, plant and equipment		**—**	—	**3**	—	**3**	—
Loss on disposal of property, plant and equipment	18	**26**	30	**—**	—	**26**	30
Loss on disposal of intangible assets	17	**—**	54	**—**	—	**—**	54
Customer redress and associated costs	6	**—**	(685)	**—**	—	**—**	(685)
Other (gains)/losses	6	**(1,459)**	1,294	**—**	—	**(1,459)**	1,294
Other restructuring costs		**162**	(62)	**(4)**	—	**(158)**	(62)
Staff costs							
Share-based payments	35,9	**(64)**	499	**—**	—	**(64)**	499
Restructuring/redundancy costs	9	**1,496**	223	**74**	—	**1,570**	223
Other staff costs		**27,938**	26,354	**924**	1,014	**28,862**	27,368
Total staff costs	9	**29,370**	27,076	**998**	1,014	**30,368**	28,090
Movement in the lifetime expected credit loss	25	**—**	—	**—**	—	**—**	—

* Restated to reflect Germany and China as discontinued operations. See note 2.

Fees payable to PKF Littlejohn LLP (2020: Deloitte LLP) and its associates for audit and non-audit services are as follows:

	2021 £'000	2020 £'000
Payable to the Company's Auditor for the audit of the Company and consolidated financial statements	**103**	96
Fees payable to the Company's Auditor and its associates for other services to the Group:		
– Audit of the Company's subsidiaries, pursuant to legislation	**226**	327
Total audit services	**329**	423
Other services	**—**	5
Total non-audit services	**—**	5
	329	428

8. Insurance revenues and costs

Revenues and costs arising from all of the Group's insurance contracts as defined by IFRS 4 are set out below. An analysis of the Group's revenue from retail insurance only policies is set out in note 5.

Revenue earned from insurance activities

	2021 £'000	2020 £'000
Gross premiums written	**539**	2,406
Change in provision for unearned premiums	**853**	(182)
Earned premiums	**1,392**	2,224

8. Insurance revenues and costs continued

Costs incurred from insurance activities

	2021 £'000	2020 £'000
Claims paid/(recovered)		
– Gross amount	**17**	(9)
– Decrease in provision for gross claims	**—**	(3)
	17	(12)
Acquisition costs		
– Costs incurred	**—**	1
Other expenses	**681**	1,121
	698	1,110

The following assumption has an impact on insurance revenues:

- Unearned premiums on prepaid insurance policies are recognised as revenue on a straight line basis over the life of the policy. Changes to the expected life of classes of policies will therefore impact the period in which these items are recognised.

Earned premiums of £1,392,000 (2020: £2,224,000) are higher than revenue from retail insurance disclosed in note 5. Earned premiums include charges for assistance features and as such are disclosed within revenue from retail assistance in note 5.

Other expenses are costs associated with servicing customers and administration costs related to operating a regulated insurance business in the UK.

9. Staff costs

Staff costs during the year (including Executive Directors)

	Continuing operations		Discontinued operations		Total	
	2021 £'000	2020 (restated*) £'000	2021 £'000	2020 (restated*) £'000	2021 £'000	2020 £'000
Wages and salaries	**24,718**	23,110	**804**	954	**25,522**	24,064
Social security costs	**2,594**	2,448	**120**	60	**2,714**	2,508
Restructuring/redundancy costs	**1,496**	223	**74**	—	**1,570**	223
Share-based payments (see note 35)	**(64)**	499	**—**	—	**(64)**	499
Pension costs	**626**	796	**—**	—	**626**	796
	29,370	27,076	**998**	1,014	**30,368**	28,090

* Restated to reflect Germany and China as discontinued operations. See note 2.

Average number of employees

	2021	2020
Continuing operations		
Ongoing Operations	**3,311**	1,882
Restricted Operations	**53**	48
Central Functions	**88**	95
Total for continuing operations	**3,452**	2,025
Discontinued operations	**14**	16
	3,466	2,041

The increase in average number of employees in Ongoing Operations reflects the growth in Globiva in the current year.

The Group utilises third party service providers in a number of its overseas operations.

Total staff costs incurred by the Company during the year were £2,006,000 (2020: £3,342,000) and the average number of employees was seven (2020: ten).

Details of the remuneration of Directors are included in the Directors' Remuneration Report on pages 34 to 36.

10. Investment revenues

	Continuing operations		Discontinued operations		Total	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Interest on bank deposits	**223**	410	**1**	—	**224**	410
Interest on net investment lease assets	**—**	2	**—**	—	**—**	2
	223	412	**1**	—	**224**	412

11. Finance costs

	Continuing operations		Discontinued operations		Total	
	2021 £'000	2020 (restated*) £'000	2021 £'000	2020 (restated*) £'000	2021 £'000	2020 £'000
Interest on borrowings	**76**	60	**—**	—	**76**	60
Amortisation of capitalised loan issue costs	**40**	62	**—**	—	**40**	62
Interest on lease liabilities	**520**	537	**8**	5	**528**	542
Other – exchange movements	**(278)**	(147)	**(107)**	(102)	**(385)**	(249)
	358	512	**(99)**	(97)	**259**	415

* Restated to reflect Germany and China as discontinued operations. See note 2.

12. Taxation

	2021 £'000	2020 (restated*) £'000
Continuing operations		
Current tax charge:		
UK corporation tax	**142**	156
Foreign tax	**3,386**	2,895
Adjustments in respect of prior years	**(42)**	(29)
Current tax relating to continuing operations	**3,486**	3,022
Deferred tax charge:		
Origination and reversal of timing differences	**304**	409
Impact of change in tax rates	**(37)**	10
Adjustments in respect of prior years	**(46)**	—
Deferred tax relating to continuing operations	**221**	419
Tax charge relating to continuing operations	**3,707**	3,441
Discontinued operations		
Tax charge relating to discontinued operations	**30**	168
Total tax charge	**3,737**	3,609

* Restated to reflect Germany and China as discontinued operations. See note 2.

The following is a segmental review of the tax charge, in which withholding taxes arising on distributions are attributed to the country paying the distribution:

	2021 £'000	2020 (restated*) £'000
Continuing operations		
Ongoing Operations:		
India	**2,889**	2,428
Turkey	**554**	340
Blink	**—**	—
UK and Rest of World	**107**	423
Total Ongoing Operations	**3,550**	3,191
Restricted Operations	**—**	—
Central Functions	**157**	250
Tax charge for continuing operations	**3,707**	3,441
Discontinued operations		
Tax charge for discontinued operations	**30**	168
	3,737	3,609

* Restated to reflect Germany and China as discontinued operations. See note 2.

Overall, UK profits chargeable to corporation tax are offset by group relief surrendered from fellow UK entities.

UK corporation tax is calculated at 19% (2020: 19%) of the estimated assessable profit for the year. The March 2021 Budget announced an increase to the main rate of corporate tax to 25% from April 2023 and this rate has been substantively enacted at the balance sheet date. Deferred tax is provided at the rate which it is expected to reverse.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions – India 25.2% inclusive of surcharges (2020: 25.2%), Spain 25% (2020: 25%), Turkey 25% for 2021, which is reducing to 23% in 2022 (2020: 22%), and Italy 27.5% (2020: 27.5%). Non-UK deferred tax is provided at the local prevailing tax rate which is expected to apply to the reversal of the timing difference.

12. Taxation continued

The charge for the year can be reconciled to the profit per the consolidated income statement as follows:

	2021 £'000	2020 (restated*) £'000
Profit before tax from continuing operations	**4,225**	892
Effects of:		
Tax at the UK corporation tax rate of 19% (2020: 19%)	**803**	170
Unprovided deferred tax arising on losses(1)	**792**	804
Other movement in unprovided deferred tax	**164**	185
Recurring expenses not deductible for tax	**409**	243
One-off costs not deductible for tax(2)	**(259)**	395
Provision for withholding tax on future distributions(3)	**1,217**	789
Other expense not chargeable for tax purposes	**250**	171
Higher tax rates on overseas earnings(4)	**471**	552
Adjustments in respect of prior years	**(88)**	(29)
Impact of change in future tax rates on deferred tax	**(36)**	10
(Deficit)/surplus of share option charge compared to tax allowable amount	**(16)**	151
Tax charged to the income statement for continuing operations	**3,707**	3,441
Tax charged to the income statement for discontinued operations	**30**	168
	3,737	3,609

* Restated to reflect Germany and China as discontinued operations. See note 2.

