Company Registration No. 04259588 (England and Wales)

MERIDIAN RISK SOLUTIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 NOVEMBER 2021

LB GROUP
Number One
Vicarage Lane
Stratford
London

MERIDIAN RISK SOLUTIONS LIMITED

COMPANY INFORMATION

Directors	Mr C D Kingaby	
	Mr S Fossey	
	Mr T Hunter Blair	
	Mr M C Williamson	
	Mr I M Witt	(Appointed 9 September 2021)
Company number	04259588	
Registered office	71 Fenchurch Street London EC3M 4BS	
Accountants	LB Group (Stratford) Number One Vicarage Lane Stratford London England EH15 4HF	
Auditors	PKF Littlejohn LLP Statutory Auditor 15 Westferry Circus Canary Wharf London E14 4HD	
Bankers	The Royal Bank of Scotland PLC 280 Bishopgate London EC2M 4RB	

MERIDIAN RISK SOLUTIONS LIMITED

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MERIDIAN RISK SOLUTIONS LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 30 NOVEMBER 2021

The directors present their annual report and financial statements for the Period ended 30 November 2021.

Principal activities

The Company is authorised by the Financial Conduct Authority to conduct insurance services. The principal activity of the company continued to be insurance and reinsurance broking in the marine, property, casualty, speciality and delegated underwriting authority markets. The Company conducts business on both a wholesale and retail basis, but does not currently act for private individuals.

Key performance indicators

The table below shows the performance for a 19 month period and includes one months worth of business which is subsequent to the period end. This has been done to provide readers with full details of the current calendar years performance, considering the change of year end of the company from May to December.

	12 months to 31.12.21	***7 months to 31.12.20***	***19 months to 31.12.21***	***12 months to 31.12.20***
	£	£	£	£
Turnover	***5,826,280***	***2,425,408***	***8,251,688***	***4,872,136***
Cost of Sales	***153,583***	***(90,571)***	***63,012***	***(90,571)***
Gross Profit	***5,672,697***	***2,515,979***	***8,188,676***	***4,962,707***
Profit before tax	***429,815***	***(367,565)***	***62,250***	***(94,592)***
Deprecation	*59,424*	*19,072*	*78,496*	*29,866*
Borrowing costs	*48,150*	*41,779*	*89,929*	*39,474*
Interest income	*(20,119)*	*(9,097)*	*(29,217)*	*(51,480)*
EBITDA	***517,270***	***(315,811)***	***201,458***	***(76,912)***
Share based payments (non cash)	*179,011*		*179,011*	
Non recurring costs/income	*115,993*	*(181,388)*	*(65,395)*	*(135,007)*
Adjusted EBITDA	***812,274***	***(497,199)***	***315,074***	***(211,919)***
Bonuses	*141,615*	*-*	*141,615*	*172,711*
Underlying EBITDA	***953,889***	***(497,199)***	***456,689***	***(39,208)***
Property cost reduction	*192,084*	*-*	*192,084*	*-*
Adjusted Underlying EBITDA post Property	***1,145,973***	***(497,199)***	***648,773***	***(39,208)***
Revenue CV19	*534,000*	*610,000*	*1,144,000*	*610,000*
EBITDAC	***1,679,973***	***112,801***	***1,792,773***	***570,792***
EBITDA margin	*9%*	*(13.00)%*	*2%*	*(2.00)%*
Adjusted EBITDA margin	*14%*	*(20.00)%*	*4%*	*(4.00)%*
Underlying EBITDA margin	*16%*	*(20.00)%*	*6%*	*(1.00)%*
Adjusted Underlying EBITDA margin post property	*20%*	*(20.00)%*	*8%*	*(1.00)%*
EBITDAC margin	*29%*	*5%*	*22%*	*12%*

The table below shows the KPI's for the 18 month position to 30 November 2021.

	18 months to 30.11.21
	£
Turnover	***7,551,119***
Cost of Sales	***58,012***
Gross Profit	***7,493,107***
Profit before tax	***(7,342)***
Deprecation	*73,435*
Borrowing costs	*69,812*
Interest income	*(27,589)*
EBITDA	***108,316***
Share based payments (non cash)	*150,261*
Non recurring costs/income	*(65,395)*
Adjusted EBITDA	***193,182***
Bonuses	*57,615*
Underlying EBITDA	***250,797***
Property cost reduction	*174,741*
Adjusted Underlying EBITDA post Property	***425,538***
Revenue CV19	*1,144,000*
EBITDAC	***1,569,538***
EBITDA margin	*1%*
Adjusted EBITDA margin	*3%*
Underlying EBITDA margin	*3%*
Adjusted Underlying EBITDA margin post property	*6%*
EBITDAC margin	*21%*

MRSL Performance

In common with most organisations around the world the Meridian group has not been immune to the Headwinds of Covid 19. These financial statements show the performance of the business over an effective 18 month period which covered the majority of the period of the pandemic.

