

# Affinity Insurance Solutions Limited

## Annual Report and Financial Statements

Year ended 31 December 2024



Company Registration No. 12486813 (England and Wales)

# Affinity Insurance Solutions Limited

## Annual Report and Financial Statements

Year ended 31 December 2024

---

### Contents

Strategic Report .....	1
Review of the business .....	1
Principal Risks and Uncertainties .....	1
Directors' Report .....	4
Independent Auditors' Report to the Member of Affinity Insurance Solutions Limited .....	6
Financial Statements .....	9
Statement of Comprehensive Income .....	9
Statement of Financial Position .....	10
Statement of Changes in Equity .....	11
Notes to the Financial Statements .....	12

# Affinity Insurance Solutions Limited

## Strategic Report

Year ended 31 December 2024

### Review of the business

Affinity Insurance Solutions Limited (“the Company”) is an insurance intermediary company regulated by the UK’s Financial Conduct Authority (“FCA”) and forms part of the group of companies headed by Markerstudy Group Holdings Limited (“the Markerstudy Group” or “the Group”)

The Company’s principal activity is the distribution of Co-Op branded motor and home insurance products.

These financial statements are the first the Company has prepared in accordance with Financial Reporting Standard 101 (FRS 101). For all periods up to and including the year ended 31 December 2023, the Company prepared its financial statements in accordance with Financial Reporting Standard 102 (‘FRS 102’). The 2023 comparatives have therefore been restated on an FRS 101 basis. See note 21 for the impact of the transition to the Company’s financial position and financial performance.

### Performance during the year

Following the Markerstudy Group acquisition of the UK personal lines broking businesses of the Ardonagh Group in June 2024, the Company was integrated into a new broader operating division within the Markerstudy Group, known as Markerstudy Distribution.

The Company’s revenue fell by 20% compared to 2023 due to a lower volume of transactions during 2024, particularly renewal transactions. The nature of the partnership with the Co-op means that elements of revenue are shared, which mitigates the impact of reducing revenue on profitability. During 2024 there has also been cost control activity to protect profitability.

Management is focussed on returning the business to growth which requires improving the competitiveness of the car and home insurance products.

The operating results for the year are as follows:

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>(as restated)</b>
		<b>£000</b>
Revenue	26,516	33,131
Cost of Sales	(8,212)	(15,044)
<b>Gross profit</b>	<b>18,304</b>	<b>18,087</b>
Gross profit margin	69%	55%
Administrative expenses	(17,596)	(17,113)
<b>Operating profit</b>	<b>708</b>	<b>974</b>

### Position at the end of the year

The net assets of the Company have increased in line with the profit after tax for the period. Trade creditors and trade debtors have reduced in line with volumes and revenue but there have been no significant changes in the structure of our terms with our customers or our working capital requirements.

### Future developments

The Directors are focussed on returning the business to growth in 2025 with capacity, pricing and cost efficiency strategies expected to deliver more competitive products. Following the Markerstudy Group’s acquisition of the Ardonagh Group’s UK personal lines broking businesses in 2024, a realignment of non-core products is expected during the year which will enable the Company to concentrate on its specialised product offering.

### Principal Risks and Uncertainties

As stated above, the Company forms part of the Markerstudy Group and oversight of the identification and management of risk is performed centrally by the Group Risk function, with specific reporting of entity level risks to individual subsidiary boards, including the Board of Directors of the Company (“the Board”).

The Group Risk Committee and the Board continuously assess the principal risks facing the business; these being defined as the risks that could result in the Group or the Company failing to meet its strategic objectives. A summary of these risks, to the extent that they apply directly to the Company, is as follows.

# Affinity Insurance Solutions Limited

## Strategic Report (continued)

Year ended 31 December 2024

---

### Principal Risks and Uncertainties (continued)

#### Trading and pricing risk

Trading and pricing risk represents the uncertainty in the profitability of the business due to volatility in the markets in which the Company operates. While the Company does not directly accept insurance risk, and is therefore not directly exposed to fluctuations in insurance premiums, to the extent that the brokerage commission and other revenue is based on the gross written premium of the policy sold, there is secondary exposure to the hardening or softening of premium rates over the insurance underwriting cycle. Similarly, changes to the competitiveness of the pricing or volume capacity by our strategic insurance partners, and the pricing of our commission rates, can have a significant impact on the number of policies distributed by the Company, and the resulting revenue. The Company continues to maintain strong relationships with a range of third-party insurers which provides diversification in underwriting footprint, depth and resilience to the Company's product offering.

Changes to the insurance market environment, notably through the increased inflation, market rating and the continued challenges within the repair networks, has resulted in changes to customer behaviours. This has led to insurers changing appetite in terms of their risk acceptance, leading to both positive impacts on our business through greater switching, but also challenges due to insurers reducing their footprint in some markets. The Group closely monitors its external environment through horizon scanning. Scenario testing is used alongside financial forecasting processes to understand potential impacts of material changes to the Group's trading and macro environment. This allows the Group to proactively make adjustments to pricing and strategy where necessary.

#### Regulatory and compliance risk

Regulatory and compliance risk represents the risk of failing to deliver the appropriate treatment to, or meet the needs or expectations of the Company's Regulatory bodies. There have been material changes over the year with the embedding of Consumer Duty requirements and focus on the ongoing implementations of Operational Resilience. These have both led to significant projects to ensure compliance with the requirements as well as ensuring that the Board has effective oversight of these key regulatory requirements.

The scale of the Group as a whole has resulted in greater levels of regulatory engagement, and the Company became classified as a "fixed portfolio firm" by the FCA during 2024.

The Group has maintained an ongoing dialogue with its regulators, and engages on the future regulatory framework for the UK. The Group remains focused on key areas of regulatory attention such as Consumer Duty and Operational resilience. It has also strengthened the Group's governance and accountability framework through the implementation of a revised committee structure.