Effective tax charge

The net tax charge of £3,707,000 on a profit before tax from continuing operations of £4,225,000 gives an effective tax rate of 88% which is higher than the standard rate of 19%. Additional information is provided below:

1. Deferred tax has not been recognised on the losses arising in developing markets as the short-term profit expectations do not support the recognition of deferred tax assets in these areas.
2. There is a one-off profit arising on KYND which is not taxable and therefore reduces the tax charge. In the prior year there were one-off consolidation adjustments which were not tax deductible and therefore increased the tax charge, such as the impairment of Blink goodwill and foreign exchange losses arising on branch closures.
3. There is a withholding tax burden arising on repatriation of funds from overseas countries which is included in the tax charge.
4. Tax is chargeable at the local statutory rates in our profitable countries, which are higher than the UK corporate income tax rate of 19%.

The Group's effective tax rate is expected to be significantly higher than the UK statutory tax rate in future years as withholding taxes are provided on overseas distributions and deferred tax credits are not taken on losses in markets that are not currently profitable. However, overall, the Group expects the rate to reduce from the current level. The Group maintains appropriate provisions in respect of tax uncertainties arising from operating in multiple overseas jurisdictions.

Income tax credited to reserves during the year was as follows:

	2021 £'000	2020 £'000
Deferred tax credit		
Timing differences on business partner intangible	**—**	(58)
Timing differences of equity-settled share-based charge	**(9)**	—
Total deferred tax credit and total tax credited to reserves	**(9)**	(58)

13. Dividends

	2021 £'000	2020 £'000
Final dividend paid for the year ended 31 December 2020 of 25 pence per share (2019: nil pence per share)	**2,188**	—
Interim dividend paid for the year ended 31 December 2021 of 5 pence per share (2020: nil pence per share)	**441**	—
Amounts recognised as distributions to equity holders in the year	**2,629**	—

After 31 December 2021, the Directors have proposed a final dividend of 7.5 pence (2020: 25.0 pence) per ordinary share. The proposed final dividend is subject to approval by shareholders at the AGM and has not been included as a liability in these financial statements. The proposed dividend is expected to be paid on 17 May 2022 to all shareholders on the Register of Members on 19 April 2022 with the ex-dividend date being 14 April 2022. This has not been accrued as a liability as at 31 December 2021, consistent with the prior year, in accordance with IAS 8.

14. Earnings/(loss) per share

Basic and diluted earnings/(loss) per share has been calculated in accordance with IAS 33 *Earnings per Share*. Underlying earnings/(loss) per share has also been presented in order to give a better understanding of the performance of the business. In accordance with IAS 33, potential ordinary shares are only considered dilutive when their conversion would decrease the earnings per share or increase the loss per share attributable to equity holders.

Profit/(loss)

	Continuing operations		Discontinued operations		Total	
	2021 £'000	2020 (restated*) £'000	2021 £'000	2020 (restated*) £'000	2021 £'000	2020 £'000
Profit/(loss) for the purposes of basic and diluted earnings/(loss) per share	**75**	(2,632)	**2,490**	952	**2,565**	(1,680)
Exceptional items (net of tax)	**(2)**	1,650	**(2,399)**	—	**(2,401)**	1,650
Profit/(loss) for the purposes of underlying basic and diluted earnings/(loss) per share	**73**	(982)	**91**	952	**164**	(30)

* Restated to reflect Germany and China as discontinued operations. See note 2.

Number of shares

	2021 Number (thousands)	2020 Number (thousands)
Weighted average number of ordinary shares for the purposes of basic earnings/(loss) per share and basic underlying earnings/(loss) per share	**8,796**	8,713
Effect of dilutive ordinary shares: share options	**225**	—
Weighted average number of ordinary shares for the purposes of diluted earnings/(loss) per share and diluted underlying earnings/(loss) per share	**9,021**	8,713

	Continuing operations		Discontinued operations		Total	
	2021 Pence	2020 (restated*) Pence	2021 Pence	2020 (restated*) Pence	2021 Pence	2020 Pence
Basic earnings/(loss) per share	**0.85**	(30.21)	**28.31**	10.93	**29.16**	(19.28)
Diluted earnings/(loss) per share	**0.83**	(30.21)	**27.60**	10.93	**28.43**	(19.28)
Basic underlying earnings/(loss) per share	**0.83**	(11.27)	**1.03**	10.93	**1.86**	(0.34)
Diluted underlying earnings/(loss) per share	**0.81**	(11.27)	**1.01**	10.93	**1.82**	(0.34)

* Restated to reflect Germany and China as discontinued operations. See note 2.

The Group has 171,650,000 (2020: 171,650,000) deferred shares which have no rights to receive dividends and only very limited rights on a return of capital. The deferred shares have not been admitted to trading on AIM or any other stock exchange. Accordingly, these shares have not been considered in the calculation of earnings/(loss) per share.

15. Discontinued operations and assets and liabilities classified as held for sale

On 17 May 2021, the Group completed the sale of its 100% shareholding in CPP Creating Profitable Partnerships GmbH (Germany). The gross consideration on disposal was £2,366,000 (€2,744,000).

As at 31 December 2021, the Board was committed to the disposal of CPP Asia Limited and its wholly owned subsidiary (together, China). A sale process was well underway as at the year end. Subsequent to year end on 27 January 2022, the sale was completed.

In accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, Germany and China have been presented as discontinued operations, and the China assets and liabilities have been reclassified as held for sale.

Operating results for the year ended 31 December 2021 reflect the trading performance of Germany up to the date of disposal on 17 May 2021 and China for the full year. Comparative information reflects a complete year. Both Germany and China were part of the Ongoing Operations segment.

15. Discontinued operations and assets and liabilities classified as held for sale continued

(i) Income statement

	Note	Germany 2021 £'000	China 2021 £'000	Total 2021 £'000	Germany 2020 £'000	China 2020 £'000	Total 2020 £'000
Revenue	5	**1,062**	**1,402**	**2,464**	3,003	1,677	4,680
Cost of sales		**(430)**	**(547)**	**(977)**	(1,127)	(746)	(1,873)
Gross profit		**632**	**855**	**1,487**	1,876	931	2,807
Administrative expenses		**2,654**	**(1,721)**	**933**	(172)	(1,612)	(1,784)
Operating profit/(loss)		**3,286**	**(866)**	**2,420**	1,704	(681)	1,023
Analysed as:							
EBITDA		**628**	**(322)**	**306**	1,704	(382)	1,322
Depreciation and amortisation		**—**	**(285)**	**(285)**	—	(299)	(299)
Exceptional items	6	**2,658**	**(259)**	**2,399**	—	—	—
Investment revenues	10	**—**	**1**	**1**	—	—	—
Finance costs	11	**33**	**66**	**99**	1	96	97
Profit/(loss) before taxation		**3,319**	**(799)**	**2,520**	1,705	(585)	1,120
Taxation	12	**(30)**	**—**	**(30)**	(168)	—	(168)
Profit/(loss) for the year		**3,289**	**(799)**	**2,490**	1,537	(585)	952

(ii) Exceptional items

	Germany 2021 £'000	China 2021 £'000	Total 2021 £'000	Germany 2020 £'000	China 2020 £'000	Total 2020 £'000
Profit on disposal	**2,654**	**(72)**	**2,582**	—	—	—
Write down of assets on reclassification as held for sale	**—**	**(113)**	**(113)**	—	—	—
Restructuring costs	**4**	**(74)**	**(70)**	—	—	—
Exceptional items included in operating profit	**2,658**	**(259)**	**2,399**	—	—	—
Tax on exceptional items	**—**	**—**	**—**	—	—	—
Total exceptional items after tax	**2,658**	**(259)**	**2,399**	—	—	—

(iii) Profit on disposal

The Group has recognised a profit on disposal as follows; this includes a working capital adjustment for Germany, which was not finalised at the half year:

	Germany 2021 £'000	China 2021 £'000	Total 2021 £'000
Proceeds	**2,366**	**—**	**2,366**
Net liabilities sold	**284**	**—**	**284**
Costs associated with disposal	**—**	**(72)**	**(72)**
Currency translation differences on disposal	**4**	**—**	**4**
Profit on disposal	**2,654**	**(72)**	**2,582**

15. Discontinued operations and assets and liabilities classified as held for sale continued

(iv) Summary of cash flows

	Germany 2021 £'000	China 2021 £'000	Total 2021 £'000	Germany 2020 £'000	China 2020 £'000	Total 2020 £'000
Net cash flows from operating activity	**(7,765)**	**54**	**(7,711)**	1,265	(500)	765
Net cash flows from investing activity	**—**	**2**	**2**	(894)	(80)	(974)
Net cash flows from financing activity	**7,357**	**(85)**	**7,272**	(132)	640	508
Net cash (outflow)/inflow	**(408)**	**(29)**	**(437)**	239	60	299

(v) Assets and liabilities classified as held for sale

	2021 £'000
Current assets	
Other intangible assets	**98**
Property, plant and equipment	**10**
Right-of-use assets	**138**
Trade and other receivables	**142**
Cash and cash equivalents	**90**
Total assets held for sale	**478**
Current liabilities	
Trade and other payables	**(333)**
Contract liabilities	**(68)**
Lease liabilities	**(149)**
Total liabilities held for sale	**(550)**

Following reclassification to held for sale; other intangible assets, property, plant and equipment, and right-of-use assets were impaired by £58,000 in total. The impairment charge is included within the exceptional charge on write down of assets on reclassification as held for sale.