Within the first four months of the Pandemic MRSL lost committed client revenue of c£1.1m which impacted the growth path from the second half of 2020 of the business significantly. Despite the obvious market dynamics, the Meridian group was able to immediately raise in the second half of 2020 equity to ensure that it could manage the income, capital, liquidity, and operational risks of the time.

We are pleased to say that post raise we were able to put that equity to work and invest in the business and the results of the calendar year to 31 December 2021 have been excellent with the underlying EBITDA margin being above 16%. This compares to the underlying EBITDA for the 18 month period ended 30 November 2021 which was 3%. The 18 month period to the 30 November 2021 includes two 6 month periods where Meridian traditionally has seasonal lows as well as including the Covid impacted performance year.

Despite volatility in world events continuing in 2022, MRSL is well positioned to grow income and EBITDA in 2022.

I cannot thank all the members of the team enough for all their efforts to support our customers. The company and each other through this difficult period in world history.

Directors

The directors who held office during the Period and up to the date of signature of the financial statements were as follows:

Mr C D Kingaby	
Mr P J Bingham	(Appointed 9 September 2021 and resigned 28 January 2022)
Mr S Fossey	
Mr T Hunter Blair	
Mr M C Williamson	
Mr I M Witt	(Appointed 9 September 2021)
P J Duplock	(Resigned 30 April 2021)
P J Horncastle	(Resigned 30 April 2021)

Auditor

In accordance with the company's articles, a resolution proposing that PKF Littlejohn LLP be reappointed as auditor of the company will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Small companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

Mr C D Kingaby
Director

26 July 2022

MERIDIAN RISK SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MERIDIAN RISK SOLUTIONS LIMITED

Opinion

We have audited the financial statements of Meridian Risk Solutions Limited (the 'company') for the Period ended 30 November 2021 which comprise the profit and loss account, the balance sheet, 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 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (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 30 November 2021 and of its loss for the Period 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 our audit:

- the information given in the directors' report for the financial Period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 directors' report.

We have nothing to report in respect of the following matters where 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

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 taxation, FCA Rules and the Companies Act 2006.

- 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:

- Reviewing disclosures in the financial statements

- Enquiries of management,

- review of minutes,

- review of legal/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 the use of a pricing model to determine the fair value of share options at grant date, and we addressed this by challenging the assumptions and judgements made by management when auditing this significant accounting estimate.

- 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;

- evaluating the business rationale of any significant transactions that are unusual or outsice the normal course of business; and

- preliminary and final analytical review to identify unexpected and unusual relationships.

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 is available on the Financial Reporting Council's website at: https://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.

Neil Coulson (Senior Statutory Auditor)
for and on behalf of PKF Littlejohn LLP

26 July 2022

Chartered Accountants
Statutory Auditor

15 Westferry Circus
London
E14 4HD

MERIDIAN RISK SOLUTIONS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 30 NOVEMBER 2021

	Period ended 30 November 2021 £	Year ended 31 May 2020 £
Turnover	7,551,119	5,335,935
Cost of sales	(55,000)	-
Gross profit	7,496,119	5,335,935
Administrative expenses	(7,457,940)	(5,530,379)
Operating profit/(loss)	38,179	(194,444)
Interest receivable and similar income	27,588	42,622
Interest payable and similar expenses	(69,812)	(17,507)
Loss on disposal of fixed asset investments	(3,296)	-
Loss before taxation	(7,341)	(169,329)
Tax on loss	(1,090)	(12,570)
Loss for the financial Period	(8,431)	(181,899)

MERIDIAN RISK SOLUTIONS LIMITED

BALANCE SHEET

AS AT 30 NOVEMBER 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Intangible assets	5		316,850		-
Tangible assets	6		38,361		87,572
Investments	7		-		3,296
			355,211		90,868
Current assets					
Debtors	9	2,326,367		2,758,746	
Cash at bank and in hand		580,508		172,987	
		2,906,875		2,931,733	
Creditors: amounts falling due within one year	10	(1,767,420)		(1,886,282)	
Net current assets			1,139,455		1,045,451
Total assets less current liabilities			1,494,666		1,136,319
Creditors: amounts falling due after more than one year	12		(413,703)		(444,884)
Deferred tax liability			(7,000)		(12,102)
Net assets			1,073,963		679,333
Capital and reserves					
Called up share capital	14		942,868		492,868
Share premium account			63,120		63,120
Capital redemption reserve			200,000		269,439
Capital contributiuon share based payment reserve			22,500		-
Profit and loss reserves			(154,525)		(146,094)
Total equity			1,073,963		679,333