#### Liquidity risk

Liquidity risk represents the risk that the Company will have insufficient cash resources to meet payment obligations without affecting the daily operations or the financial condition of the Company. The Group has a central Group Treasury function that is responsible for ensuring the cash needs are understood and that sufficient liquid assets are available to meet these needs on a daily basis. The Group has well-defined risk appetite statements and key risk indicators which are rigorously monitored by the Group's Investment and Finance Committee and Risk Committee.

#### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The maximum exposure to credit risk at the reporting date is represented by the carrying amount of each asset on the statement of financial position. The Company manages this risk through an established Credit Committee which reviews and authorises credit facilities to counterparties after appropriate credit analysis has been performed. Reporting of credit risk metrics forms part of the quarterly reporting to the Group Risk Committee.

#### Business operations risk

Business operations risk represents the loss or adverse impact due to failures with processes, people or systems – either within the Company, the Group or within suppliers / third parties. While there have been no material issues during the year, increased geopolitical tensions have resulted in the general increase in cyber risk. Through the Group's operational resilience programme and governance forums, key business services are monitored against defined impact tolerances. The Group has a defined crisis and incident management process which is designed to proactively mitigate potential customer harm, regulatory or legal censure, and financial or reputational impacts. This coupled with continuous monitoring and maintenance of the technology estate, along with disaster recovery testing, mitigates the likelihood of IT/system failures.

# Affinity Insurance Solutions Limited

## Strategic Report (continued)

Year ended 31 December 2024

---

### Principal Risks and Uncertainties (continued)

#### Change risk

Change risk represents the loss or adverse impact due to an inability to deliver change effectively, uncertainty in the outcome or impact on current business operations. The Company recognises the risks arising from maintaining and making changes to people, organisational structures, systems, processes and infrastructure to support current operations and the on-going growth of the Company. The Group has a defined change and project methodology that is designed to ensure that this activity is delivered in a controlled manner and is subject to regular oversight.

#### Climate change risk

Climate change is a pervasive risk across organisations, impacting a range of risk types. The Company and the Group are committed to working towards positive action and transparent disclosures, the failure to achieve this is a key risk for the business. As an insurance intermediary, the Company does not directly underwrite risks that are impacted by climate change. However, climate change does have the potential to disrupt the market and create uncertainties in the Company's insurance panel (e.g. insurers changing their appetite due to climate change) or within our target distribution markets (e.g. large price changes as insurers price in the risk).

This report was approved by the Board of Directors on 29 August 2025 and signed on behalf of the Board by:



T S Patel  
Director

# Affinity Insurance Solutions Limited

## Directors' Report

Year ended 31 December 2024

---

The Directors present their report and the audited financial statements of Affinity Insurance Solutions Limited ("the Company") for the year ended 31 December 2024.

### Directors

The Directors who served the Company during the year and up to the date of signature of this report were as follows:

C T Collings	
E J Rawlinson	Appointed 7 March 2025
F Mackle	Appointed 1 August 2025
T S Patel	Appointed 1 August 2025
C A Scarr	Appointed 1 January 2024, resigned 15 February 2024
C D Ball	Appointed 26 June 2024, resigned 7 March 2025
I J Donaldson	Appointed 26 June 2024, resigned 7 March 2025
A S Watson	Appointed 26 June 2024, resigned 31 May 2025
C E Lewis	Appointed 26 June 2024, resigned 20 June 2025
R J Shepherd	Appointed 26 June 2024, resigned 1 August 2025
G Castagno	Resigned 15 February 2024
K J Barber	Resigned 25 March 2024
R L Barrington	Resigned 26 June 2024
E Barlow	Resigned 31 January 2025

### Future Developments and Post Balance Sheet Events

Details of the future developments of the Company are included in the Strategic Report. Other than those disclosed in the Strategic Report, or elsewhere in the financial statements, there were no other events occurring between the balance sheet date and the signing of this report that would have a material impact on the results or financial position of the Company.

### Dividends

The Directors did not recommend the payment of a dividend for the year ended 31 December 2024 (2023: nil).

### Donations

The Company has not made any donations during the year.

### Qualifying third party and pension scheme indemnity provisions

The Group Directors and Officers are covered by the Group's D&O Policy only; there are no separate Deeds of Indemnity in place and as a result there is no director indemnity provisions.

### Going concern

Following work undertaken and enquiries made, the Directors believe that the Company is well placed to manage the risks facing it and are satisfied that the Company has adequate resources for at least 12 months from the date of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements (see Note 2).

### Financial Risk Management

Details of financial risk management can be found in the Principal Risks and Uncertainties section of the Strategic Report on pages 1, 2 and 3.

### Statement of Directors' Responsibilities

The Directors are responsible for preparing a strategic report, a directors' report and financial statements in accordance with applicable law and regulations.

Company law requires directors to prepare financial statements for each financial year (subject to allowable changes to the balance sheet date). Under that law the Company's Directors have elected to prepare these financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 *Reduced Disclosure Framework*, and applicable law).

Under company law 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.

# Affinity Insurance Solutions Limited

## Directors' Report (continued)

Year ended 31 December 2024

---

### Statement of Directors' Responsibilities (continued)

In preparing the financial statements, directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps to ensure prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions; 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*.

### Statement of Disclosure to Auditor

Each Director of the Company as at the date of approving this report, confirms that:

- as far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the necessary steps, that they ought to have taken as a director, in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

### Auditor

The Board has approved the proposed appointment of Deloitte LLP as the Company's auditors for the financial year ending 31 December 2025.

### Approval

This report was approved by the Board of Directors on 29 August 2025 and signed on its behalf by:



T S Patel  
Director

# Independent Auditors' Report to the Member of Affinity Insurance Solutions Limited

---

## Opinion

We have audited the financial statements of Affinity Insurance Solutions Limited (the 'company') for the year ended 31 December 2024 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity 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 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 company's affairs as at 31 December 2024 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 at least twelve months from when the financial statements are authorised for issue.