16. Goodwill

	2021 £'000	2020 £'000
Cost and carrying value		
At 1 January	**612**	1,492
Foreign exchange loss	**(72)**	—
Impairment charge	**—**	(880)
At 31 December	**540**	612

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The Group's only remaining goodwill balance is in relation to its acquisition of Globiva. The carrying amount of goodwill in Globiva is £540,000 (2020: £612,000).

The Group tests goodwill annually for impairment or more frequently if there is indication goodwill may be impaired.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using rates that reflect current market assessments of the time value of money and risks specific to the CGU. The growth rates are based on business plans and reflect the early development stage of the CGUs. The pre-tax rate used to discount the forecast cash flows of the CGU at 31 December 2021 is 10% (2020: 11%).

No impairment of goodwill has been recognised in the year. In the prior year, goodwill relating to Blink and Valeos was impaired in full totalling £880,000.

17. Other intangible assets

	Business partner relationships £'000	Internally generated software £'000	Externally acquired software £'000	Total £'000
Cost				
At 1 January 2020	644	2,761	3,796	7,201
Additions	—	1,267	141	1,408
Disposals	—	—	(265)	(265)
Exchange adjustments	—	(79)	(23)	(102)
At 1 January 2021	644	3,949	3,649	8,242
Additions	**—**	**1,192**	**178**	**1,370**
Exchange adjustments	**—**	**(55)**	**(144)**	**(199)**
Transfer of assets held for sale	**—**	**—**	**(792)**	**(792)**
At 31 December 2021	**644**	**5,086**	**2,891**	**8,621**
Accumulated amortisation				
At 1 January 2020	87	837	2,744	3,668
Provided during the year	142	501	428	1,071
Disposals	—	—	(211)	(211)
Exchange adjustments	(6)	(4)	(17)	(27)
At 1 January 2021	223	1,334	2,944	4,501
Provided during the year	**125**	**705**	**325**	**1,155**
Impairment	**122**	**—**	**47**	**169**
Exchange adjustments	**—**	**(20)**	**(100)**	**(120)**
Transfer of assets held for sale	**—**	**—**	**(687)**	**(687)**
At 31 December 2021	**470**	**2,019**	**2,529**	**5,018**
Carrying amount				
At 31 December 2020	421	2,615	705	3,741
At 31 December 2021	**174**	**3,067**	**362**	**3,603**

Amortisation of intangible assets totalling £1,155,000 (2020: £1,071,000) is recognised through administrative expenses in the consolidated income statement.

Internally generated software additions of £1,192,000 (2020: £1,267,000) reflect the capitalisation of staff costs in IT development projects.

Internally generated software includes £1,956,000 (2020: £622,000) relating to assets in development which are not yet operational and are not amortised. The assets held at 31 December 2021 are expected to become operational in Q4 2022.

18. Property, plant and equipment

	Leasehold improvements £'000	Computer systems £'000	Motor vehicles £'000	Furniture and equipment £'000	Total £'000
Cost					
At 1 January 2020	1,006	4,184	—	695	5,885
Additions	103	223	—	30	356
Disposals	(150)	(776)	—	(213)	(1,139)
Exchange adjustments	(27)	(44)	—	(33)	(104)
At 1 January 2021	932	3,587	—	479	4,998
Additions	**62**	**274**	**185**	**4**	**525**
Disposals	**(57)**	**(107)**	**—**	**(106)**	**(270)**
Exchange adjustments	**(106)**	**(181)**	**—**	**(47)**	**(334)**
Transfer of assets held for sale	**—**	**(59)**	**—**	**—**	**(59)**
At 31 December 2021	**831**	**3,514**	**185**	**330**	**4,860**
Accumulated depreciation					
At 1 January 2020	515	2,640	—	368	3,523
Provided during the year	222	582	—	108	912
Disposals	(136)	(761)	—	(212)	(1,109)
Exchange adjustments	(19)	31	—	(10)	2
At 1 January 2021	582	2,492	—	254	3,328
Provided during the year	**138**	**479**	**10**	**89**	**716**
Disposals	**(32)**	**(110)**	**—**	**(102)**	**(244)**
Exchange adjustments	**(76)**	**(128)**	**—**	**(25)**	**(229)**
Transfer of assets held for sale	**—**	**(46)**	**—**	**—**	**(46)**
At 31 December 2021	**612**	**2,687**	**10**	**216**	**3,525**
Carrying amount					
At 31 December 2020	350	1,095	—	225	1,670
At 31 December 2021	**219**	**827**	**175**	**114**	**1,335**

19. Leases

The Group's right-of-use assets are as follows:

	Property £'000	Motor vehicles £'000	Equipment £'000	Total £'000
Cost				
At 1 January 2020	7,220	218	310	7,748
Additions	2,062	29	—	2,091
Disposals	(1,344)	(29)	(20)	(1,393)
Exchange adjustments	(297)	(9)	—	(306)
At 1 January 2021	7,641	209	290	8,140
Additions	**512**	**73**	**164**	**749**
Disposals	**(798)**	**(36)**	**—**	**(834)**
Exchange adjustments	**(128)**	**(49)**	**(46)**	**(223)**
Transfer to assets held for sale	**(257)**	**—**	**—**	**(257)**
At 31 December 2021	**6,970**	**197**	**408**	**7,575**
Accumulated depreciation				
At 1 January 2020	1,091	85	76	1,252
Provided during the year	1,323	73	75	1,471
Disposals	(637)	(14)	(12)	(663)
Impairment	41	—	—	41
Exchange adjustments	(52)	(6)	—	(58)
At 1 January 2021	1,766	138	139	2,043
Provided during the year	**1,077**	**49**	**114**	**1,240**
Disposals	**(620)**	**(36)**	**—**	**(656)**
Exchange adjustments	**(51)**	**(24)**	**(15)**	**(90)**
Transfer of assets held for sale	**(71)**	**—**	**—**	**(71)**
At 31 December 2021	**2,101**	**127**	**238**	**2,466**
Carrying amount				
At 31 December 2020	5,875	71	151	6,097
At 31 December 2021	**4,869**	**70**	**170**	**5,109**

The Group has recognised the following amounts in profit for the year:

	2021 £'000	2020 £'000
Depreciation and impairment of right-of-use assets	**1,240**	1,512
Credit relating to rent concessions	**—**	(86)
Interest expense on lease liabilities	**528**	542
Interest received on net investment lease asset	**—**	(2)
Expense relating to short-term leases	**96**	160
Expense relating to leases of low value assets	**7**	34

At 31 December 2021, the Group was committed to £65,000 (2020: £101,000) for short-term leases.

The net cash outflow for leases amounts to £1,507,000 (2020: £1,666,000).

20. Investment in subsidiaries

Company	2021 £'000
Cost	
At 1 January	15,597
Acquisitions	902
At 31 December	**16,499**
Provisions for impairment	
At 1 January	52
Recognised in the year	677
At 31 December	**729**
Carrying amount	
At 1 January	15,545
At 31 December	**15,770**

On 9 June 2021, the Company acquired 100% of the insurance preference shares in the Windward Insurance PCC Limited – CPP Cell, which is part of Windward Insurance PCC Limited – a company registered and domiciled in Guernsey for £225,000.

The Company also acquired £677,000 additional share capital in CPP South East Asia Assistance Services Pte. Limited, which was immediately impaired as part of the closure of Southeast Asia. There have been no other impairments in the year.

