Innecto People Consulting Limited
Financial statements
For the year ended 31 December 2022

Company No. : 04741738

Company information

Company registration number:	04741738
Registered office:	John Ormond House 899 Silbury Boulevard Milton Keynes Buckinghamshire MK9 3XL
Directors:	S Mace D Frost J Woolf K Thornley
Secretary:	D Kane
Banker:	Lloyds Bank plc 25 Gresham Street London EC2V 7HN
Solicitor:	Dentons UKMEA LLP The Pinnacle 170 Midsummer Boulevard Milton Keynes MK9 1FE
Auditor:	Ernst & Young LLP Statutory Auditor 25 Churchill Place London E14 5EY

Index to the financial statements

Strategic report

Background
Innecto ("the Company") was established in 2002 and is a leading UK independent pay and reward consultancy helping clients attract, retain and motivate their employees. Innecto specialises in offering practical solutions to pay structures, bonus schemes, gender pay reporting and benchmarking. Its business is predominantly consultancy-based but is supported by growing digital and SaaS offerings in Innecto Digital.

On 28 February 2019, the entire called up share capital of the Company was acquired by Personal Group Holdings ("PGH"). During 2019, the shareholders of PGH transferred their shareholding in the Company to a mid-level holding company Personal Group Limited ("PGL"). PGH retains a 100% shareholding in PGL.

Business review
The Company continued to provide consultancy services across the pay and reward spectrum in 2022, with revenue increasing by £335k to £1,598k as result recovery in both consultancy and digital license renewals. Profit before tax increased by £85k to £331k, with overheads such as salaries increasing by £220k in the year, and an internal dividend payment of £550k made in the year.

Going forward, the Company will continue to take advantage of new opportunities brought about by the focus on employee reward, retention, and wellbeing.

Principal risks and uncertainties
PGH's risk management policies (see Note 3 of PGH's financial statements) cover all group subsidiary undertakings.

As a consultancy business, the principal risk surrounding Innecto on an ongoing basis would be an inability to attract/retain staff of the requisite level to service the needs of our clients. This is mitigated by looking after our existing staff and sourcing relevant candidates for the business's need as the business grows.

Due to the nature of the business, there are no significant accounting estimates or assumptions.

Key performance indicators and results
Innecto generated a profit for the year to 31 December 2022 of £329,000 (2021: £244,000) before taxation credit of £2,000 (2021: £2,000 credit), and a net profit margin of 21% (2021: 19%).

Future developments
The directors do not envisage any significant changes to the business for the foreseeable future as Innecto will continue its current activities on behalf of the Group.

ON BEHALF OF THE BOARD

S Mace
Director
31 March 2023

Report of the directors

The directors present their report together with the audited financial statements for the year ending 31 December 2022.

Principal activity

The Company is principally engaged in the provision of HR and reward consultancy services.

The Company is owned by Personal Group Holdings Plc, a leading provider of employee benefits and employee related insurance products.

Results

The profit before tax for the year to 31 December 2022 was £329,000 (2021: £244,000).

Dividends

Dividends of £550k were paid during the year (December 2021: £nil).

Political contributions

The Company has not made any political contributions in the period to 31 December 2022 (2021: £nil).

Directors

The membership of the Board is set out below. Except as highlighted, all directors served throughout the period.

K Thornley
J Woolf
D K Frost
S A Mace

During the year all directors and officers were covered by third party indemnity insurance.

Going Concern

The financial statements of the Company have been prepared on a going concern basis. Further details can be found on page 14, within the accounting policies, and strategic report on pages 3.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Ernst and Young LLP offer themselves for reappointment as auditor in accordance with section 487 of the Companies Act 2006.