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

## Other information

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

We have nothing to report in this regard.

## 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.

## **Independent Auditors' Report to the Member of Affinity Insurance Solutions Limited (continued)**

---

### **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 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, 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, 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, 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 company and the sector in which it operates 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, application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the company in this regard to be those arising from FCA Rules, UK tax legislation and Companies Act 2006 and financial reporting framework in the UK.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included but were not limited to enquiries of management, a review of board minutes, and a review of legal and regulatory correspondence.
- 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 manual journals for revenue. We addressed this by documenting our understanding of information system and related controls relevant to each material revenue stream. Evaluated the appropriateness and the effectiveness of the design and implementation of related controls; substantively testing income recognised in the financial statements, including deferred and accrued income balances recognised at the year end. Reviewing post year-end receipts to ensure completeness of income recorded in the accounting period.

## **Independent Auditors' Report to the Member of Affinity Insurance Solutions Limited (continued)**

---

- 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.

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](http://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.



**Paul Goldwin (Senior Statutory Auditor)  
For and on behalf of PKF Littlejohn LLP  
Statutory Auditor**

15 Westferry Circus  
Canary Wharf  
London E14 4HD

1 September 2025

# Affinity Insurance Solutions Limited

## Statement of Comprehensive Income

Year ended 31 December 2024

---

		2024	2023
	Notes	£000	(as restated) £000
Revenue	4	26,516	33,131
Cost of sales		(8,212)	(15,044)
<b>Gross profit</b>		<b>18,304</b>	<b>18,087</b>
Administrative expenses		(17,596)	(17,113)
<b>Operating profit</b>	5	<b>708</b>	<b>974</b>
Interest income	8	46	60
<b>Profit before taxation</b>		<b>754</b>	<b>1,034</b>
Tax charge on profit	9	(140)	(338)
<b>Profit for the financial year</b>		<b>614</b>	<b>696</b>

---

---

All the activities of the Company are from continuing operations.

Comparative values for the year ended 31 December 2023 have been restated. See Note 21 for more details.

# Affinity Insurance Services Limited

## Statement of Financial Position

As at 31 December 2024

		2024	2023
	Notes	£000	(as restated) £000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	10	66	248
Tangible assets	11	154	234
Trade and other receivables	12	62	65
		<b>282</b>	<b>547</b>
<b>Current assets</b>			
Trade and other receivables	12	44,849	68,635
Cash at bank and in hand	13	3,571	3,209
		<b>48,420</b>	<b>71,844</b>
<b>Total assets</b>		<b>48,702</b>	<b>72,391</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	16	(33,156)	(57,454)
Provisions	14	(32)	(37)
		<b>(33,188)</b>	<b>(57,491)</b>
<b>Total liabilities</b>		<b>(33,188)</b>	<b>(57,491)</b>
<b>Net assets</b>		<b>15,514</b>	<b>14,900</b>
<b>Equity</b>			
Called up share capital	17	-	-
Retained earnings		15,514	14,900
<b>Total equity</b>		<b>15,514</b>	<b>14,900</b>

The notes on pages 12 to 26 form part of these financial statements.

Comparative values for the year ended 31 December 2023 have been restated. See Note 21 for more details.

These financial statements were approved by the Board of Directors and authorised for issue on 29 August 2025, and are signed on its behalf by:



T S Patel  
Director

Company registration number: 12486813

# Affinity Insurance Services Limited

## Statement of Changes in Equity

As at 31 December 2024

	Called up share capital £000	Retained earnings £000	Total equity £000
At 1 January 2024	-	14,900	14,900
Profit for the year	-	614	614
<b>At 31 December 2024</b>	<b>-</b>	<b>15,514</b>	<b>15,514</b>
	Called up share capital £000	Retained earnings £000	Total equity £000
At 1 January 2023	-	15,917	15,917
Transition to FRS101 (note 21)	-	(613)	(613)
Prior period adjustment (note 21)	-	(1,100)	(1,100)
<b>At 1 January 2023 (as restated)</b>	<b>-</b>	<b>14,204</b>	<b>14,204</b>
Profit for the year (as restated)	-	696	696
<b>At 31 December 2023 (as restated)</b>	<b>-</b>	<b>14,900</b>	<b>14,900</b>

Comparative values for the year ended 31 December 2023 have been restated. See Note 21 for more details.

# Affinity Insurance Services Limited

## Notes to the Financial Statements

Year ended 31 December 2024

---

### 1. General information

Affinity Insurance Solutions Limited (“the Company”) is a private company limited by shares, registered in England and Wales. The address of the registered office is 45 Westerham Road, Bessels Green, Sevenoaks, Kent, TN13 2QR

Details of the Company's principal activities are included in the Strategic Report.

The principal accounting policies applied in the preparation of these financial statements are set out below. They have, unless otherwise stated, been applied consistently to all periods presented.

### 2. Material accounting policies

#### **Basis of preparation**

These financial statements have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (“FRS 101”).

The financial statements have been prepared under the historical cost convention and in accordance with the *Companies Act 2006*. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted International Accounting Standards (“IFRS”), amended where necessary in order to comply with the *Companies Act 2006*.

The financial statements are presented in sterling, which is the functional currency of the entity. Monetary amounts in these financial statements are rounded to the nearest £1,000, except where otherwise indicated.

#### **First time adoption of FRS 101**

These financial statements for the period ended 31 December 2024 are the first the Company has prepared in accordance with FRS 101. For all periods up to and including the year ended 31 December 2023, the Company prepared its financial statements in accordance with Financial Reporting Standard 102 (‘FRS 102’).