Investments in Group entities at 31 December 2021 were as follows:

	Country of incorporation/ registration	Class of shares held	Percentage of share capital held
Investments in subsidiary undertakings held directly			
CPP Group Limited	England & Wales	Ordinary shares	100%
CPP Worldwide Holdings Limited	England & Wales	Ordinary shares	100%
CPP South East Asia Assistance Services Pte. Limited	Singapore	Ordinary shares	100%
Windward Insurance PCC Limited – CPP Cell	Guernsey	Cell preference shares	100%
Investments in subsidiary undertakings held through an intermediate subsidiary			
Card Protection Plan Limited	England & Wales	Ordinary shares	100%
CPP Assistance Services Limited	England & Wales	Ordinary shares	100%
CPP European Holdings Limited	England & Wales	Ordinary shares	100%
CPP Holdings Limited	England & Wales	Ordinary shares	100%
CPP International Holdings Limited	England & Wales	Ordinary shares	100%
CPP Services Limited	England & Wales	Ordinary shares	100%
CPPGroup Services Limited	England & Wales	Ordinary shares	100%
Homecare (Holdings) Limited	England & Wales	Ordinary shares	100%
Homecare Insurance Limited	England & Wales	Ordinary shares	100%
Valeos (2013) Limited	England & Wales	Ordinary shares	100%
CPP Secure Limited	England & Wales	Ordinary shares	100%
CPP Innovation Limited	Ireland	Ordinary shares	100%
CPP Technology Services (Shanghai) Co. Limited	China	Ordinary shares	100%
CPP Asia Limited	Hong Kong	Ordinary shares	100%
CPP Assistance Services Private Limited	India	Ordinary shares	100%
Globiva Services Private Limited	India	Ordinary shares	51%
CPP Global Assistance Bangladesh Limited	Bangladesh	Ordinary shares	100%
CPP Italia Srl	Italy	Ordinary shares	100%
CPP Malaysia Sdn. Bhd	Malaysia	Ordinary shares	100%
Servicios de Asistencia a Tarjetahabientes CPP Mexico, S. de R.L. de C.V.	Mexico	Ordinary shares	100%
Profesionales en Proteccion Individual, S. de R.L. de C.V.	Mexico	Ordinary shares	100%
CPP Mediacion Y Proteccion SL	Spain	Ordinary shares	100%

20. Investment in subsidiaries continued

	Country of incorporation/ registration	Class of shares held	Percentage of share capital held
CPP Proteccion Y Servicios de Asistencia SAU	Spain	Ordinary shares	100%
CPP Real Life Services Support SL	Spain	Ordinary shares	100%
Key Line Auxiliar SL	Spain	Ordinary shares	100%
CPP Sigorta Aracilik Hizmetleri Anonim Sirketi	Turkey	Ordinary shares	99.99%
CPP Yardim ve Destek Hizmetleri Anonim Sirketi	Turkey	Ordinary shares	99.99%

The principal activity of all the subsidiaries is to provide services in connection with the Group's major product streams.

The individual entities' registered addresses are shown in the Company offices section on page 88.

The following subsidiaries are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A of the Act.

	Company number
CPP Group Limited	06535283
CPP Worldwide Holdings Limited	07154018
CPP European Holdings Limited	04362765
CPP Holdings Limited	01659493
CPP International Holdings Limited	04543668
CPP Services Limited	03709675
Valeos (2013) Limited	08718589

21. Investment in joint venture and equity investment

Movement in the Group's share in joint ventures is as follows:

	2021 £'000	2020 £'000
Carrying amount at 1 January	**450**	714
Acquisitions	**168**	—
Share of losses in the year	**(189)**	(264)
Disposals	**(429)**	—
Carrying amount at 31 December	**—**	450

Up to 23 December 2021, the Group held a 20% share of KYND Limited (KYND), whose registered office is International House, Canterbury Crescent, London SW9 7QD. The Group's shareholding was in the form of preference and deferred shares. KYND incurred losses of £943,000 (2020: £1,316,000) during the year. The Group's share of loss in the joint venture is £189,000 (2020: £264,000), which has been recognised in the consolidated income statement. The carrying value of the investment has been adjusted for these losses. In the year, a loan to KYND was converted into equity, which has been recognised as an addition to the joint venture carrying amount.

The summarised financial information of KYND is as follows:

	2021 £'000	2020 £'000
Revenue	**846**	171
Expenses	**(1,789)**	(1,487)
Loss for the period	**(943)**	(1,316)
Group's share of loss for the period	**(189)**	(264)

21. Investment in joint venture and equity investment continued

On 23 December 2021, KYND received additional investment from BGF, which diluted the Group's shareholding to 14.7% in the form of A and B shares. Taking into account share options within KYND on a fully diluted basis the Group's holding will be 13.3%. Following the investment, the Group could not demonstrate significant influence and joint control and the investment could no longer be equity accounted as a joint venture. Therefore, the investment in joint venture was derecognised and accounted for as an equity investment. As detailed in the table below:

	2021 £'000
Carrying amount at 1 January	—
Acquisitions	**1,889**
Carrying amount at 31 December	**1,889**

The equity investment in KYND is accounted for as a non-current asset investment, under IFRS 9. The initial recognition of the equity investment in KYND is at fair value at the date of acquisition. This will be subsequently revalued at the accounting dates and an election has been made for any movements in fair value to go through other comprehensive income.

In the year, £1,459,000 (2020: £nil) was recognised as a fair value gain through other gains and losses (note 6) which reflected the net impact of the disposal of the joint venture and the recognition of the equity investment at fair value.

There have been no dividends received in the year (2020: £nil) from the KYND equity investment.

22. Insurance assets

	2021 £'000	2020 £'000
Amounts due from policyholders and intermediaries	—	46

Amounts due from policyholders and intermediaries represent the total exposure to credit risk in respect of insurance activities.

Credit is not generally offered to retail customers on insurance premiums. No interest is charged on insurance receivables at any time.

Individually or collectively material insurance receivables are assessed for expected credit losses based on past experience of credit default with those counterparties. There has been no instance of credit defaults with insurance customers or counterparties and credit risk is reduced as insurance receivables are dispersed amongst a broad customer base.

The Group's insurance receivable balance does not include any debtors which are past due at the balance sheet date in either the current or prior year.

There have been no overdue but unprovided debts in either the current or prior year.

23. Inventories

	2021 £'000	2020 £'000
Consumables and supplies	**102**	145

24. Contract assets and liabilities

The Group has recognised the following assets and liabilities related to contracts with customers:

	2021 £'000	2020 £'000
Non-current contract assets	**564**	426
Current contract assets	**4,020**	4,853
Total contract assets	**4,584**	5,279

Contract assets represent deferred commission costs that are recognised in line with the pattern of recognition of the associated revenue. Non-current contract assets will be charged to the balance sheet over a period of greater than 12 months from the balance sheet date.

	2021 £'000	2020 £'000
Non-current contract liabilities	**1,200**	1,094
Current contract liabilities	**9,190**	10,889
Total contract liabilities	**10,390**	11,983

Contract liabilities represent revenue which is recognised over the life of a policy. Non-current contract liabilities will be credited to the consolidated income statement over a period of greater than 12 months from the balance sheet date.

25. Trade and other receivables

	Consolidated		Company	
	2021 £'000	**2020 £'000**	**2021 £'000**	**2020 £'000**
Trade receivables	**7,501**	8,409	**—**	—
Prepayments and accrued income	**2,100**	4,016	**59**	39
Amounts due from Group entities	**—**	—	**81,841**	79,262
Other debtors	**4,004**	3,954	**41**	13
Total trade and other receivables	**13,605**	16,379	**81,941**	79,314

The Group's trade and other receivables are predominantly non-interest bearing.

The Group's trade receivables relate to retail customer payments awaiting collection and wholesale counterparties.

The Group is responsible for activating the collection process for our retail customers. The collection is received within a specified period of processing the transaction resulting in credit risk being considered low for these items.

Wholesale counterparty balances are assessed for expected credit losses based on past experience of credit default with those counterparties and the Group's experience as a whole in relation to credit defaults. The Group does not have any notable past experience of customer and counterparty credit defaults, due in part to the quality of the relationship it has with its counterparties and their credit ratings.

Where credit is offered to customers, the average credit period offered is 27 days (2020: 29 days). No interest is charged on trade receivables at any time. Disclosures regarding credit risk relate only to counterparties or customers offered credit.

Overall exposure continues to be mainly spread over a large number of customers but where concentration exists this is with highly rated counterparties.

The Group has provided £35,000 (2020: £nil) for any debtors included in the Group's trade receivable balances which are past due at the reporting date. There has been no material change in credit quality of our debtors.

Movement in the lifetime expected credit loss

	2021 £'000	**2020 £'000**
At 1 January	**—**	—
Decrease in expected credit loss recognised in the income statement	**—**	—
At 31 December	**—**	—

The Company has amounts due from Group entities which are repayable on demand. Interest has been charged on these balances in line with the Group's external borrowing rate for the majority of the year, which was LIBOR plus 3.75%.

The Company has recognised a provision for non-recoverability of inter-company loans totalling £nil (2020: £774,000).

26. Cash and cash equivalents

Consolidated cash and cash equivalents of £22,319,000 (2020: £21,856,000) comprises cash held on demand by the Group and short-term deposits. Cash and cash equivalents includes £274,000 (2020: £753,000) required to be maintained by the Group's insurance business for solvency purposes.