BY ORDER OF THE BOARD

SAMace

S Mace

Director
31 March 2023

Statement of directors' responsibilities

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditors' Report to the Members of Innecto People Consulting Limited

Opinion

We have audited the financial statements of Innecto People Consulting Limited (the 'Company'') for the year ended 31 December 2022 which comprise the profit and loss account and other comprehensive income, the balance sheet, the statement of changes in equity and the related notes1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation 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 company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 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 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months ending 31 March 2024. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

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

Independent Auditors' Report to the Members of Innecto People Consulting Limited

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 the 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 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate,

Independent Auditors' Report to the Members of Innecto People Consulting Limited

they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our Approach was as follows

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the direct laws and regulations related to elements of Company law and tax legislation, and the financial reporting framework

- We understood how the Company is complying with those frameworks by making enquiries of management, and through discussions with those charged with governance. We also reviewed minutes of the Board and the Risk and Compliance Committee, and gained an understanding of the Company's approach to governance, demonstrated by the Board's approval of the Company's governance framework

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the controls that the Company has established to address risks identified by the entity, or that otherwise seek to prevent, deter or detect fraud. Where fraud risk, including management override, was considered to be higher, we performed audit procedures to address each identified risk. These procedures included:

o Testing the appropriateness of journal entries recorded in the general ledger, with a focus on manual journals and evaluating the business rationale for significant and/or unusual transactions

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved making enquiry of those charged with governance and senior management for their awareness of any non-compliance with laws or regulations by officers and employees, inquiring about the Company's methods of enforcing and monitoring compliance with such policies

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

Independent Auditors' Report to the Members of Innecto People Consulting Limited

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.

DocuSigned by:

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Robert Bruce (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
31 March 2023

Profit and loss account and other comprehensive income

	Note	Year ending 31 December 2022 £'000	Year ending 31 December 2021 £'000
Turnover		**1,598**	1,263
Cost of sales		-	-
Gross profit		**1,598**	1,263
Administrative expenses		**(1,267)**	(1,016)
Other operating income		-	-
Operating profit		**331**	247
Interest payable		(2)	(3)
Profit/(Loss) before taxation		**329**	244
Tax on profit/(loss)	3	**2**	2
Profit/(Loss) for the financial year		**331**	246

There are no other items of other comprehensive income. All operations are classed as continuing activities.

The accompanying accounting policies and notes form part of these financial statements.

Balance sheet

	Note	31 December 2022 £'000	31 December 2021 £'000
Intangible fixed assets	5	-	4
Tangible fixed assets	4	-	36
		-	40
Current assets			
Debtors	6	433	487
Cash at bank and in hand		341	544
Creditors: amounts falling due within one year	7	(497)	(574)
Net current assets		277	457
Total assets less current liabilities		277	497
Creditors: amounts falling due after one year	7	-	(7)
Net assets		277	490
Capital and reserves			
Called up share capital	9	-	-
Share premium		23	23
Profit and loss account		254	467
Shareholders' funds		277	490

The financial statements were approved by the Board on 31 March 2023 and signed on their behalf by;

SMace.

S Mace

Company number: 04741738

The accompanying accounting policies and notes form part of these financial statements.

Statement of changes in equity

	Called up share capital £'000	Share Premium £'000	Profit and loss account £'000	Total £'000
Balance as at 31 December 2020	-	23	221	244
Loss for the financial period	-	-	246	246
Share based expense	-	-	-	-
Dividends paid in the period	-	-	-	-
Balance as at 31 December 2021	-	23	467	490
Profit for the financial period	-	-	331	331
Share based expense	-	-	6	6
Dividends paid in the period			(550)	(550)
	-	-		
Balance as at 31 December 2022	-	23	254	277

Principle accounting policies

Basis of preparation
Innecto People Consulting Limited (the "Company") is a company incorporated and domiciled in England and Wales. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2020/21 Cycle) issued in May 2021 have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of Accounting Standards in conformity with the requirements of the Companies Act 2006.

The Company's parent undertaking, Personal Group Holdings Plc includes the Company in its consolidated financial statements. The consolidated financial statements of Personal Group Holdings Plc are prepared in accordance with Adopted IFRSs and are available to the public and may be obtained from Companies House.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes (IAS 1 paragraphs 10(d), 38A and 111 and IAS 7);
- Statement of compliance with all IFRSs (IAS 1 paragraph 16);
- Disclosures in respect of capital management (IAS 1 paragraphs 134-136);
- The effects of new but not yet effective IFRSs (IAS 8 paragraphs 30 and 31);
- Disclosures in respect of the compensation of Key Management Personnel (IAS 24 paragraphs 17 and 18A);
- Disclosures in respect of transactions with wholly owned subsidiaries (IAS 24); and
- Disclosures in respect of Property, Plant and Equipment (IAS 16 paragraphs 73(e)).