Accordingly, the Company has prepared financial statements that comply with FRS 101 applicable as at 31 December 2024, together with the comparative period data for the year ended 31 December 2023. Note 21 explains the principal adjustments made by the Company in restating its FRS 102 financial statements, including its net asset position as at 1 January 2023 and the financial statements as of, and for, the year ended 31 December 2023.

The Company has applied the accounting policies effective at the end of the first reporting period for all periods presented, as required by IFRS 1 First-time adoption of IFRSs. Details on the adjustments resulting from application of these accounting policies compared to FRS 102 can be found in note 21.

#### **Reduced disclosures**

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the *Companies Act 2006*.

In accordance with FRS 101 the following exemptions from the requirements of IFRS have been applied in the preparation of the Company's financial statements:

- the following paragraphs of IAS 1, ‘Presentation of financial statements’:
  - 10(d) (statement of cash flows);
  - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B-D (additional comparative information);
  - 40A–D (requirements for a third statement of financial position);
  - 111 (statement of cash flows information); and
  - 134-136 (capital management disclosures).
- the requirements of IFRS 7 ‘Financial Instruments: Disclosures’;
- the requirements of IAS 7 ‘Statement of cash flows’;
- the requirements of paragraphs 91 to 99 of IFRS 13 ‘Fair Value Measurement’;
- the requirements of paragraphs 134(d) - 134(f) and 135(c) - 135(e) of IAS 36 Impairment of Assets in respect of disclosure of assumptions on which projections used in the impairment review are based and sensitivity analysis;

# Affinity Insurance Services Limited

## Notes to the Financial Statements (continued)

Year ended 31 December 2024

### 2. Material accounting policies (continued)

#### *Reduced disclosures (continued)*

- the requirements in paragraphs 17 and 18A of IAS 24 Related Party Disclosures around the need to disclose information on key management personnel and details on related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member;
- the requirements of paragraphs 30 and 31 in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors regarding disclosure of new IFRS standards not yet effective at the reporting date and their potential impact; and
- the requirements in paragraphs 110 (second sentence only), 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Contracts.

The financial statements of the Company are consolidated within the financial statements of Markerstudy Group Holdings Limited where equivalent disclosures are provided where applicable. The financial statements are publicly available from Markerstudy House, 45 Westerham Road, Bessels Green, Sevenoaks, Kent, TN13 2QB.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires the Company's directors to exercise judgement in applying the Company's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

#### *New standards, amendments, IFRIC interpretations and new relevant disclosure requirements*

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The following standards and amendments are effective for reporting period commencing 1 January 2024:

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to IAS 1;
- Lease Liability in Sale and Leaseback – Amendments to IFRS 16;
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7; and
- International Tax Reform – Pillar Two Model Rules – amendments to IAS 12.

The amendments had no impact on the Company's financial statements.

#### *Going concern*

The Company's intermediate parent, Markerstudy Group Limited ("MGL"), has provided a letter of support confirming that it will continue to provide financial support to the Company such that it will continue to be able to meet its obligations as they fall due for a period of at least 12 months from the date of approval of these financial statements. The Markerstudy Group meets its day-to-day working capital requirements through its cash reserves and borrowings. The Markerstudy Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current cash reserves and borrowings. The Directors are therefore confident that there will be sufficient positive cash flows to support the liquidity and solvency of the Company. On this basis, the Directors continue to prepare these financial statements on a going concern basis.

#### *Revenue*

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for service performed, stated net of discounts, returns and VAT. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, and specific criteria have been met for each of the Company's activities, as described below.

The Company acts as an agent on behalf of insurers and earns commission for introducing, arranging and administering insurance policies for a policy holder on behalf of insurers. Commission income arising from this is recognised in full at inception of the policy, which is the point that it has fulfilled its obligations.

The Company also earns income by charging policy holders an administration fee for mid-term changes (adjustments and cancellations) on policies and other policy add-ons. The Company recognises the income arising from this, when the policy adjustment or cancellation becomes binding or when the policy goes on risk.

The Company also earns a fee for the introduction of policy holder to a credit provider for arranging credit agreement. The fee is recognised upfront.

# Affinity Insurance Services Limited

## Notes to the Financial Statements (continued)

Year ended 31 December 2024

---

### 2. Material accounting policies (continued)

#### *Revenue (continued)*

Where there are performance obligations other than placement of the business, such as claims handling activities, control of the services underlying the performance obligation is transferred to the customer over time, resulting in the deferral of revenue recognition. The element relating to performance obligations is deferred and recognised in the periods in which these activities take place.

Some contracts with customers include cancellation rights, whereby the consideration receivable by the Company is subject to a clawback. If no claims are made under the policy, then cancellations usually entitle the policyholder to a proportional refund of the consideration. When the effect is material, the Company adjusts the estimated consideration for the expected clawback based on historical experience of average cancellations and recognises revenue only on the amount that is not expected to be refunded. The Company reassesses at the end of the reporting period whether the estimated clawback needs to be revisited. Amounts that are expected to be refunded for consideration that has been received or invoiced are recognised in trade and other payables.

#### *Intangible assets*

##### *Software development*

Internally generated intangible assets arising from the development of computer software (or from the development phase of an internal project) are recognised if, and only if, all the following conditions have been demonstrated:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

The amount initially recognised is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above and is classified as an asset under construction. Where no internally generated intangible asset can be recognised, development expenditure is recognised in the Statement of Comprehensive Income in the year in which it is incurred.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Amortisation commences when they are ready for use as intended by management and is calculated using the straight-line method over their estimated useful lives of 18 months or 3 years.

The amortisation expense for the current and comparative year is included in administrative expenses.

#### *Derecognition of intangible assets*

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Statement of Comprehensive Income when the asset is derecognised.