Concentration of credit risk is reduced, as far as practicable, by placing cash on deposit across a number of institutions with the best available credit ratings. The credit quality of counterparties is as follows:

	2021 £'000	**2020 £'000**
AA	**4,239**	3,832
A	**11,422**	9,155
BBB	**413**	4,003
BB	**5,432**	4,362
Rating information not available	**813**	504
	22,319	21,856

Ratings are measured using Fitch's long-term ratings, which are defined such that ratings 'AAA' to 'BB' denote investment grade counterparties, offering low to moderate credit risk. 'AAA' represents the highest credit quality, indicating that the counterparty's ability to meet financial commitments is highly unlikely to be adversely affected by foreseeable events.

Company cash and cash equivalents was £5,368,000 (2020: £12,433,000). The balance has decreased in the year following the payment of dividends and ongoing central costs recognised in the Company.

The Company is party to a cross-guarantee in respect of a bank account netting arrangement in which it is a participant alongside certain other Group companies. Cash and cash equivalents for the Company includes £5,360,000 (2020: £12,424,000) which is held in a bank account subject to this arrangement.

27. Insurance liabilities

	2021 £'000	2020 £'000
Claims reported	—	—
Claims incurred but not reported	—	—
Total claims	—	—
Unearned premium	82	935
Total insurance liabilities	**82**	935

Provisions for claims reported and processed are based on estimated costs from third party suppliers. Provisions for claims incurred but not reported are an estimate of costs for the number of claims not yet processed at the year end. Claims outstanding at the year end are expected to be settled within the following 12 months.

Provision for unearned premiums

	2021 £'000	2020 £'000
At 1 January	935	753
Written in the year	539	2,406
Earned in the year	(1,392)	(2,224)
At 31 December	**82**	935

Unearned premiums are released as revenue on a straight line basis over the life of the relevant policy.

Movement in claims provision

Movements in the claims provision, gross and net of reinsurance, are as follows:

	Gross £'000	Reinsurance £'000	Net £'000
At 1 January 2020	3	—	3
Cash paid for claims settled in the year	9	—	9
Increase in liabilities arising from current year claims	5	—	5
Claims cheques not cashed	(17)	—	(17)
At 1 January 2021 and 31 December 2021	—	—	—

28. Trade and other payables

	Consolidated		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade creditors and accruals	17,703	18,359	1,110	1,444
Other tax and social security	1,416	1,650	—	157
Other payables	343	378	—	3
Amounts payable to Group entities	—	—	14,165	14,011
Total trade and other payables	**19,462**	20,387	**15,275**	15,615

Trade creditors and accruals comprise amounts outstanding for trade purchases and ongoing costs. The average credit period for trade purchases is 39 days (2020: 35 days). Interest is not suffered on trade payables. The Group has financial management policies in place to ensure that all payables are settled within the pre-agreed credit terms.

The Company has amounts payable to Group entities which are repayable on demand. Interest has been charged on these balances in line with the Group's external borrowing rate for the majority of the year, which was LIBOR plus 3.75%.

29. Lease liabilities

The maturity analysis of the Group's lease liabilities is as follows:

	2021 £'000	2020 £'000
Year 1	**1,398**	1,396
Year 2	**1,326**	1,317
Year 3	**1,176**	1,250
Year 4	**1,105**	1,139
Year 5	**982**	1,132
After 5 years	**1,600**	2,628
	7,587	8,862
Less: unearned interest	**(1,714)**	(2,224)
Total lease liabilities	**5,873**	6,638

	2021 £'000	2020 £'000
Non-current lease liabilities	**4,936**	5,756
Current lease liabilities	**937**	882
Total lease liabilities	**5,873**	6,638

There have been no COVID-19 rent concessions in the current year.

30. Borrowings

The carrying value of the Group's financial liabilities, for short- and long-term borrowings, is as follows:

	Consolidated		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Bank loans due in less than one year	**—**	—	**—**	—
Less: unamortised issue costs	**—**	—	**—**	—
Borrowings due within one year	**—**	—	**—**	—
Bank loans due outside of one year	**—**	—	**—**	—
Less: unamortised issue costs	**(58)**	(98)	**—**	—
Borrowings due outside of one year	**(58)**	(98)	**—**	—

The Group's bank borrowing facility is in the form of a £5,000,000 revolving credit facility (RCF). At 31 December 2021, the Group has £5,000,000 undrawn committed borrowing facilities (2020: £5,000,000).

The RCF is available until 31 August 2023 and bears interest at a variable rate of LIBOR plus a margin of 3.75%. It is secured by fixed and floating charges on certain assets of the Group. The financial covenants of the RCF are based on the interest cover and minimum total cash balance of the Group. The Group has been in compliance with these covenants since inception of the RCF.

The weighted average interest rate paid during the year on the bank loan was 1.7% (2020: 1.2%). The weighted average interest rate reflects the interest rate charged for the commitment on the undrawn element.

31. Provisions

	Onerous lease and dilapidation costs 2021 £'000	Onerous lease and dilapidation costs 2020 £'000
At 1 January	—	309
Credited to the income statement	—	(93)
Utilised in the year	—	(216)
At 31 December	**—**	—

32. Deferred tax

The following are the major deferred tax assets/(liabilities) recognised by the Group and the movements thereon during the current and prior years:

Consolidated	Tax losses £'000	Withholding taxes on future dividends £'000	Share-based payments £'000	Other short-term timing differences £'000	Total £'000
At 1 January 2020	667	(250)	141	221	779
(Charged)/credited to income statement	(137)	(328)	(94)	2	(557)
Business partner intangible	—	—	—	58	58
Exchange differences	(26)	—	—	25	(1)
At 1 January 2021	504	(578)	47	306	279
Credited/(charged) to income statement	**16**	**(378)**	**(47)**	**146**	**(263)**
Charged to equity	**—**	**—**	**9**	**—**	**9**
Disposal of subsidiary	**(520)**	**—**	**—**	**—**	**(520)**
Exchange differences	**—**	**—**	**—**	**(36)**	**(36)**
At 31 December 2021	**—**	**(956)**	**9**	**416**	**(531)**

Company	Share-based payments £'000
At 1 January 2020	141
Credited to income statement	(93)
At 1 January 2021	48
Credited to income statement	**(47)**
Charged to equity	**9**
At 31 December 2021	**10**

Deferred tax assets and liabilities are stated at tax rates expected to apply on the forecast date of reversal, based on tax laws substantively enacted at the balance sheet date.

Certain deferred tax assets and liabilities have been offset where the Group or the Company is entitled to and intends to settle tax liabilities on a net basis. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Consolidated 2021 £'000	Consolidated 2020 £'000	Company 2021 £'000	Company 2020 £'000
Deferred tax assets	**396**	858	**57**	48
Deferred tax liabilities	**(927)**	(579)	**(47)**	—
	(531)	279	**10**	48

32. Deferred tax continued

At the balance sheet date the Group has unused tax losses of £44,010,000 (2020: £47,332,000) available for offset against future profits. A deferred tax asset of £nil (2020: £561,000) has been recognised in respect of anticipated profits in Germany. No other deferred tax asset has been recognised with respect to these losses due to the unpredictability of future profit streams in the underlying companies and restrictions on offset of taxable profits and losses between Group companies. Included in these losses are £812,000 (2020: £3,964,000) which, if not used, will expire between one and ten years (2020: one and twelve years). Other losses will be carried forward indefinitely.

The Group has recognised a deferred tax liability for withholding taxes arising on unremitted earnings from overseas subsidiaries, to the extent it is probable that a distribution will be made in the foreseeable future crystallising the withholding tax.

At the balance sheet date the Company has unused tax losses of £20,471,000 (2020: £18,184,000) available for offset against future profits. No deferred tax asset has been recognised in respect of these losses due to the unpredictability of future profit streams in the Company and restrictions on offset of taxable profits and losses between Group companies. The losses can be carried forward indefinitely.

33. Financial instruments

Capital risk management

The Group manages its capital to safeguard its ability to continue as a going concern.

The Group does not have a target level of gearing but seeks to maintain an appropriate balance of debt and equity while aiming to provide returns for shareholders and benefits for other stakeholders. The Group's principal debt facility during the year was a £5.0 million RCF, which expires on 31 August 2023.

The Group makes adjustments to its capital structure in light of economic conditions. To maintain or adjust the capital structure the Group may adjust a dividend payment to shareholders, return capital to shareholders or issue new shares. The Directors have considered the capital requirements of the Group, including the availability of cash reserves, and recommenced the dividend programme from the prior year results. This includes the proposal to pay a final dividend in respect of the current year.

Externally imposed capital requirement

Three of the Group's principal subsidiaries, CPPL, HIL and CPP Secure, have capital requirements imposed by the FCA and PRA in the UK. All subsidiaries have complied with their respective imposed capital requirements throughout the current and prior year.