As the consolidated financial statements of Personal Group Holdings Plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures; and
- IFRS 2 Share Based Payments in respect of group settled share-based payments.

No judgements which have a significant effect on the financial statements have been required in the preparation of these financial statements.

No significant assumptions or estimates which have a significant effect on the financial statements have been required in the preparation of these financial statements.

The Company proposes to continue to adopt reduced disclosure framework of FRS 101 in its next financial statements. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The financial statements have been prepared under the historical cost convention. The functional and presentational currency of the Company is Sterling.

Principal accounting policies *(continued)*

Climate Risk
In preparing these financial statements the directors have considered the impact of the physical and transition risks of climate change, but have concluded that it does not have a material impact on the recognition and measurement of the assets and liabilities in these financial statements as at 31 December 2022. This is because the assets are reported at fair value under FRS 101 and therefore utilise market prices at the period end. These market prices will include the current expectations of the impact of climate change on these investments. We recognise that government and societal responses to climate change risks are still developing and the future impact cannot be predicted. Future valuations of assets may therefore differ as the market responds to these changing impacts or assesses the impact of current requirements differently.

Going concern
The financial statements are prepared on a going concern basis. In considering going concern, the directors have reviewed the Company's available financial resources, historical performance, and climate risk (noted above) over the next 12 months from the date of approval of these financial statements to 31 March 2024. The Directors believe these forecasts have been prepared on a prudent basis and have also considered the impact of a range of potential changes to trading performance over the next 12 months. Having prepared and considered these stress scenarios the Directors have concluded that the Company is well-positioned to continue its recovery into 2023 and is prepared to expand. The Directors therefore believe that the Company will be able to operate without requiring any external funding and therefore that it is appropriate to prepare the financial statements of the Company on a going concern basis. This is supported by the Company's liquidity position at the year end. The Company's ultimate parent has confirmed that Group support would be available should the need arise.

Changes to Accounting Policies
In order to comply with the policies of its Parent and the wider Group, the Company adopts new standards applicable to IFRS, as appropriate. No new standards have been adopted in the year.

Revenue
Consultancy Income

Consultancy income is recognised in the profit and loss account at the relevant charge out rates of the consultants and based on the chargeable time spent on each client project.

IFRS 15 Assessment – Consultancy Income	
Performance Obligations	Provision of consultancy services, typically based on an agreed number of consultant hours.
Transaction Price	Prices are based on each contractual client agreement, dependent on the level and duration of consultant hours spent.
Allocation of Price	Each chargeable hour will have an agreed price dependant on the level and experience of the consultant.
Satisfaction of Obligations	Each consultant hour charged is considered a separate performance obligation and recognition is recorded periodically (typically monthly) based on chargeable hours in that period.
Conclusion	Accounting policy compliant with IFRS 15.

Principal accounting policies *(continued)*

No significant judgements have been applied in determining the amount and timing of revenue recognition.

License Income
License income is received for the provision of one of the Company's digital platforms for an agreed period. Income is received at the outset of the period and deferred across the length of the license agreement.

IFRS 15 Assessment – License Income	
Performance Obligations	Innecto provides access to its PayLab, Advance or Evaluate platforms on an ongoing basis for a fixed period of time.
Transaction Price	Typically, a fixed sum agreed with the client.
Allocation of Price	Whole price allocated to the one performance obligation.
Satisfaction of Obligations	Recognised over the period of agreement of service, normally 12 months.
Conclusion	Accounting policy compliant with IFRS 15.

Commission Income
Commission income is received for the sale of the HAPI platform made by Innecto on behalf of Personal Management Solutions. Income is upon sale of the platform, the value of which is 50% of annualised first year sales.

IFRS 15 Assessment – Commission Income	
Performance Obligations	Sale of the HAPI platform on behalf of Personal Management Solutions.
Transaction Price	50% of annualised first year sales
Allocation of Price	Whole price allocated to the one performance obligation.
Satisfaction of Obligations	Recognised immediately.
Conclusion	Accounting policy compliant with IFRS 15.