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 26 July 2022 and are signed on its behalf by:

Mr C D Kingaby
Director

Company Registration No. 04259588

MERIDIAN RISK SOLUTIONS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 NOVEMBER 2021

	Notes	Share capital	Share premium account	Capital contribution reserve	Capital contribution share based payment reserve	Profit and loss reserves	Total
		£	£	£	£	£	£
Balance at 1 June 2019		492,868	63,120	181,983	-	35,805	773,776
Year ended 31 May 2020:							
Loss and total comprehensive income for the year		-	-	-	-	(181,899)	(181,899)
Other movements		-	-	87,456	-	-	87,456
Balance at 31 May 2020		492,868	63,120	269,439	-	(146,094)	679,333
Period ended 30 November 2021:							
Loss and total comprehensive income for the period		-	-	-	-	(8,431)	(8,431)
Issue of share capital	**14**	450,000	-	-	-	-	450,000
Transfer to share based payment reserve		-	-	(69,439)	69,439	-	-
Adjustments to share based payments not recharged		-	-	-	(46,939)	-	(46,939)
Balance at 30 November 2021		942,868	63,120	200,000	22,500	(154,525)	1,073,963

1 Accounting policies and company information

Company information

Meridian Risk Solutions Limited is a private company limited by shares incorporated in England and Wales. The registered office is 71 Fenchurch Street, London, EC3M 4BS.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

The global pandemic has impacted the current financial statements with the inability to complete on expected revenue. Additional equity has been provided by way of capital contributions from the parent company MGHL.

The Directors have reduced the cost base in response and continue to look for ways to maximise margin and improve revenue. The Company has a strong network of contacts and clients that continue to provide revenue streams in excess of the cost base over the next 24 months. The Directors' have undertaken reasonable stress tests of outcomes for a period of at least 12 months from the date these financial statements are approved.

In all cases the company has sufficient net assets to meet its liabilities and Solvency requirements.

The company has received a waiver from its bank regarding any potential breach of covenants and Information Undertakings for this period.

The company continues to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Reporting period

The current year financial statements have been prepared on an eighteen month period from 1 June 2020 to 30 November 2021. Therefore, comparative amounts presented in the financial statements are not entirely comparable for the 12 months to 31 May 2020.

1.4 Turnover

Revenue from brokerage and fees derived from insurance and reinsurance contracts and programmes is recognised at the later of the policy inception date or when the policy placement has completed. Revenues from binding authorities and treaties are recognised on a periodic basis when the consideration due is confirmed by third parties. Due to the long term nature of some of the services provided by the Company to its clients, obligations can arise for the performance of post- placement activities. Where these are not covered by additional income, a relevant portion of brokerage is deferred and recognised in the periods in which these activities take place.

Alterations to brokerage income arising from premium adjustments are taken into account as and when such adjustments are made. Adjustments to brokerage have been made where a return of premium and brokerage is made, or may be made, subsequent to the end of the financial year.

1 Accounting policies and company information **(Continued)**

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	20% - 33% straight line
Computers	20% - 33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss .

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible (including goodwill) assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1 Accounting policies and company information **(Continued)**

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

1 Accounting policies and company information **(Continued)**

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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 reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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. 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 profit and loss account, 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 the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1 Accounting policies and company information **(Continued)**

1.13 Employee benefits

The costs of share short term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

The Meridian Group incentivises people employed by Meridian Risk Solutions Limited through the use of share option agreements. The minority interest discount cost of the share options are included in the financial statements.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Deferred income

The company has a specific policy for the calculation of deferred income, based on time and cost needed in the future to process current income.

3 Employees

The average monthly number of persons (including directors) employed by the company during the Period was:

	2021 Number	2020 Number
Total	33	45

4 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2021 £	2020 £
In respect of:			
Investments in joint ventures	7	3,296	-
Recognised in:			
Amounts written off investments		3,296	-

The impairment losses in respect of financial assets are recognised in other gains and losses in the profit and loss account.