#### *Tangible assets*

Assets are initially recorded at cost or deemed cost as at the point of transition to FRS 101, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation is provided to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fixtures and fittings	- 3 years straight line
Computer equipment	- 4 years straight line

The depreciation expense is charged to profit or loss.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Property, plant and equipment is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of property, plant and equipment, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

# Affinity Insurance Services Limited

## Notes to the Financial Statements (continued)

Year ended 31 December 2024

---

### 2. Material accounting policies (continued)

#### *Impairment of tangible fixed assets*

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired, or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, an estimate of the recoverable amount of the asset is made.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and in hand and other short-term deposits held by the Company with maturities of less than three months. Cash includes both insurer monies held in trust and operational monies.

#### *Trade and other receivables*

Trade receivables are initially measured at their transaction price. Other receivables are initially measured at fair value plus transaction costs. Receivables are held to collect the contractual cash flows which are solely payments of principal and interest. Therefore, these receivables are subsequently measured at amortised cost using the effective interest rate method.

#### *Financial instruments*

##### *Recognition and initial measurement*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument, and they are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in Statement of Comprehensive Income.

##### *Derecognition of financial assets (including write-offs) and financial liabilities*

A financial asset (or part thereof) is derecognised when the contractual rights to cash flows expire or are settled, or when the contractual rights to receive the cash flows of the financial asset and substantially all the risks and rewards of ownership are transferred to another party. When there is no reasonable expectation of recovering a financial asset it is derecognised ('written off'). The gain or loss on derecognition of financial assets measured at amortised cost is recognised in profit or loss.

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires. Any difference between the carrying amount of a financial liability (or part thereof) that is derecognised and the consideration paid is recognised in profit or loss.

##### *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

##### *Impairment of financial assets*

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both.

The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available without undue cost or effort. The expected credit loss is a probability-weighted amount determined from a range of outcomes and takes into account the time value of money.

# Affinity Insurance Solutions Limited

## Notes to the Financial Statements (continued)

Year ended 31 December 2024

---

### 2. Material accounting policies (continued)

#### *Financial instruments (continued)*

##### *Trade receivables*

For trade receivables, expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the aging of the receivable. The risk of a default occurring always takes into consideration all possible default events over the expected life of those receivables (“the lifetime expected credit losses”). Different provision rates and periods are used based on groupings of historic credit loss experience by product type, customer type and location.

##### *Impairment of other receivables measured at amortised cost*

The measurement of impairment losses depends on whether the financial asset is ‘performing’, ‘underperforming’ or ‘non-performing’ based on the Company’s assessment of increases in the credit risk of the financial asset since its initial recognition and any events that have occurred before the year-end which have a detrimental impact on cash flows. The financial asset moves from ‘performing’ to ‘underperforming’ when the increase in credit risk since initial recognition becomes significant.

In assessing whether credit risk has increased significantly, the Company compares the risk of default at the year-end with the risk of a default when the investment was originally recognised using reasonable and supportable past and forward-looking information that is available without undue cost. The risk of a default occurring takes into consideration default events that are possible within 12 months of the year-end (“the 12-month expected credit losses”) for ‘performing’ financial assets, and all possible default events over the expected life of those receivables (“the lifetime expected credit losses”) for ‘underperforming’ financial assets.

Impairment losses and any subsequent reversals of impairment losses, are adjusted against the carrying amount of the receivable and are recognised in profit or loss.

##### Classification and subsequent measurement of financial liabilities

The Company’s financial liabilities include trade and other payables and borrowings.

##### *Trade and other payables*

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. Trade and other payables are initially measured at fair value, net of direct transaction costs and subsequently measured at amortised cost.

##### *Equity*

Ordinary shares are included in equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a reduction, net of tax, from the proceeds.

##### *Income tax*

The income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

# Affinity Insurance Solutions Limited

## Notes to the Financial Statements (continued)

Year ended 31 December 2024

---

### 2. Material accounting policies (continued)

#### *Income Tax (continued)*

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

#### *Employee benefits*

##### *Defined contribution pension plans*

Contributions to defined contribution pension plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

#### *Interest income*

Interest income is recognised in profit or loss on an accruals basis.

#### *Provisions*

Provisions are recognised when an obligation exists at the reporting date, as a result of a past event, for which it is probable there will be the transfer of economic benefits and that obligation can be estimated reliably. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

### 3. Judgements and key sources of estimation uncertainty

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

#### *Critical accounting estimates and assumptions*

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### a) Recoverability of trade and other receivables

The Company had total receivables at the balance sheet date of £318k (2023: £1,358k) related to amounts due in respect of insurance transactions. These balances represent amounts of fee and commission income due and payable to the Company net of expected credit losses ("ECL"). ECL are recognised to the extent that the Company's commission and fee will not be collected if a policyholder defaults on the payment of premium. An ECL is also made against the shortfall of return premiums due from an insurer upon cancellation of a policy where the Company suffers a time on risk exposure. The estimated ECL at 31 December 2024 is £nil (2023: £711k).

At each period end, the Directors also review amounts owed by group companies for indicators of impairment by reference to the financial position and trading performance of the respective group company.

##### b) Deferred tax assets

Significant estimation is required in determining the asset recognised in respect of deferred tax. A deferred tax asset is recognised for temporary timing differences, but management's best estimate is used to determine the extent to which it is probable that taxable profits will be available in the future against which the temporary differences can be utilised and to determine the amount of this taxable profit.

Deferred tax assets are measured at the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. The deferred tax asset as at 31 December 2024 is £62k (2023: £65k (as restated)).

# Affinity Insurance Solutions Limited

## Notes to the Financial Statements (continued)

Year ended 31 December 2024

### 4. Revenue

Revenue is attributable to the principal activity of the Company wholly undertaken in the United Kingdom and arises from:

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>(as restated) £000</b>
Commission income	19,955	22,720
Fee income	6,561	10,411
	<b>26,516</b>	<b>33,131</b>

### *Liabilities related to contracts*

The Company has recognised the following liabilities:

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Contract liabilities	433	552

The contract liabilities relating to post sale obligations are recognised within accruals and deferred income. See Note 16.