Card Protection Plan Limited and CPP Secure

CPPL and CPP Secure are regulated by the FCA as insurance intermediaries and are required to hold a minimum level of capital resources relative to regulated business revenue.

The ratio of current and future capital resources to regulated business revenue is reported monthly to management to ensure compliance. There have been no instances of non-compliance in either the current or prior years.

Homecare Insurance Limited

HIL is authorised and regulated by the PRA and regulated by the FCA as an insurance underwriter and therefore maintains its capital resources in accordance with the PRA's Rulebook. HIL and its immediate parent company, Homecare (Holdings) Limited, calculate their Solvency Capital Requirement using the Solvency II Standard Formula and report this quarterly to the HIL Board and to the PRA. As at 31 December 2021, HIL's ratio of eligible funds to meet its Solvency Capital Requirement was 147% (2020: 138%) (both the current and prior year are unaudited). There have been no instances of non-compliance in either the current or prior year.

Fair value of financial instruments

The fair value of non-derivative financial instruments is determined using pricing models based on discounted cash flow analysis using prices from observable current market transactions; hence, all are classified as Level 2 in the fair value hierarchy. Financial assets and liabilities are carried at the following amounts:

Financial assets

	2021 £'000	2020 £'000
Financial assets at amortised cost	**33,823**	34,468
Financial assets at fair value through other comprehensive income	**1,889**	—
	35,712	34,468

Financial assets at amortised cost comprise cash and cash equivalents, trade and other receivables, insurance assets and taxes receivable.

Financial assets at fair value comprise the non-current asset equity investment, which is held at fair value through other comprehensive income.

There is no significant difference between the fair value and carrying amount of any financial asset.

33. Financial instruments continued

Fair value of financial instruments continued

Financial liabilities

	2021 £'000	2020 £'000
Financial liabilities at amortised cost	**26,698**	27,996

Financial liabilities at amortised cost comprise lease liabilities, borrowings, trade creditors, accruals, taxes payable, insurance claims and provisions.

There is no significant difference between the fair value and carrying amount of any financial liability, since liabilities are either short-term in nature or bear interest at variable rates.

Financial risk management objectives

The Group's activities expose it to the risks of changes in foreign exchange rates and interest rates. The Board of Directors determines the Treasury Policy of the Group and delegates the authority for execution of the policy to the Group Treasurer. Any changes to the Treasury Policy are authorised by the Board of Directors. The limited use of financial derivatives is governed by the Treasury Policy and derivatives are not entered into for speculative purposes.

Interest rate risk

The Group is exposed to interest rate risk to the extent that short- and medium-term interest rates fluctuate. The Group manages this risk through the use of interest rate swaps, when appropriate, in accordance with its Treasury Policy. There has been no use of interest rate derivatives in either the current or prior year. The interest cover (being defined as the ratio of underlying EBITDA to interest paid) at 31 December 2021 was 91x (2020: 138x).

Interest rate sensitivity analysis

The Group is mainly exposed to movements in the relevant inter-bank lending rates in the jurisdictions in which cash balances are held. The following table details the Group's sensitivity to a 2% increase and a 1.5% decrease in inter-bank lending rates throughout the year. These percentages represent the Directors' assessment of a reasonably possible change in inter-bank lending rates across all geographical areas where cash is held. The sensitivity analysis includes the impact of changes in inter-bank lending rates on yearly average cash and bank loans.

	2021 £'000	2020 £'000
Increase of 2%		
Increase in profit before tax	**436**	415
Increase in shareholders' equity	**436**	415
Decrease of 1.5%		
Decrease in profit before tax	**(327)**	(310)
Decrease in shareholders' equity	**(327)**	(310)

Foreign currency risk

The Group has exposure to foreign currency risk where it has investments in overseas operations which have functional currencies other than sterling and are affected by foreign exchange movements. The carrying amounts of the Group's principal foreign currency denominated assets and liabilities are as follows:

	Liabilities		Assets	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Euro	**1,938**	3,134	**3,361**	5,338
Indian rupee	**12,080**	9,920	**15,784**	14,166
Turkish lira	**742**	988	**1,443**	2,127

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 25% (2020: 20%) decrease in the euro, Indian rupee and Turkish lira exchange rates with sterling. This represents the Directors' assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only foreign currency denominated financial instruments and adjusts their translation at the year end for a change in foreign currency rates.

	Euro currency impact		Indian rupee currency impact		Turkish lira currency impact	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Profit before tax	**(43)**	(46)	**—**	—	**(187)**	(218)
Shareholders' equity	**(285)**	(367)	**(741)**	(708)	**(140)**	(190)

33. Financial instruments continued

Credit risk

Credit risk refers to the risk that a counterparty defaults on its contractual obligations resulting in financial loss to the Group. The Group does not actively hedge its credit risk.

The Group's retail trade and insurance receivables are mainly with a broad base of individual customers and are therefore not generally exposed to any one customer, resulting in low credit risk.

The Group's wholesale activities can result in material balances existing with a small number of counterparties and therefore increased credit risk exists. The Group continues to maintain some wholesale contracts and considers that it mitigates this credit risk through good quality relationships with counterparties and only partnering with counterparties with established credit ratings.

Counterparty credit limits are determined in accordance with the Treasury Policy for cash and cash equivalents and the Counterparty and Credit Risk Policy for receivables. Any balance that falls into an overdue status is monitored. Further details of the monitoring of and provision for overdue debts are outlined for insurance assets in note 22 and trade and other receivables in note 25.

The carrying amount of financial assets recorded in the consolidated financial statements, which are stated net of expected credit losses and impairment losses, represents the Group's maximum exposure to credit risk.

Liquidity risk

The Group has a policy of repatriation and pooling of funding where possible in order to maximise the return on surplus cash or minimise the level of debt required. The Group has significant available cash balances; however, increasingly cash is being generated through our Indian operation and is not currently available in its entirety for repatriation to the UK due to historical trading losses. Group Treasury continually monitors the level of short-term funding requirements and balances the need for short-term funding with the long-term funding needs of the Group. Additional undrawn facilities that the Group had at its disposal to further reduce liquidity risk are included in note 30.

Compliance with financial ratios and other covenant obligations of the Group's bank loans is monitored on a monthly basis by Executive Directors and by the Board of Directors at each Board meeting.

Liquidity and interest risk tables

Assets

The following table details the Group's expected maturity for its non-derivative financial assets, based on the undiscounted contractual maturities of the financial assets.

	Weighted average effective interest rate %	Less than 1 month £'000	1–3 months £'000	3 months to 1 year £'000	1–5 years £'000	Over 5 years £'000	Total £'000
2020							
Non-interest bearing assets	n/a	6,572	2,380	2,828	832	—	12,612
Variable rate instruments	1.9%	18,353	3,503	—	—	—	21,856
		24,925	5,883	2,828	832	—	34,468
2021							
Non-interest bearing assets	**n/a**	**7,424**	**1,486**	**1,606**	**972**	**1,905**	**13,393**
Variable rate instruments	**1.0%**	**22,099**	**219**	**1**	**—**	**—**	**22,319**
		29,523	**1,705**	**1,607**	**972**	**1,905**	**35,712**

Liabilities

The following table details the Group's remaining contractual maturity for its financial liabilities, based on the undiscounted cash flows of financial liabilities and the earliest date at which the Group can be required to pay. The table includes both interest and principal cash flows and assumes no changes in future LIBOR rates.

	Less than 1 month £'000	1–3 months £'000	3 months to 1 year £'000	1–5 years £'000	Over 5 years £'000	Total £'000
2020						
Non-interest bearing liabilities	10,291	3,719	6,458	296	594	21,358
Variable rate instruments	79	158	645	3,453	2,303	6,638
Fixed rate instruments	6	13	56	125	—	200
	10,376	3,890	7,159	3,874	2,897	28,196
2021						
Non-interest bearing liabilities	**12,601**	**3,561**	**3,516**	**610**	**536**	**20,824**
Variable rate instruments	**75**	**228**	**635**	**3,487**	**1,449**	**5,874**
Fixed rate instruments	**6**	**13**	**56**	**50**	**—**	**125**
	12,682	**3,802**	**4,207**	**4,147**	**1,985**	**26,823**

33. Financial instruments continued

Insurance risk

The Group's exposure to risk from insurance contracts has reduced significantly in recent times; however, it continues to apply a prudent approach to its management of remaining potential exposures.

The lines of policies underwritten are limited to general insurance classes underwritten by HIL, an entity within the Group, which is authorised and regulated by the PRA and regulated by the FCA. The Group's remaining lines of insurance business, and thus its insurance risk portfolio, are primarily focused on low transaction value, short-term individual lines.

The Group's policy is to establish a specific claims provision at any point in time on each line of business, based on claims reported up to and including the last day of each accounting period, including an element to represent claims incurred but not yet reported. Details of claims provisions carried are provided in note 27.