5 Intangible fixed assets

	Goodwill £
Cost	
At 1 June 2020	-
Additions	333,526
At 30 November 2021	333,526
Amortisation and impairment	
At 1 June 2020	-
Amortisation charged for the Period	16,676
At 30 November 2021	16,676
Carrying amount	
At 30 November 2021	316,850
At 31 May 2020	-

6 Tangible fixed assets

	Computer and office equipment £
Cost	
At 1 June 2020	331,709
Additions	7,253
At 30 November 2021	338,962
Depreciation and impairment	
At 1 June 2020	244,137
Depreciation charged in the Period	56,464
At 30 November 2021	300,601
Carrying amount	
At 30 November 2021	38,361
At 31 May 2020	87,572

7 Fixed asset investments

	2021 £	2020 £
Shares in group undertakings and participating interests	-	3,296

Movements in fixed asset investments

	Shares in subsidiaries £
Cost or valuation	
At 1 June 2020 & 30 November 2021	3,296
Impairment	
At 1 June 2020	-
Disposals	3,296
At 30 November 2021	3,296
Carrying amount	
At 30 November 2021	-
At 31 May 2020	3,296

8 Financial instruments

The Company enters into time options currency contracts to mitigate the exchange rate risk for certain foreign currency receivables. As at 30 November 2021, the outstanding contracts all mature within 1 to 15 months (2020: 1-7 months) of the year end. The Company is committed to sell USD $3,000,000 and receive a fixed sterling amount (2020: $3,650,000). Of the $3,000,000, $600,000 is due to mature after more than one year The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable outputs. The key assumption used in valuing the derivatives are the forward exchange rates for GBP:USD.

9 Debtors

	2021	2020
Amounts falling due within one year:	**£**	**£**
Trade debtors	1,874,202	2,046,377
Amounts owed by group undertakings	166,726	-
Other debtors	285,439	712,369
	2,326,367	2,758,746

10 Creditors: amounts falling due within one year

	2021	2020
	£	**£**
Bank loans	265,761	265,667
Trade creditors	157,017	170,492
Amounts owed to group undertakings	436,427	142,144
Corporation tax	7,920	2,924
Other taxation and social security	35,167	513,709
Other creditors	865,128	791,346
	1,767,420	1,886,282

Some of the loans are secured by a fixed and floating charge over all the property or undertaking of the company.

11 Insurance debtors and creditors

In accordance with the company's accounting policy, fiduciary assets and liabilities are not included in the balance sheet.

All insurance funds are held in non-statutory trust accounts ("NST"). At 30 November 2021, the funds held in NST accounts amounted to £7,999,143 (2020: £5,827,543).

At 30 November 2021 there were also gross insurance debtors of £3,580,231 (2020: £18,356,145) and gross insurance creditors of £11,579,374 (2020: £24,183,688).

12 Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Bank loans and overdrafts	413,703	444,884

Some of the loans are secured by a fixed and floating charge over all the property or undertaking of the company.

Creditors which fall due after five years are as follows:	2021	2020
	£	£
Payable by instalments	22,222	-

13 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities	Liabilities
	2021	2020
Balances:	£	£
Accelerated capital allowances	7,000	12,102

	2021
Movements in the Period:	£
Liability at 1 June 2020	12,102
Credit to profit or loss	(5,102)
Liability at 30 November 2021	7,000

The deferred tax asset set out above relates accelerated capital allowances.

14 Called up share capital

	2021	2020	2021	2020
Ordinary share capital	**Number**	**Number**	**£**	**£**
Issued and fully paid				
Ordinary shares of 10p each	9,428,679	4,928,679	942,868	492,868

On 30 September 2020 4,500,000 Ordinary shares of £.10 each were allotted at par value.

15 Financial commitments, guarantees and contingent liabilities

After the year end ICV (Consulting) Limited gave notice on the lease resulting in a liability of £427,200. Although there is no formal liability to Meridian Risk Solutions Limited, please refer to note 16.

16 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2021	2020
	£	£
	-	1,403,478

On 7th of February 2021 100% of the lease obligations were transferred to a fellow group undertaking ICV Consulting Limited.

Meridian Risk Solutions Limited is provided services by ICV (Consulting) Limited (The group service company) and pays for the lease obligations as and when they arise from time to time but has no formal lease obligation.

ICV (Consulting) Limited is the service company of the group and payments of the lease are guaranteed by Meridian Group Holdings Limited.

Post Balance Sheet ICV (Consulting) Limited has given notice on the lease and as such Meridian Risk Solutions Limited are likely to make payments in the form of management charges to ICV (Consulting) Limited as they arise from time to time until the end of the lease arrangements in December 2022.

17 Related party transactions

At the balance sheet date the company was owed £166,726 (2020: £nil) from its fellow group undertakings and owed £436,427 (2020: £142,144).

All of the fellow group undertakings balances are interest free and payable on demand.

During the period goodwill of £333,526 was transferred from a fellow group company at cost.

18 Parent company

The ultimate parent undertaking is Meridian Group Holdings Limited, 71 Fenchurch Street, London, United Kingdom, EC3M 4BS.

There is no ultimate controlling party of Meridian Group Holdings Limited.

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