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Amount recognised that was included in the contract liability balance at the beginning of the period	118	141

### 5. Operating profit

Operating profit is stated after charging:

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Staff costs (Note 6)	5,931	5,769
Group recharges	1,613	1,655
Impairment of trade debtors	1,182	1,567
Depreciation of tangible assets	80	44
Amortisation of intangible assets	182	206
<b>Auditor's remuneration:</b>		
Audit fees	161	146

Fees payable to the Company's auditor for the audit of its annual financial statements were borne by Markerstudy Group Services Limited and recharged to the Company.

### 6. Staff costs

The average number of employees of the Company, and their remuneration during the year was:

	<b>2024</b>	<b>2023</b>
	<b>No.</b>	<b>No.</b>
Operational staff	121	133
Management and administration	51	54
	<b>172</b>	<b>187</b>
	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	5,369	4,984
Social security costs	366	510
Pension costs	196	275
	<b>5,931</b>	<b>5,769</b>

# Affinity Insurance Solutions Limited

## Notes to the Financial Statements (continued)

Year ended 31 December 2024

### 7. Directors remuneration

No remuneration was paid to Directors by the Company in the current year or prior year.

During the year, the Company has Directors who are also Executive and Non-Executive Directors of the Group, who are remunerated by Markerstudy Group Services Limited ("MGSL") and Atlanta Insurance Intermediaries Limited ("AIIIL"). The Company Directors remunerated by MGSL received a total compensation and pension of £2,035k and £10k, respectively and recharged £41k and £0.1k to the Company.

Those remunerated by AIIIL are not recharged to the Company.

### 8. Interest income

	2024 £000	2023 £000
Interest on cash at bank	46	60

### 9. Tax

	2024 £000	2023 (as restated) £000
<b>Current tax</b>		
Current tax charge	131	257
Adjustment in respect of prior years	5	-
	<u>136</u>	<u>257</u>
<b>Deferred tax</b>		
Charge to the profit and loss account	58	81
Adjustments in respect of prior periods	(54)	-
	<u>4</u>	<u>81</u>
<b>Taxation on ordinary activities</b>	<u>140</u>	<u>338</u>

The standard rate of tax for the year ended 31 December 2024 was 25% (2023: 23.52% weighted average). The reconciling items between the actual tax charge and the tax charge at the standard rate are shown in the table below:

### Tax reconciliation

	2024 £000	2023 (as restated) £000
Profit on ordinary activities before taxation	754	1,034
Tax at the standard corporation tax rate of 25% (2023: 23.52%)	189	243
Expenses not deductible for tax purposes	-	33
Adjustment in respect of prior years - current tax	5	56
Adjustment in respect of prior years - deferred tax	(54)	-
Changes in tax rates	-	6
<b>Total tax expense</b>	<u>140</u>	<u>338</u>

# Affinity Insurance Solutions Limited

## Notes to the Financial Statements (continued)

Year ended 31 December 2024

### 10. Intangible assets

	<b>Software Development</b>
	<b>£000</b>
<b>Cost</b>	
As at 1 January 2024 and 31 December 2024	<u>639</u>
<b>Accumulated amortisation</b>	
At 1 January 2024	391
Charge for the period	182
<b>At 31 December 2024</b>	<u>573</u>
<b>Carrying amount</b>	
At 1 January 2024	248
<b>At 31 December 2024</b>	<u>66</u>

### 11. Tangible assets

	<b>Fixtures and fittings</b>	<b>Computer equipment</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost</b>			
As at 1 January 2024 and 31 December 2024	<u>79</u>	<u>214</u>	<u>293</u>
<b>Accumulated depreciation</b>			
At 1 January 2024	41	18	59
Charge for the period	26	54	80
<b>At 31 December 2024</b>	<u>67</u>	<u>72</u>	<u>139</u>
<b>Carrying amount</b>			
At 1 January 2024	38	196	234
<b>At 31 December 2024</b>	<u>12</u>	<u>142</u>	<u>154</u>

### 12. Trade and other receivables

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>(as restated) £000</b>
<b>Current</b>		
Trade debtors	318	1,358
Amounts owed by group undertakings	44,253	65,777
Prepayments and accrued income	263	1,367
Corporation tax receivable	-	111
Other debtors	15	22
	<u>44,849</u>	<u>68,635</u>
<b>Non-current</b>		
Deferred tax asset (note 15)	62	65

Amounts owed by group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. The amounts owed by group undertakings are interest free. The Directors believe that the intercompany balances are recoverable.

Expected credit losses of £nil (2023: £711k) were recognised against trade debtors during the period.

# Affinity Insurance Solutions Limited

## Notes to the Financial Statements (continued)

Year ended 31 December 2024

### 13. Cash at bank and in hand

	2024 £000	2023 (as restated) £000
Operational cash	2,115	2,204
Insurer cash	1,456	1,005
	<u>3,571</u>	<u>3,209</u>

Cash includes both insurer monies held in trust and operational monies. Insurer monies include unsettled premiums and claims and commissions not yet transferred into the operational bank accounts. Monies held in operational cash is freely available for the Company to use.

### 14. Provisions

	Cancellation provision £000
At 1 January 2024 (as restated)	37
Utilised in the period	(5)
<b>At 31 December 2024</b>	<u><u>32</u></u>

#### *Cancellation provision*

The cancellation provision relates to estimated cancellations of policies resulting in a 'clawback' of commission or fees.

### 15. Deferred tax asset

	2024 £000	2023 (as restated) £000
Included in trade and other receivables (note 12)	62	65

#### *Reconciliation of deferred tax asset*

	2024 £000	2023 (as restated) £000
Deferred tax asset at start of the period	65	146
Charge to the income statement for the year	(57)	(81)
Adjustment in respect of prior years	54	-
<b>Deferred tax asset at the end of the year</b>	<u><u>62</u></u>	<u><u>65</u></u>

The deferred tax asset of £62k (2023: £65k) relates to fixed asset timing differences of £62k (2023: (£57k)) and other temporary differences of £nil (2023: £122k).