Costs incurred to fulfil a contract
Costs incurred to fulfil a contract under IFRS 15 are recognised as an asset under certain conditions laid out in IFRS 15.95. The capitalised contract costs are amortised on a systematic basis that is consistent with the Company's transfer of the related goods or services to the customer. Capitalised contract costs are subject to an impairment assessment at the end of each reporting period. Impairment losses are recognised in the profit and loss account. There are no contracts in the Group for which these conditions are met and, as such, no assets have been recognised.

Tangible fixed assets and depreciation
Tangible fixed assets are held at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The periods generally applicable are:

Principal accounting policies *(continued)*

Freehold buildings	–	50 years
Computer equipment	–	2 – 4 years
Right of Use Assets	–	Lease Term

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Expenditure on research activities is recognised in the income statement as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group intends, and has the technical ability and sufficient resources to, complete development, future economic benefits are probable and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes.

Intangible assets

Software intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Software	–	3 – 5 years

Financial Instruments

Financial assets
A financial asset is measured at amortised cost if it is both: held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise to cash flows that are solely payments of principal and interest on the amount outstanding. For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition, and "interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument, including any terms which may affect the timing or amount of contractual cash flows. All financial assets not measured at amortised cost are measured at fair value through profit and loss (FVTPL).
Financial assets at FVTPL are subsequently measured at fair value with net gains and losses, including any interest or dividend income, recognised in profit or loss. Financial assets measured at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

Financial liabilities
Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. All other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Principal accounting policies *(continued)*

Business model assessment
The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level as this best reflects the way the business is managed, and information provided to management. The assessment includes consideration of the stated objectives or the portfolio, the performance of the portfolio, the risks that affect the performance of the business model, and the frequency, volume and timing of sales of financial assets.

The Company does not have any applicable financial instruments.

Impairment

Financial assets (including trade and other debtors)
IFRS 9 requires the use of an expected credit loss model to calculate impairment losses rather than an incurred loss model. Therefore, it is not necessary for a credit event to have occurred before credit losses are recognised. The new impairment model applies to the all the Company's financial assets.

The Company assesses on a forward-looking basis, the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised costs. The Company recognises a loss allowance for such losses at each reporting date. The Company measures ECL on each balance sheet date according to a three stage ECL impairment model:

Stage 1 – from initial recognition of the financial asset to the date on which the asset has experienced a significant increase in credit risk (SICR) relative to its initial recognition, a loss allowance is equal to the credit loss expected to result from default occurring over 12 months following the reporting date.

Stage 2 – following a significant increase in credit risk relative to the initial recognition of the financial asset, a loss allowance is recognised equal to the credit losses expected over the remaining lifetime of the asset. Where an SICR is no longer observed, the instrument will move back to Stage 1.

Stage 3 – when the financial asset is considered to be credit impaired, a loss allowance is recognised equal to the credit losses expected over the remaining life of the asset. Interest and revenue is calculated based on the gross carrying amount of the asset, net of the loss allowance.

The measurement of the ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information that is available without undue cost and effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Principal accounting policies *(continued)*

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

The Company holds no derivative financial instruments.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Cash at bank and in hand

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.
- "Share premium account" represents the amount paid on issue for equity shares in excess of their nominal value.

Principal accounting policies *(continued)*

Contributions to pension funds

The pension costs charged against profits represent the amount of the contributions payable to the Group defined contribution personal pension scheme in respect of the accounting period.

Leases

Under IFRS 16 Leases, with the exception of short term or low value leases, all operating and finance leases are accounted for in the balance sheet. On inception of the lease, the future payments, including any expected end of life costs, are calculated based on the stated interest rate in the lease or on the Group's internal interest rate. A 'Right of Use' asset is created at an equal value depreciated over the life of the lease which is determined by the contract with any break clauses being reviewed as to the expected use at the time of inception and at each following year end. Payments made to the lessor are debited to the balance sheet and the Profit and Loss is charged with monthly depreciation and interest which is included as finance costs in the accounts. Further details on the effects of this standard on the accounts are found in Note 13.