The Group continues to monitor changes in rates of claims and settlement costs per claim. In addition, reliance on key suppliers to fulfil the Group's insurance contracts continues to be monitored.

The Group therefore considers its exposure to risk arising from its insurance contracts to be appropriately managed.

34. Share capital

	Ordinary shares of £1 each (thousands)	Deferred shares of 9 pence each (thousands)	Total (thousands)
Called-up and allotted			
At 1 January 2021	8,743	171,650	180,393
Issue of shares in connection with:			
Exercise of share options	90	—	90
At 31 December 2021	**8,833**	**171,650**	**180,483**

	Ordinary shares of £1 each £'000	Deferred shares of 9 pence each £'000	Total £'000
Called-up and allotted			
At 1 January 2021	8,740	15,413	24,153
Issue of shares in connection with:			
Exercise of share options	90	—	90
At 31 December 2021	**8,830**	**15,413**	**24,243**

Share capital at 31 December 2021 is £24,243,000 (2020: £24,153,000). To satisfy share option exercises in the year the Company has issued 89,735 £1 ordinary shares for a total equity value of £90,000 and cash consideration of £20,000.

Of the 8,833,198 (2020: 8,743,463) ordinary shares in issue at 31 December 2021, 8,828,198 are fully paid (2020: 8,738,463) and 5,000 (2020: 5,000) are partly paid.

The ordinary shares are entitled to the profits of the Company which it may from time to time determine to distribute in respect of any financial year or period.

All holders of ordinary shares shall have the right to attend and vote at all general meetings of the Company. On a return of assets on liquidation, the assets (if any) remaining, after the debts and liabilities of the Company and the costs of winding up have been paid or allowed for, shall belong to, and be distributed amongst, the holders of all the ordinary shares in proportion to the number of such ordinary shares held by them respectively.

Deferred shares have no voting rights, no rights to receive dividends and only very limited rights on a return of capital. The deferred shares have not been listed for trading in any market and are not freely transferable.

35. Share-based payment

Equity-settled share-based payments

Current share plans

Share-based payment charges comprise a credit relating to the 2016 LTIP of £72,000 (2020: £491,000 charge) which is disclosed within administrative expenses. No options have been granted in either the current year or prior year as part of the 2016 LTIP.

	2021		2020	
	Number of share options (thousands)	Weighted average exercise price (£)	Number of share options (thousands)	Weighted average exercise price (£)
2016 LTIP				
Outstanding at 1 January	**329**	**—**	44,187	—
Exercised during the year	**(70)**	**—**	(9,487)	—
Lapsed during the year	**(69)**	**—**	(1,602)	—
Forfeited during the year	**(52)**	**—**	—	—
Share consolidation in the year	**—**	**—**	(32,769)	—
Outstanding at 31 December	**138**	**—**	329	—
Exercisable at 31 December	**9**	**—**	14	—

Nil-cost options and conditional shares granted under the 2016 LTIP normally vest after three years, lapse if not exercised within ten years of grant and will lapse if option holders cease to be employed by the Group. Vesting of 2016 LTIP options and shares are also subject to achievement of certain performance criteria including Group financial targets and non-financial events measured within the vesting period.

The options outstanding at 31 December 2021 had no remaining contractual life (2020: one year weighted average) in the 2016 LTIP.

Legacy share plans

Administrative expenses include no charge (2020: £nil) in relation to the MSP, the RSP or the 2005 ESOP Scheme. There were no options granted in either the current or prior year under any of the Group's legacy plans. No further awards will be made under these share plans.

Details of share options outstanding during the period under these plans are as follows:

	2021		2020	
	Number of share options (thousands)	Weighted average exercise price (£)	Number of share options (thousands)	Weighted average exercise price (£)
MSP				
Outstanding at 1 January	**28**	**1.00**	2,798	0.01
Exercised during the year	**(20)**	**1.00**	—	—
Share consolidation in the year	**—**	**—**	(2,798)	0.01
Share consolidation in the year	**—**	**—**	28	1.00
Outstanding at 31 December	**8**	**1.00**	28	1.00
Exercisable at 31 December	**8**	**1.00**	28	1.00
RSP				
Outstanding at 1 January	**—**	**—**	38	—
Share consolidation in the year	**—**	**—**	(33)	—
Lapsed during the year	**—**	**—**	(5)	—
Outstanding at 31 December	**—**	**—**	—	—
Exercisable at 31 December	**—**	**—**	—	—

35. Share-based payment continued

Legacy share plans continued

All outstanding options granted under the MSP have vested and following the share consolidation have an exercise price of £1 (2020: £1). The MSP options lapse if not exercised within ten years of the grant date and will lapse if option holders cease to be employed by the Group. No further awards will be made under this plan and 20,000 were exercised during the year (2020: nil).

All outstanding RSP share options expired in the year. No further awards can be made under this plan.

The options outstanding in the MSP and RSP had no weighted average remaining contractual life in either the current or prior year.

Realisation proceeds plan (RPP)

The RPP is a new share-based payment award scheme implemented during the current year. This scheme can be treated as cash or equity settled dependent upon the distributable proceeds arising from a realisation event. The RPP scheme has been issued to certain employees and vests once a realisation event occurs. At 31 December 2021, there has been no realisation event and the expectation of one occurring is uncertain; accordingly, no fair value has been attributed to the awards at the balance sheet date and there are no charges recognised in relation to this scheme in the consolidated income statement.

Cash-settled share-based payments

The Group granted certain employees with notional share options that require the Group to pay the intrinsic value of the notional share to the employee at the date of exercise. The notional share options have the same requirements and conditions as the 2016 LTIP. There have been no similar awards in 2021. The Group has recorded a total expense in relation to cash-settled awards in 2021 of £8,000 (2020: £8,000) which is disclosed within administrative expenses. The Group has recorded liabilities for its cash-settled awards of £137,000 (2020: £129,000) which are included in trade creditors and accruals in note 28.

36. Non-controlling interests

The Group holds a 51% majority interest in Globiva, a company incorporated in India.

In the prior year, on 11 August 2020 the Group sold 10% of its holding in Globiva for consideration of £329,000 decreasing its shareholding in Globiva from 61% to 51%. As a result of the transaction, the Group recognised an increase in non-controlling interests of £188,000 along with an increase in equity attributable to owners of the parent of £118,000 and a profit on disposal of £23,000.

Summarised financial information and resultant non-controlling interest for Globiva are detailed below and disclosed before inter-company eliminations.

Summarised balance sheet

	2021 £'000	2020 £'000
Current assets	**4,503**	2,657
Current liabilities	**(2,310)**	(1,635)
Net current assets	**2,193**	1,022
Non-current assets	**4,365**	4,819
Non-current liabilities	**(3,770)**	(3,955)
Net assets	**2,788**	1,886
Accumulated net assets attributable to non-controlling interests at 49% (2020: 49%)	**1,547**	1,105

Summarised income statement

	2021 £'000	2020 £'000
Revenue	**12,263**	8,650
Profit before taxation	**1,222**	266
Taxation	**(318)**	(67)
Profit for the year	**904**	199
Other comprehensive expense	**(1)**	(116)
Total comprehensive income	**903**	83
Total comprehensive income attributable to non-controlling interests	**442**	33

37. Reconciliation of operating cash flows

	2021 £'000	2020 £'000
Profit/(loss) for the year	**3,008**	(1,597)
Adjustments for:		
Depreciation and amortisation	**3,111**	3,454
Share-based payment (credit)/charge	**(64)**	499
Impairment loss on goodwill	**—**	880
Impairment loss on intangible assets	**176**	—
Impairment loss on property, plant and equipment	**3**	—
Impairment loss on right-of-use assets	**48**	41
Share of loss of joint venture	**189**	264
Loss on disposal of property, plant and equipment	**26**	30
Loss on disposal of intangible assets	**—**	54
Lease concessions	**—**	(86)
Profit from discontinued operations	**(2,582)**	—
Investment revenues	**(224)**	(412)
Finance costs	**259**	415
Other gains and losses	**(1,459)**	1,294
Income tax charge	**3,737**	3,609
Operating cash flows before movements in working capital	**6,228**	8,445
Decrease/(increase) in inventories	**40**	(58)
Decrease in contract assets	**354**	1,272
Decrease in receivables	**1,626**	663
Decrease/(increase) in insurance assets	**46**	(4)
Increase/(decrease) in payables	**217**	(3,049)
Decrease in contract liabilities	**(276)**	(953)
(Decrease)/increase in insurance liabilities	**(853)**	179
Decrease in provisions	**—**	(309)
Cash from operations	**7,382**	6,186
Income taxes paid	**(2,820)**	(3,024)
Net cash from operating activities	**4,562**	3,162

Reconciliation of net funds

	Note	At 1 January 2021 £'000	Cash flow £'000	Foreign exchange and other non-cash movements £'000	At 31 December 2021 £'000
Net cash per cash flow statement	26	21,856	**953**	**(400)**	**22,409**
Financing activities:					
Lease liabilities	29	(6,638)	**1,507**	**(892)**	**(6,023)**
Borrowings due outside of one year:					
– Unamortised issue costs	30	98	**—**	**(40)**	**58**
Total movement from financing activities		(6,540)	**1,507**	**(932)**	**(5,965)**
Total net funds		15,316	**2,460**	**(1,332)**	**16,444**

38. Related party transactions

Transactions with associated parties

The Group has a balance receivable from its joint venture, KYND, in the amount of £nil (2020: £150,000). This was converted to equity in the year (note 21).