# Affinity Insurance Solutions Limited

## Notes to the Financial Statements (continued)

Year ended 31 December 2024

### 16. Trade and other payables

	2024	2023
	£000	(as restated) £000
Trade creditors	18,366	23,313
Amounts owed to group undertakings	7,139	25,239
Accruals and deferred income	7,626	8,788
Social security and other taxes	-	91
Corporation tax	25	-
Other creditors	-	23
	<u>33,156</u>	<u>57,454</u>

Trade creditors are non-interest bearing and are normally settled by the Company on 30-day terms.

Amounts owed to group undertakings are interest free, unsecured and repayable on demand.

The carrying value of trade and other payables approximates to their fair value.

### 17. Equity

	2024		2023	
	No.	£000	No.	£000
<i>Ordinary share capital issued and fully paid</i>				
Ordinary shares of £1 each	100	-	100	-

The Company's ordinary shares which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

### 18. Related party transactions

The Company has taken the available exemption within FRS 101 from disclosing related party transactions and balances with wholly owned members of the same group.

Transactions between the Company and its related parties are disclosed below:

#### *Other related parties*

Other related parties comprise of entities that are related by virtue of common control, joint control or significant influence. The amounts outstanding are unsecured, non-interest bearing and will be settled in cash. No guarantees have been given or received.

	2024	2023
	£000	£000
Transactions during the year:		
Recharged from other related parties	-	187

### 19. Controlling party

The Company's immediate parent undertaking is Markerstudy (Affinity) Holdings Limited, a company registered in the United Kingdom. The Company's ultimate controlling parties are PSC Accelerator II (A) LP (registered in Guernsey), PSC Accelerator II (B) SCSp (registered in Luxembourg), PSC Accelerator II (C) LP (registered in Guernsey), PSC V (A) LP (registered in Guernsey) and PSC V (B) SCSp (registered in Luxembourg) being funds managed by Pollen Street Capital Limited (registered in England and Wales) a subsidiary of Pollen Street Group Limited (registered in Guernsey), a UK listed asset manager.

The smallest and largest groups consolidating the results of the Company are Markerstudy Group Holdings Limited and Venus Topco Limited respectively. The registered office of Markerstudy Group Holdings Limited is Markerstudy House, 45 Westerham Road, Bessels Green, Sevenoaks, Kent, United Kingdom, TN13 2QB. The registered office of Venus Topco Limited is PO Box 656, East Wing Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3PP.

### 20. Events after the end of the reporting period

There are no subsequent events after 31 December 2024 to disclose.

# Affinity Insurance Solutions Limited

## Notes to the Financial Statements (continued)

Year ended 31 December 2024

---

### 21. Transition to FRS 101 and prior year adjustments

#### **Transition to FRS 101**

These financial statements for the period ended 31 December 2024 are the first the Company has prepared in accordance with FRS 101. For all periods up to and including the year ended 31 December 2023, the Company prepared its financial statements in accordance with Financial Reporting Standard 102 ('FRS 102').

Accordingly, the Company has prepared financial statements that comply with FRS 101 applicable as at 31 December 2024, together with the comparative period data for the year ended 31 December 2023. This note explains the principal adjustments made by the Group in restating its FRS 102 financial statements, including its net asset position as at 1 January 2023 and the financial statements as of, and for, the year ended 31 December 2023.

#### *Revenue recognition*

All significant revenue streams have been assessed to establish whether the current accounting policy complies with FRS 101.

FRS 101 requires the Company to identify performance obligations under a contract, allocate the transaction price to each performance obligation, and recognise revenue when (or as) the entity satisfies these performance obligations. Claims management obligations occur throughout the life of the contract. In addition, performance obligations under intermediary contracts are not only limited to referral and include additional services such as call handling, minor changes to policy details mid-term adjustments and cancellations over the duration of the policy.

Applying the requirements of IFRS, an allocation of the income received must be made to these post-sale services and that revenue recognised in a pattern that reflects the transfer of services to the customer over the life of the contract.

#### *Financial Instruments*

Provision for expected credit losses have been assessed in respect of trade receivables at the date of transition based on a lifetime expected losses approach.

#### **Prior year adjustments**

During the year, it was identified that insurer creditor and cash balances do not reconcile with the respective statements. The comparative balances have been restated to correct the balances presented in the statement of financial position and statement of comprehensive income.

# Affinity Insurance Solutions Limited

## Notes to the Financial Statements (continued)

Year ended 31 December 2024

### 21. Transition to FRS 101 and prior year adjustments (continued)

#### Statement of Financial Position at 1 January 2023

	Notes	As originally reported £000	FRS101 transition adjustments £000	Prior period adjustments £000	As restated £000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible assets		419	-	-	419
Tangible assets		64	-	-	64
Trade and other receivables	(a)	-	147	-	147
		<b>483</b>	<b>147</b>	<b>-</b>	<b>630</b>
<b>Current assets</b>					
Trade and other receivables		62,826	-	-	62,826
Cash at bank and in hand	(b)	16,448	-	(71)	16,377
		<b>79,274</b>	<b>-</b>	<b>(71)</b>	<b>79,203</b>
<b>Total assets</b>		<b>79,757</b>	<b>147</b>	<b>(71)</b>	<b>79,833</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Deferred tax	(a)	(7)	7	-	-
		<b>(7)</b>	<b>7</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>					
Trade and other payables	(a) (b)	(63,833)	(565)	(1,183)	(65,581)
Provisions	(a)	-	(48)	-	(48)
		<b>(63,833)</b>	<b>(613)</b>	<b>(1,183)</b>	<b>(65,629)</b>
<b>Total liabilities</b>		<b>(63,840)</b>	<b>(606)</b>	<b>(1,183)</b>	<b>(65,629)</b>
<b>Net assets</b>		<b>15,917</b>	<b>(459)</b>	<b>(1,254)</b>	<b>14,204</b>
<b>Equity</b>					
Called up share capital		-	-	-	-
Retained earnings		15,917	(459)	(1,254)	14,204
<b>Shareholders' funds</b>		<b>15,917</b>	<b>(459)</b>	<b>(1,254)</b>	<b>14,204</b>