Low value leases or short life leases of less than one year are expensed directly into the Profit and Loss account on a straight line over the life of the lease.

Notes to the financial statements

1 Profit before taxation

	2022 £'000	2021 £'000
Profit before taxation is stated after:		
Auditor's remuneration:		
- audit fees	**19**	11
- non audit services	**-**	-
Amortisation and Depreciation	**36**	50

The audit fees are payable to Ernst and Young LLP.

2 Directors and employees

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	2022	2021
Staff numbers:		
Administration	**10**	7
Sales and marketing	**2**	5
	12	12

Staff costs during the year were as follows:

	2022 £'000	2021 £'000
Wages and salaries	**752**	618
Social security cost	**91**	75
Pension costs	**41**	31
	884	724

Notes to the financial statements

The split of remuneration for Directors relating to Innecto People Consulting Limited, some of whom were paid by other Group companies, is:

	2022	2021
	£'000	£'000
Aggregate remuneration in respect of qualifying services	285	179
Gain on exercise of share options	2	-
Pension contributions to executive and group personal pension schemes	14	7
	301	186

The aggregate remuneration in respect of qualifying services of the highest paid director was £163,000 (2021: £122,000), and company pension contributions of £8,000 (2021: £5,000) were made to a money purchase scheme on their behalf.

During the year, 1 director (2021: none) exercised share options or received shares under a long-term incentive scheme.

During the year, 4 directors (2021: 4 directors) participated in a group personal pension scheme.

Notes to the financial statements

3 Tax on profit

The relationship between the expected tax expense based on the effective tax rate of Innecto People Consulting Limited at 19.00% (2021: 19.00%) and the expense recognised in the profit or loss can be reconciled as follows.

	2022 £'000	2021 £'000
Recognised in the profit and loss account		
Current tax expense	-	-
In respect of prior year	-	-
Deferred tax (see note 8)		
Origination and reversal of temporary differences	**(2)**	(2)
Actual tax charge	**(2)**	(2)
Reconciliation of effective tax rate		
Profit before tax	**329**	244
Tax rate	**19.00%**	19.00%
Expected tax expense	**63**	46
Adjustment for non-deductible expenses	**(14)**	5
Adjustment for tax exempt revenue	-	-
Other adjustments		
Tax charge in respect of prior years	-	-
Group relief	**(49)**	(52)
Deferred tax movement	**(2)**	(1)
Actual tax expense	**(2)**	(2)

The standard rate of tax applied to reported profit on ordinary activities is 19.00% (2021: 19.00%).

Notes to the financial statements

4 Tangible fixed assets

	Computer equipment £'000	ROU Building £'000	ROU Motor Vehicles £'000	Total £'000
Cost				
As at 1 January 2022	25	106	6	137
Additions	-	-	7	7
Disposals	-	(106)	-	(106)
At 31 December 2022	25	0	13	38
Depreciation				
At 1 January 2022	20	75	6	101
Provided in the year	5	20	7	32
Eliminated on disposals	-	(95)	-	(95)
At 31 December 2022	25	0	13	38
Net book value at 31 December 2022	-	-	-	-
Net book value at 31 December 2021	**5**	**31**	-	**36**

Notes to the financial statements

5 Intangible fixed assets

	Computer software £'000	Total £'000
Cost		
As at 1 January 2022	199	199
Additions	-	-
Disposals	-	-
At 31 December 2022	199	199
Depreciation		
As at 1 January 2022	195	195
Provided in the year	4	4
Eliminated on disposals	-	-
At 31 December 2022	199	199
Net book value at 31 December 2022	-	-
Net book value at 31 December 2021	4	4

6 Debtors

	2022 £'000	2021 £'000
Trade Debtors	**405**	469
Amounts owed by group undertakings	-	-
Prepayments	**28**	18
	433	487

Notes to the financial statements

A weighted average ageing of the expected loss provision is shown below:

	2022			2021		
	Trade debtor	**Weighted average provision**	**Credit loss provision**	Trade debtor	Weighted average provision	Credit loss provision
	£'000	**%**	**£'000**	£'000	%	£'000
Current	**159**	**0.3%**	**-**	200	0.5%	1
30 Days	**177**	**0.1%**	**1**	119	1.0%	1
60 Days	**71**	**1.0%**	**-**	92	2.0%	2
90 Days	**3**	**4.0%**	**-**	33	5.0%	1
150	**-**	**23.6%**	**-**	41	20.0%	11
	410	**0.3%**	**1**	485	2.9%	16

	Credit Loss Provision £'000
Stage 1	1
Stage 2	-
Stage 3	-
Total	**1**

Set out below is the movement in the allowance for expected credit losses of trade receivables and contracted assets:

	2022 £'000	**2021 £'000**
At 1 January	16	23
Provision for expected credit losses	1	16
Provision release	(16)	(23)
At 31 December	**1**	**16**

Notes to the financial statements

7 Creditors

Amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	10	20
Social security and other taxes	329	375
Accruals and deferred income	112	106
Amounts owed to group undertakings	45	44
Other creditors - Right of Use creditor	1	27
Deferred tax	-	2
	497	574

The amounts owed to group undertakings are generated from the provision of services from other group undertakings and are repayable on demand.

Amounts falling due over one year

	2022 £'000	2021 £'000
Other creditors - Right of Use creditors	-	7
	-	7

8 Deferred tax

	2022 Deferred liability £'000	2021 Deferred liability £'000
Property, plant and equipment	2	2

Dec 2022	2022 £'000	2021 £'000
At 1 January	2	4
Profit and loss movement arising in period (see Note 3)	(2)	(2)
At 31 December	-	2

Notes to the financial statements

9 Share capital

	2022 £'000	2021 £'000
Authorised		
1,439 ordinary shares of £0.001 each	-	-
Allotted, called up and fully paid		
1,439 ordinary shares of £0.001 each	-	-

10 Capital commitments

The company had no capital commitments at 31 December 2022 or 31 December 2021.

11 Contingent liabilities

There were no contingent liabilities at 31 December 2022 or 31 December 2021.

12 Pensions

The company operates a defined contribution group personal pension scheme for the benefit of certain directors and employees. The scheme is administered by Aegon and the funds are held independent of the Company.

13 Leasing commitments

The balance sheet at 31st December 2022 includes assets and liabilities relating to Right of Use (ROU) assets as detailed below:

Amounts recognised in the balance sheet

	2022 £000		2021 £000	
	Net Book Value of Assets	**Lease Liabilities**	Net Book Value of Assets	Lease Liabilities
Buildings	-	-	31	36

The initial valuation of the asset is equal to the discounted lease liability on the inception of the lease and this is depreciated over the shorter of either the life of the asset or the lease term.

Notes to the financial statements

Amounts recognised in the Statement of Profit and Loss and Other Comprehensive Income

	2022 £000		2021 £000	
	Depreciation Charges	**Interest Expense (finance costs)**	Depreciation Charges	Interest Expense (finance costs)
Buildings	20	1	26	2
Motor Vehicles	7	-	6	-

Liquidity risk on outstanding lease commitments.

Total lease payments due until the end of relevant leases, total £nil (2021: £36k). An analysis of these payments due is as follows:

	Buildings 2022	2021
Operating leases which expire:	**£'000**	£'000
Within one year	-	29
Within one to two years	-	7
Within two to five years	-	-
	-	36

14 Ultimate controlling related party

The immediate parent undertaking of the Company is Personal Group Limited and the ultimate Parent undertaking of this company is Personal Group Holdings plc. Both companies are registered in England and Wales. The address of both companies is as follows:

John Ormond House
899 Silbury Boulevard
Milton Keynes
Buckinghamshire
MK9 3XL

The only group of undertakings for which group accounts have been drawn up is that headed by Personal Group Holdings Plc. Copies of these group accounts may be obtained from Companies House.

As a wholly owned subsidiary of Personal Group Holdings Plc the company has taken advantage of the exemption available under FRS 101 not to disclose transactions with other members of the group headed by Personal Group Holdings Plc.

15 Post balance sheet events

There have been no post balance sheet events.