In the year, the Group incurred fees of £8,000 plus VAT (2020: £nil) for services rendered from KYND, which was payable under 14-day credit terms. The creditor balance at the year end was £1,000 (2020: £nil).

Transactions with related parties

ORConsulting Limited (ORCL) is an organisation used by the Group for consulting services in relation to leadership coaching. Organisation Resource Limited (ORL), a company owned by Mark Hamlin, who was the Senior Independent Director in the Group, retains intellectual property in ORCL for which it is paid a licence fee. The fee paid to ORCL by the Group in 2021 was £81,000 plus VAT (2020: £63,000) and was payable under 30-day credit terms.

Mark Hamlin was the Chairman of Globiva until 31 December 2021. The fees for the role were paid to his consultancy company, ORL. The fee paid to ORL by the Group in 2021 was £71,000 (2020: £73,000) and was payable under 25-day credit terms.

The Group paid £166,800 to Sosafe Limited (Sosafe) in February 2021 pursuant to a settlement agreement with Sosafe and Mr Hamish Ogston dated 23 February 2021 (the Settlement). Mr Ogston is a Director and majority shareholder of Sosafe and a substantial shareholder in the Group and therefore the Settlement constituted a related party transaction pursuant to AIM Rule 13. The Settlement was made in connection with claims for certain legal and professional costs incurred by Sosafe and Mr Ogston and represents full and final settlement of such claims, which date back several years and have been fully provided for since 2016. With the exception of David Morrison, the Company's Non-Executive Chairman and a representative of Mr Ogston, the independent Directors of the Company consider, having consulted with Liberum, the Company's nominated adviser, that the terms of the transaction were fair and reasonable insofar as its shareholders are concerned.

Remuneration of key management personnel

The remuneration of the Directors and senior management team, who are the key management personnel of the Group and Company, is set out below:

	2021 £'000	2020 £'000
Short-term employee benefits	**1,788**	2,442
Post-employment benefits	**74**	89
Termination benefits	**203**	—
Share-based payments	**(65)**	423
	2,000	2,954

Required disclosures regarding remuneration of the Directors are included in the Directors' Remuneration Report on pages 34 to 36.

39. Events after the balance sheet date

The Group completed the sale of China on 27 January 2022 with T-Link for a nominal consideration of HK$1. The terms of the transaction included a working capital cash injection of £0.5 million immediately prior to completion. The Group expects that the transaction together with trading losses and a reclassification of cumulative translation adjustments will contribute a profit of approximately £0.6 million in 2022.

The Group is in the process of remodelling its operating structure as a greater focus is placed on the distribution of technology-led propositions into the UK and Europe. These technology-led solutions will lead to a simplified UK-based operating model. This in conjunction with a smaller geographic footprint has led to a restructuring process commencing in the UK, which will see a redundancy programme in 2022. The total costs associated with the restructuring is expected to be in the range £0.2 million to £0.3 million.

Glossary

Alternative performance measures

In reporting financial information, the Group presents alternative performance measures (APMs), which are not defined or specified under the requirements of UK IAS.

The Group believes that these APMs, which are not considered to be a substitute for or superior to UK IAS measures, provide stakeholders with additional helpful information on the performance of the business. The APMs are consistent with how the business performance is planned and reported within the internal management reporting to the Board and Audit Committee. Some of these measures are also used for the purpose of setting remuneration targets.

The key APMs that the Group uses include: EBITDA; and constant currency measures. Definitions of these are presented in the table below.

APM	Closest equivalent statutory measurement	Reconciling to statutory measures	Definition and purposes
EBITDA	Operating profit	Consolidated income statement and note 5	Operating profit before the impact of depreciation, amortisation and exceptional items. The Group considers this to be an important measure of Group performance and is consistent with how the business performance is reported to and assessed by the Board and the Audit Committee.
Underlying earnings/(loss) per share	Earnings per share	Note 14	Profit after tax attributable to equity holders of the Company and before the impact of exceptional items (adjusted for tax), divided by the weighted average number of ordinary shares in issue during the financial year.
Adjusted effective tax rate	Effective tax rate	Page 15	The Group's profit before tax was impacted by one-off and exceptional events in 2021; removing the impact of these discrete, material one-off events results in an underlying effective tax rate of 119% (2020 restated: 135%) compared to the actual effective rate of 88% (2020 restated: 386%). In general, the Group considers that the adjusted effective tax rate provides a more representative measure of the underlying effective tax rate of the ongoing business.
Constant currency basis	Revenue, operating profit	Page 87	The year on year change in revenue and EBITDA from retranslating the prior year reported results at the exchange rates applied in the current year. These measures are presented as a means of eliminating the effects of exchange rate fluctuations on the year on year reported results.
Live policies/ customers	None	Not applicable	The total number of active policies that provide continuing cover or services to policyholders.
Annual renewal rate	None	Not applicable	The net amount of annual retail policies remaining on book after the scheduled renewal date, as a proportion of those available to renew.
Net funds	None	Not applicable	Total cash and cash equivalents; plus net investment lease assets; less borrowings; and less lease liabilities.
Cost/income ratio	None	Not applicable	Cost of sales (excluding commission) and administrative expenses (excluding depreciation, amortisation and exceptional items) as a proportion of total revenue.

Constant currency tables

	Ongoing Operations				Restricted Operations	Central Functions	Share of joint venture losses	Total
	India	Blink	Turkey	UK & ROW				
2021 (£'000)								
Revenue	119,273	319	3,568	11,676	8,789	—	n/a	**143,625**
Revenue from Ongoing Operations	119,273	319	3,568	11,676	n/a	n/a	n/a	**134,836**
Revenue from Restricted Operations	n/a	n/a	n/a	n/a	8,789	n/a	n/a	**8,789**
EBITDA	7,830	(254)	849	222	3,258	(4,192)	(189)	**7,524**
2020 (restated*) (£'000)								
Revenue	108,406	174	3,768	13,048	11,068	—	n/a	**136,464**
Revenue from Ongoing Operations	108,406	174	3,768	13,048	n/a	n/a	n/a	**125,396**
Revenue from Restricted Operations	n/a	n/a	n/a	n/a	11,068	n/a	n/a	**11,068**
EBITDA	7,644	(1,275)	882	(251)	3,806	(4,704)	(264)	**5,838**
Foreign exchange movements (£'000)								
Revenue	(6,214)	(4)	(980)	(370)	168	—	n/a	**(7,400)**
Revenue from Ongoing Operations	(6,214)	(4)	(980)	(370)	n/a	n/a	n/a	**(7,568)**
Revenue from Restricted Operations	n/a	n/a	n/a	n/a	168	n/a	n/a	**168**
EBITDA	(583)	22	(326)	(62)	(3)	—	n/a	**(952)**
2020 at 2021 average exchange rates (£'000)								
Revenue	102,192	170	2,788	12,678	11,236	—	n/a	**129,064**
Revenue from Ongoing Operations	102,192	170	2,788	12,678	n/a	n/a	n/a	**117,828**
Revenue from Restricted Operations	n/a	n/a	n/a	n/a	11,236	n/a	n/a	**11,236**
EBITDA	7,061	(1,253)	556	(313)	3,803	(4,704)	(263)	**4,887**
Year on year movement at constant exchange rates (%)								
Revenue	17%	88%	28%	(8)%	(22)%	n/a	n/a	**11%**
Revenue from Ongoing Operations	17%	88%	28%	(8)%	n/a	n/a	n/a	**14%**
Revenue from Restricted Operations	n/a	n/a	n/a	n/a	(22)%	n/a	n/a	**(22)%**
EBITDA	11%	80%	53%	171%	(14)%	11%	28%	**54%**

* Restated to reflect Germany and China as discontinued operations. See note 2.

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When contacting the registrar please have the investor code and information relating to the name and address in which the shares are held.

Investor relations
Requests for further copies of the Annual Report & Accounts, or other investor relations enquiries, should be addressed to the Company Secretary at the registered office.

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