Adjustments shown in the above table relating to the following:

- a) The adoption of IFRS 15 has resulted in:
  - (1) an increase in trade and other payables of £565k related to recognition of deferred income arising from post sales obligations; and
  - (2) the recognition of a cancellation provision of £48k relating to contracts with customers which include cancellation rights, whereby the consideration receivable by the Company is subject to a clawback.
  - (3) The adjustments above resulted in an overall increase in deferred tax of £154k, from a deferred tax liability position of £7k to a deferred tax asset position of £147k.
- b) During the year, it was identified that insurer creditor and cash balances do not reconcile with the respective statements. This has resulted to an overstatement in cash and understatement in trade creditors. The opening balances as of 1 January 2023 has been restated, which resulted to a decrease in cash at bank and in hand of £71k and an increase in trade and other payables of £1,478k with corresponding increase in retained earnings of £1,549k. This adjustment resulted in a decrease in corporation tax liability of £295k.

# Affinity Insurance Solutions Limited

## Notes to the Financial Statements (continued)

Year ended 31 December 2024

### 21. Transition to FRS 101 and prior year adjustments (continued)

#### Statement of Financial Position at 31 December 2023

	Notes	As originally reported £000	FRS101 transition adjustments £000	Prior period adjustments £000	As restated £000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible assets		248	-	-	248
Tangible assets		234	-	-	234
Trade and other receivables	(a)	-	65	-	65
		<b>482</b>	<b>65</b>	<b>-</b>	<b>547</b>
<b>Current assets</b>					
Trade and other receivables	(b)	68,524	-	111	68,635
Cash at bank and in hand	(b)	4,394	-	(1,185)	3,209
		<b>72,918</b>	<b>-</b>	<b>(1,074)</b>	<b>71,844</b>
<b>Total assets</b>		<b>73,400</b>	<b>65</b>	<b>(1,074)</b>	<b>72,391</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Deferred tax	(a)	(50)	50	-	-
		<b>(50)</b>	<b>50</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>					
Trade and other payables	(a) (b)	(56,163)	(423)	(868)	(57,454)
Provisions	(a)	-	(37)	-	(37)
		<b>(56,163)</b>	<b>(460)</b>	<b>(868)</b>	<b>(57,491)</b>
<b>Total liabilities</b>		<b>(56,213)</b>	<b>(410)</b>	<b>(868)</b>	<b>(57,491)</b>
<b>Net assets</b>		<b>17,187</b>	<b>(345)</b>	<b>(1,942)</b>	<b>14,900</b>
<b>Equity</b>					
Called up share capital		-	-	-	-
Retained earnings		17,187	(345)	(1,942)	14,900
<b>Shareholders' funds</b>		<b>17,187</b>	<b>(345)</b>	<b>(1,942)</b>	<b>14,900</b>

Adjustments shown in the above table relating to the following:

- a) The adoption of IFRS 15 has resulted in:
  - (1) an increase in trade and other payables of £423k related to recognition of deferred income arising from post sales obligations; and
  - (2) the recognition of a cancellation provision of £37k relating to contracts with customers which include cancellation rights, whereby the consideration receivable by the Company is subject to a clawback.
  - (3) The adjustments above resulted in an overall increase in deferred tax of £115k, from a deferred tax liability position of £50k to a deferred tax asset position of £65k.
- b) During the year, it was identified that insurer creditor and cash balances do not reconcile with the respective statements. This has resulted to an overstatement in cash and understatement in trade creditors. The position as at 31 December 2023 has been restated, which resulted to a decrease in cash at bank and in hand of £1,185k and an increase in trade and other payables of £1,263k and overall impact in retained earnings of £2,448k. This adjustment resulted in an increase in corporation tax receivable of £111k and a decrease in corporation tax liability of £395k.

# Affinity Insurance Solutions Limited

## Notes to the Financial Statements (continued)

Year ended 31 December 2024

### 21. Transition to FRS 101 and prior year adjustments (continued)

#### Statement of Comprehensive Income for the year ended 31 December 2023

	Notes	As originally reported £000	FRS101 transition adjustments £000	Prior period adjustments £000	As restated £000
Revenue	(a) (b)	33,878	152	(899)	33,131
Cost of sales		(15,044)	-	-	(15,044)
<b>Gross profit</b>		<b>18,834</b>	<b>152</b>	<b>(899)</b>	<b>18,087</b>
Administrative expenses		(17,113)	-	-	(17,113)
<b>Operating profit</b>		<b>1,721</b>	<b>152</b>	<b>(899)</b>	<b>974</b>
Interest income		60	-	-	60
<b>Profit before taxation</b>		<b>1,781</b>	<b>152</b>	<b>(899)</b>	<b>1,034</b>
Tax expense on profit	(a) (b)	(511)	(38)	211	(338)
<b>Profit for the financial year</b>		<b>1,270</b>	<b>114</b>	<b>(688)</b>	<b>696</b>

Adjustments shown in the above table relating to the following:

- a) The adoption of IFRS 15 resulted in:
  - (1) an increase in revenue of £152k.
  - (2) The adjustment above resulted in an increase in tax expense of £38k.
- b) During the year, it was identified that insurer creditor and cash balances do not reconcile with the respective statements. The position as at 31 December 2023 has been restated, which resulted which resulted in a decrease in revenue of £899k and a decrease in tax expense of £211k.